

ENHANCED/UNENHANCED RATINGS:
Moody's: Series 2025A Bonds: Non-PSF/ "Aa1"

Series 2025B Bonds: "Aaa"/ "Aa1"
(See "RATINGS" herein and "APPENDIX C – "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" attached hereto.)

PRELIMINARY OFFICIAL STATEMENT

Dated: November 4, 2025

NEW ISSUE: BOOK-ENTRY-ONLY

In the opinion of Bond Counsel (defined below), under current law and subject to conditions described in the Section herein "Tax Exemption," interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. A holder may be subject to other federal tax consequences as described in the Section herein "Tax Exemption."

DEER PARK INDEPENDENT SCHOOL DISTRICT

(A political subdivision of the State of Texas located in Harris County, Texas)

\$14,055,000*

**LIMITED TAX REFUNDING BONDS,
SERIES 2025A (NON-PSF)**

\$8,790,000*

**LIMITED TAX REFUNDING BONDS,
SERIES 2025B**

Interest accrues from: Date of Delivery

Due: February 15, as shown on page i

Deer Park Independent School District (the "District") is issuing its \$14,055,000* Limited Tax Refunding Bonds, Series 2025A (NON-PSF) (the "Series 2025A Bonds") and \$8,790,000* Limited Tax Refunding Bonds, Series 2025B (the "Series 2025B Bonds"). The Series 2025B Bonds and Series 2025A Bonds are collectively defined herein as the "Bonds". The Bonds are being in accordance with the Constitution and general laws of the State of Texas, including, particularly, Chapter 45, Texas Education Code, Chapters 1207 and 1371, Texas Government Code, and a bond order (the "Bond Order") adopted by the Board of Trustees (the "Board") on September 22, 2025 in which the Board delegated pricing of the Bonds and certain other matters to a pricing officer who will approve and execute one or more pricing certificates (collectively, the "Pricing Certificate") containing final pricing information for the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the "Order"). The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable solely from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, against all taxable property located within the District (see "THE BONDS – Authorization").

An application has been filed by the District with, and conditional approval has been received from, the Texas Education Agency for the Series 2025B Bonds to be guaranteed by the Permanent School Fund Guarantee Program of the State of Texas (see "APPENDIX C - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM"). **The Series 2025A Bonds will not be guaranteed under the Permanent School Fund Guarantee Program.**

Interest on the Bonds will accrue from the date of their initial delivery and will be payable on February 15, 2026 and semiannually thereafter on August 15 and February 15 of each year until stated maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued in principal denominations of \$5,000 or any integral multiple thereof within a maturity (see "THE BONDS – General Description").

The Bonds are not subject to optional redemption.

The District intends to use the Book-Entry-Only System of The Depository Trust Company ("DTC") but reserves the right on its behalf or on behalf of DTC to discontinue its use of such system. The principal of and interest on the Bonds will be payable to Cede & Co., as nominee for DTC, by BOKF, N.A., Dallas, Texas, as the initial Paying Agent/Registrar (the "Paying Agent/Registrar") for the Bonds. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Such Book-Entry-Only System will affect the method and timing of payment and the method of transfer of the Bonds (see "BOOK-ENTRY-ONLY SYSTEM").

Proceeds from the sale of the Series 2025A Bonds will be used (i) to refund a portion of the District's outstanding non-PSF enhanced debt, as more particularly described in "SCHEDULE I – Schedule of the Series 2025A (NON-PSF) Refunded Bonds" in order to achieve present value debt service savings, and (ii) to pay costs of issuing the Series 2025A Bonds. Proceeds from the sale of the Series 2025B Bonds will be used (i) to refund a portion of the District's outstanding PSF enhanced debt, as more particularly described in "SCHEDULE II – Schedule of the Series 2025B Refunded Bonds" to achieve present value debt service savings; and (ii) to pay costs of issuing the Series 2025B Bonds. See "PLAN OF FINANCING – Purpose".

CUSIP PREFIX: 244127 / MATURITY SCHEDULE & 9 DIGIT CUSIP – See Schedule on Page i

The Bonds are offered when, as and if issued, and accepted by the underwriters listed below (the "Underwriters"), subject to the approving opinion of the Attorney General of the State of Texas and the opinion of Hunton Andrews Kurth LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, The Bates Law Firm, PLLC, Houston, Texas. Delivery of the Bonds is expected to be on or about December 17, 2025 (the "Delivery Date").

FHN FINANCIAL CAPITAL MARKETS

ESTRADA HINOJOSA

* Preliminary, subject to change.

MATURITY SCHEDULE

\$14,055,000*

LIMITED TAX REFUNDING BONDS, SERIES 2025A (NON-PSF)

Maturity Date <u>(2/15)^(a)</u>	Principal <u>Amount*</u>	Interest <u>Rate</u>	Initial <u>Yield^(b)</u>	CUSIP No. <u>244127^(c)</u>
2027	\$2,410,000			
2028	5,675,000			
2029	5,970,000			

\$8,790,000*

LIMITED TAX REFUNDING BONDS, SERIES 2025B

Maturity Date <u>(2/15)^(a)</u>	Principal <u>Amount*</u>	Interest <u>Rate</u>	Initial <u>Yield^(b)</u>	CUSIP No. <u>244127^(c)</u>
2027	\$6,535,000			
2028	2,255,000			

(Interest accrues from date of delivery)

* Preliminary, subject to change.

^(a) The Bonds are not subject to optional redemption.

^(b) The initial yields are established by and are the sole responsibility of the Underwriters and may subsequently be changed.

^(c) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the District, the Municipal Advisor or the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

[The remainder of page intentionally left blank.]

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the “Rule”), this document constitutes an Official Statement of the District with respect to the Bonds that has been deemed “final” by the District as of its date except for the omission of no more than the information permitted by the Rule.

This document, when further supplemented by adding additional information specifying the interest rates and certain other information relating to the Bonds, shall constitute a “final official statement” of the District with respect to the Bonds, as such term is defined in the Rule.

No dealer, broker, salesman or other person has been authorized to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District, the Municipal Advisor or the Underwriters.

Certain information set forth herein has been obtained from the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and it is not to be construed as a representation by the Municipal Advisor or the Underwriters.

This Official Statement, which includes the cover page and appendices hereto, is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. See “CONTINUING DISCLOSURE OF INFORMATION” for a description of the undertaking of the District to provide certain information on a continuing basis.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Neither the District, the Municipal Advisor, nor the Underwriters make any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company or its Book-Entry Only System or the affairs of the Texas Education Agency described in “APPENDIX C - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” attached hereto.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their respective responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The agreements of the District and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchaser of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL SCHEDULES AND APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

THIS OFFICIAL STATEMENT CONTAINS “FORWARD-LOOKING” STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS (see “FORWARD-LOOKING STATEMENTS” herein).

References to websites addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in the Rule.

TABLE OF CONTENTS

MATURITY SCHEDULE -----	i	Freeport and Goods-in-Transit Exemptions -----	14
USE OF INFORMATION IN OFFICIAL STATEMENT -----	ii	Other Exempt Property -----	14
TABLE OF CONTENTS -----	iii	Temporary Exemption for Property Damaged by Disaster -----	14
SELECTED DATA FROM THE OFFICIAL STATEMENT -----	iv	Tax Increment Reinvestment Zones -----	14
ELECTED OFFICIALS -----	vi	Tax Limitation Agreements -----	15
CERTAIN DISTRICT OFFICIALS -----	vi	District and Taxpayer Remedies -----	15
CONSULTANTS AND ADVISORS -----	vi	Levy and Collection of Taxes -----	15
INTRODUCTORY STATEMENT -----	1	District's Rights in the Event of Tax Delinquencies -----	15
PLAN OF FINANCING -----	1	THE PROPERTY TAX CODE AS APPLIED TO THE DISTRICT -----	16
Purpose -----	1	TAX RATE LIMITATIONS -----	17
Sources and Uses of Funds -----	1	M&O Tax Rate Limitations -----	17
THE BONDS -----	2	I&S Tax Rate Limitations -----	17
Authorization -----	2	RATINGS -----	19
Refunded Bonds -----	2	LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE	
General Description -----	3	PUBLIC FUNDS IN TEXAS -----	19
Security -----	3	INVESTMENT AUTHORITY AND INVESTMENT OBJECTIVES	
Permanent School Fund Guarantee -----	3	OF THE DISTRICT -----	19
Paying Agent/Registrar -----	3	Legal Investments -----	19
Registration, Transfer and Exchange -----	4	Investment Policies -----	21
Record Date for Interest Payment -----	4	Additional Provisions -----	21
No Optional Redemption -----	4	Current Investments -----	21
Legality -----	4	EMPLOYEES' BENEFIT PLANS -----	21
Payment Record -----	4	LEGAL MATTERS -----	22
Defeasance of Bonds -----	4	TAX MATTERS -----	23
REGISTERED OWNERS' REMEDIES -----	4	REGISTRATION AND QUALIFICATION OF BONDS FOR SALE -----	24
BOOK-ENTRY-ONLY SYSTEM -----	5	CONTINUING DISCLOSURE OF INFORMATION -----	25
Use of Certain Terms in Other Sections of this Official Statement -----	6	Annual Reports -----	25
Effect of Termination of Book-Entry-Only System -----	6	Notices of Certain Events -----	25
THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM -----	6	Availability of Information from MSRB -----	26
STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN		Limitations and Amendments -----	26
TEXAS -----	7	Compliance with Prior Undertakings -----	26
Litigation Relating to the Texas Public School Finance System -----	7	INFORMATION TECHNOLOGY AND OTHER RISK FACTORS -----	26
Possible Effects of Litigation and Changes in Law on District		WEATHER EVENTS -----	26
Bonds -----	7	PETROCHEMICAL INDUSTRY -----	27
CURRENT PUBLIC SCHOOL FINANCE SYSTEM -----	7	LITIGATION -----	27
Overview -----	7	VERIFICATION OF ARITHMETICAL AND MATHEMATICAL	
2025 Legislative Session -----	8	COMPUTATIONS -----	27
THE SCHOOL FINANCE SYSTEM AS APPLIED TO THE		MUNICIPAL ADVISOR -----	Error! Bookmark not defined.
DISTRICT -----	12	UNDERWRITING -----	27
AD VALOREM TAX PROCEDURES -----	12	FORWARD LOOKING STATEMENTS -----	28
Valuation of Taxable Property -----	12	AUDITED FINANCIAL STATEMENTS -----	28
State Mandated Homestead Exemptions -----	13	CONCLUDING STATEMENT -----	28
Local Option Homestead Exemptions -----	13	MISCELLANEOUS -----	28
State Mandated Freeze on School District Taxes -----	13		
Personal Property -----	14		
SCHEDULE OF THE SERIES 2025A (NON-PSF) REFUNDED BONDS -----		SCHEDULE I	
SCHEDULE OF THE SERIES 2025B REFUNDED BONDS -----		SCHEDULE II	
FINANCIAL INFORMATION REGARDING THE DISTRICT -----		APPENDIX A	
GENERAL INFORMATION REGARDING THE DISTRICT AND ITS ECONOMY -----		APPENDIX B	
THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM -----		APPENDIX C	
FORMS OF LEGAL OPINION OF BOND COUNSEL -----		APPENDIX D	
FULL AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024 -----		APPENDIX E	

The cover page hereof, the section entitled "SELECTED DATA FROM THE OFFICIAL STATEMENT" this Table of Contents, Schedule I, Schedule II, and the Appendices attached hereto are part of this Official Statement.

SELECTED DATA FROM THE OFFICIAL STATEMENT

The selected data is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this page from this Official Statement or to otherwise use it without the entire Official Statement.

The District	Deer Park Independent School District (the “District”) is a political subdivision of the State of Texas (the “State”) located in Harris County, Texas. The District is governed by a seven-member Board of Trustees (the “Board”). Policy-making and supervisory functions are the responsibility of, and are vested in, the Board. The Board delegates administrative responsibilities to the Superintendent of Schools, who is the chief administrative officer of the District. Support services are supplied by consultants and advisors. For more information regarding the District, (see “APPENDIX A – FINANCIAL INFORMATION REGARDING THE DISTRICT” and “APPENDIX B – GENERAL INFORMATION REGARDING THE DISTRICT AND ITS ECONOMY”).
Authority for Issuance	The District’s Limited Tax Refunding Bonds, Series 2025A (non-PSF) (the “Series 2025A Bonds”), and Limited Tax Refunding Bonds, Series 2025B (the “Series 2025B Bonds”) are collectively referred to herein as the “Bonds”. The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, including Chapter 45 of the Texas Education Code, Chapters 1207 and 1371 of the Texas Government Code, and a bond order adopted by the Board of Trustees (the “Board”) on September 22, 2025 (the “Bond Order”). The Bond Order authorizes the delegation of pricing and certain other matters to a designated pricing officer, who will approve and execute a “Pricing Certificate” containing the final terms of the Bonds. Together, the Bond Order and the Pricing Certificate constitute the “Order” (see “THE BONDS – Authorization”).
The Bonds	The Bonds shall mature on the dates and in the amounts set forth on page i of this Official Statement (see “THE BONDS – General Description”).
Payment of Interest	Interest on the Bonds will accrue from the date of their initial delivery and will be payable on February 15, 2026 and semiannually thereafter on August 15 and February 15 until stated maturity or prior redemption (see “THE BONDS – General Description”).
Security	The Bonds constitute direct obligations of the District, payable as to principal and interest from an annual ad valorem tax levied, within the limits prescribed by law, against all taxable property located within the District (see “THE BONDS – Security”). Additionally, an application has been filed with, and the District has received conditional approval from, the Texas Education Agency for the payment of the Series 2025B Bonds to be guaranteed by the corpus of the Permanent School Fund of the State of Texas (see “THE BONDS – Permanent School Fund Guarantee” herein and “APPENDIX C - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” attached hereto). The Series 2025A Bonds will <u>not</u> be guaranteed under the Permanent School Fund Guarantee Program.
Redemption Provisions	The Bonds are not subject to optional redemption.
Use of Proceeds	Proceeds from the sale of the Series 2025A Bonds will be used to (i) refund a portion of the District’s outstanding non-PSF enhanced debt, as outlined in “SCHEDULE I – Schedule of the Series 2025A (non-PSF) Refunded Bonds,” to achieve present value debt service savings, and (ii) pay the costs of issuance related to the Series 2025A Bonds. Proceeds from the sale of the Series 2025B Bonds will be used to (i) refund a portion of the District’s outstanding PSF-enhanced debt, as outlined in “SCHEDULE II – Schedule of the Series 2025B Refunded Bonds,” to generate present value debt service savings, and (ii) cover the costs of issuance associated with the Series 2025B Bonds (see “PLAN OF FINANCING – Purpose”).
Tax Exemption	In the opinion of Bond Counsel, under current law and subject to conditions described in the Section herein entitled “TAX MATTERS - Tax Exemption,” interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. A holder may be subject to other federal tax consequences as described in the Section herein entitled “TAX MATTERS - Tax Exemption.”

* Preliminary, subject to change.

Ratings	Moody’s Investors Service (“Moody’s”) has assigned an underlying municipal bond rating of “Aa1” to both the Series 2025A and Series 2025B Bonds, reflecting the District’s creditworthiness without regard to the Permanent School Fund (PSF) Guarantee or other credit enhancements. Additionally, Moody’s has assigned a municipal bond rating of “Aaa” to the Series 2025B Bonds, based on the guarantee provided by the PSF of the State of Texas. This PSF enhancement applies exclusively to the Series 2025B Bonds; the Series 2025A Bonds do not benefit from PSF enhancement and instead rely solely on the District’s underlying credit rating. For further details on the significance of the PSF Guarantee, please refer to Moody’s (see “RATINGS” herein and “APPENDIX C - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” attached hereto). Any downgrade or withdrawal of these ratings could adversely affect the market value and trading price of the Bonds.
Paying Agent/Registrar	The initial Paying Agent/Registrar for the Bonds is BOKF, N.A., Dallas, Texas, (see “THE BONDS – Paying Agent/Registrar”).
Book-Entry-Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000, or integral multiples thereof, of principal amount. No physical delivery of the Bonds will be made to the beneficial owners thereof. The principal amount of the Bonds at maturity or amounts due upon a prior redemption date and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “BOOK-ENTRY-ONLY SYSTEM”).
Continuing Disclosure of Information	Pursuant to the Order, the District is obligated to provide certain updated financial information and operating data annually, and to provide timely notice of certain specified events which will be available to investors as described in the section captioned “CONTINUING DISCLOSURE OF INFORMATION.” Also for the Series 2025B Bonds see “APPENDIX C – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM – PSF Continuing Disclosure Undertaking” attached hereto for a description of the undertaking of the Texas Education Agency to provide certain information on a continuing basis.
Payment Record	The District has never defaulted on the payment of its bonded indebtedness.
Legality	Delivery of the Bonds is subject to the approval by the Attorney General of Texas and the rendering of an opinion as to legality by Hunton Andrews Kurth LLP, Houston, Texas, Bond Counsel.

For additional information regarding the District, please contact:

David Edgar, CPA
Deputy Superintendent for Business Services
Deer Park Independent School District
2800 Texas Avenue
Deer Park, Texas 77536
Phone: (832) 668-7035

Chris W. Allen
Managing Director
RBC Capital Markets
609 Main Street, Suite 3600
Houston, Texas 77002
Phone: (713) 651-3338

R. Dusty Traylor
Managing Director
RBC Capital Markets
303 Pearl Parkway, Suite 220
San Antonio, Texas 78215
Phone: (210) 805-1117

**DEER PARK INDEPENDENT SCHOOL DISTRICT
OFFICIALS, STAFF AND CONSULTANTS**

ELECTED OFFICIALS

<u>Name</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Jason Cable President	7 Years	May 2027	Software Sales Executive
Lee Giddens Vice President	27 Years	May 2027	Attorney
Brenda Cothran Secretary	8 Years	May 2026	Community Advocate
Lynn Kirkpatrick Deputy Secretary	20 Years	May 2028	Retired Police Officer City of Deer Park
Rhonda L. Lowe Member	25 Years	May 2027	Owner Land Surveying Business
Ken Donnell Member	31 Years	May 2028	Marketing and Program Coordinator City of Pasadena
Jason Morris Member	10 Years	May 2026	Senior Director of Retail Landry's Inc

CERTAIN DISTRICT OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Length of Service with District</u>
Tiffany Regan, Ed.D.	Superintendent	30 Years
Whitney Rich	Deputy Superintendent for Instruction	16 Years
Blanca Galvan	Deputy Superintendent for Human Resources	23 Years
Jason Mummert, Ed.D.	Deputy Superintendent for Administration	1 Years
David Edgar, CPA ^(a)	Deputy Superintendent for Business Services	6 Years
Bridget Winstead	Coordinator for Superintendent and Board Services	27 Years
Matt Lucas	Director of Communications	32 Years

^(a) Mr. Edgar most recently served as Chief Financial Officer at Del Valle ISD. Mr. Edgar has over 25 years of Texas ISD finance experience.

CONSULTANTS AND ADVISORS

Auditors	Whitley Penn LLP Texas City, Texas
Bond Counsel	Hunton Andrews Kurth LLP Houston, Texas
Municipal Advisor	RBC Capital Markets, LLC Houston, Texas

PRELIMINARY OFFICIAL STATEMENT RELATING TO
DEER PARK INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Harris County, Texas)

\$14,055,000*
LIMITED TAX REFUNDING BONDS,
SERIES 2025A (NON-PSF)

\$8,790,000*
LIMITED TAX REFUNDING BONDS,
SERIES 2025B

INTRODUCTORY STATEMENT

This Official Statement, including Schedule I, Schedule II, Appendices A, B, C and D has been prepared by the Deer Park Independent School District (the "District") located in Harris County, Texas, in connection with the offering by the District of its Limited Tax Refunding Bonds, Series 2025A (NON-PSF) (the "Series 2025A Bonds") and Limited Tax Refunding Bonds, Series 2025B (the "Series 2025B Bonds"). The Series 2025A Bonds and Series 2025B Bonds are collectively defined herein as the "Bonds" and are identified on the cover page hereof.

All financial and other information presented in this Official Statement has been provided by the District from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "FORWARD LOOKING STATEMENTS").

There follows in this Official Statement descriptions of the Bonds and the Order (as defined herein), and certain other information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained upon request by electronic mail or upon payment of reasonable copying, mailing, and handling charges by writing the District's Municipal Advisor, RBC Capital Markets, LLC, 609 Main Street, Suite 3600, Houston, Texas 77002.

This Official Statement speaks only as of its date and the information contained herein is subject to change. A copy of the final Official Statement will be submitted to the Municipal Securities Rulemaking Board and will be available through its Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org. See "CONTINUING DISCLOSURE OF INFORMATION" for information regarding the EMMA system and for a description of the District's undertaking to provide certain information on a continuing basis.

PLAN OF FINANCING

Purpose

Proceeds from the sale of the Series 2025A Bonds will be used to (i) refund a portion of the District's outstanding non-PSF enhanced debt, as outlined in "SCHEDULE I – Schedule of the Series 2025A (NON-PSF) Refunded Bonds," to achieve present value debt service savings, and (ii) pay the costs of issuance related to the Series 2025A Bonds. Similarly, proceeds from the sale of the Series 2025B Bonds will be used to (i) refund a portion of the District's outstanding PSF-enhanced debt, as outlined in "SCHEDULE II – Schedule of the Series 2025B Refunded Bonds," to generate present value debt service savings, and (ii) cover the costs of issuance associated with the Series 2025B Bonds.

Sources and Uses of Funds

The proceeds of the Series 2025A Bonds, together with other lawfully available funds of the District, if needed, are expected to be applied approximately as follows:

Sources:

Principal Amount of the Bonds	\$
[Net] Original Issue Premium on the Bonds	<u> </u>
Total Sources of Funds	<u><u> </u></u>

Uses:

Deposit with the Paying Agent for the Refunded Bonds	\$
Underwriters' Discount	
Costs of Issuance	<u> </u>
Total Uses of Funds	<u><u> </u></u>

* Preliminary, subject to change.

The proceeds of the Series 2025B Bonds, together with other lawfully available funds of the District, if needed, are expected to be applied approximately as follows:

Sources:	
Principal Amount of the Bonds	\$
[Net] Original Issue Premium on the Bonds	
Total Sources of Funds	\$
Uses:	
Deposit to Series 2025B Escrow Fund	\$
Underwriters' Discount	
Costs of Issuance	
Total Uses of Funds	\$

THE BONDS

Authorization

The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, including Chapter 45 of the Texas Education Code, Chapters 1207 and 1371 of the Texas Government Code, and the Bond Order adopted by the Board on September 22, 2025. The Bond Order authorizes the delegation of pricing and certain other matters to a designated pricing officer, who will approve and execute the Pricing Certificate containing the final terms of the Bonds. Together, the Bond Order and the Pricing Certificate constitute the “Order” (see “THE BONDS – Authorization”).

Refunded Bonds

Series 2025A Bonds. A description and identification of the Series 2025A Refunded Bonds appears in Schedule I attached hereto. The Series 2025A Refunded Bonds and the interest due thereon are to be paid on the scheduled redemption date from funds to be deposited with BOKF, N.A., Dallas, Texas (the “Paying Agent for the Refunded Bonds”).

The Order provides that the District will deposit with the Paying Agent for the Refunded Bonds a portion of the proceeds from the sale of the Series 2025A Bonds, together with other lawfully available funds of the District, if any, in an amount which will be sufficient to accomplish the discharge and final payment of the Series 2025A Refunded Bonds on their redemption date. RBC Capital Markets, LLC in its capacity as Municipal Advisor to the District, will certify as to the sufficiency of the amount initially deposited with the Paying Agent for the Refunded Bonds, without regard to investment, to pay the principal of and interest on the Series 2025A Refunded Bonds on the redemption date (the “Sufficiency Certificate”).

By the deposit of the proceeds of the Series 2025A Bonds, together with other lawfully funds of the District, if any, the District will have effected the defeasance of the Series 2025A Refunded Bonds pursuant to the terms of Chapter 1207, Texas Government Code, as amended, and the order authorizing the issuance of the Series 2025A Refunded Bonds.

It is the opinion of Bond Counsel that as a result of such deposit and in reliance upon the Sufficiency Certificate, firm banking and financial arrangements will have been made for discharge and final payment of the Series 2025A Refunded Bonds, and such Series 2025A Refunded Bonds will be outstanding only for the purpose of receiving payments from the funds held for such purpose by the Paying Agent for the Refunded Bonds, and the Series 2025A Refunded Bonds will no longer be outstanding obligations of the District payable from the sources and secured in the manner provided in the order authorizing their issuance.

Series 2025B Bonds. A description and identification of the Series 2025B Refunded Bonds appears in Schedule II attached hereto. The Series 2025B Refunded Bonds and the interest due thereon are to be paid on the scheduled redemption date from funds and securities to be deposited with the Escrow Agent pursuant to an escrow agreement between the District and the Escrow Agent (the “Series 2025B Escrow Agreement”).

The Order provides that the District will deposit with the Escrow Agent a portion of the proceeds from the sale of the Series 2025B Bonds, together with other lawfully available funds of the District, if any, in an amount which will be sufficient to accomplish the discharge and final payment of the Series 2025B Refunded Bonds on their redemption date. Such funds will be held by the Escrow Agent in a special account (the “Series 2025B Escrow Account”). The funds held by the Escrow Agent in the Series 2025B Escrow Account will be used to purchase a portfolio of Federal Securities authorized under Section 1207.062, Texas Government Code, as amended. Under the Series 2025B Escrow Agreement, the Series 2025B Escrow Account is irrevocably pledged to the payment of principal of and interest of the Series 2025B Refunded Bonds.

The Verification Agent will verify at the time of delivery of the Series 2025B Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the amount on deposit in the Series 2025B Escrow Account will be sufficient to pay, when due, the principal of and interest on the Series 2025B Refunded Bonds on their redemption date. The funds on deposit in the Series 2025B Escrow Account will not be available to pay the debt service on the Series 2025B Bonds. See “MISCELLANEOUS – Verification of Mathematical Computations.”

By the deposit of the Federal Securities and cash with the Escrow Agent pursuant to the Series 2025B Escrow Agreement, the District will have effected the defeasance of the Series 2025B Refunded Bonds pursuant to the terms of Chapter 1207, Texas Government Code, as amended, and the order authorizing the issuance of the Series 2025B Refunded Bonds.

It is the opinion of Bond Counsel that as a result of such deposit and in reliance upon the report of the Verification Agent, firm banking and financial arrangements will have been made for discharge and final payment of the Series 2025B Refunded Bonds, and such Series 2025B Refunded Bonds will be deemed to be fully paid and no longer be outstanding except for the purpose of being paid from funds provided therefor in the Series 2025B Escrow Agreement.

General Description

Interest on the Bonds will accrue from the date of their initial delivery to the Underwriters and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The paying agent and registrar (the "Paying Agent/Registrar") for the Bonds is initially BOKF, N.A., Dallas, Texas.

Initially, the Bonds will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the beneficial owners. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will distribute the amounts paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" for a more complete description of such system.

Interest on the Bonds will be payable to the registered owner whose name appears on the bond registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined) and such accrued interest will be paid by (i) check sent by United States mail, first class, postage prepaid, to the address of the registered owner appearing on such registration books of the Paying Agent/Registrar or (ii) such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The record date for the interest payable on any interest payment date for the Bonds is the last business day of the month next preceding such interest payment date (see "THE BONDS – Record Date for Interest Payment"). The principal of the Bonds, at maturity or on a prior redemption date will be payable only upon presentation of such Bonds at the designated office of the Paying Agent/Registrar upon maturity or prior redemption, as applicable; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein.

The Bonds are to mature on the dates and in the principal amounts shown on page i hereof. The Bonds will each be issued as fully registered obligations in principal denominations of \$5,000 or any integral multiple thereof within a maturity. Interest on the Bonds will accrue from the date of their initial delivery to the Underwriters at the interest rates shown on page i hereof, and such interest shall be payable to the registered owners thereof commencing on February 15, 2026, and semiannually thereafter on each succeeding August 15 and February 15 until stated maturity or prior redemption.

Security

The Bonds constitute direct obligations of the District, payable as to principal and interest from an annual ad valorem tax levied, within the limits prescribed by law, against all taxable property located within the District. Additionally, an application has been filed with, and the District has received conditional approval from, the Texas Education Agency for the payment of the Series 2025B Bonds to be guaranteed by the corpus of the Permanent School Fund of the State of Texas (see "THE BONDS – Permanent School Fund Guarantee" herein and "APPENDIX C - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" attached hereto). **The Series 2025A Bonds will not be guaranteed under the Permanent School Fund Guarantee Program.**

Permanent School Fund Guarantee

In connection with the sale of the Series 2025B Bonds, the District has applied and received preliminary approval from the Texas Education Agency for the payment of the Series 2025B Bonds to be guaranteed under the Guarantee Program for School District Bonds (Chapter 45, Subchapter C, of the Texas Education Code). Subject to meeting certain conditions discussed in "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" attached hereto, the payment of the Series 2025B Bonds will be guaranteed by the corpus of the Permanent School Fund of the State in accordance with the terms of the Guarantee Program for School District Bonds (the "Permanent School Fund Guarantee").

In the event of default, registered owners will receive all payments due on the Series 2025B Bonds from the corpus of the Permanent School Fund. The Permanent School Fund will terminate with respect to the Series 2025B Bonds that are defeased (see "THE BONDS – Defeasance of Bonds").

The Series 2025A Bonds will not be guaranteed under the Permanent School Fund Guarantee Program.

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, N.A., Dallas, Texas. In the Order, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times while any Bonds are outstanding, and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the United States or any state and duly qualified and legally authorized to serve as and perform the duties and services of Paying

Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar at its designated payment office and such transfer or exchange shall be without expenses or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange for and transfer. Bonds may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond or Bonds being transferred or exchanged, at the designated payment office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 of principal for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Record Date for Interest Payment

The record date ("Record Date") for determining the person to whom the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the month next preceding such interest payment date. In the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

No Optional Redemption

The Bonds are not subject to optional redemption.

Legality

The Bonds are offered when, as and if issued, and subject to the approval of legality by the Attorney General of the State of Texas and the opinion of Hunton Andrews Kurth LLP, Houston, Texas, Bond Counsel (see "LEGAL MATTERS" and "APPENDIX D – FORMS OF LEGAL OPINION OF BOND COUNSEL").

Payment Record

The District has never defaulted with respect to the payment of its bonded indebtedness.

Defeasance of Bonds

The District reserves the right to defease the Bonds in any manner now or hereafter permitted by law.

REGISTERED OWNERS' REMEDIES

The Order does not provide for the appointment of a trustee to represent the interests of the Bondholders upon any failure of the District to perform in accordance with the terms of the Order or upon any other condition and, in the event of any such failure to perform, the registered owners would be responsible for the initiation and cost of any legal action to enforce performance of the Order. Furthermore, the Order does not establish specific events of default with respect to the Bonds and, under State law, there is no right to the acceleration of maturity of the Bonds upon the failure of the District to observe any covenant under the Order. A registered owner of Bonds could seek a judgment against the District if a default occurred in the payment of principal of or interest on any such Bonds; however, such judgment could not be satisfied by execution against any property of the District and a suit for monetary damages could be vulnerable to the defense of sovereign immunity. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the District to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due or perform other material terms and covenants contained in the Order. In general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform legally imposed ministerial duties necessary for the performance of a valid contract, and Texas law provides that, following their approval by the Attorney General and issuance, the Bonds are valid and binding obligations for all purposes according to their terms. However, the enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis.

Chapter 1371, Texas Government Code (“Chapter 1371”), which forms part of the authority for the issuance of the Bonds, permits the District to waive sovereign immunity in the proceedings authorizing the issuance of the Bonds. However, the District has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas Legislature has effectively waived the District’s sovereign immunity from a suit for money damages beyond Chapter 1371, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or Order covenants.

The District is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code (“Chapter 9”). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code.

See “APPENDIX C – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” herein for a description of the procedures to be followed for payment of the Series 2025B Bonds by the Permanent School Fund if the District fails to make a payment on the Series 2025B Bonds when due. Also see “BOOK-ENTRY-ONLY SYSTEM” herein for a description of the duties of DTC with regard to ownership of Bonds.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and principal of premium, if any, redemption payments and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Municipal Advisor and the Underwriters believe the source of such information to be reliable, but none of the District, the Municipal Advisor or the Underwriters take any responsibility for the accuracy or completeness thereof.

The District and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each stated maturity of Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants

acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal amounts and interest payments will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District, the Municipal Advisor or the Underwriters.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC, or the use of the Book-Entry-Only System is discontinued by the District, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under "- Registration, Transfer and Exchange" above.

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

Subject to satisfying certain conditions, the payment of the Series 2025B Bonds will be guaranteed by the corpus of the Permanent School Fund of the State of Texas. In the event of default, registered owners will receive all payments due on the Bonds from the Permanent School Fund, and the Charter District Bond Guarantee Reserve would be the first source to pay debt service if a charter school was unable to make such payment. See "APPENDIX C – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" for pertinent information regarding the Permanent School Fund Guarantee Program. The disclosure regarding the Permanent School Fund Guarantee Program in APPENDIX C is incorporated herein and made a part hereof for all purposes.

The payment of the Series 2025A Bonds will not be guaranteed by the corpus of the Permanent School Fund of the State of Texas.

STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS

Litigation Relating to the Texas Public School Finance System

On seven occasions in the last thirty years, the Texas Supreme Court (the “Court”) has issued decisions assessing the constitutionality of the Texas public school finance system (the “Finance System”). The litigation has primarily focused on whether the Finance System, as amended by the Texas Legislature (the “Legislature”) from time to time (i) met the requirements of article VII, section 1 of the Texas Constitution, which requires the Legislature to “establish and make suitable provision for the support and maintenance of an efficient system of public free schools,” or (ii) imposed a statewide ad valorem tax in violation of article VIII, section 1-e of the Texas Constitution because the statutory limit on property taxes levied by school districts for maintenance and operation purposes had allegedly denied school districts meaningful discretion in setting their tax rates. In response to the Court’s previous decisions, the Legislature enacted multiple laws that made substantive changes in the way the Finance System is funded in efforts to address the prior decisions declaring the Finance System unconstitutional.

On May 13, 2016, the Court issued its opinion in the most recent school finance litigation, *Morath, et.al v. The Texas Taxpayer and Student Fairness Coalition, et al.*, No. 14-0776 (Tex. May 13, 2016) (“*Morath*”). The plaintiffs and intervenors in the case had alleged that the Finance System, as modified by the Legislature in part in response to prior decisions of the Court, violated article VII, section 1 and article VIII, section 1-e of the Texas Constitution. In its opinion, the Court held that “[d]espite the imperfections of the current school funding regime, it meets minimum constitutional requirements.” The Court also noted that:

Lawmakers decide if laws pass, and judges decide if those laws pass muster. But our lenient standard of review in this policy-laden area counsels’ modesty. The judicial role is not to second-guess whether our system is optimal, but whether it is constitutional. Our Byzantine school funding “system” is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements.

Possible Effects of Litigation and Changes in Law on District Bonds

The Court’s decision in *Morath* upheld the constitutionality of the Finance System but noted that the Financing System was “undeniably imperfect.” While not compelled by the *Morath* decision to reform the Finance System, the Legislature could enact future changes to the Finance System. Any such changes could benefit or be a detriment to the District. If the Legislature enacts future changes to, or fails adequately to fund the Finance System, or if changes in circumstances otherwise provide grounds for a challenge, the Finance System could be challenged again in the future. In its 1995 opinion in *Edgewood Independent School District v. Meno*, 917 S.W.2d 717 (Tex. 1995), the Court stated that any future determination of unconstitutionality “would not, however, affect the district’s authority to levy the taxes necessary to retire previously issued bonds, but would instead require the Legislature to cure the system’s unconstitutionality in a way that is consistent with the Contract Clauses of the U.S. and Texas Constitutions” (collectively, the “Contract Clauses”), which prohibit the enactment of laws that impair prior obligations of contracts.

Although, as a matter of law, the Bonds, upon issuance and delivery, will be entitled to the protections afforded previously existing contractual obligations under the Contract Clauses, the District can make no representations or predictions concerning the effect of future legislation, or any litigation that may be associated with such legislation, on the District’s financial condition, revenues or operations. While the enactment of future legislation to address school funding in Texas could adversely affect the financial condition, revenues or operations of the District, the District does not anticipate that the security for payment of the Bonds, specifically, the District’s obligation to levy an unlimited debt service tax and any Permanent School Fund guarantee of the Bonds would be adversely affected by any such legislation (see “CURRENT PUBLIC SCHOOL FINANCE SYSTEM”).

CURRENT PUBLIC SCHOOL FINANCE SYSTEM

Overview

The following language constitutes only a summary of the public school finance system as it is currently structured. For a more complete description of school finance and fiscal management in the State, reference is made to Chapters 43 through 49 of the Texas Education Code, as amended. Additionally, prospective investors are encouraged to review the Property Tax Code (as defined herein) for definitive requirements for the levy and collection of ad valorem taxes, the calculation of the defined tax rates, and the administration of the current public school finance system.

Local funding for school districts is derived from collections of ad valorem taxes levied on property located within each school district’s boundaries. School districts are authorized to levy two types of property taxes: (i) a maintenance and operations (“M&O”) tax to pay current expenses and (ii) an interest and sinking fund (“I&S”) tax to pay debt service on bonds. School districts are prohibited from levying an M&O tax rate for the purpose of creating a surplus in M&O tax revenues to pay the district’s debt service. School districts are required to demonstrate their ability to pay debt service on outstanding bonded indebtedness through the levy of an I&S tax at a rate not to exceed \$0.50 per \$100 of taxable value at the time bonds are issued. Once bonds are issued, however, school districts generally may levy an I&S tax sufficient to pay debt service on such bonds unlimited as to rate or amount. See “TAX RATE LIMITATIONS – I&S Tax Rate Limitations” herein. Because property values vary widely among school districts, the amount of local funding generated by school districts with the same I&S tax rate and M&O tax rate is subject to wide variation; however, the public school finance funding formulas are designed to generally equalize local funding generated by a school district’s M&O tax rate.

2025 Legislative Session

The regular session of the 89th Texas Legislature convened on January 14, 2025 and concluded on June 2, 2025 (the “89th Regular Session”). The Texas Legislature (the “Legislature”) meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor has called a first and second special session; the second began on August 15, 2025, and concluded on September 4, 2025. Additional special sessions may be called by the Governor.

During the 89th Regular Session, the Legislature considered a general appropriations act and legislation affecting the Finance System (as defined herein) and ad valorem taxation procedures and exemptions, and investments, among other legislation affecting school districts and the administrative agencies that oversee school districts. Subject to the Governor's signing of the relevant legislation and contingent on voter approval at a Statewide election to be held on November 4, 2025, legislation passed by both houses of the Legislature would increase: (1) the State mandated general homestead exemption from \$100,000 to \$140,000, (2) the additional exemption on the residence homesteads of those at least sixty-five (65) years of age or disabled from \$10,000 to \$60,000, and (3) effective January 1, 2026, the exemption for tangible personal property used in the “production of income” from \$2,499 to \$125,000. Additionally, subject to the Governor's signing of the relevant legislation, both houses of the Legislature passed legislation that would authorize roughly \$8.5 billion in funding for public schools and would provide districts with a \$55 per-student increase to their base funding, as well as provide districts with additional funding for teacher and staff salaries, educator preparation, special education, safety requirements and early childhood learning. Finally, legislation passed by the Legislature and signed into law by the Governor will create an education savings account program (commonly referred to as vouchers) for students that attend private schools or are homeschooled. The legislation becomes effective September 1, 2025, when the state fiscal biennium begins, though families will not receive ESA funds until the 2026-2027 school year. The amount spent for purposes of the program for the 2025-2027 biennium may not exceed \$1 billion. Beginning on September 1, 2027, the legislation requires the Legislature to reappropriate funds for the program for each subsequent State fiscal biennium. Such program could impact attendance in the District by incentivizing students to homeschool or attend private schools, which could negatively affect the District's attendance-based funding.

The District is still in the process of reviewing legislation passed during the 89th Regular Session. At this time, the District cannot make any representations as to the full impact of such legislation. Further, the District can make no representations or predictions regarding the scope of legislation that may be considered in any special session or the potential impact of such legislation at this time, but it intends to monitor applicable legislation related thereto.

2023 Legislative Sessions

The regular session of the 88th Texas Legislature (the “88th Regular Session”) began on January 10, 2023, and adjourned on May 29, 2023. The Governor called and the Legislature concluded four special sessions during the 88th Texas Legislature (such special sessions, together with the 88th Regular Session, the “2023 Legislative Sessions”).

During the 88th Regular Session, the Legislature considered a general appropriations act and legislation affecting the Finance System, ad valorem taxation procedures and exemptions, and investments, among other legislation affecting school districts and the administrative agencies that oversee school districts. Legislation enacted by the Legislature fully-funded the Foundation School Program for the 2024-2025 State fiscal biennium and increased the State guaranteed yield on the first \$0.08 cents of tax effort beyond a school district's Maximum Compressed Tax Rate (as defined herein) to \$126.21 per penny of tax effort per student in WADA (as defined herein) in 2024 (from \$98.56 in 2023) and \$129.52 per penny of tax effort per student in WADA in 2025. See “– State Funding for School Districts – Tier Two.” The Legislature also provided for an increase in funding for the school safety allotment to \$10.00 (from \$9.72 in the prior year) per ADA (as defined herein) and \$15,000 per campus. The Legislature set aside approximately \$4,000,000,000 in additional funding for public education contingent on certain legislation passing in future special sessions. However, the Legislature did not take action on such funding during the 2023 Legislative Sessions.

During the second called special session, legislation was passed that (i) reduced the Maximum Compressed Tax Rate for school districts by approximately \$0.107 for the 2023-2024 school year; (ii) increased the amount of the mandatory school district general residential homestead exemption from ad valorem taxation from \$40,000 to \$100,000 and held districts harmless from certain M&O and I&S tax revenue losses associated with the increase in the mandatory homestead exemption; (iii) adjusted the amount of the limitation on school district ad valorem taxes imposed on the residence homesteads of the elderly or disabled to reflect increases in exemption amounts; (iv) prohibited school districts, cities and counties from repealing or reducing an optional homestead exemption that was granted in tax year 2022 (the prohibition expires on December 31, 2027); (v) established a three-year pilot program limiting growth in the taxable assessed value of non-residence homestead property valued at \$5,000,000 or less to 20 percent (school districts are not held harmless for any negative revenue impacts associated with such limits); (vi) excepted certain appropriations to pay for ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations; and (vii) expanded the size of the governing body of an appraisal district in a county with a population of more than 75,000 by adding elected directors and authorizing the Legislature to provide for a four-year term of office for a member of the board of directors of certain appraisal districts. At an election held on November 7, 2023, voters approved a State constitutional amendment effectuating the legislative changes. The first election for members of the board of directors of applicable appraisal districts, including the Harris Central Appraisal District, was held on May 4, 2024. The legislation adopted during the second called special session reduces the amount of property taxes paid by homeowners and businesses and increases the State's share of the cost of funding public education.

Local Funding For School Districts

A school district's M&O tax rate is composed of two distinct parts: the "Tier One Tax Rate," which is the local M&O tax rate required for a school district to receive any part of the basic level of State funding (referred to herein as "Tier One") under the Foundation School Program, as further described below, and the "Enrichment Tax Rate," which is any local M&O tax effort in excess of its Tier One Tax Rate. Formulas for the State Compression Percentage and Maximum Compressed Tax Rate (each as described below) are designed to compress M&O tax rates in response to year-over-year increases in property values across the State and within a school district, respectively. The discussion in this subcaption "– Local Funding for School Districts" is generally intended to describe funding provisions applicable to all school districts; however, there are distinctions in the funding formulas for school districts that generate local M&O tax revenues in excess of the school districts' funding entitlements. Such distinctions are discussed under the subcaption "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – Local Revenue Level in Excess of Entitlement" herein.

State Compression Percentage. The "State Compression Percentage" or "SCP" is the lesser of three alternative calculations: (i) 93% or a lower percentage set by appropriation for a school year; (ii) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (iii) the prior year SCP. For any year, the maximum SCP is 93%. For the State fiscal year ending in 2026, the SCP is set at 63.22%.

Maximum Compressed Tax Rate. The "Maximum Compressed Tax Rate" or the "MCR" is the tax rate per \$100 of valuation of taxable property at which a school district must levy its Tier One Tax Rate (described below) to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of two alternative calculations: (1) the "State Compression Percentage" (as discussed above) multiplied by 100; or (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5% (if the increase in property value is less than 2.5%, then MCR is equal to the prior year's MCR). However, each year the TEA shall evaluate the MCR for each school district in the State, and for any given year, if a school district's MCR is calculated to be less than 90% of any other school district's MCR for the current year, then the school district's MCR is instead equal to the school district's prior year MCR, until TEA determines that the difference between the school district's MCR and any other school district's MCR is not more than 10%. These compression formulas are intended to more closely equalize local generation of Tier One funding among districts with disparate tax bases and generally reduce the Tier One Tax Rates of school districts as property values increase. For the 2025-2026 school year, the Legislature reduced the MCR, establishing \$0.6322 as the maximum rate and \$0.5689 as the floor.

In calculating and making available school districts' MCRs for the 2025-2026 school year, the TEA shall calculate and make available the rates as if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by the 89th Legislature, Regular Session, 2025, took effect. Such calculation for the 2025-2026 school year expires September 1, 2026. Subject to voter approval at a Statewide election to be held on November 4, 2025, the residential homestead exemption under Section 1-b(c), Article VIII, Texas Constitution would increase (1) the State mandated general homestead exemption from \$100,000 to \$140,000, and (2) the additional exemption on the residence homesteads of those at least sixty-five (65) years of age or disabled from \$10,000 to \$60,000. If adopted, the proposed constitutional amendment takes effect for the tax year beginning January 1, 2025.

If the increase in the residence homestead as proposed by the constitutional amendment does not take effect, beginning on September 1, 2025, and up until September 1, 2029, the Commissioner may adjust school districts' MCRs for the 2025-2026 school year accordingly. Before making an adjustment, the Commissioner shall notify and must receive approval from the Legislative Budget Board and the office of the Governor.

Tier One Tax Rate. A school district's Tier One Tax Rate is defined as a school district's M&O tax rate levied that does not exceed the school district's MCR.

Enrichment Tax Rate. The Enrichment Tax Rate is the number of cents a school district levies for M&O in excess of the Tier One Tax Rate, up to an additional \$0.17. The Enrichment Tax Rate is divided into two components: (i) "Golden Pennies" which are the first \$0.08 of tax effort in excess of a school district's Tier One Tax Rate; and (ii) "Copper Pennies" which are the next \$0.09 in excess of a school district's Tier One Tax Rate plus Golden Pennies.

School districts may levy an Enrichment Tax Rate at a level of their choice, subject to the limitations described under "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate." However, to levy any of the Enrichment Tax Rate in a given year, a school district must levy a Tier One Tax Rate equal to the school district's MCR for such year. Additionally, a school district's levy of Copper Pennies is subject to compression if the guaranteed yield (i.e., the guaranteed level of local tax revenue and State aid generated for each cent of tax effort) of Copper Pennies is increased from one year to the next. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts – Tier Two" herein.

State Funding For School Districts

State funding for school districts is provided through the two-tiered Foundation School Program, which guarantees certain levels of funding for school districts in the State. School districts are entitled to a legislatively appropriated guaranteed yield on their Tier One Tax Rate and Enrichment Tax Rate. When a school district's Tier One Tax Rate and Enrichment Tax Rate generate tax revenues at a level below the respective entitlement, the State will provide "Tier One" funding or "Tier Two" funding, respectively, to fund the difference between the school district's entitlements and the calculated M&O revenues generated by the school district's respective M&O tax rates.

The first level of funding, Tier One, is the basic level of funding guaranteed to all school districts based on a school district's Tier One Tax Rate. Tier One funding may then be "enriched" with Tier Two funding. Tier Two provides a guaranteed entitlement for each cent of a school district's Enrichment Tax Rate, allowing a school district to increase or decrease its Enrichment Tax Rate to supplement Tier One funding at a level of the school district's own choice. While Tier One funding may be used for the payment of debt service (except for school districts subject to the recapture provisions of Chapter 49 of the Texas Education Code, as amended (see "– Local Revenue Level In Excess of Entitlement")), and in some instances is required to be used for that purpose (see "TAX RATE LIMITATIONS – I&S Tax Rate Limitations" herein), Tier Two funding may not be used for the payment of debt service or capital outlay.

The Finance System also provides an Existing Debt Allotment ("EDA") to subsidize debt service on eligible outstanding school district bonds, an Instructional Facilities Allotment ("IFA") to subsidize debt service on newly issued bonds, and a New Instructional Facilities Allotment ("NIFA") to subsidize operational expenses associated with the opening of a new instructional facility. IFA primarily addresses the debt service needs of property-poor school districts.

Tier One and Tier Two allotments represent the State's share of the cost of M&O expenses of school districts, with local M&O taxes representing the school district's local share. EDA and IFA allotments supplement a school district's local I&S taxes levied for debt service on eligible bonds issued to construct, acquire and improve facilities, provided that a school district qualifies for such funding and that the Legislature makes sufficient appropriations to fund the allotments for a State fiscal biennium. Tier One and Tier Two allotments and existing EDA and IFA allotments are generally required to be funded each year by the Legislature.

Tier One. Tier One funding is the basic level of programmatic funding guaranteed to a school district, consisting of a State-appropriated baseline level of funding (the "Basic Allotment") for each student in "Average Daily Attendance" (being generally calculated as the sum of student attendance for each State-mandated day of instruction divided by the number of State-mandated days of instruction, defined herein as "ADA"). The Basic Allotment is revised downward if a school district's Tier One Tax Rate is less than the State-determined threshold. The Basic Allotment is supplemented by additional State funds, allotted based upon the unique school district characteristics, the demographics of students in ADA, and the educational programs the students are being served in, to make up most of a school district's Tier One entitlement under the Foundation School Program.

The Basic Allotment for school districts with a Tier One Tax Rate equal to the school district's MCR, is \$6,160 plus the guaranteed yield increment adjustment (the "GYIA") for each student in ADA and is revised downward for school districts with a Tier One Tax Rate lower than the school district's MCR. The GYIA is established by October 1 of each even-numbered year for the subsequent biennium. For the 2026-27 biennium, the GYIA is set at \$55. The Basic Allotment is then supplemented for all school districts by various weights to account for differences among school districts and their student populations. Such additional allotments include, but are not limited to, increased funds for students in ADA who: (i) attend a qualified special education program, (ii) are diagnosed with dyslexia or a related disorder, (iii) are economically disadvantaged, or (iv) have limited English language proficiency. Additional allotments to mitigate differences among school districts include, but are not limited to: (i) a transportation allotment for mileage associated with transporting students who reside two miles or more from their home campus, (ii) a fast growth allotment (for school districts in the top 25% of enrollment growth relative to other school districts), (iii) a college, career and military readiness allotment to further the State's goal of increasing the number of students who attain a post-secondary education or workforce credential, and (iv) a teacher incentive allotment to increase teacher compensation and retention in disadvantaged or rural school districts. A school district's total Tier One funding, divided by the district's Basic Allotment is a school district's measure of students in "Weighted Average Daily Attendance" ("WADA"), which serves to calculate Tier Two funding. The fast growth allotment weights are 0.48 for districts in the top 40% of school districts for growth, 0.33 for districts in the middle 30% of school districts for growth and 0.18 for districts in the bottom 30% of school districts for growth. The fast growth allotment is limited to \$320 million for the 2026-2027 school year.

Tier Two. Tier Two supplements Tier One funding and provides two levels of enrichment with different guaranteed yields (i.e., Golden Pennies and Copper Pennies) depending on the school district's Enrichment Tax Rate. Golden Pennies generate a guaranteed yield equal to the Basic Allotment multiplied by 0.02084. For the 2026-2027 State fiscal biennium, school districts are guaranteed a yield on each Golden Penny levied of \$129.52 per student in WADA. Copper Pennies generate a guaranteed yield per student in WADA equal to the school district's Basic Allotment multiplied by 0.008. For the 2026-27 State fiscal biennium, school districts are guaranteed a yield of \$49.72 per student in WADA for each Copper Penny levied.

Existing Debt Allotment, Instructional Facilities Allotment, and New Instructional Facilities Allotment. The Foundation School Program also includes facilities funding components consisting of the IFA and the EDA, subject to legislative appropriation each State fiscal biennium. To the extent funded for a biennium, these programs assist school districts in funding facilities by, generally, equalizing a school district's I&S tax effort. The IFA guarantees each awarded school district a specified amount per student (the "IFA Yield") in State and local funds for each cent of I&S tax levied to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate or improve instructional facilities. The IFA Yield has been \$35 since this program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the State Legislature. To receive an IFA award, in years where new IFA awards are available, a school district must apply to the Texas Education Commissioner (the "Commissioner") in accordance with rules adopted by the TEA before issuing the bonds to be paid with IFA State assistance. The total amount of debt service assistance over a biennium for which a school district may be awarded is limited to the lesser of (1) the actual debt service payments made by the school district in the biennium in which the bonds are issued; or (2) the greater of (a) \$100,000 or (b) \$250 multiplied by the number of students in ADA. The IFA is also available for lease-purchase agreements and

refunding bonds meeting certain prescribed conditions. Once a school district receives an IFA award for bonds, it is entitled to continue receiving State assistance for such bonds without reapplying to the Commissioner. The guaranteed level of State and local funds per student per cent of local tax effort applicable to the bonds may not be reduced below the level provided for the year in which the bonds were issued. For the 2026-2027 State fiscal biennium, the State Legislature did not appropriate any funds for new IFA awards; however, awards previously granted in years the State Legislature did appropriate funds for new IFA awards will continue to be funded.

State financial assistance is provided for certain existing eligible debt issued by school districts through the EDA program. The EDA guaranteed yield (the “EDA Yield”) is the lesser of (i) \$40 per student in ADA or a greater amount for any year provided by appropriation; or (ii) the amount that would result in a total additional EDA of \$60 million more than the EDA to which school districts would have been entitled to if the EDA Yield were \$35. The portion of a school district’s local debt service rate that qualifies for EDA assistance is limited to the first \$0.29 of its I&S tax rate (or a greater amount for any year provided by appropriation by the State Legislature). In general, a school district’s bonds are eligible for EDA assistance if (i) the school district made payments on the bonds during the final fiscal year of the preceding State fiscal biennium, or (ii) the school district levied taxes to pay the principal of and interest on the bonds for that fiscal year. Each biennium, access to EDA funding is determined by the debt service taxes collected in the final year of the preceding biennium. A school district may not receive EDA funding for the principal and interest on a series of otherwise eligible bonds for which the school district receives IFA funding.

Since future-year IFA awards were not funded by the Legislature for the 2026-2027 State fiscal biennium and debt service assistance on school district bonds that are not yet eligible for EDA is not available, debt service payments during the 2026-2027 State fiscal biennium on new bonds issued by school districts in the 2026-2027 State fiscal biennium to construct, acquire and improve facilities must be funded solely from local I&S taxes, except to the extent that the bonds of a school district are eligible for hold-harmless funding from the State for local tax revenue lost as a result of an increase in the mandatory homestead exemption. See “State Funding For School Districts – Tax Rate and Funding Equity” below.

A school district may also qualify for a NIFA allotment, which provides assistance to school districts for operational expenses associated with opening new instructional facilities or a renovated portion of an instructional facility to be used for the first time to provide high-cost and undersubscribed career and technology education programs, as determined by the Commissioner. In the 89th Regular Session, the Legislature appropriated funds in the amount of \$150,000,000 for each fiscal year of the 2026- 2027 State fiscal biennium for NIFA allotments.

Tax Rate and Funding Equity. The Commissioner may proportionally reduce the amount of funding a school district receives under the Foundation School Program and the ADA calculation if the school district operates on a calendar that provides less than the State-mandated minimum instruction time in a school year. The Commissioner may also adjust a school district’s ADA as it relates to State funding where disaster, flood, extreme weather or other calamity has a significant effect on a school district’s attendance.

Furthermore, “property-wealthy” school districts that received additional State funds under the Finance System prior to the enactment of certain legislation passed during the 86th Texas Legislature are entitled to an equalized wealth transition grant on an annual basis, which was be phased out in the 2023-2024 school year, in an amount equal to the amount of additional revenue such school district would have received under former Texas Education Code Sections 41.002(e) through (g), as those sections existed on January 1, 2019.

Furthermore, if the total amount of allotments to which school districts and open enrollment charter schools are entitled for a school year exceeds \$400 million, the Education Commissioner shall proportionately reduce each district’s or school’s allotment. The reduction in the amount to which a district or school is entitled may not result in an amount that is less than zero.

For the 2026-2027 school year, school districts will be held harmless and entitled to additional state aid to the extent that state and local revenue used to service eligible debt is less than the state and local revenue that would have been available to the district under state law providing for state aid to districts to account for increases in the general residence homestead exemption and the elderly or disabled tax ceiling, if any increase in a residence homestead exemption under the Texas Constitution, and any additional limitation on tax increases under the elderly or disabled tax ceiling had not occurred.

Local Revenue Level in Excess of Entitlement

A school district that has sufficient property wealth per student in ADA to generate local revenues on the school district’s Tier One Tax Rate and Copper Pennies in excess of the school district’s respective funding entitlements (a “Chapter 49 school district”), is subject to the local revenue reduction provisions contained in Chapter 49 of Texas Education Code, as amended (“Chapter 49”). Additionally, in years in which the amount of State funds appropriated specifically excludes the amount necessary to provide the guaranteed yield for Golden Pennies, local revenues generated on a school district’s Golden Pennies in excess of the school district’s respective funding entitlement are subject to the local revenue reduction provisions of Chapter 49. To reduce local revenue in excess of entitlement, Chapter 49 school districts are generally subject to a process known as “recapture,” which requires a Chapter 49 school district to exercise certain options to remit local M&O tax revenues collected in excess of the Chapter 49 school district’s funding entitlements to the State (for redistribution to other school districts) or otherwise expending the respective M&O tax revenues for the benefit of students in school districts that are not Chapter 49 school districts, as described in the subcaption “—Options for Local Revenue Levels in Excess of Entitlement,” below. Chapter 49 school districts receive their allocable share of funds distributed from the constitutionally-prescribed Available School Fund but are generally not eligible to receive State aid under the Foundation School

Program, although they may continue to receive State funds for certain competitive grants and certain programs that remain outside the Foundation School Program.

Options for Local Revenue Levels in Excess of Entitlement. Under Chapter 49, a school district has six options to reduce local revenues to a level that does not exceed the school district's respective entitlements: (1) a school district may consolidate by agreement with one or more school districts to form a consolidated school district; all property and debt of the consolidating school districts vest in the consolidated school district; (2) a school district may detach property from its territory for annexation by a property-poor school district; (3) a school district may purchase attendance credits from the State; (4) a school district may contract to educate nonresident students from a property-poor school district by sending money directly to one or more property-poor school districts; (5) a school district may execute an agreement to provide students of one or more other school districts with career and technology education through a program designated as an area program for career and technology education; or (6) a school district may consolidate by agreement with one or more school districts to form a consolidated taxing school district solely to levy and distribute either M&O taxes or both M&O taxes and I&S taxes. A Chapter 49 school district may also exercise any combination of these remedies. Options (3), (4) and (6) require prior approval by the Chapter 49 school district's voters. A district that enters into an agreement to exercise an option to reduce the district's local revenue level in excess of entitlement under options (3), (4), or (5) for the 2025-2026 school year and that has not previously held an election to exercise said options may request and may receive approval from the Commissioner to delay the date of the election otherwise required to be ordered before September 1. The Commissioner shall set a date by which each district that receives approval to delay an election must order the election and requires the Commissioner, not later than the 2026-2027 school year, to order detachment and annexation of district property or consolidation as necessary to reduce the district's excess local revenue to the level established by law for a district that receives approval to delay an election and subsequently fails to hold the election or does not receive voter approval at the election. A district that receives approval of a request to delay the date of an election shall pay for credit purchased in equal monthly payments as determined by the Commissioner beginning March 15, 2026, and ending August 15, 2026. Alternatively, the district may pay for credit purchased with one lump sum payment made not later than August 15, 2026, provided that the district notifies the Commissioner of the district's election to pay through a lump sum not later than March 15, 2026.

Furthermore, a school district may not adopt a tax rate until its effective local revenue level is at or below the level that would produce its guaranteed entitlement under the Foundation School Program. If a school district fails to exercise a permitted option, the Education Commissioner must reduce the school district's local revenue level to the level that would produce the school district's guaranteed entitlement, by detaching certain types of property from the school district and annexing the property to a property-poor school district or, if necessary, consolidate the school district with a property-poor school district. Provisions governing detachment and annexation of taxable property by the Education Commissioner do not provide for assumption of any of the transferring school district's existing debt.

THE SCHOOL FINANCE SYSTEM AS APPLIED TO THE DISTRICT

For the 2025-2026 fiscal year, the District is designated as an "excess local revenue" district by the TEA. Accordingly, the District has been required to exercise one of the wealth equalization options permitted under applicable State law and has elected to purchase attendance credits.

A district's "excess local revenue" must be tested for each future school year and, if it exceeds the maximum permitted level, the District must reduce it by the exercise of one of the permitted wealth equalization options. Accordingly, if the District's local revenue level should exceed the maximum permitted value in future school years, it may be required each year to exercise one or more of the wealth reduction options. If the District were to consolidate (or consolidate its tax base for all purposes) with a property-poor district, the outstanding debt of each district could become payable from the consolidated district's combined property tax base, and the District's ratio of taxable property to debt could become diluted. If the District were to detach property voluntarily, a portion of its outstanding debt (including the Bonds) could be assumed by the district to which the property is annexed, in which case timely payment of the Bonds could become dependent in part on the financial performance of the annexing district.

For a detailed discussion of State funding for school districts, see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - State Funding for School Districts" herein.

AD VALOREM TAX PROCEDURES

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Reference is made to Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes. See "Current Public School Finance System – 2025 Legislative Session" for a discussion of certain legislation affecting ad valorem taxation.

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the District is the responsibility of the Harris Central Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required to appraise all property within the

Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board. See “– District and Taxpayer Remedies.”

State law requires the appraised value of an owner’s principal residence (“homestead” or “homesteads”) to be based solely on the property’s value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the “Subjected Property”) whose appraised values are not more than \$5,000,000 (the “maximum property value”) to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026 (unless extended by the Legislature), the maximum property value may be increased or decreased by the product of the preceding state fiscal year’s increase or decrease in the consumer price index, as applicable, to the maximum property value.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the District, in establishing their tax rolls and tax rates. See “– District and Taxpayer Remedies.”

State Mandated Homestead Exemptions

State law grants, with respect to each school district in the State, (1) a \$100,000 exemption of the appraised value of all homesteads, (2) a \$10,000 exemption of the appraised value of the homesteads of persons 65 years of age or older and the disabled, and (3) various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

See “CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Session” herein for a discussion of a potential increase in the general State mandated homestead exemption from \$100,000 to \$140,000 and a potential increase in the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from \$10,000 to \$60,000.

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

Cities, counties and school districts are prohibited from repealing or reducing an optional general homestead exemption that was granted in tax year 2022 through December 31, 2027.

State Mandated Freeze on School District Taxes

Except for increases attributable to certain improvements, a school district is prohibited from increasing the total ad valorem tax on the homestead of persons sixty-five (65) years of age or older or of disabled persons above the amount of tax imposed in the year such homestead qualified for such exemption. This freeze is transferable to a different homestead if a qualifying taxpayer moves, and, under certain circumstances, is also transferable to the surviving spouse of persons sixty-five (65) years of age or older, but not the disabled.

The total amount of ad valorem taxes that may be imposed for general elementary and secondary public school purposes on the residence homestead of a person who is 65 years old or older or disabled may be adjusted to reflect any statutory reduction from the preceding tax year in the maximum compressed rate (the “MCR”) of the maintenance and operations (“M&O”) taxes imposed for those purposes on the homestead.

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Subject to voter approval at a Statewide election to be held on November 4, 2025, legislation passed by the Legislature and signed by the Governor during the 89th Regular Session would provide a person to an exemption from taxation by a taxing unit of \$125,000 of the appraised value of tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of \$125,000, regardless of where the property is located in the taxing unit.

Freeport and Goods-in-Transit Exemptions

Certain goods that are acquired in or imported into the State to be forwarded outside the State and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990, and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or outside the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or outside the State within 175 days (“Goods-in-Transit”), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer’s motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

Other Exempt Property

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

Temporary Exemption for Property Damaged by Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the Governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. The Texas Legislature amended Section 11.35, Property Tax Code, to clarify that “damage” for purposes of such statute is limited to “physical damage.” For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

Tax Increment Reinvestment Zones

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones (“TIRZ”) within its boundaries. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “tax increment.” During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

Until September 1, 1999, school districts were able to reduce the value of taxable property reported to the State to reflect any taxable value lost due to TIRZ participation by the school district. The ability of the school district to deduct the taxable value of the tax increment that it contributed prevented the school district from being negatively affected in terms of state school funding. However, due to a change in law, local M&O tax rate revenue contributed to a TIRZ created on or after May 31, 1999 will count toward a school district’s Tier One entitlement (reducing Tier One State funds for eligible school districts) and will not be considered in calculating any school district’s Tier Two entitlement (see “CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts”).

Tax Limitation Agreements

The Texas Economic Development Act (Chapter 313, Texas Tax Code, as amended), allows school districts to grant limitations on appraised property values to certain corporations and limited liability companies to encourage economic development within the school district. Generally, during the last eight (8) years of the ten-year term of a tax limitation agreement, a school district may only levy and collect M&O taxes on the agreed-to limited appraised property value.

For the purposes of calculating its Tier One and Tier Two entitlements, the portion of a school district's property that is not fully taxable is excluded from the school district's taxable property values. Therefore, a school district will not be subject to a reduction in Tier One or Tier Two State funds as a result of lost M&O tax revenues due to entering into a tax limitation agreement. The 87th Texas Legislature did not vote to extend this program, which expired by its terms on December 31, 2022 (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts").

During the Regular Session of the 88th Texas Legislature, House Bill 5, codified as Chapter 403, Subchapter T, Texas Government Code ("Chapter 403T") was enacted into law. Chapter 403T is intended as a replacement of former Chapter 313, Texas Tax Code ("Chapter 313"), but it contains significantly different provisions than the prior program under Chapter 313. Under Chapter 403T, a school district may offer a 50% abatement on taxable value for M&O property taxes for certain eligible projects, except that projects in a federally designated economic opportunity zone receive a 75% abatement. Chapter 403T also provides a 100% abatement of M&O taxes for eligible property during a project's construction period. Taxable valuation for purposes of the debt services taxes securing the Bonds cannot be abated under Chapter 403T. Eligible projects must relate to manufacturing, provision of utility services, dispatchable electric generation (such as non-renewable energy), development of natural resources, critical infrastructure, or research and development for high-tech equipment or technology, and projects must create and maintain jobs and meet certain minimum investment requirements.

For a discussion of how the various exemptions described above are applied by the District, see "DISTRICT APPLICATION OF THE PROPERTY TAX CODE" herein.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the District may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$61,349,201 for the 2025 tax year and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases. See "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate." The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the District may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien;

however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

THE PROPERTY TAX CODE AS APPLIED TO THE DISTRICT

The Appraisal District has the responsibility for appraising property in the District as well as other taxing units in Harris County. The Appraisal District is governed by a board of directors appointed by voters of the governing bodies of various political subdivisions in Harris County. The District's taxes are collected by the Harris County Tax Assessor-Collector.

The District grants a State mandated \$140,000 general residence homestead exemption.

The District grants a State mandated \$25,000 general residence homestead exemption. The District grants a State mandated \$10,000 residence homestead exemption for persons 65 years of age or older and the disabled. The District grants a State mandated residence homestead exemption for disabled veterans.

The District has granted a local option, additional \$33,000 residential homestead exemption for persons who are 65 years of age or older and disabled persons above the amount of the State-mandated exemption. The District has granted a local option, additional exemption of up to 20% of the market value of residence homesteads.

The District does not tax non-business personal property.

Ad valorem taxes are not levied by the District against the exempt value of residence homesteads for the payment of debt.

The District does exempt "Freeport Property" from taxation. The District has not taken action to tax "Goods-in-Transit."

The District is not currently a participant in any Tax Increment Reinvestment Zone.

The District is currently a participant in four Chapter 313 agreements. The agreements apply over multiple years and are applicable only to the District's maintenance and operations tax collections and do not affect or lower the interest and sinking fund tax collections. Under these agreements, the District anticipates receiving total estimated payments of approximately \$40 million over the next 15 years. These amounts, however, are not guaranteed and are subject to change.

The Board of Trustees has approved a resolution initiating an additional 20% penalty to defray attorney costs in the collection of delinquent taxes over and above the penalty automatically assessed under the Property Tax Code. Charges for penalties and interest on the unpaid balance of delinquent taxes are as follows:

<u>Date</u>	<u>Cumulative Penalty</u>	<u>Cumulative Interest^(b)</u>	<u>Total</u>
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	32 ^(a)	6	38

^(a) Includes additional penalty of 20% assessed after July 1 in order to defray attorney collection expenses.

^(b) Taxes delinquent after July 1 incur an additional interest penalty of 20% of the sum of the delinquent taxes plus the penalties and interest to defray attorney collection fees.

Property within the District is assessed as of January 1 of each year (except business inventories which may be assessed as of September 1 and mineral values which are assessed on the basis of a twelve month average) and taxes become due October 1 of the same year and become delinquent on February 1 of the following year. Split payments of taxes are not permitted. Discounts for the early payment of taxes are not permitted.

TAX RATE LIMITATIONS

M&O Tax Rate Limitations

The District is authorized to levy an M&O tax rate pursuant to the approval of the voters of the District at an election held in 1955 in accordance with the provisions of Article 2784g, Texas Revised Civil Statutes Annotated, as amended ("Article 2784g"), which provided for a maximum tax rate of \$2.00 per \$100 assessed valuation, of which \$1.00 may be for debt service. The District's maximum voted maintenance tax rate is the difference between \$2.00 and the rate for debt service.

The maximum M&O tax rate per \$100 of taxable value that may be adopted by a school district is the sum of \$0.17 (subject to compression of the nine available copper pennies in a year in which the state increases the guaranteed yield on those pennies) and the school district's Maximum Compressed Tax Rate ("MCR"). A school district's MCR is, generally, inversely proportional to the change in taxable property values both within the school district and the State and is subject to recalculation annually. For any year, the highest possible MCR for a school district is \$0.93. See "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – Local Funding for School Districts" herein.

However, if a school district levied a maintenance tax for the 2005 tax year at a rate greater than \$1.50 per \$100 of taxable value, then the maximum M&O tax rate per \$100 of taxable value that may be adopted, pursuant to Section 45.003(f), Texas Education Code, by such school district, is the sum of (i) \$0.17 and (ii) the product of 66.67 percent multiplied by the rate of the maintenance tax levied by the district for the 2005 tax year, minus the amount by which \$1.00 exceeds the product of the State Compression Percentage multiplied by \$1.00. Any cents of maintenance and operations tax effort that exceeds the Section 45.0032(c) Maximum M&O Tax Rate are, under Section 45.0032(c), Texas Education Code, not included in the school district's Tier One Tax Rate or Enrichment Tax Rate, and the district is not entitled to the guaranteed yield amount of Tier Two funding for those cents of tax effort.

The District is subject to Section 45.0003(f), Texas Education Code. For the 2025-2026 tax year, the District has levied all available Golden Pennies. Further, after compression, the District has authority to levy up to \$0.8372 per \$100 of taxable property value. In addition, the District currently levies \$0.0317 per \$100 of taxable property value pursuant to certain disaster related authority.

Furthermore, a school district cannot annually increase its tax rate in excess of the school district's Voter-Approval Tax Rate without submitting such tax rate to an election and a majority of the voters voting at such election approving the adopted rate. See "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate" herein.

I&S Tax Rate Limitations

A school district is also authorized to issue bonds and levy taxes for payment of bonds subject to voter approval of one or more propositions submitted to the voters under Section 45.003(b)(1), Texas Education Code, as amended, which provides a tax unlimited as to rate or amount for the support of school district bonded indebtedness. See "THE BONDS – Security and Source of Payment."

Section 45.0031 of the Texas Education Code, as amended, requires a school district to demonstrate to the Texas Attorney General that it has the prospective ability to pay its maximum annual debt service on a proposed issue of bonds and all previously issued bonds, other than bonds approved by voters of a school district at an election held on or before April 1, 1991 and issued before September 1, 1992 (or debt issued to refund such bonds, collectively, "exempt bonds"), from a tax levied at a rate of \$0.50 per \$100 of assessed valuation before bonds may be issued (the "50-cent Test"). In demonstrating the ability to pay debt service at a rate of \$0.50, a school district may take into account Existing Debt Allotment ("EDA") and Instructional Facilities Allotment ("IFA") allotments to the school district, which effectively reduces the school district's local share of debt service and may also take into account Tier One funds allotted to the school district. If a school district exercises this option, it may not adopt an I&S tax until it has credited to the school district's I&S fund an amount equal to all State allotments provided solely for payment of debt service and any Tier One funds needed to demonstrate compliance with the threshold tax rate test and which is received or to be received in that year. Additionally, a school district may demonstrate its ability to comply with the 50-cent Test by applying the \$0.50 tax rate to an amount equal to 90% of projected future taxable value of property in the school district, as certified by a registered professional appraiser, anticipated for the earlier of the tax year five (5) years after the current tax year or the tax year in which the final payment for the bonds is due. However, if a school district uses projected future taxable values to meet the 50-cent Test and subsequently imposes a tax at a rate greater than \$0.50 per \$100 of valuation to pay for bonds subject to the test, then for subsequent bond issues, the Texas Attorney General must find that the school district has the projected ability to pay principal and interest on the proposed bonds and all previously issued bonds subject to the 50-cent Test from a tax rate of \$0.45 per \$100 of valuation. Once the prospective ability to pay such tax has been shown and the bonds are issued, a school district may levy an unlimited tax to pay debt service. Taxes levied to pay refunding bonds issued pursuant to Chapter 1207, Texas Government Code, are not subject to the 50-Cent Test; however, taxes levied to pay debt service on such bonds are included in maximum annual debt service for calculation of the \$0.50 threshold tax rate test when applied to subsequent bond issues. The Bonds are issued as refunding bonds and are not subject to the 50-cent Test.

Public Hearing and Voter-Approval Tax Rate

A school district's total tax rate is the combination of the M&O tax rate and the I&S tax rate. Generally, the highest rate at which a school district may levy taxes for any given year without holding an election to approve the tax rate is the "Voter-Approval Tax Rate", as described below.

A school district is required to adopt its annual tax rate before the later of September 30 or the sixtieth (60th) day after the date the certified appraisal roll is received by the taxing unit, except that a tax rate that exceeds the Voter-Approval Tax Rate must be adopted not later than the seventy-first (71st) day before the next occurring November uniform election date. A school district's failure to adopt a tax rate equal to or less than the Voter-Approval Tax Rate by September 30 or the sixtieth (60th) day after receipt of the certified appraisal roll, will result in the tax rate for such school district for the tax year to be the lower of the "no-new-revenue tax rate" calculated for that tax year or the tax rate adopted by the school district for the preceding tax year. A school district's failure to adopt a tax rate in excess of the Voter-Approval Tax Rate on or prior to the seventy-first (71st) day before the next occurring November uniform election date, will result in the school district adopting a tax rate equal to or less than its Voter-Approval Tax Rate by the later of September 30 or the sixtieth (60th) day after receipt of the certified appraisal roll. "No-new-revenue tax rate" means the rate that will produce the prior year's total tax levy from the current year's total taxable values, adjusted such that lost values are not included in the calculation of the prior year's taxable values and new values are not included in the current year's taxable values.

The Voter-Approval Tax Rate for a school district is the sum of (i) the school district's MCR; (ii) the greater of (a) the school district's Enrichment Tax Rate for the preceding year, less any amount by which the school district is required to reduce its current year Enrichment Tax Rate pursuant to Section 48.202(f), Education Code, as amended, or (b) the rate of \$0.05 per \$100 of taxable value; and (iii) the school district's current I&S tax rate. A school district's M&O tax rate may not exceed the rate equal to the sum of (i) \$0.17 (subject to the compression of the nine available copper pennies in a year in which the state increases the guaranteed yield on these pennies) and (ii) the school district's MCR. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein, for more information regarding the State Compression Percentage, MCR, and the Enrichment Tax Rate.

The governing body of a school district generally cannot adopt a tax rate exceeding the school district's Voter-Approval Tax Rate without approval by a majority of the voters approving the higher rate at an election to be held on the next uniform election date. Further, subject to certain exceptions for areas declared disaster areas, State law requires the board of trustees of a school district to conduct an efficiency audit before seeking voter approval to adopt a tax rate exceeding the Voter-Approval Tax Rate and sets certain parameters for conducting and disclosing the results of such efficiency audit. An election is not required for a tax increase to address increased expenditures resulting from certain natural disasters in the year following the year in which such disaster occurs; however, the amount by which the increased tax rate exceeds the school district's Voter-Approval Tax Rate for such year may not be considered by the school district in the calculation of its subsequent Voter-Approval Tax Rate.

The calculation of the Voter-Approval Tax Rate does not limit or impact the District's ability to set an I&S tax rate in each year sufficient to pay debt service on all of the District's tax-supported debt obligations, including the Bonds.

Before adopting its annual tax rate, a public meeting must be held for the purpose of adopting a budget for the succeeding year. A notice of public meeting to discuss the school district's budget and proposed tax rate must be published in the time, format and manner prescribed in Section 44.004 of the Texas Education Code. Section 44.004(e) of the Texas Education Code provides that a person who owns taxable property in a school district is entitled to an injunction restraining the collection of taxes by the school district if the school district has not complied with such notice requirements or the language and format requirements of such notice as set forth in Section 44.004(b), (c), (c-1), (c-2), and (d), and, if applicable, subsection (i), and if such failure to comply was not in good faith. Section 44.004(e) further provides the action to enjoin the collection of taxes must be filed before the date the school district delivers substantially all of its tax bills. A school district that elects to adopt a tax rate before the adoption of a budget for the fiscal year that begins in the current tax year may adopt a tax rate for the current tax year before receipt of the certified appraisal roll, so long as the chief appraiser of the appraisal district in which the school district participates has certified to the assessor for the school district an estimate of the taxable value of property in the school district. If a school district adopts its tax rate prior to the adoption of its budget, both the no-new-revenue tax rate and the Voter-Approval Tax Rate of the school district shall be calculated based on the school district's certified estimate of taxable value. A school district that adopts a tax rate before adopting its budget must hold a public hearing on the proposed tax rate followed by another public hearing on the proposed budget rather than holding a single hearing on the two items.

A school district must annually calculate and prominently post on its internet website and submit to the county tax assessor-collector for each county in which all or part of the school district is located its Voter-Approval Tax Rate in accordance with forms prescribed by the State Comptroller.

RATINGS

The 2025B Bonds are rated “Aaa” by Moody’s Investors Service (“Moody’s”) by virtue of the guarantee of the Permanent School Fund of the State of Texas (“PSF”) (see “APPENDIX C – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM”). Moody’s generally rates all bond issues guaranteed by the Permanent School Fund of the State of Texas “Aaa”. The underlying rating on the Bonds (without consideration of the Permanent School Fund Guarantee or other credit enhancement) is “Aa1” by Moody’s. The Series 2025A Bonds will not be guaranteed by the corpus of the Permanent School Fund. The currently outstanding unenhanced, tax supported debt of the District has an underlying rating of “Aa1” by Moody’s, and “AA+” by S&P Global Ratings (“S&P”). In addition, certain of the District’s currently outstanding bonds that are guaranteed by the PSF are also rated “Aaa” by Moody’s and “AAA” by S&P. Any such downward revisions or withdrawal of the ratings may have an adverse effect on the trading value and the market price of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

An explanation of the significance of any rating may be obtained from the company furnishing the rating. Each rating reflects only the respective view of such organization, and the District makes no representation as to the appropriateness of the rating. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by rating companies, if in the judgment of companies, circumstances so warrant. Due to the ongoing political uncertainty regarding the United States of America debt limit, obligations issued by state and local governments in the United States, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States of America or of any of its agencies or political subdivisions, then such event could also adversely affect the ratings of, market for, and market value of outstanding debt obligations, including the Bonds. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Bonds are (i) negotiable instruments, (ii) investment securities to which Chapter 8 of the Texas Business and Commerce Code applies, and (iii) legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds may have to be assigned a rating of at least “A” or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds (see “RATINGS”). In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital and savings and loan associations.

The District has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The District has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

INVESTMENT AUTHORITY AND INVESTMENT OBJECTIVES OF THE DISTRICT

The District invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the Board. Both State law and the District’s investment policies are subject to change.

Legal Investments

Available District funds are invested as authorized by Texas law and in accordance with investment policies approved by the Board of Trustees. Both State law and the District’s investment policies are subject to change.

Current Texas law provides the District authority to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, (8) interest-bearing banking deposits other than those described in (7) if (a) the funds are invested by the District through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the District as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the

District; (b) the broker or the depository institution selected by the District arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, wherever located, for the account of the District; (c) the full amount of the principal and accrued interest of each of the banking deposits is insured by the United States or an instrumentality of the United States, and (d) the District appoints as custodian of the banking deposits the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating 34 pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3), (9) certificates of deposit and share certificates (i) issued by or through an institution that either has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Insurance Fund, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the District through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the District as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the District; (b) the broker or the depository institution selected by the District arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the District appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating 34 pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that comply with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts subject to the limitations set forth in Chapter 2256, Texas Government Code, as amended.

The District is also authorized to purchase, sell, and invest its funds in corporate bonds. "Corporate bond" is defined as a senior secured debt obligation issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm (does not include convertible bonds or unsecured debt). The bonds must have a stated final maturity that is not later than 3 years from the date the corporate bonds were purchased. The District may not (1) invest more than 15 percent of its monthly average fund balance (excluding bond proceeds, reserves, and other funds held for the payment of debt service), in corporate bonds; or (2) invest more than 25 percent of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity. The District must sell corporate bonds if they are rated "AA-" or its equivalent and are either downgraded or placed on negative credit watch. Corporate bonds are not an eligible investment for a public funds investment pool.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA-m" or "AAA" or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisors Act of 1940 (15 U.S.C. Section 806-1 et seq.) or with the State Security Board to provide for the investment and management of its public funds or other funds under its control for a term of up to two years, but the District retains ultimate responsibility as fiduciary of its assets. The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in the market index.

Investment Policies

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, the District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the District's investment officers must submit an investment report to the Board of Trustees detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the Board of Trustees.

Additional Provisions

Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt by written instrument a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the Board of Trustees; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

Current Investments

As of June 30, 2025, the District's investable funds were invested in the following investment instruments:

<u>Investment Instrument</u>	<u>Book Value</u>	<u>Market Value</u>
Interest Bearing Account	\$14,355,414	\$14,355,414
Investment Pools ^(a)	176,242,353	176,242,353
Securities	14,218,602	14,218,602
Total Portfolio	<u>\$190,460,955</u>	<u>\$190,460,955</u>

^(a)Includes sweep accounts at Lone Star, MBIA and TexPool.

EMPLOYEES' BENEFIT PLANS

The District employs a staff of approximately 2,075. Beginning with the 2025/2026, entry level teachers without advanced degrees will earn \$63,000 annually. Teachers with advanced degrees and longevity can earn between \$65,000 and \$80,000 annually. All employees receive health insurance benefits of \$325/month, life insurance contribution of \$1.96/month and an Employee Assistance Program contribution of \$1.62/month.

Teachers	869
Professional Support	193
Campus Administration	51
Central Administration	13
Education Aides	264
Auxiliary Staff	<u>23</u>
Total	<u>1,413</u>

The District's employees participate in a retirement plan (the "Plan") with the State of Texas. The Plan is administered by the Teacher Retirement System of Texas ("TRS"). State contributions are made to cover costs of the TRS retirement plan up to certain statutory limits. The District is obligated for a portion of TRS costs relating to employee salaries that exceed the statutory limit. For the year ended June 30, 2024, the State contributed \$6,247,695 to TRS on behalf of the District, District employees paid \$9,226,715 and other contributions into the plan made from federal and private grants and the District for salaries above the statutory minimum were \$4,562,997. For more detailed information concerning the Plan, see Note 9 to the District's audited financial statements attached hereto as APPENDIX E.

In addition to its participation in the TRS, the District contributes to the Texas Public School Retired Employees Group Insurance Program (the "TRS-Care Retired Plan"), a cost-sharing multiple-employer defined benefit post-employment health care plan. The TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the TRS. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. For more detailed information concerning the District's funding policy and contributions in connection with the TRS-Care Retired Plan, see Note 12 to the District's audited financial statements attached hereto as APPENDIX E.

As a result of its participation in the Plan and the TRS-Care Retired Plan and having no other post-retirement benefit plans, the District has no obligations for other post-employment benefits within the meaning of Governmental Accounting Standards Board Statement 45.

Formal collective bargaining agreements relating directly to wages and other conditions of employment are prohibited by Texas law, as are strikes by teachers. There are various local, state and national organized employee groups who engage in efforts to better the terms and conditions of employment of school employees. Some districts have adopted a policy to consult with employer groups with respect to certain terms and conditions of employment. Some examples of these groups are the Texas State Teachers Association, the Texas Classroom Teachers Association, the Association of Texas Professional Educators and the National Education Association.

LEGAL MATTERS

The District will furnish to the Underwriters a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of Hunton Andrews Kurth LLP, Houston, Texas, Bond Counsel, in substantially the forms attached hereto as APPENDIX D.

Though it represents the Municipal Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the District in connection with the issuance of the Bonds. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect hereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions or subcaptions "PLAN OF FINANCING –Purpose" "THE BONDS" (except for the information under the subcaptions "Permanent School Fund Guarantee" and "Payment Record" as to which no opinion is expressed), and "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the sub-caption "Compliance With Prior Undertakings," as to which no opinion is expressed), and Bond Counsel is of the opinion that the statements and information contained therein fairly and accurately reflect the provisions of the Order; further, Bond Counsel has reviewed the statements and information contained in this Official Statement under the captions and sub-captions "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS," "CURRENT PUBLIC SCHOOL FINANCE SYSTEM", "TAX RATE LIMITATIONS," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "LEGAL MATTERS," "TAX MATTERS," and "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," and Bond Counsel is of the opinion that the statements and information contained therein are correct as to matters of law. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System.

Certain legal matters will be passed upon for the Underwriters by their counsel Bates Law Firm, PLLC, Houston, Texas. The legal fee of such firm is contingent upon the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future

performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Bond Counsel, under current law, interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code for the alternative minimum tax imposed on such corporations. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Bonds.

Bond Counsel's opinion is given in reliance upon certifications by representatives of the District as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The District has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds. Failure by the District to comply with such covenants, among other things, could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue.

Customary practice in the giving of legal opinions includes not detailing in the opinion all the assumptions, limitations and exclusions that are a part of the conclusions therein. See "*Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions*", 63 Bus. Law. 1277 (2008) and "*Legal Opinion Principles*", 53 Bus. Law. 831 (May 1998). Purchasers of the Bonds should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Bonds.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law but is not a guarantee of result or binding on the Internal Revenue Service (the "Service") or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

Alternative Minimum Tax

Individuals – Bond Counsel's opinion states that under current law interest on the Bonds is not an item of reference and is not subject to the alternative minimum tax on individuals.

Applicable Corporations – Bond Counsel's opinion also states that under current law interest on the Bonds is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. Under current law, an "applicable corporation" generally is a corporation with average annual adjusted financial statement income for a 3-taxable-year period ending after December 31, 2021 that exceeds \$1 billion.

Other Tax Matters

The Bonds have not been designated as qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any state, local, or foreign jurisdiction.

The Service has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Bonds, under current Service procedures, the Service will treat the District as the taxpayer and the owners of the Bonds will have only limited rights, if any, to participate.

There are many events that could affect the value and liquidity or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, federal or state legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Bonds who purchase Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax

considerations and purchasers of the Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Bonds.

Original Issue Discount

Some of the Bonds may be sold at initial sale prices that are less than their respective stated redemption prices payable at maturity (collectively, the "Discount Bonds"). The excess of (i) the stated redemption price at maturity of each maturity of the Discount Bonds, over (ii) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the Discount Bonds is sold will constitute original issue discount. Original issue discount will accrue for federal income tax purposes on a constant-yield-to-maturity method based on regular compounding; and a holder's basis in such a Bond will be increased by the amount of original issue discount treated for federal income tax purposes as having accrued on the Bond while the holder holds the Bond.

Under the Code, for purposes of determining a holder's adjusted basis in a Discount Bond, original issue discount treated as having accrued while the holder holds the Bond will be added to the holder's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on semiannual compounding. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of a Discount Bond.

Prospective purchasers of Discount Bonds should consult their own tax advisors as to the calculation of accrued original issue discount and the state and local tax consequences of owning or disposing of such Bonds.

Bond Premium

Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder's basis in such a Bond must be reduced by the amount of premium which accrues while such Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Bonds while so held. Purchasers of such Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Bonds.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Bonds have not been approved or disapproved by the United States Securities and Exchange Commission, nor has the United States Securities and Exchange Commission passed upon the accuracy or adequacy of the Official Statement. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Underwriters to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The District agrees to cooperate, at the Underwriters written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the District shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

CONTINUING DISCLOSURE OF INFORMATION

In the Order, the District has made the following agreement for the benefit of the owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually and timely notice of specified material events to certain information vendors. This information will be available free of charge from the Municipal Securities Rule Making Board (“MSRB”) via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org.

Annual Reports

The District will provide to the MSRB updated financial information and operating data annually free of charge via EMMA. The information to be updated includes quantitative financial information and operating data with respect to the District of the general type included in this Official Statement in “APPENDIX A – FINANCIAL INFORMATION REGARDING THE DISTRICT (Tables 1 through 12)”. The District will provide this information within six months after the end of each fiscal year ending in or after 2025. The District will additionally provide audited financial statements, being such information in APPENDIX E of this Official Statement, when and if available. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the District will provide unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if available. The District may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the SEC.

The District’s current fiscal year end is June 30. Accordingly, it must provide updated information by the last day of December in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Notices of Certain Events

The District will also provide timely notices of certain events to the MSRB. The District will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. In addition, the District will provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under “Annual Reports”; (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties. The District shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with 15c2-12 of the Securities and Exchange Commission (the “Rule”). All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District. As used in this section, the term “financial obligation” means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The District intends the words used in the above clauses (15) and (16) and in the definition of financial obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

Availability of Information from MSRB

The District has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of certain specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders and beneficial owners of the Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if (1) the agreement, as amended would have permitted an underwriter to purchase or sell the Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of the Order that authorizes such amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the District amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in type of information and data provided.

Compliance with Prior Undertakings

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

INFORMATION TECHNOLOGY AND OTHER RISK FACTORS

The District depends upon information and computing technology to conduct general business operations. These systems may be subject to disruptions or security breaches that could materially disrupt the District’s operations, cause reputational damage and/or give rise to losses or legal liability. The District’s information technology department continually monitors these threats and has implemented practices, policies, security systems, and design features to protect the security of its information technology systems and data. However, no assurance can be given that such measures will fully prevent potential business continuity or cybersecurity risks arising from events wholly or partially beyond the District’s control, including electrical telecommunications outages, natural disasters, or cyber-attacks, or larger scale political events, including terrorist attacks. Any such occurrence could materially and adversely affect the District’s operations and reputation, which could lead to decreased financial performance that insurance may not cover and may require the District to expend significant resources to correct the failure or disruption.

WEATHER EVENTS

The District is located near the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. The greater Houston area, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e., “500-year flood” event) since 2015. Several of these storms, including Hurricane Harvey in 2017, resulted in damages to District facilities or damages to residential and commercial properties in the District that comprise the District’s ad valorem tax base. If a future weather event significantly damaged all or part of the properties comprising the tax base within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase in the District’s tax rate. Texas law allows school districts to increase property tax rates without voter approval upon the occurrence of certain disasters such as floods and upon a gubernatorial or presidential declaration of disaster (see “TAX RATE LIMITATIONS – Public Hearing and Voter Approval Tax Rate”). There can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District or be sufficient for such purposes. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

PETROCHEMICAL INDUSTRY

The District has a substantial concentration of taxable assessed valuation in the petrochemical industry. Among other things, adverse developments in economic conditions or changes in the regulatory environment of this industry could adversely impact the businesses that own such properties and the tax values of the District. If any major taxpayer of the District were to default in the payment of taxes, the ability of the District to make timely payment of debt service on the Bonds could be affected.

LITIGATION

The District is not a party to any litigation or other proceeding pending or to its knowledge, threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the District, would have a material adverse effect on the financial statements or operations of the District.

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

Robert Thomas CPA, LLC, a firm of independent certified public accountants, will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants, the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds.

Robert Thomas CPA, LLC, relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Robert Thomas CPA, LLC, has relied on any information provided to it by the District's retained advisors, consultants or legal counsel. Robert Thomas CPA, LLC was not engaged to perform audit or attest services under AICPA auditing or attestation standards or to provide any form of attest report or opinion under such standards in conjunction with this engagement.

The verification report will be relied upon by Bond Counsel in rendering its opinion with respect to the defeasance of the Series 2025B Refunded Bonds Refunded Bonds.

MUNICIPAL ADVISOR

RBC Capital Markets, LLC is employed as Municipal Advisor (the "Municipal Advisor") to the District in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

UNDERWRITING

The Underwriters have agreed, subject to certain customary conditions, to purchase the Bonds at a price equal to the initial offering price to the public, as shown on page i hereof, less an underwriting discount of \$ _____, and no accrued interest. The Underwriters obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their respective responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

Effective August 2, 2024, Texas State Bankshares, Inc., the registered bank holding company for Texas Regional Bank (collectively, “TRB”), completed its acquisition of Dallas-based group Estrada Hinojosa & Company, Inc. (“Estrada Hinojosa”). Estrada Hinojosa operates under TRB Capital Markets, LLC, a wholly owned subsidiary of TRB, using the assumed name of “Estrada Hinojosa”.

FORWARD LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical are forward-looking statements, including statements regarding the District’s expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. It is important to note that the District’s actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

AUDITED FINANCIAL STATEMENTS

Whitley Penn LLP, the District’s independent auditor, has not reviewed, commented on, or approved, and is not associated with, this Official Statement. The report of Whitley Penn LLP relating to District’s financial statements for the fiscal year ended June 30, 2024 is included in this Official Statement in APPENDIX E. Whitley Penn LLP is currently engaged in working on the District’s audited financial statements for the fiscal year ended on June 30, 2025 with anticipated completion on or about November 17, 2025.

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District’s records, audited financial statements and other sources which are considered by the District to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and the Order contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Order. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized statutes, documents and the Order for further information. Reference is made to official documents in all respects.

MISCELLANEOUS

The Order authorizing the issuance of the Bonds approves the use of this Official Statement and any addenda, supplement or amendment thereto in the reoffering of the Bonds by the Underwriters in accordance with the provisions of the United States Securities and Exchange Commission’s rule codified at 17 C.F.R. §240.15c2-12, as amended.

[The remainder of page intentionally left blank.]

SCHEDULE I
SCHEDULE OF THE SERIES 2025A (NON-PSF) REFUNDED BONDS

SCHEDULE I
SCHEDULE OF THE SERIES 2025A (NON-PSF) REFUNDED BONDS*

Series	Maturity Date	Principal Outstanding	Principal Refunded*	Redemption Date*
Limited Tax Refunding	02/15/2027	\$ 1,125,000	\$ 1,125,000	12/18/2025
Bonds, Series 2015	02/15/2027	1,500,000	1,500,000	12/18/2025
	02/15/2028	5,890,000	5,890,000	12/18/2025
	02/15/2029	6,195,000	6,195,000	12/18/2025
Total		\$ 14,710,000	\$ 14,710,000	

To be redeemed at a price of par plus accrued interest to the redemption date.

* Preliminary, subject to change.

SCHEDULE II
SCHEDULE OF THE SERIES 2025B REFUNDED BONDS

SCHEDULE II
SCHEDULE OF THE SERIES 2025B REFUNDED BONDS*

Series	Maturity Date	Principal Outstanding	Principal Refunded*	Redemption Date*
Limited Tax Refunding	02/15/2027	\$ 1,295,000	\$ 1,295,000	12/18/2025
Bonds, Series 2014	02/15/2028	1,355,000	1,355,000	12/18/2025
Total		\$ 2,650,000	\$ 2,650,000	

To be redeemed at a price of par plus accrued interest to the redemption date.

Series	Maturity Date	Principal Outstanding	Principal Refunded*	Redemption Date*
Limited Tax Refunding	02/15/2027	\$ 2,650,000	\$ 2,650,000	02/15/2026
Bonds, Series 2016				

To be redeemed at a price of par plus accrued interest to the redemption date.

Series	Maturity Date	Principal Outstanding	Principal Refunded*	Redemption Date*
Limited Tax Refunding	02/15/2027	\$ 2,705,000	\$ 2,705,000	02/15/2026
Bonds, Series 2017	02/15/2028	940,000	940,000	02/15/2026
Total		\$ 3,645,000	\$ 3,645,000	

To be redeemed at a price of par plus accrued interest to the redemption date.

* Preliminary, subject to change.

APPENDIX A
FINANCIAL INFORMATION REGARDING THE DISTRICT

THE DEER PARK INDEPENDENT SCHOOL DISTRICT

Table 1
SELECTED FINANCIAL INFORMATION

Current Fiscal Year Taxable Assessed Valuation

2026 Certified Taxable Assessed Valuation^(a) \$13,244,076,206

Direct Debt

Outstanding Bonds (as November 1, 2025).....	\$348,370,000
Less: Refunded Bonds.....	(23,655,000)
Plus: The Series 2025A Bonds.....	14,055,000
Plus: The Series 2025B Bonds.....	8,790,000
Total Direct Debt.....	\$347,560,000

Estimated Overlapping Debt (as of September 30, 2025) \$315,527,258

Total Direct and Estimated Overlapping Debt..... **\$663,087,258**

Debt Service Fund Balance (as of June 30, 2025)..... \$16,568,841

	% of 2025 Certified Taxable Assessed Valuation	2025 Estimated Population 55,639	FY2026 Enrollment 12,033
Debt Ratios			
Direct Tax Supported Debt	2.62%	\$6,247	\$28,884
Direct Tax Supported Debt and Overlapping Debt	5.01%	\$11,918	\$55,106

Debt Service Requirements

Estimated Average (Fiscal Years 2026-2048)	\$22,091,596 *
Estimated Maximum (Fiscal Year 2026)	\$36,422,131 *

Historial Tax Collections

Average Collection (Fiscal Years 2020-2024) - Current Only	98.62%
Average Collection (Fiscal Years 2020-2024) - Current and Prior Years	99.24%

* Preliminary; subject to change.

^(a) Certified values provided by Harris County Appraisal District (the "Appraisal District"). See "AD VALOREM TAX PROCEDURES".

Table 2
ESTIMATED GENERAL OBLIGATION DIRECT AND OVERLAPPING DEBT STATEMENT

Taxing Jurisdiction	Gross Tax Debt as of 9/30/2025	Percent	Overlapping Amount
Baytown, City of	\$282,425,000	1.36%	\$3,840,980
Clear Lake City Water Authority	160,650,000	7.32%	11,759,580
Deer Park, City of	139,225,000	75.04%	104,474,440
Harris County	2,257,734,736	1.65%	37,252,623
Harris County Dept of Education	28,960,000	1.65%	477,840
Harris County Flood Control District	937,165,000	1.65%	15,463,223
Harris County Hospital District	867,820,000	1.65%	14,319,030
Harris County WC&ID # 1	12,805,000	5.51%	705,556
Houston, City of	3,722,710,000	0.09%	3,350,439
Pasadena, City of	151,290,000	22.48%	34,009,992
Port of Houston Authority	406,509,397	1.65%	6,707,405
San Jacinto Community College District	505,569,308	16.45%	83,166,151
TOTAL ESTIMATED OVERLAPPING			\$315,527,258
The District ^(a)			347,560,000
TOTAL DIRECT AND OVERLAPPING DEBT			\$663,087,258
Total Direct and Overlapping Debt as % of TAV			5.01%
Total Direct and Overlapping Debt as per Capita			\$11,918

Source: The Texas Municipal Advisory Council.

^(a) Includes the Bonds.

Table 3
PROPERTY TAX RATES AND COLLECTIONS

Tax Year	Taxable Assessed Valuation^(a)	Tax Rate Per \$100 of Assessed Valuation	Adjusted Tax Levy	% of Collections		Fiscal Year Ending
				Current Year	Current and Prior Years^(b)	
2020	\$11,281,846,516	\$1.3496	\$ 137,687,191	99.27%	100.44%	06/30/21
2021	11,521,551,565	1.3496	135,416,748	99.29%	99.85%	06/30/22
2022	13,088,282,307	1.2822	148,407,638	97.02%	97.91%	06/30/23
2023	13,408,429,459	1.1213	137,818,616	97.83%	97.83%	06/30/24
2024	13,415,716,900	1.1213	135,500,000	<u>99.68%</u>	<u>100.17%</u>	06/30/25
Five Year Average Collections.....				98.62%	99.24%	
2025	13,244,076,206	1.1389	138,375,299	...Collections in progress...		06/30/26

^(a) Values may differ from those shown in the District's financial statement and elsewhere in this Official Statement due to subsequent adjustments.

^(b) Includes penalties and interest.

Table 4
TAX RATE DISTRIBUTION

Fiscal Years Ending June 30,					
	2026	2025	2024	2023	2022
Maintenance	\$0.8689	\$0.8513	\$0.8513	\$1.0122	\$1.0796
Debt Service	0.2700	0.2700	0.2700	0.2700	0.2700
Total	\$1.1389	\$1.1213	\$1.1213	\$1.2822	\$1.3496

Source: District's Audited Financial Statements and District Records.

Table 5
HISTORICAL STATEMENT OF DELINQUENT TAXES

Fiscal Year	Outstanding Delinquent Tax Balance as of 06/30/2025	Adjusted Tax Levy	Percentage of Tax Levy
2016	\$1,073,943	\$116,716,618	0.92%
2017	77,968	118,582,676	0.07%
2018	87,071	122,065,733	0.07%
2019	77,212	126,752,342	0.06%
2020	95,321	133,856,832	0.07%
2021	1,014,660	137,687,191	0.74%
2022	198,747	135,416,748	0.15%
2023	1,238,784	148,407,638	0.83%
2024	3,063,056	137,818,616	2.22%
2025	860,938	135,928,099	0.63%

Source: The District's and District's Audited Financial Statements

Table 6
ANALYSIS OF TAX BASE^{(a)(b)}

Type of Property	2025 Tax Roll		2024 Tax Roll		2023 Tax Roll	
	Amount	%	Amount	%	Amount	%
Residential	\$4,447,570,063	22.95%	\$4,275,200,731	22.45%	\$3,885,153,904	20.73%
Commercial, Ind & Business	13,939,886,570	71.93%	13,802,227,653	72.47%	13,807,600,109	73.69%
Agricultural & Farmland	16,491,145	0.09%	25,405,551	0.13%	25,209,155	0.13%
Vacant Lots & Tracts	111,629,969	0.58%	116,686,588	0.61%	102,887,715	0.55%
Utilities	120,501,571	0.62%	107,704,826	0.57%	252,762,027	1.35%
Other	729,977,273	3.77%	701,934,042	3.69%	644,806,358	3.44%
Inventory	14,326,398	0.07%	16,632,454	0.09%	19,095,897	0.10%
Total A.V.	\$19,380,382,989	100.00%	\$19,045,791,845	100.00%	\$18,737,515,165	100.00%
Less: Exemption	(6,136,306,783)		(5,637,362,386)		(5,392,768,474)	
Total Taxable A.V.	\$13,244,076,206		\$13,408,429,459		\$13,344,746,691	

^(a) Source: State Property Tax Board – Report of Property Value and Harris County Appraisal District.

^(b) Values may differ from those shown in the District's financial statement and elsewhere in this Official Statement due to subsequent adjustments. The District has a substantial concentration of taxable assessed valuation in the petrochemical industry. Among other things, adverse developments in economic conditions or changes in the regulatory environment of this industry could adversely impact the businesses that own such properties and the tax values of the District.

Table 7
HISTORICAL TOP TEN TAXPAYERS

PRINCIPAL TAXPAYERS AND THEIR 2025 TAXABLE ASSESSED VALUATIONS

<u>Name of Taxpayer</u>	<u>Type of Property</u>	<u>Taxable Assessed Valuation</u>	<u>% T.A.V.</u>
Deer Park Refining, LP	Oil & Gas	\$ 615,472,255	4.65%
Pasadena Performance Products, LP	Chemical Plant	604,254,600	4.56%
Equistar Chemicals LP	Chemical Plant	528,622,599	3.99%
Oxy Vinyls LP	Chemical Plant	526,224,609	3.97%
Intercontinental Terminals Company LLC	Chemical/Oil & Gas Storage	437,485,940	3.30%
Gemini HDPE LLC	Chemical Plant	386,742,083	2.92%
MVP Terminalling, LLC	Chemical/Oil & Gas Storage	386,537,496	2.92%
Shell Oil Co.	Oil & Gas	360,316,137	2.72%
Rohm & Haas Co.	Chemical Plant	328,367,772	2.48%
Lubrizol Corp.	Chemical Plant	301,506,296	2.28%
Total		<u>\$ 4,475,529,787</u>	<u>33.79%</u>

PRINCIPAL TAXPAYERS AND THEIR 2024 TAXABLE ASSESSED VALUATIONS

<u>Name of Taxpayer</u>	<u>Type of Property</u>	<u>Taxable Assessed Valuation</u>	<u>% T.A.V.</u>
Pasadena Performance Products, LP	Chemical Plant	\$ 654,936,600	4.88%
Deer Park Refining, LP	Oil & Gas	633,873,682	4.73%
Equistar Chemicals LP	Chemical Plant	538,223,322	4.01%
Intercontinental Terminals Company LLC	Chemical/Oil & Gas Storage	404,163,436	3.01%
Oxy Vinyls LP	Chemical Plant	401,561,360	2.99%
Gemini HDPE LLC	Chemical Plant	400,336,069	2.99%
MVP Terminalling, LLC	Chemical/Oil & Gas Storage	389,580,756	2.91%
Shell Oil Co.	Oil & Gas	369,231,003	2.75%
Rohm & Haas Co.	Chemical Plant	328,305,111	2.45%
Lubrizol Corp.	Chemical Plant	298,033,062	2.22%
Total		<u>\$ 4,418,244,401</u>	<u>32.95%</u>

PRINCIPAL TAXPAYERS AND THEIR 2023 TAXABLE ASSESSED VALUATIONS

<u>Name of Taxpayer</u>	<u>Type of Property</u>	<u>Taxable Assessed Valuation</u>	<u>% T.A.V.</u>
Deer Park Refining, LP	Oil & Gas	\$ 670,269,069	5.02%
Equistar Chemicals LP	Chemical Plant	611,153,660	4.58%
Gemini HDPE LLC	Chemical Plant	481,756,650	3.61%
Intercontinental Terminals Company LLC	Chemical/Oil & Gas Storage	448,229,927	3.36%
Shell Oil Co.	Oil & Gas	400,576,374	3.00%
MVP Terminalling, LLC	Chemical/Oil & Gas Storage	395,755,704	2.97%
Oxy Vinyls LP	Chemical Plant	394,851,541	2.96%
Pasadena Performance Products LP	Oil & Gas	371,366,758	2.78%
Lubrizol Corp.	Chemical Plant	369,525,698	2.77%
Intercontinental Terminal	Oil & Gas	360,246,519	2.70%
Total		<u>\$ 4,503,731,900</u>	<u>33.75%</u>

Source: Harris County Appraisal District and State Property Tax Reports.

^(a) The District has a substantial concentration of taxable assessed valuation in the petrochemical industry. Among other things, adverse developments in economic conditions or changes in the regulatory environment of this industry could adversely impact the businesses that own such properties and the tax values of the District. If any major taxpayer of the District were to default in the payment of taxes, the ability of the District to make timely payment of debt service on the Bonds could be affected.

Table 8
OUTSTANDING DEBT SERVICE

Period Ending 12/31^(a)	Outstanding Debt		Less: The Refunded Bonds^{(b)(c)}		Plus: The Series 2025A Bonds^(c)		Plus: The Series 2025B Bonds^(c)		Total Debt Service Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$ 21,050,000	\$ 15,462,944	\$ -	\$ 868,177	\$ -	\$ 478,260	\$ -	\$ 299,104	\$ 36,422,131
2027	21,975,000	14,464,256	9,275,000	903,025	2,410,000	642,500	6,535,000	276,125	36,124,856
2028	22,995,000	13,409,962	8,185,000	500,825	5,675,000	440,375	2,255,000	56,375	36,145,887
2029	21,605,000	12,358,919	6,195,000	154,875	5,970,000	149,250	-	-	33,733,294
2030	22,590,000	11,377,200	-	-	-	-	-	-	33,967,200
2031	15,230,000	10,657,044	-	-	-	-	-	-	25,887,044
2032	12,520,000	9,924,294	-	-	-	-	-	-	22,444,294
2033	12,910,000	9,330,494	-	-	-	-	-	-	22,240,494
2034	13,480,000	8,739,594	-	-	-	-	-	-	22,219,594
2035	14,070,000	8,121,894	-	-	-	-	-	-	22,191,894
2036	14,710,000	7,476,444	-	-	-	-	-	-	22,186,444
2037	15,350,000	6,832,894	-	-	-	-	-	-	22,182,894
2038	15,955,000	6,204,744	-	-	-	-	-	-	22,159,744
2039	16,550,000	5,545,638	-	-	-	-	-	-	22,095,638
2040	17,190,000	4,870,950	-	-	-	-	-	-	22,060,950
2041	17,855,000	4,131,850	-	-	-	-	-	-	21,986,850
2042	18,495,000	3,387,913	-	-	-	-	-	-	21,882,913
2043	13,625,000	2,616,850	-	-	-	-	-	-	16,241,850
2044	8,250,000	2,010,750	-	-	-	-	-	-	10,260,750
2045	8,660,000	1,598,250	-	-	-	-	-	-	10,258,250
2046	9,095,000	1,165,250	-	-	-	-	-	-	10,260,250
2047	9,550,000	710,500	-	-	-	-	-	-	10,260,500
2048	4,660,000	233,000	-	-	-	-	-	-	4,893,000
Totals	<u>\$ 348,370,000</u>	<u>\$ 160,631,631</u>	<u>\$ 23,655,000</u>	<u>\$ 2,426,902</u>	<u>\$ 14,055,000</u>	<u>\$ 1,710,385</u>	<u>\$ 8,790,000</u>	<u>\$ 631,604</u>	<u>\$ 508,106,719</u>
Estimated Average Annual Requirements (FY2026 - FY2048).....									\$ 22,091,596
Estimated Maximum Annual Debt Service Requirements (FY2026).....									\$ 36,422,131

^(a) The District aligns its debt for tax rate planning purposes on a calendar year basis.

^(b) Net of prior receipts.

^(c) Preliminary, subject to change.

Table 9
AUTHORIZED BUT UNISSUED BONDS

Voters in the District authorized an aggregate of \$160,000,000 of school building bonds in May 2022 for the construction, acquisition and equipment of school buildings in the District, including a new Carpenter Elementary School, renovations to existing facilities and the purchase of technology, the purchase of necessary sites for school buildings, and the purchase of new school buses. The table below details the authorized amounts and subsequent issuance of bonds. The District has no remaining voter authorized but unissued bonds.

<u>Purpose</u>	<u>Date Authorized</u>	<u>Amount Authorized</u>	<u>Amount Issued^(a)</u>	<u>Unissued Balance</u>
School Buildings	7-May-22	\$ 142,500,000	\$ 142,500,000	\$ -
Technology	7-May-22	\$ 17,500,000	\$ 17,500,000	\$ -

^(a) Amount issued includes both principal and premium deposited into the District's construction fund and applied against the amount of authorization.

Depending on the rate of development within the District, changes in assessed valuation, and the amounts, interest rates, maturities and the timing of issuance of any additional bonds, increases in the District's annual ad valorem tax rate may be required to provide for the payment of the principal of and interest on the District's outstanding bonds, the Bonds, and any such future bonds. In addition to unlimited and limited tax bonds, the District may incur other financial obligations payable from its collection of taxes and other sources of revenues, including maintenance tax notes payable from its collection of maintenance taxes, public property finance contract obligations, delinquent tax notes and leases for various purposes payable from State appropriations and surplus maintenance taxes.

Table 10
TAX ADEQUACY

Estimated Average Annual Debt Service Requirements (FY2026 - FY2048).....	\$22,091,596
\$0.1691 Tax Rate 98.62% collection produces.....	\$22,091,596 ^(a)
Estimated Maximum Annual Debt Service Requirements (FY2026).....	\$36,422,131
\$0.2789 Tax Rate 97.89% collection produces.....	\$36,422,131 ^(a)

^(a) Based on 2025/26 certified taxable assessed valuation. Values are subject to change throughout the year as contested values are resolved and the Harris County Appraisal District updates records.

Table 11
COMPARATIVE STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES

	Fiscal Years Ended June 30,				
	2025*	2024	2023	2022	2021
Revenues:					
Local Funds	\$107,174,908	\$109,393,513	\$119,322,935	\$109,375,283	\$111,140,327
State Funds	37,253,258	36,478,183	28,303,726	35,095,832	28,367,655
Federal Funds	1,325,679	1,712,944	3,193,271	8,949,474	2,874,510
Total Revenues	<u>\$145,753,845</u>	<u>\$147,584,640</u>	<u>\$150,819,932</u>	<u>\$153,420,589</u>	<u>\$142,382,492</u>
Expenditures:					
Instruction - Related Services	\$87,000,712	\$88,646,175	\$80,246,811	\$83,421,070	\$81,844,198
Instruction Resources & Media Services	1,413,686	1,398,003	1,507,088	1,468,519	1,448,651
Curriculum and Instructional Dev	2,839,535	2,668,205	2,785,745	2,993,649	2,478,067
Instructional Leadership	1,395,307	1,329,349	1,328,048	1,191,649	1,116,670
School Leadership	7,684,025	8,052,186	8,369,574	8,270,244	7,963,542
Guidance, Counseling & Eval Services	8,316,781	8,080,020	7,776,656	7,849,039	7,760,139
Social Work Service	75,845	97,844	127,712	93,393	28,792
Health Services	1,393,559	1,350,846	1,328,478	1,308,161	1,376,949
Student Transportation	4,593,215	4,993,179	5,176,056	5,017,922	4,976,961
Food services	-	-	54	-	-
Extracurricular Activities	3,601,854	3,397,763	3,417,547	3,215,878	2,853,248
General Administration	5,130,055	4,821,648	4,619,995	4,801,159	4,622,082
Facilities Maintenance & Operation	18,060,158	19,154,683	17,636,925	16,960,908	17,109,200
Security & Monitoring	2,556,046	2,416,986	1,835,415	1,389,302	1,278,884
Data Processing Services	2,281,267	2,828,950	2,505,740	2,611,094	2,855,064
Debt service	-	536,514	887,721	1,041,060	-
Facilities Acquisition and Construction	-	-	74,295	9,702	1,011,816
Community Service	183,702	166,291	180,107	164,757	169,900
Intergovernmental Charges	6,572,175	7,086,108	10,723,486	5,439,362	4,806,864
Total Expenditures	<u>\$153,097,922</u>	<u>\$157,024,750</u>	<u>\$150,527,453</u>	<u>\$147,246,868</u>	<u>\$143,701,027</u>
Other Resources & Uses					
Other Resources	\$4,000,000	\$1,714,790	\$2,164,732	\$ -	\$ -
Other (Uses)	-	-	-	-	-
Total Other Resources & (Uses)	<u>\$4,000,000</u>	<u>\$1,714,790</u>	<u>\$2,164,732</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficiency) of Revenues & Other Resources Over Expenditures & Other Uses	(\$3,344,077)	(\$7,725,320)	\$2,457,211	\$6,173,721	(\$1,318,535)
Beginning Fund Balance - (July 1)	<u>\$88,613,101</u>	<u>\$96,338,421</u>	<u>\$93,881,210</u>	<u>\$87,707,489</u>	<u>\$89,026,024</u>
Ending Fund Balance - (June 30)	<u>\$85,269,024</u>	<u>\$88,613,101</u>	<u>\$96,338,421</u>	<u>\$93,881,210</u>	<u>\$87,707,489</u>

Source: The District's audited financial statements.

*Unaudited figures for June 30, 2025.

Table 12
COMPARATIVE STATEMENT OF DEBT SERVICE FUND REVENUES AND EXPENDITURES

	Fiscal Years Ended June 30,				
	2025*	2024	2023	2022	2021
Revenues					
Local Revenue	\$34,903,853	\$35,320,634	\$33,915,107	\$26,927,128	\$29,817,578
State Revenue	1,969,227	1,927,354	444,217	204,743	214,385
Federal Revenue	-	-	-	-	-
Total Revenues	<u>\$36,873,080</u>	<u>\$37,247,988</u>	<u>\$34,359,324</u>	<u>\$27,131,871</u>	<u>\$30,031,963</u>
Expenditures					
Total Debt Service	\$37,591,873	\$35,896,804	\$28,200,568	\$29,596,221	\$27,369,457
Excess (Deficiency) Revenues					
Over Expenditures	(\$718,793)	\$1,351,184	\$6,158,756	(\$2,464,350)	\$2,662,506
Other Resources	-	-	29,904,163	56,078,983	40,293,675
Other Uses	-	-	(29,660,264)	(55,820,367)	(40,270,000)
Total Increase (Decrease)	<u>(\$718,793)</u>	<u>\$1,351,184</u>	<u>\$6,402,655</u>	<u>(\$2,205,734)</u>	<u>\$2,686,181</u>
Fund Balance	<u>\$16,568,841</u>	<u>\$17,287,634</u>	<u>\$15,936,450</u>	<u>\$9,533,795</u>	<u>\$11,739,529</u>

Source: The District's audited financial statements.

*Unaudited figures for June 30, 2025.

APPENDIX B
GENERAL INFORMATION REGARDING
THE DISTRICT AND ITS ECONOMY

GENERAL INFORMATION REGARDING THE DISTRICT AND ITS ECONOMY

Description of the District

Deer Park Independent School District (the “District”) is located in Harris County, Texas and consists of approximately 37.89 square miles and including the City of Deer Park and a portion of the City of Pasadena. The District is located in a heavily industrialized area along the Houston Ship Channel, approximately 20 miles from downtown Houston.

The District is fully accredited by the Texas Education Agency and the Southern Association of Colleges and Schools. All of the school facilities are completely air conditioned and furnished with modern educational equipment. The following is a brief description of the District’s administrative and educational facilities.

Administration – Administration and support facilities contain 126,704 square feet, including a maintenance service center, bus garage and storage. The Education Support Center, located south of the main high school campus, opened in April 2012. The facility contains all of the central administration and instruction department staff and provides adequate meeting and district wide staff development rooms for in service training.

Elementary Schools – Seven elementary schools containing 721,854 square feet with a student capacity of 6,200, and one early childhood learning center containing 67,150 square feet with a capacity of 400 students.

Junior High Schools – Four junior high schools containing 736,752 square feet with a student capacity of 3,830.

High Schools – One high school including a ninth-grade campus, a campus for grades ten, eleven and twelve and one accelerated campus for grades nine through twelve containing 895,808 square feet with a student capacity of 5,100.

Athletic Facilities – Two high school stadiums, one on north campus and one on south campus, and baseball stands and concessions on the north and south campuses.

Other Facilities – One Computer Technology facility containing 22,500 square feet and an Agriculture Science facility containing 40,300 square feet that includes accommodations for 60 students in classrooms and provides barn and pavilion sites for students’ ongoing projects.

The following table has been prepared by District officials and sets forth historical enrollment data through fall 2024/25 and projected enrollment data through 2028/29.

School Year	Enrollment	Number Increase	Percent Increase
2014/15	13,015	47	0.36%
2015/16	13,152	137	1.04%
2016/17	13,060	-92	-0.70%
2017/18	12,904	-156	-1.21%
2018/19	12,812	-92	-0.72%
2019/20	12,633	-179	-1.42%
2020/21	12,370	-263	-2.13%
2021/22	12,345	-25	-0.20%
2022/23	12,263	-82	-0.67%
2023/24	12,122	-141	-1.14%
2024/25	12,165	-43	-0.35%
2025/26 ^(a)	12,033	-132	-1.08%
2026/27 ^(b)	12,033	-	0.00%
2027/28 ^(b)	12,033	-	0.00%
2028/29 ^(b)	12,033	-	0.00%

^(a) As of October 1, 2025.

^(b) Projected by the District.

Capacity and Enrollment by School

Facility	Grade Levels	Current Enrollment ^(a)	Capacity
Deer Park High School (North)	9 th – 12 th	1,054	1,650
Deer Park High School (South)	9 th – 12 th	2,904	3,200
Deer Park High School (Wolters)	9 th – 12 th	174	250
Bonnette Junior High	6 th – 8 th	614	1,090
Deepwater Junior High	6 th – 8 th	589	870
Deer Park Junior High	6 th – 8 th	894	870
Fairmont Junior High	6 th – 8 th	687	1,000
Carpenter Elementary	K – 5 th	843	875
Dabbs Elementary	K – 5 th	618	850
Deepwater Elementary	K – 5 th	568	900
Deer Park Elementary	K – 5 th	664	800
Fairmont Elementary	K – 5 th	773	950
Parkwood Elementary	K – 5 th	578	1,000
San Jacinto Elementary	K – 5 th	845	825
Early Childhood Center	PreK	228	400
	Total	12,033	15,530

^(a) As of October 1, 2025.

District Economics and Demographic Characteristics

The following information has been derived from various sources, including the Texas Municipal Reports, U.S. Census data and District officials. While such sources are believed to be reliable, no representation is made as to the accuracy thereof.

The City of Deer Park. The City of Deer Park (the “City”) is located in southeastern Harris County, about 25 miles from downtown Houston and situated centrally to the industrial facilities located along the Houston Ship Channel. There are three major areas of development within the City: the “Industrial Zone,” the “Business District,” and “Residential Development”. The industrial area comprises approximately 3,200 acres which will continue to develop as heavy industry. To the north of Highway 225 is the 2,700 acre Industrial Zone, which includes facilities of major oil, chemical and other manufacturing companies. These industries supply and receive goods by rail, truck, as well as water borne barges or ocean-going vessels, via the Houston Ship Channel, to and from ports all over the world. The principal business district lies immediately south of Highway 225 and covers a two-mile area. There are approximately 325 Dun & Bradstreet rated businesses located in the City. Shell owns a 376-acre tract in this area, which is being developed as an industrial park for light industrial and commercial use. The southern segment of the City is dedicated primarily to residential development, with homes principally in the upper middle class. Residential development continues at a moderate pace, with a major part of the new construction being in the \$150,000 to \$750,000 price range.

Harris County. Harris County is the third largest county in the United States with a population of over 4.9 million people and is 1,788 square miles in area. The County is traversed by Interstate Highways 10, 45, 69, and 610, as well as Cypress and Spring Creeks and the San Jacinto River, which connect to Galveston Bay in the south. Employment in the County is provided by the extensive petrochemical, healthcare, and retail industries. Also adding to the general economy of the County are fishing, tourism, recreation activities, and agribusiness. The Gulf Intracoastal Waterway comes through the lowlands near Surfside Beach and is an important waterway in America with reported annual tonnage comparable to the Panama and Suez Canals.

The Port of Houston Authority. The Port of Houston, one of the world's largest ports, is a 52-mile long complex of diversified public and private facilities just a few hours' sailing time from the Gulf of Mexico. The Port of Houston's location makes it an ideal gateway between interior U.S. markets and foreign countries throughout the world. The port ranks first in the United States in foreign waterborne commerce and second in total tonnage. The Port of Houston Authority owns and operates the public facilities along the Houston Ship Channel and is the channel's official sponsor. The Port of Houston Authority is an autonomous political subdivision of the State of Texas and is governed by a board of seven commissioners. As one of the world's busiest ports, the Port of Houston is a large and vibrant component of the regional economy.

Economic Factors. The Deer Park community has earned national accolades as being one of the best places to live in the United States according to Money magazine and CNN. It's just 20 miles outside of Houston, but Deer Park is no commuter kingdom. Many residents work right in town at Shell's refinery and petrochemical plant. The 1,500- acre Shell complex is the nation's sixth largest refinery, employing 1,700 workers. The plant jobs pay well, and the cost of living is low according to Money magazine.

ECONOMIC AND GROWTH INDICATORS

U.S. Census of Population

<u>Year</u>	<u>City of Deer Park</u>		<u>Harris County</u>	
	<u>Population</u>	<u>% Change</u>	<u>Population</u>	<u>% Change</u>
1970	12,773	200.00	1,741,912	40.12
1980	22,648	77.31	2,409,544	38.33
1990	27,424	21.09	2,818,199	16.96
2000	28,520	4.00	3,400,578	20.66
2010	32,010	12.24	4,092,459	20.35
2020	34,495	7.76	4,731,145	15.60
2025	33,823	-1.94	4,942,701	4.47

Source: US Census Bureau QuickFacts. Estimated population for 2025.

Employment Statistics

	<u>Harris County</u>				
	<u>2025^(a)</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Labor Force	2,534,434	2,491,907	2,428,074	2,339,651	2,295,634
Employed	2,407,712	2,386,886	2,327,972	2,240,795	2,149,355
Unemployed	126,722	109,643	104,406	98,856	146,279
Rate	5.0%	4.4%	4.3%	4.2%	6.4%

	<u>City of Deer Park</u>				
	<u>2025^(a)</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Labor Force	17,103	16,892	16,528	16,415	16,144
Employed	16,214	16,217	15,636	15,650	15,011
Unemployed	889	675	892	765	1,133
Rate	5.2%	4.0%	5.4%	4.7%	7.0%

Source: Labor Market Information Department, Texas Workforce Commission.

^(a) As of August 31, 2025.

APPENDIX C
THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

This disclosure statement provides information relating to the program (the “Guarantee Program”) administered by the Texas Education Agency (the “TEA”) with respect to the Texas Permanent School Fund guarantee of tax-supported bonds issued by Texas school districts and the guarantee of revenue bonds issued by or for the benefit of Texas charter districts. The Guarantee Program was authorized by an amendment to the Texas Constitution in 1983 and is governed by Subchapter C of Chapter 45 of the Texas Education Code, as amended (the “Act”). While the Guarantee Program applies to bonds issued by or for both school districts and charter districts, as described below, the Act and the program rules for the two types of districts have some distinctions. For convenience of description and reference, those aspects of the Guarantee Program that are applicable to school district bonds and to charter district bonds are referred to herein as the “School District Bond Guarantee Program” and the “Charter District Bond Guarantee Program,” respectively.

Some of the information contained in this Section may include projections or other forward-looking statements regarding future events or the future financial performance of the Texas Permanent School Fund (the “PSF” or the “Fund”). Actual results may differ materially from those contained in any such projections or forward-looking statements.

The regular session of the 89th Texas Legislature (the “Legislature”) convened on January 14, 2025, and is scheduled to conclude on June 2, 2025. As of the date of this disclosure, the regular session is underway. The Texas Governor may call one or more special sessions at the conclusion of the regular session. During this time, the Legislature may enact laws that materially change current law as it relates to the Guarantee Program, the TEA, the State Board of Education (the “SBOE”), the Permanent School Fund Corporation (the “PSF Corporation”), the Act, and Texas school finance generally. No representation is made regarding any actions the Legislature has taken or may take, but the TEA, SBOE, and PSF Corporation monitor and analyze legislation for any developments applicable thereto.

History and Purpose

The PSF supports the State’s public school system in two major ways: distributions to the constitutionally established Available School Fund (the “ASF”), as described below, and the guarantee of school district and charter district issued bonds through the Guarantee Program. The PSF was created in 1845 and received its first significant funding with a \$2,000,000 appropriation by the Legislature in 1854 expressly for the benefit of the public schools of Texas, with the sole purpose of assisting in the funding of public education for present and future generations. The Constitution of 1876 described that the PSF would be “permanent,” and stipulated that certain lands and all proceeds from the sale of these lands should also constitute the PSF. Additional acts later gave more public domain land and rights to the PSF. In 1953, the U.S. Congress passed the Submerged Lands Act that relinquished to coastal states all rights of the U.S. navigable waters within state boundaries. If the State, by law, had set a larger boundary prior to or at the time of admission to the Union, or if the boundary had been approved by Congress, then the larger boundary applied. After three years of litigation (1957-1960), the U.S. Supreme Court on May 31, 1960, affirmed Texas’ historic three marine leagues (10.35 miles) seaward boundary. Texas proved its submerged lands property rights to three leagues into the Gulf of Mexico by citing historic laws and treaties dating back to 1836. All lands lying within that limit belong to the PSF. The proceeds from the sale and the mineral-related rental of these lands, including bonuses, delay rentals and royalty payments, become the corpus of the Fund. Prior to the approval by the voters of the State of an amendment to the constitutional provision under which the Fund was established and administered, which occurred on September 13, 2003 (the “Total Return Constitutional Amendment”), and which is further described below, only the income produced by the PSF could be used to complement taxes in financing public education, which primarily consisted of income from securities, capital gains from securities transactions, and royalties from the sale of oil and natural gas. The Total Return Constitutional Amendment provides that interest and dividends produced by Fund investments will be additional revenue to the PSF.

On November 8, 1983, the voters of the State approved a constitutional amendment that provides for the guarantee by the PSF of bonds issued by school districts. On approval by the State Commissioner of Education (the “Education Commissioner”), bonds properly issued by a school district are fully guaranteed by the PSF. See “The School District Bond Guarantee Program.”

In 2011, legislation was enacted that established the Charter District Bond Guarantee Program as a new component of the Guarantee Program. That legislation authorized the use of the PSF to guarantee revenue bonds issued by or for the benefit of certain open-enrollment charter schools that are designated as “charter districts” by the Education Commissioner. On approval by the Education Commissioner, bonds properly issued by a charter district participating in the Guarantee Program are fully guaranteed by the PSF. The Charter District Bond Guarantee Program became effective on March 3, 2014. See “The Charter District Bond Guarantee Program.”

State law also permits charter schools to be chartered and operated by school districts and other political subdivisions, but bond financing of facilities for school district-operated charter schools is subject to the School District Bond Guarantee Program, not the Charter District Bond Guarantee Program.

While the School District Bond Guarantee Program and the Charter District Bond Guarantee Program relate to different types of bonds issued for different types of Texas public schools, and have different program regulations and requirements, a bond guaranteed under either part of the Guarantee Program has the same effect with respect to the guarantee obligation of the Fund thereto, and all guaranteed bonds are aggregated for purposes of determining the capacity of the Guarantee Program (see “Capacity Limits for the Guarantee Program”). The Charter District Bond Guarantee Program as enacted by State law has not been reviewed by any court, nor has the Texas Attorney General (the “Attorney General”) been requested to issue an opinion, with respect to its constitutional validity.

Audited financial information for the PSF is provided annually through the PSF Corporation’s Annual Comprehensive Financial Report (the “Annual Report”), which is filed with the Municipal Securities Rulemaking Board (“MSRB”). The Texas School Land Board’s (the “SLB”) land and real assets investment operations, which are part of the PSF as described below, are also included in the annual financial report of the Texas General Land Office (the “GLO”) that is included in the annual comprehensive report of the State of Texas. The Annual Report includes the Message From the Chief Executive Officer of the PSF Corporation (the “Message”) and the Management’s Discussion and Analysis (“MD&A”). The Annual Report for the year ended August 31, 2024, as filed with the MSRB in accordance with the PSF undertaking and agreement made in accordance with Rule 15c2-12 (“Rule 15c2-12”) of the United States Securities and Exchange Commission (the “SEC”), as described below, is hereby incorporated by reference into this disclosure. Information included herein for the year ended August 31, 2024, is derived from the audited financial statements of the PSF, which are included in the Annual Report as it is filed and posted. Reference is made to the Annual Report for the complete Message and MD&A for the year ended August 31, 2024, and for a description of the financial results of the PSF for the year ended August 31, 2024, the most recent year for which audited financial information regarding the Fund is available. The 2024 Annual Report speaks only as of its date and the PSF Corporation has not obligated itself to update the 2024 Annual Report or any other Annual Report. The PSF Corporation posts (i) each Annual Report, which includes statistical data regarding the Fund as of the close of each fiscal year, (ii) the most recent disclosure for the Guarantee Program, (iii) the PSF Corporation’s Investment Policy Statement (the “IPS”), and (iv) monthly updates with respect to the capacity of the Guarantee Program (collectively, the “Web Site Materials”) on the PSF Corporation’s web site at <https://texaspsf.org> and with the MSRB at www.emma.msrb.org. Such monthly updates regarding the Guarantee Program are also incorporated herein and made a part hereof for all purposes. In addition to the Web Site Materials, the Fund is required to make quarterly filings with the SEC under Section 13(f) of the Securities Exchange Act of 1934. Such filings, which consist of a list of the Fund’s holdings of securities specified in Section 13(f), including exchange-traded (e.g., NYSE) or NASDAQ-quoted stocks, equity options and warrants, shares of closed-end investment companies and certain convertible debt securities, are available from the SEC at www.sec.gov/edgar. A list of the Fund’s equity and fixed income holdings as of August 31 of each year is posted to the PSF Corporation’s web site and filed with the MSRB. Such list excludes holdings in the Fund’s securities lending program. Such list, as filed, is incorporated herein and made a part hereof for all purposes.

Management and Administration of the Fund

The Texas Constitution and applicable statutes delegate to the SBOE and the PSF Corporation the authority and responsibility for investment of the PSF’s financial assets. The SBOE consists of 15 members who are elected by territorial districts in the State to four-year terms of office. The PSF Corporation is a special-purpose governmental corporation and instrumentality of the State entitled to sovereign immunity, and is governed by a nine-member board of directors (the “PSFC Board”), which consists of five members of the SBOE, the Land Commissioner, and three

appointed members who have substantial background and expertise in investments and asset management, with one member being appointed by the Land Commissioner and the other two appointed by the Governor with confirmation by the Senate.

The PSF's non-financial real assets, including land, mineral and royalty interests, and individual real estate holdings, are held by the GLO and managed by the SLB. The SLB is required to send PSF mineral and royalty revenues to the PSF Corporation for investment, less amounts specified by appropriation to be retained by the SLB.

The Texas Constitution provides that the Fund shall be managed through the exercise of the judgment and care under the circumstances then prevailing which persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital (the "Prudent Person Standard"). In accordance with the Texas Constitution, the SBOE views the PSF as a perpetual endowment, and the Fund is managed as an endowment fund with a long-term investment horizon. For a detailed description of the PSFC Board's investment objectives, as well as a description of the PSFC Boards's roles and responsibilities in managing and administering the Fund, see the IPS and Board meeting materials (available on the PSF Corporation's website).

As described below, the Total Return Constitutional Amendment restricts the annual pay-out from the Fund to both (i) 6% of the average of the market value of the Fund, excluding real property, on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium, and (ii) the total-return on all investment assets of the Fund over a rolling ten-year period.

By law, the Education Commissioner is appointed by the Governor, with Senate confirmation, and assists the SBOE, but the Education Commissioner can neither be hired nor dismissed by the SBOE. The PSF Corporation has also engaged outside counsel to advise it as to its duties with respect to the Fund, including specific actions regarding the investment of the PSF to ensure compliance with fiduciary standards, and to provide transactional advice in connection with the investment of Fund assets in non-traditional investments. TEA's General Counsel provides legal advice to the SBOE but will not provide legal advice directly to the PSF Corporation.

The Total Return Constitutional Amendment shifted administrative costs of the Fund from the ASF to the PSF, providing that expenses of managing the PSF are to be paid "by appropriation" from the PSF. In January 2005, the Attorney General issued a legal opinion, Op. Tex. Att'y Gen. No. GA-0293 (2005), stating that the Total Return Constitutional Amendment does not require the SBOE to pay from such appropriated PSF funds the indirect management costs deducted from the assets of a mutual fund or other investment company in which PSF funds have been invested.

The Act requires that the Education Commissioner prepare, and the SBOE approve, an annual status report on the Guarantee Program (which is included in the Annual Report). The State Auditor or a certified public accountant audits the financial statements of the PSF, which are separate from other financial statements of the State. Additionally, not less than once each year, the PSFC Board must submit an audit report to the Legislative Budget Board ("LBB") regarding the operations of the PSF Corporation. The PSF Corporation may contract with a certified public accountant or the State Auditor to conduct an independent audit of the operations of the PSF Corporation, but such authorization does not affect the State Auditor's authority to conduct an audit of the PSF Corporation in accordance with State laws.

For each biennium, beginning with the 2024-2025 State biennium, the PSF Corporation is required to submit a legislative appropriations request ("LAR") to the LBB and the Office of the Governor that details a request for appropriation of funds to enable the PSF Corporation to carry out its responsibilities for the investment management of the Fund. The requested funding, budget structure, and riders are sufficient to fully support all operations of the PSF Corporation in state fiscal years 2026 and 2027. As described therein, the LAR is designed to provide the PSF Corporation with the ability to operate as a stand-alone state entity in the State budget while retaining the flexibility to fulfill its fiduciary duty and provide oversight and transparency to the Legislature and Governor.

The Total Return Constitutional Amendment

The Total Return Constitutional Amendment requires that PSF distributions to the ASF be determined using a “total-return-based” approach that provides that the total amount distributed from the Fund to the ASF: (1) in each year of a State fiscal biennium must be an amount that is not more than 6% of the average of the market value of the Fund, excluding real property (the “Distribution Rate”), on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium, in accordance with the rate adopted by: (a) a vote of two-thirds of the total membership of the SBOE, taken before the Regular Session of the Legislature convenes or (b) the Legislature by general law or appropriation, if the SBOE does not adopt a rate as provided by clause (a); and (2) over the ten-year period consisting of the current State fiscal year and the nine preceding State fiscal years may not exceed the total return on all investment assets of the Fund over the same ten-year period (the “Ten Year Total Return”). In April 2009, the Attorney General issued a legal opinion, Op. Tex. Att’y Gen. No. GA-0707 (2009) (“GA-0707”), with regard to certain matters pertaining to the Distribution Rate and the determination of the Ten Year Total Return. In GA-0707 the Attorney General opined, among other advice, that (i) the Ten Year Total Return should be calculated on an annual basis, (ii) a contingency plan adopted by the SBOE, to permit monthly transfers equal in aggregate to the annual Distribution Rate to be halted and subsequently made up if such transfers temporarily exceed the Ten Year Total Return, is not prohibited by State law, provided that such contingency plan applies only within a fiscal year time basis, not on a biennium basis, and (iii) the amount distributed from the Fund in a fiscal year may not exceed 6% of the average of the market value of the Fund or the Ten Year Total Return. In accordance with GA-0707, in the event that the Ten Year Total Return is exceeded during a fiscal year, transfers to the ASF will be halted. However, if the Ten Year Total Return subsequently increases during that biennium, transfers may be resumed, if the SBOE has provided for that contingency, and made in full during the remaining period of the biennium, subject to the limit of 6% in any one fiscal year. Any shortfall in the transfer that results from such events from one biennium may not be paid over to the ASF in a subsequent biennium as the SBOE would make a separate payout determination for that subsequent biennium.

In determining the Distribution Rate, the SBOE has adopted the goal of maximizing the amount distributed from the Fund in a manner designed to preserve “intergenerational equity.” The definition of intergenerational equity that the SBOE has generally followed is the maintenance of purchasing power to ensure that endowment spending keeps pace with inflation, with the ultimate goal being to ensure that current and future generations are given equal levels of purchasing power in real terms. In making this determination, the SBOE takes into account various considerations, and relies upon PSF Corporation and TEA staff and external investment consultants, which undertake analysis for long-term projection periods that includes certain assumptions. Among the assumptions used in the analysis are a projected rate of growth of student enrollment State-wide, the projected contributions and expenses of the Fund, projected returns in the capital markets and a projected inflation rate.

The Texas Constitution also provides authority to the GLO or another entity (described in statute as the SLB or the PSF Corporation) that has responsibility for the management of revenues derived from land or other properties of the PSF to determine whether to transfer an amount each year to the ASF from the revenue derived during the current year from such land or properties. The Texas Constitution limits the maximum transfer to the ASF to \$600 million in each year from the revenue derived during that year from the PSF from the GLO, the SBOE or another entity to the extent such entity has the responsibility for the management of revenues derived from such land or other properties. Any amount transferred to the ASF pursuant to this constitutional provision is excluded from the 6% Distribution Rate limitation applicable to SBOE transfers.

The following table shows amounts distributed to the ASF from the portions of the Fund administered by the SBOE (the “PSF(SBOE)”), the PSF Corporation (the “PSF(CORP)”), and the SLB (the “PSF(SLB)”).

Annual Distributions to the Available School Fund⁽¹⁾

<u>Fiscal Year Ending</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023⁽²⁾</u>	<u>2024</u>
PSF(CORP) Distribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,076	\$2,156
PSF(SBOE) Distribution	839	1,056	1,056	1,236	1,236	1,102	1,102	1,731	-	-
PSF(SLB) Distribution	-	-	-	-	300	600	600 ³	415	115	-
Per Student Distribution	173	215	212	247	306	347	341	432	440	430

⁽¹⁾ In millions of dollars. Source: Annual Report for year ended August 31, 2024.

⁽²⁾ Reflects the first fiscal year in which distributions were made by the PSF Corporation.

⁽³⁾ In September 2020, the SBOE approved a special, one-time transfer of \$300 million from the portion of the PSF managed by the SBOE to the portion of the PSF managed by the SLB, which amount is to be transferred to the ASF by the SLB in fiscal year 2021. In approving the special transfer, the SBOE determined that the transfer was in the best interest of the PSF due to the historic nature of the public health and economic circumstances resulting from the COVID-19 pandemic and its impact on the school children of Texas.

In November 2024, the SBOE approved a \$3.6 billion distribution to the ASF for State fiscal biennium 2026-2027. In making its determination of the 2026-2027 Distribution Rate, the SBOE took into account the planned distribution to the ASF by the PSF Corporation of \$1.2 billion for the biennium.

Efforts to achieve the intergenerational equity objective, as described above, result in changes in the Distribution Rate for each biennial period. The following table sets forth the Distribution Rates announced by the SBOE in the fall of each even-numbered year to be applicable for the following biennium.

<u>State Fiscal Biennium</u>	<u>2010-11</u>	<u>2012-13</u>	<u>2014-15</u>	<u>2016-17</u>	<u>2018-19</u>	<u>2020-21</u>	<u>2022-23</u>	<u>2024-25</u>	<u>2026-27</u>
SBOE Distribution Rate ⁽¹⁾	2.5%	4.2%	3.3%	3.5%	3.7%	2.974%	4.18%	3.32%	3.45%

⁽¹⁾ Includes only distributions made to the ASF by the SBOE; see the immediately preceding table for amounts of direct SLB distributions to the ASF. In addition, the PSF Corp approved transfers of \$600 million per year directly to the ASF for fiscal biennium 2026-27.

PSF Corporation Strategic Asset Allocation

The PSFC Board sets the asset allocation policy for the Fund, including determining the available asset classes for investment and approving target percentages and ranges for allocation to each asset class, with the goal of delivering a long-term risk adjusted return through all economic and market environments. The IPS includes a combined asset allocation for all Fund assets (consisting of assets transferred for management to the PSF Corporation from the SBOE and the SLB). The IPS provides that the Fund's investment objectives are as follows:

- Generate distributions for the benefit of public schools in Texas;
- Maintain the purchasing power of the Fund, after spending and inflation, in order to maintain intergenerational equity with respect to distributions from the Fund;
- Provide a maximum level of return consistent with prudent risk levels, while maintaining sufficient liquidity needed to support Fund obligations; and
- Maintain a AAA credit rating, as assigned by a nationally recognized securities rating organization.

The table below sets forth the current strategic asset allocation of the Fund that was adopted September 2024 (which is subject to change from time to time):

Asset Class	Strategic Asset Allocation	Range	
		Min	Max
Cash	2.0%	0.0%	n/a
Core Bonds	10.0%	5.0%	15.0%
High Yield	2.0%	0.0%	7.0%
Bank Loans	4.0%	0.0%	9.0%
Treasury Inflation Protected Securities	2.0%	0.0%	7.0%
Large Cap Equity	14.0%	9.0%	19.0%
Small/Mid-Cap Equity	6.0%	1.0%	11.0%
Non-US Developed Equity	7.0%	2.0%	12.0%
Absolute Return	3.0%	0.0%	8.0%
Real Estate	12.0%	7.0%	17.0%
Private Equity	20.0%	10.0%	30.0%
Private Credit	8.0%	3.0%	13.0%
Natural Resources	5.0%	0.0%	10.0%
Infrastructure	5.0%	0.0%	10.0%

The table below sets forth the comparative investments of the PSF for the fiscal years ending August 31, 2023 and 2024, as set forth in the Annual Report for the 2024 fiscal year. As of January 1, 2023, the assets of the PSF(SBOE) and the PSF(SLB) were generally combined (referred to herein as the PSF(CORP)) for investment management and accounting purposes.

Comparative Investment Schedule – PSF(CORP)

Fair Value (in millions) August 31, 2024 and 2023				
<u>ASSET CLASS</u>	August 31, <u>2024</u>	August 31, <u>2023</u>	Amount of Increase (Decrease)	Percent Change
EQUITY				
Domestic Small Cap	\$3,651.3	\$ 2,975.1	\$ 676.2	22.7%
Domestic Large Cap	<u>8,084.6</u>	<u>7,896.5</u>	<u>188.1</u>	<u>2.4%</u>
Total Domestic Equity	11,735.9	10,871.6	864.3	8.0%
International Equity	<u>4,131.1</u>	<u>7,945.5</u>	<u>(3,814.4)</u>	<u>-48.0%</u>
TOTAL EQUITY	15,867.0	18,817.1	(2,950.1)	-15.7%
FIXED INCOME				
Domestic Fixed Income	-	5,563.7	-	-
US Treasuries	-	937.5	-	-
Core Bonds	8,151.6	-	-	-
Bank Loans	2,564.1	-	-	-
High Yield Bonds	2,699.5	1,231.6	1,467.9	119.2%
Emerging Market Debt	-	<u>869.7</u>	-	-
TOTAL FIXED INCOME	13,415.2	8,602.5	4,812.7	55.9%
ALTERNATIVE INVESTMENTS				
Absolute Return	3,106.0	3,175.8	(69.8)	-2.2%
Real Estate	6,101.0	6,525.2	(424.2)	-6.5%
Private Equity	8,958.8	8,400.7	558.1	6.6%
Emerging Manager Program	-	134.5	-	-
Real Return	-	1,663.7	-	-
Private Credit	2,257.9	-	-	-
Real Assets	<u>4,648.1</u>	<u>4,712.1</u>	<u>(64.0)</u>	<u>-1.4%</u>
TOT ALT INVESTMENTS	25,071.8	24,612.0	459.8	1.9%
UNALLOCATED CASH	<u>2,583.2</u>	<u>348.2</u>	<u>2,235</u>	<u>641.9%</u>
TOTAL PSF(CORP) INVESTMENTS	56,937.2	\$ 52,379.8	\$ 4,557.4	8.7%

Source: Annual Report for year ended August 31, 2024.

The table below sets forth the investments of the PSF(SLB) for the year ended August 31, 2024.

Investment Schedule - PSF(SLB)⁽¹⁾

<u>Fair Value (in millions) August 31, 2024</u>	
	<u>As of</u> <u>8-31-24</u>
Investment Type	
Investments in Real Assets	
Sovereign Lands	\$ 277.47
Discretionary Internal Investments	457.01
Other Lands	153.15
Minerals ^{(2), (3)}	<u>4,540.61</u> ⁽⁶⁾
Total Investments ⁽⁴⁾	5,428.23
Cash in State Treasury ⁽⁵⁾	0
Total Investments & Cash in State Treasury	\$ 5,428.23

⁽¹⁾ Unaudited figures from Table 5 in the FY 2024 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.

⁽²⁾ Historical Cost of investments at August 31, 2024 was: Sovereign Lands \$838,730.24; Discretionary Internal Investments \$318,902,420.97; Other Lands \$37,290,818.76; and Minerals \$13,437,063.73.

⁽³⁾ Includes an estimated 1,000,000.00 acres in freshwater rivers.

⁽⁴⁾ Includes an estimated 1,747,600.00 in excess acreage.

⁽⁵⁾ Cash in State Treasury is managed by the Treasury Operations Division of the Comptroller of Public Accounts of the State of Texas.

⁽⁶⁾ Future Net Revenues discounted at 10% and then adjusted for risk factors. A mineral reserve report is prepared annually by external third-party petroleum engineers.

The asset allocation of the Fund's financial assets portfolio is subject to change by the PSF Corporation from time to time based upon a number of factors, including recommendations to the PSF Corporation made by internal investment staff and external consultants. Fund performance may also be affected by factors other than asset allocation, including, without limitation, the general performance of the securities markets and other capital markets in the United States and abroad, which may be affected by different levels of economic activity; decisions of political officeholders; significant adverse weather events; development of hostilities in and among nations; cybersecurity threats and events; changes in international trade policies or practices; application of the Prudent Person Standard, which may eliminate certain investment opportunities for the Fund; management fees paid to external managers and embedded management fees for some fund investments; and PSF operational limitations impacted by Texas law or legislative appropriation. The Guarantee Program could also be impacted by changes in State or federal law or regulations or the implementation of new accounting standards.

The School District Bond Guarantee Program

The School District Bond Guarantee Program requires an application be made by a school district to the Education Commissioner for a guarantee of its bonds. If the conditions for the School District Bond Guarantee Program are satisfied, the guarantee becomes effective upon approval of the bonds by the Attorney General and remains in effect until the guaranteed bonds are paid or defeased, by a refunding or otherwise.

In the event of default, holders of guaranteed school district bonds will receive all payments as and when may become due from the corpus of the PSF. Following a determination that a school district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires the school district to notify the Education Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment. Immediately following receipt of such notice, the Education Commissioner must cause to be transferred from the appropriate account in the PSF to the Paying Agent/Registrar an amount necessary to pay the maturing or matured principal and

interest, as applicable. Upon receipt of funds for payment of such principal or interest, the Paying Agent/Registrar must pay the amount due and forward the canceled bond or evidence of payment of the interest to the State Comptroller of Public Accounts (the “Comptroller”). The Education Commissioner will instruct the Comptroller to withhold the amount paid, plus interest, from the first State money payable to the school district. The amount withheld pursuant to this funding “intercept” feature will be deposited to the credit of the PSF. The Comptroller must hold such canceled bond or evidence of payment of the interest on behalf of the PSF. Following full reimbursement of such payment by the school district to the PSF with interest, the Comptroller will cancel the bond or evidence of payment of the interest and forward it to the school district. The Act permits the Education Commissioner to order a school district to set a tax rate sufficient to reimburse the PSF for any payments made with respect to guaranteed bonds, and also sufficient to pay future payments on guaranteed bonds, and provides certain enforcement mechanisms to the Education Commissioner, including the appointment of a board of managers or annexation of a defaulting school district to another school district.

If a school district fails to pay principal or interest on a bond as it is stated to mature, other amounts not due and payable are not accelerated and do not become due and payable by virtue of the district’s default. The School District Bond Guarantee Program does not apply to the payment of principal and interest upon redemption of bonds, except upon mandatory sinking fund redemption, and does not apply to the obligation, if any, of a school district to pay a redemption premium on its guaranteed bonds. The guarantee applies to all matured interest on guaranteed school district bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond order provision requiring an interest rate change. The guarantee does not extend to any obligation of a school district under any agreement with a third party relating to guaranteed bonds that is defined or described in State law as a “bond enhancement agreement” or a “credit agreement,” unless the right to payment of such third party is directly as a result of such third party being a bondholder.

In the event that two or more payments are made from the PSF on behalf of a district, the Education Commissioner shall request the Attorney General to institute legal action to compel the district and its officers, agents and employees to comply with the duties required of them by law in respect to the payment of guaranteed bonds.

Generally, the regulations that govern the School District Bond Guarantee Program (the “SDBGP Rules”) limit guarantees to certain types of notes and bonds, including, with respect to refunding bonds issued by school districts, a requirement that the bonds produce debt service savings. The SDBGP Rules include certain accreditation criteria for districts applying for a guarantee of their bonds, and limit guarantees to districts that have less than the amount of annual debt service per average daily attendance that represents the 90th percentile of annual debt service per average daily attendance for all school districts, but such limitation will not apply to school districts that have enrollment growth of at least 25% over the previous five school years. The SDBGP Rules are codified in the Texas Administrative Code at 19 TAC section 33.6 and are available at <https://tea.texas.gov/finance-and-grants/state-funding/facilities-funding-and-standards/bond-guarantee-program>.

The Charter District Bond Guarantee Program

The Charter District Bond Guarantee Program became effective March 3, 2014. The SBOE published final regulations in the Texas Register that provide for the administration of the Charter District Bond Guarantee Program (the “CDBGP Rules”). The CDBGP Rules are codified at 19 TAC section 33.7 and are available at <https://tea.texas.gov/finance-and-grants/state-funding/facilities-funding-and-standards/bond-guarantee-program>.

The Charter District Bond Guarantee Program has been authorized through the enactment of amendments to the Act, which provide that a charter holder may make application to the Education Commissioner for designation as a “charter district” and for a guarantee by the PSF under the Act of bonds issued on behalf of a charter district by a non-profit corporation. If the conditions for the Charter District Bond Guarantee Program are satisfied, the guarantee becomes effective upon approval of the bonds by the Attorney General and remains in effect until the guaranteed bonds are paid or defeased, by a refunding or otherwise.

Pursuant to the CDBGP Rules, the Education Commissioner annually determines the ratio of charter district students to total public school students, for the 2025 fiscal year, the ratio is 7.86%. At February 27, 2025, there were 188 active

open-enrollment charter schools in the State and there were 1,222 charter school campuses authorized under such charters, though as of such date, 264 of such campuses are not currently serving students for various reasons; therefore, there are 958 charter school campuses actively serving students in Texas. Section 12.101, Texas Education Code, limits the number of charters that the Education Commissioner may grant to a total number of 305 charters. While legislation limits the number of charters that may be granted, it does not limit the number of campuses that may operate under a particular charter. For information regarding the capacity of the Guarantee Program, see “Capacity Limits for the Guarantee Program.” The Act provides that the Education Commissioner may not approve the guarantee of refunding or refinanced bonds under the Charter District Bond Guarantee Program in a total amount that exceeds one-half of the total amount available for the guarantee of charter district bonds under the Charter District Bond Guarantee Program.

In accordance with the Act, the Education Commissioner may not approve charter district bonds for guarantee if such guarantees will result in lower bond ratings for public school district bonds that are guaranteed under the School District Bond Guarantee Program. To be eligible for a guarantee, the Act provides that a charter district’s bonds must be approved by the Attorney General, have an unenhanced investment grade rating from a nationally recognized investment rating firm, and satisfy a limited investigation conducted by the TEA.

The Charter District Bond Guarantee Program does not apply to the payment of principal and interest upon redemption of bonds, except upon mandatory sinking fund redemption, and does not apply to the obligation, if any, of a charter district to pay a redemption premium on its guaranteed bonds. The guarantee applies to all matured interest on guaranteed charter district bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond resolution provision requiring an interest rate change. The guarantee does not extend to any obligation of a charter district under any agreement with a third party relating to guaranteed bonds that is defined or described in State law as a “bond enhancement agreement” or a “credit agreement,” unless the right to payment of such third party is directly as a result of such third party being a bondholder.

In the event of default, holders of guaranteed charter district bonds will receive all payments as and when they become due from the corpus of the PSF. Following a determination that a charter district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires a charter district to notify the Education Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment and provides that immediately following receipt of notice that a charter district will be or is unable to pay maturing or matured principal or interest on a guaranteed bond, the Education Commissioner is required to instruct the Comptroller to transfer from the Charter District Reserve Fund to the district’s paying agent an amount necessary to pay the maturing or matured principal or interest, as applicable. If money in the Charter District Reserve Fund is insufficient to pay the amount due on a bond for which a notice of default has been received, the Education Commissioner is required to instruct the Comptroller to transfer from the PSF to the district’s paying agent the amount necessary to pay the balance of the unpaid maturing or matured principal or interest, as applicable. If a total of two or more payments are made under the Charter District Bond Guarantee Program on charter district bonds and the Education Commissioner determines that the charter district is acting in bad faith under the program, the Education Commissioner may request the Attorney General to institute appropriate legal action to compel the charter district and its officers, agents, and employees to comply with the duties required of them by law in regard to the guaranteed bonds. As is the case with the School District Bond Guarantee Program, the Act provides a funding “intercept” feature that obligates the Education Commissioner to instruct the Comptroller to withhold the amount paid with respect to the Charter District Bond Guarantee Program, plus interest, from the first State money payable to a charter district that fails to make a guaranteed payment on its bonds. The amount withheld will be deposited, first, to the credit of the PSF, and then to restore any amount drawn from the Charter District Reserve Fund as a result of the non-payment.

The CDBGP Rules provide that the PSF may be used to guarantee bonds issued for the acquisition, construction, repair, or renovation of an educational facility for an open-enrollment charter holder and equipping real property of an open-enrollment charter school and/or to refinance promissory notes executed by an open-enrollment charter school, each in an amount in excess of \$500,000 the proceeds of which loans were used for a purpose described above (so-called new money bonds) or for refinancing bonds previously issued for the charter school that were approved by

the Attorney General (so-called refunding bonds). Refunding bonds may not be guaranteed under the Charter District Bond Guarantee Program if they do not result in a present value savings to the charter holder.

The CDBG Rules provide that an open-enrollment charter holder applying for charter district designation and a guarantee of its bonds under the Charter District Bond Guarantee Program satisfy various provisions of the regulations, including the following: It must (i) have operated at least one open-enrollment charter school with enrolled students in the State for at least three years; (ii) agree that the bonded indebtedness for which the guarantee is sought will be undertaken as an obligation of all entities under common control of the open-enrollment charter holder, and that all such entities will be liable for the obligation if the open-enrollment charter holder defaults on the bonded indebtedness, provided, however, that an entity that does not operate a charter school in Texas is subject to this provision only to the extent it has received state funds from the open-enrollment charter holder; (iii) have had completed for the past three years an audit for each such year that included unqualified or unmodified audit opinions; and (iv) have received an investment grade credit rating within the last year. Upon receipt of an application for guarantee under the Charter District Bond Guarantee Program, the Education Commissioner is required to conduct an investigation into the financial status of the applicant charter district and of the accreditation status of all open-enrollment charter schools operated under the charter, within the scope set forth in the CDBG Rules. Such financial investigation must establish that an applying charter district has a historical debt service coverage ratio, based on annual debt service, of at least 1.1 for the most recently completed fiscal year, and a projected debt service coverage ratio, based on projected revenues and expenses and maximum annual debt service, of at least 1.2. The failure of an open-enrollment charter holder to comply with the Act or the applicable regulations, including by making any material misrepresentations in the charter holder's application for charter district designation or guarantee under the Charter District Bond Guarantee Program, constitutes a material violation of the open-enrollment charter holder's charter.

From time to time, TEA has limited new guarantees under the Charter District Bond Guarantee Program to conform to capacity limits specified by the Act. The Charter District Bond Guarantee Program Capacity (the "CDBG Capacity") is made available from the capacity of the Guarantee Program but is not reserved exclusively for the Charter District Bond Guarantee Program. See "Capacity Limits for the Guarantee Program." Other factors that could increase the CDBG Capacity include Fund investment performance, future increases in the Guarantee Program multiplier, changes in State law that govern the calculation of the CDBG Capacity, as described below, changes in State or federal law or regulations related to the Guarantee Program limit, growth in the relative percentage of students enrolled in open-enrollment charter schools to the total State scholastic census, legislative and administrative changes in funding for charter districts, changes in level of school district or charter district participation in the Guarantee Program, or a combination of such circumstances.

Capacity Limits for the Guarantee Program

The capacity of the Fund to guarantee bonds under the Guarantee Program is limited to the lesser of that imposed by State law (the "State Capacity Limit") and that imposed by regulations and a notice issued by the IRS (the "IRS Limit", with the limit in effect at any given time being the "Capacity Limit"). From 2005 through 2009, the Guarantee Program twice reached capacity under the IRS Limit, and in each instance the Guarantee Program was closed to new bond guarantee applications until relief was obtained from the IRS. The most recent closure of the Guarantee Program commenced in March 2009 and the Guarantee Program reopened in February 2010 after the IRS updated regulations relating to the PSF and similar funds.

Prior to 2007, various legislation was enacted modifying the calculation of the State Capacity limit; however, in 2007, Senate Bill 389 ("SB 389") was enacted, providing for increases in the capacity of the Guarantee Program, and specifically providing that the SBOE may by rule increase the capacity of the Guarantee Program from two and one-half times the cost value of the PSF to an amount not to exceed five times the cost value of the PSF, provided that the increased limit does not violate federal law and regulations and does not prevent bonds guaranteed by the Guarantee Program from receiving the highest available credit rating, as determined by the SBOE. SB 389 further provided that the SBOE shall at least annually consider whether to change the capacity of the Guarantee Program. Additionally, on May 21, 2010, the SBOE modified the SDBG Rules, and increased the State Capacity Limit to an amount equal to three times the cost value of the PSF. Such modified regulations, including the revised capacity rule, became effective on July 1, 2010. The SDBG Rules provide that the Education Commissioner will estimate the available capacity of

the PSF each month and may increase or reduce the State Capacity Limit multiplier to prudently manage fund capacity and maintain the AAA credit rating of the Guarantee Program but also provide that any changes to the multiplier made by the Education Commissioner are to be ratified or rejected by the SBOE at the next meeting following the change. See “Valuation of the PSF and Guaranteed Bonds” below.

Since September 2015, the SBOE has periodically voted to change the capacity multiplier as shown in the following table.

<u>Changes in SBOE-determined multiplier for State Capacity Limit</u>	
<u>Date</u>	<u>Multiplier</u>
Prior to May 2010	2.50
May 2010	3.00
September 2015	3.25
February 2017	3.50
September 2017	3.75
February 2018 (current)	3.50

Since December 16, 2009, the IRS Limit was a static limit set at 500% of the total cost value of the assets held by the PSF as of December 16, 2009; however, on May 10, 2023, the IRS released Notice 2023-39 (the “IRS Notice”), stating that the IRS would issue regulations amending the existing regulations to amend the calculation of the IRS limit to 500% of the total cost value of assets held by the PSF as of the date of sale of new bonds, effective as of May 10, 2023.

The IRS Notice changed the IRS Limit from a static limit to a dynamic limit for the Guarantee Program based upon the cost value of Fund assets, multiplied by five. As of January 31, 2025 the cost value of the Guarantee Program was \$48,560,433,760 (unaudited), thereby producing an IRS Limit of \$242,802,168,800 in principal amount of guaranteed bonds outstanding.

As of January 31, 2025, the estimated State Capacity Limit is \$169,961,518,160, which is lower than the IRS Limit, making the State Capacity Limit the current Capacity Limit for the Fund.

Since July 1991, when the SBOE amended the Guarantee Program Rules to broaden the range of bonds that are eligible for guarantee under the Guarantee Program to encompass most Texas school district bonds, the principal amount of bonds guaranteed under the Guarantee Program has increased sharply. In addition, in recent years a number of factors have caused an increase in the amount of bonds issued by school districts in the State. See the table “Permanent School Fund Guaranteed Bonds” below. Effective March 1, 2023, the Act provides that the SBOE may establish a percentage of the Capacity Limit to be reserved from use in guaranteeing bonds (the “Capacity Reserve”). The SDBGP Rules provide for a maximum Capacity Reserve for the overall Guarantee Program of 5% and provide that the amount of the Capacity Reserve may be increased or decreased by a majority vote of the SBOE based on changes in the cost value, asset allocation, and risk in the portfolio, or may be increased or decreased by the Education Commissioner as necessary to prudently manage fund capacity and preserve the AAA credit rating of the Guarantee Program (subject to ratification or rejection by the SBOE at the next meeting for which an item can be posted). The CDBGP Rules provide for an additional reserve of CDBGP Capacity determined by calculating an equal percentage as established by the SBOE for the Capacity Reserve, applied to the CDBGP Capacity. Effective March 1, 2023, the Capacity Reserve is 0.25%. The Capacity Reserve is noted in the monthly updates with respect to the capacity of the Guarantee Program on the PSF Corporation’s web site at <https://texaspsf.org/monthly-disclosures/>, which are also filed with the MSRB.

Based upon historical performance of the Fund, the legal restrictions relating to the amount of bonds that may be guaranteed has generally resulted in a lower ratio of guaranteed bonds to available assets as compared to many other types of credit enhancements that may be available for Texas school district bonds and charter district bonds. However, the ratio of Fund assets to guaranteed bonds and the growth of the Fund in general could be adversely affected by a number of factors, including Fund investment performance, investment objectives of the Fund, an increase in bond issues by school districts in the State or legal restrictions on the Fund, changes in State laws that implement funding decisions for school districts and charter districts, which could adversely affect the credit quality of those districts, the

implementation of the Charter District Bond Guarantee Program, or significant changes in distributions to the ASF. The issuance of the IRS Notice and the Final IRS Regulations resulted in a substantial increase in the amount of bonds guaranteed under the Guarantee Program.

No representation is made as to how the capacity will remain available, and the capacity of the Guarantee Program is subject to change due to a number of factors, including changes in bond issuance volume throughout the State and some bonds receiving guarantee approvals may not close. If the amount of guaranteed bonds approaches the State Capacity Limit, the SBOE or Education Commissioner may increase the State Capacity Limit multiplier as discussed above.

2017 Legislative Changes to the Charter District Bond Guarantee Program

The CDBG Capacity is established by the Act. During the 85th Texas Legislature, which concluded on May 29, 2017, Senate Bill 1480 (“SB 1480”) was enacted. SB 1480 amended the Act to modify how the CDBG Capacity is established effective as of September 1, 2017, and made other substantive changes to the Charter District Bond Guarantee Program. Prior to the enactment of SB 1480, the CDBG Capacity was calculated as the Capacity Limit less the amount of outstanding bond guarantees under the Guarantee Program multiplied by the percentage of charter district scholastic population relative to the total public school scholastic population. SB 1480 amended the CDBG Capacity calculation so that the Capacity Limit is multiplied by the percentage of charter district scholastic population relative to the total public school scholastic population prior to the subtraction of the outstanding bond guarantees, thereby increasing the CDBG Capacity.

The percentage of the charter district scholastic population to the overall public school scholastic population has grown from 3.53% in September 2012 to 7.86% in February 2025. TEA is unable to predict how the ratio of charter district students to the total State scholastic population will change over time.

In addition to modifying the manner of determining the CDBG Capacity, SB 1480 provided that the Education Commissioner’s investigation of a charter district application for guarantee may include an evaluation of whether the charter district bond security documents provide a security interest in real property pledged as collateral for the bond and the repayment obligation under the proposed guarantee. The Education Commissioner may decline to approve the application if the Education Commissioner determines that sufficient security is not provided. The Act and the CDBG Rules also require the Education Commissioner to make an investigation of the accreditation status and financial status for a charter district applying for a bond guarantee.

Since the initial authorization of the Charter District Bond Guarantee Program, the Act has established a bond guarantee reserve fund in the State treasury (the “Charter District Reserve Fund”). Formerly, the Act provided that each charter district that has a bond guaranteed must annually remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 10% of the savings to the charter district that is a result of the lower interest rate on its bonds due to the guarantee by the PSF. SB 1480 modified the Act insofar as it pertains to the Charter District Reserve Fund. Effective September 1, 2017, the Act provides that a charter district that has a bond guaranteed must remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 20% of the savings to the charter district that is a result of the lower interest rate on the bond due to the guarantee by the PSF. The amount due shall be paid on receipt by the charter district of the bond proceeds. However, the deposit requirement will not apply if the balance of the Charter District Reserve Fund is at least equal to 3.00% of the total amount of outstanding guaranteed bonds issued by charter districts. At January 31, 2025, the Charter District Reserve Fund contained \$120,355,020, which represented approximately 2.44% of the guaranteed charter district bonds. The Reserve Fund is held and invested as a non-commingled fund under the administration of the PSF Corporation staff.

Charter District Risk Factors

Open-enrollment charter schools in the State may not charge tuition and, unlike school districts, charter districts have no taxing power. Funding for charter district operations is largely from amounts appropriated by the Legislature. Additionally, the amount of State payments a charter district receives is based on a variety of factors, including the

enrollment at the schools operated by a charter district, and may be affected by the State's economic performance and other budgetary considerations and various political considerations.

Other than credit support for charter district bonds that is provided to qualifying charter districts by the Charter District Bond Guarantee Program, State funding for charter district facilities construction is limited to a program established by the Legislature in 2017, which provides \$60 million per year for eligible charter districts with an acceptable performance rating for a variety of funding purposes, including for lease or purchase payments for instructional facilities. Since State funding for charter facilities is limited, charter schools generally issue revenue bonds to fund facility construction and acquisition, or fund facilities from cash flows of the school. Some charter districts have issued non-guaranteed debt in addition to debt guaranteed under the Charter District Bond Guarantee Program, and such non-guaranteed debt is likely to be secured by a deed of trust covering all or part of the charter district's facilities. In March 2017, the TEA began requiring charter districts to provide the TEA with a lien against charter district property as a condition to receiving a guarantee under the Charter District Bond Guarantee Program. However, charter district bonds issued and guaranteed under the Charter District Bond Guarantee Program prior to the implementation of the new requirement did not have the benefit of a security interest in real property, although other existing debts of such charter districts that are not guaranteed under the Charter District Bond Guarantee Program may be secured by real property that could be foreclosed on in the event of a bond default.

As a general rule, the operation of a charter school involves fewer State requirements and regulations for charter holders as compared to other public schools, but the maintenance of a State-granted charter is dependent upon ongoing compliance with State law and regulations, which are monitored by TEA. TEA has a broad range of enforcement and remedial actions that it can take as corrective measures, and such actions may include the loss of the State charter, the appointment of a new board of directors to govern a charter district, the assignment of operations to another charter operator, or, as a last resort, the dissolution of an open-enrollment charter school. Charter holders are governed by a private board of directors, as compared to the elected boards of trustees that govern school districts.

As described above, the Act includes a funding "intercept" function that applies to both the School District Bond Guarantee Program and the Charter District Bond Guarantee Program. However, school districts are viewed as the "educator of last resort" for students residing in the geographical territory of the district, which makes it unlikely that State funding for those school districts would be discontinued, although the TEA can require the dissolution and merger into another school district if necessary to ensure sound education and financial management of a school district. That is not the case with a charter district, however, and open-enrollment charter schools in the State have been dissolved by TEA from time to time. If a charter district that has bonds outstanding that are guaranteed by the Charter District Bond Guarantee Program should be dissolved, debt service on guaranteed bonds of the district would continue to be paid to bondholders in accordance with the Charter District Bond Guarantee Program, but there would be no funding available for reimbursement of the PSF by the Comptroller for such payments. As described under "The Charter District Bond Guarantee Program," the Act established the Charter District Reserve Fund, to serve as a reimbursement resource for the PSF.

Ratings of Bonds Guaranteed Under the Guarantee Program

Moody's Investors Service, Inc., S&P Global Ratings, and Fitch Ratings, Inc. rate bonds guaranteed by the PSF "Aaa," "AAA" and "AAA," respectively. Not all districts apply for multiple ratings on their bonds, however. See the applicable rating section within the offering document to which this is attached for information regarding a district's underlying rating and the enhanced rating applied to a given series of bonds.

Valuation of the PSF and Guaranteed Bonds

Permanent School Fund Valuations		
Fiscal Year Ended 8/31	Book Value ⁽¹⁾	Market Value ⁽¹⁾
2020	\$36,642,000,738	\$46,764,059,745
2021	38,699,895,545	55,582,252,097
2022	42,511,350,050	56,754,515,757
2023	43,915,792,841	59,020,536,667
2024 ⁽²⁾	46,276,260,013	56,937,188,265

⁽¹⁾ SLB managed assets are included in the market value and book value of the Fund. In determining the market value of the PSF from time to time during a fiscal year, the current, unaudited values for PSF investment portfolios and cash held by the SLB are used. With respect to SLB managed assets shown in the table above, market values of land and mineral interests, internally managed real estate, investments in externally managed real estate funds and cash are based upon information reported to the PSF Corporation by the SLB. The SLB reports that information to the PSF Corporation on a quarterly basis. The valuation of such assets at any point in time is dependent upon a variety of factors, including economic conditions in the State and nation in general, and the values of these assets, and, in particular, the valuation of mineral holdings administered by the SLB, can be volatile and subject to material changes from period to period.

⁽²⁾ At August 31, 2024, mineral assets, sovereign lands, other lands, and discretionary internal investments, had book values of approximately \$13.4 million, \$0.8 million, \$37.2 million, and \$318.9 million, respectively, and market values of approximately \$4,540.6 million, \$277.4 million, \$153.1 million, and \$457.0 million, respectively.

Permanent School Fund Guaranteed Bonds	
At 8/31	Principal Amount ⁽¹⁾
2020	\$90,336,680,245
2021	95,259,161,922
2022	103,239,495,929
2023	115,730,826,682
2024	125,815,981,603 ⁽²⁾

⁽¹⁾ Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program. The TEA does not maintain records of the accreted value of capital appreciation bonds that are guaranteed under the Guarantee Program.

⁽²⁾ At August 31, 2024 (the most recent date for which such data is available), the TEA expected that the principal and interest to be paid by school districts and charter districts over the remaining life of the bonds guaranteed by the Guarantee Program was \$196,294,405,488, of which \$70,478,423,885 represents interest to be paid. As shown in the table above, at August 31, 2024, there were \$125,815,981,603 in principal amount of bonds guaranteed under the Guarantee Program. Using the State Capacity Limit of \$169,961,518,160 (the State Capacity Limit is currently the Capacity Limit), net of the Capacity Reserve, as of January 31, 2025, 7.69% of the Guarantee Program's capacity was available to the Charter District Bond Guarantee Program. As of January 31, 2025, the amount of outstanding bond guarantees represented 76.33% of the Capacity Limit (which is currently the State Capacity Limit). January 31, 2025 values are based on unaudited data, which is subject to adjustment.

Permanent School Fund Guaranteed Bonds by Category⁽¹⁾

	<u>School District Bonds</u>		<u>Charter District Bonds</u>		<u>Totals</u>	
Fiscal Year Ended	No. of	Principal	No. of	Principal	No. of	Principal
<u>8/31</u>	<u>Issues</u>	<u>Amount (\$)</u>	<u>Issues</u>	<u>Amount (\$)</u>	<u>Issues</u>	<u>Amount (\$)</u>
2020	3,296	87,800,478,245	64	2,536,202,000	3,360	90,336,680,245
2021	3,346	91,951,175,922	83	3,307,986,000	3,429	95,259,161,922
2022	3,348	99,528,099,929	94	3,711,396,000	3,442	103,239,495,929
2023	3,339	111,647,914,682	102	4,082,912,000	3,441	115,730,826,682
2024 ⁽²⁾	3,330	121,046,871,603	103	4,769,110,000	3,433	125,815,981,603

⁽¹⁾ Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program.

⁽²⁾ At January 31, 2025 (based on unaudited data, which is subject to adjustment), there were \$129,723,799,121 in principal amount of bonds guaranteed under the Guarantee Program, representing 3,437 school district issues, aggregating \$124,794,149,121 in principal amount and 109 charter district issues, aggregating \$4,929,650,000 in principal amount. At January 31, 2025 the projected guarantee capacity available was \$39,780,221,830 (based on unaudited data, which is subject to adjustment).

Discussion and Analysis Pertaining to Fiscal Year Ended August 31, 2024

The following discussion is derived from the Annual Report for the year ended August 31, 2024, including the Message from the Chief Executive Officer of the Fund, the Management's Discussion and Analysis, and other schedules contained therein. Reference is made to the Annual Report, as filed with the MSRB, for the complete Message and MD&A. Investment assets managed by the PSF Corporation are referred to throughout this MD&A as the PSF(CORP). The Fund's non-financial real assets are managed by the SLB and these assets are referred to throughout as the PSF(SLB) assets.

At the end of fiscal year 2024, the PSF(CORP) net position was \$57.3 billion. During the year, the PSF(CORP) continued implementing the long-term strategic asset allocation, diversifying the investment mix to strengthen the Fund. The asset allocation is projected to increase returns over the long run while reducing risk and portfolio return volatility. The PSF(CORP) is invested in global markets and liquid and illiquid assets experience volatility commensurate with the related indices. The PSF(CORP) is broadly diversified and benefits from the cost structure of its investment program. Changes continue to be researched, crafted, and implemented to make the cost structure more effective and efficient. The PSF(CORP) annual rates of return for the one-year, five-year, and ten-year periods ending August 31, 2024, net of fees, were 10.12%, 7.31%, and 6.32%, respectively (total return takes into consideration the change in the market value of the Fund during the year as well as the interest and dividend income generated by the Fund's investments). See "Comparative Investment Schedule - PSF(CORP)" for the PSF(CORP) holdings as of August 31, 2024.

Effective February 1, 2024, Texas PSF transitioned into a new strategic asset allocation. The new allocation of the PSF Corporation updated the strategic asset allocation among public equities, fixed income, and alternative assets, as discussed herein. Alternative assets now include private credit, absolute return, private equity, real estate, natural resources, and infrastructure. For a description of the accrual basis of accounting and more information about performance, including comparisons to established benchmarks for certain periods, please see the 2024 Annual Report which is included by reference herein.

PSF Returns Fiscal Year Ended 8-31-2024⁽¹⁾

<u>Portfolio</u>	<u>Return</u>	<u>Benchmark Return⁽²⁾</u>
Total PSF(CORP) Portfolio	10.12	9.28
Domestic Large Cap Equities	27.30	27.14
Domestic Small/Mid Cap Equities	18.35	18.37
International Equities	18.82	18.08
Private Credit	1.41	0.93
Core Bonds	7.08	7.30
Absolute Return	11.50	8.87
Real Estate	(6.42)	(7.22)
Private Equity	4.62	4.23
High Yield	12.03	12.53
Natural Resources	12.36	6.42
Infrastructure	4.41	3.63
Bank Loans	3.02	3.23
Short Term Investment Portfolio	2.42	2.28

⁽¹⁾ Time weighted rates of return adjusted for cash flows for the PSF(CORP) investment assets. Does not include SLB managed real estate or real assets. Returns are net of fees. Source: Annual Report for year ended August 31, 2024.

⁽²⁾ Benchmarks are as set forth in the Annual Report for year ended August 31, 2024.

The SLB is responsible for the investment of money in the Real Estate Special Fund Account (RESFA) of the PSF (also referred to herein as the PSF(SLB)). Pursuant to applicable law, money in the PSF(SLB) may be invested in land, mineral and royalty interest, and real property holdings. For more information regarding the investments of the PSF(SLB), please see the 2024 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.

The Fund directly supports the public school system in the State by distributing a predetermined percentage of its asset value to the ASF. In fiscal year 2024, \$2.2 billion was distributed to the ASF, \$600 million of which was distributed by the PSF(CORP) on behalf of the SLB.

Other Events and Disclosures

State ethics laws govern the ethics and disclosure requirements for financial advisors and other service providers who advise certain State governmental entities, including the PSF. The SBOE code of ethics provides ethical standards for SBOE members, the Education Commissioner, TEA staff, and persons who provide services to the SBOE relating to the Fund. The PSF Corporation developed its own ethics policy that provides basic ethical principles, guidelines, and standards of conduct relating to the management and investment of the Fund in accordance with the requirements of §43.058 of the Texas Education Code, as amended. The SBOE code of ethics is codified in the Texas Administrative Code at 19 TAC sections 33.4 et seq. and is available on the TEA web site at <https://tea.texas.gov/sites/default/files/ch033a.pdf>. The PSF Corporation's ethics policy is posted to the PSF Corporation's website at texaspsf.org.

In addition, the SLB and GLO have established processes and controls over the administration of real estate transactions and are subject to provisions of the Texas Natural Resources Code and internal procedures in administering real estate transactions for Fund assets it manages.

As of August 31, 2024, certain lawsuits were pending against the State and/or the GLO, which challenge the Fund's title to certain real property and/or past or future mineral income from that property, and other litigation arising in the normal course of the investment activities of the PSF. Reference is made to the Annual Report, when filed, for a description of such lawsuits that are pending, which may represent contingent liabilities of the Fund.

PSF Continuing Disclosure Undertaking

As of March 1, 2023, the TEA's undertaking pursuant to Rule 15c2-12 (the "TEA Undertaking") pertaining to the PSF and the Guarantee Program, is codified at 19 TAC 33.8, which relates to the Guarantee Program and is available at <https://tea.texas.gov/sites/default/files/ch033a.pdf>.

Through the codification of the TEA Undertaking and its commitment to guarantee bonds, the TEA has made the following agreement for the benefit of the issuers, holders, and beneficial owners of guaranteed bonds. The TEA (or its successor with respect to the management of the Guarantee Program) is required to observe the agreement for so long as it remains an "obligated person," within the meaning of Rule 15c2-12, with respect to guaranteed bonds. Nothing in the TEA Undertaking obligates the TEA to make any filings or disclosures with respect to guaranteed bonds, as the obligations of the TEA under the TEA Undertaking pertain solely to the Guarantee Program. The issuer or an "obligated person" of the guaranteed bonds has assumed the applicable obligation under Rule 15c2-12 to make all disclosures and filings relating directly to guaranteed bonds, and the TEA takes no responsibility with respect to such undertakings. Under the TEA Undertaking, the TEA is obligated to provide annually certain updated financial information and operating data, and timely notice of specified material events, to the MSRB.

The MSRB has established the Electronic Municipal Market Access ("EMMA") system, and the TEA is required to file its continuing disclosure information using the EMMA system. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org, and the continuing disclosure filings of the TEA with respect to the PSF can be found at <https://emma.msrb.org/IssueView/Details/ER355077> or by searching for "Texas Permanent School Fund Bond Guarantee Program" on EMMA.

Annual Reports

The PSF Corporation, on behalf of the TEA, and the TEA will annually provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the Guarantee Program and the PSF of the general type included in this offering document under the heading "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM." The information also includes the Annual Report. The PSF Corporation will update and provide this information within six months after the end of each fiscal year.

The TEA and the PSF Corporation may provide updated information in full text or may incorporate by reference certain other publicly-available documents, as permitted by Rule 15c2-12. The updated information includes audited financial statements of, or relating to, the State or the PSF, when and if such audits are commissioned and available. In the event audits are not available by the filing deadline, unaudited financial statements will be provided by such deadline, and audited financial statements will be provided when available. Financial statements of the State will be prepared in accordance with generally accepted accounting principles as applied to state governments, as such principles may be changed from time to time, or such other accounting principles as the State Auditor is required to employ from time to time pursuant to State law or regulation. The financial statements of the Fund are required to be prepared to conform to U.S. Generally Accepted Accounting Principles as established by the Governmental Accounting Standards Board.

The Fund is composed of two primary segments: the financial assets (PSF(CORP)) managed by PSF Corporation, and the non-financial assets (PSF(SLB)) managed by the SLB. Each of these segments is reported separately and on different bases of accounting.

The PSF Corporation reports as a special-purpose government engaged in business-type activities and reports to the State of Texas as a discretely presented component unit accounted for on an economic resources measurement focus and the accrual basis of accounting. Measurement focus refers to the definition of the resource flows measured. Under the accrual basis of accounting, all revenues reported are recognized in the period they are earned or when the PSF Corporation has a right to receive them. Expenses are recognized in the period they are incurred, and the subsequent amortization of any deferred outflows. Additionally, costs related to capital assets are capitalized and subsequently depreciated over the useful life of the assets. Both current and long-term assets and liabilities are presented in the statement of net position.

The SLB manages the Fund's non-financial assets (PSF(SLB)), is classified as a governmental permanent fund and accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, amounts are recognized as revenues in the period in which they are available to finance expenditures of the current period and are measurable. Amounts are considered measurable if they can be estimated or otherwise determined. Expenditures are recognized in the period in which the related liability is incurred, if measurable.

The State's current fiscal year end is August 31. Accordingly, the TEA and the PSF Corporation must provide updated information by the last day of February in each year, unless the State changes its fiscal year. If the State changes its fiscal year, the TEA and PSF Corporation will notify the MSRB of the change.

Event Notices

The TEA and the PSF Corporation will also provide timely notices of certain events to the MSRB. Such notices will be provided not more than ten business days after the occurrence of the event. The TEA or the PSF Corporation will provide notice of any of the following events with respect to the Guarantee Program: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if such event is material within the meaning of the federal securities laws; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Guarantee Program, or other material events affecting the tax status of the Guarantee Program; (7) modifications to rights of holders of bonds guaranteed by the Guarantee Program, if such event is material within the meaning of the federal securities laws; (8) bond calls, if such event is material within the meaning of the federal securities laws, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of bonds guaranteed by the Guarantee Program, if such event is material within the meaning of the federal securities laws; (11) rating changes of the Guarantee Program; (12) bankruptcy, insolvency, receivership, or similar event of the Guarantee Program (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Guarantee Program in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Guarantee Program, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Guarantee Program); (13) the consummation of a merger, consolidation, or acquisition involving the Guarantee Program or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if such event is material within the meaning of the federal securities laws; (14) the appointment of a successor or additional trustee with respect to the Guarantee Program or the change of name of a trustee, if such event is material within the meaning of the federal securities laws; (15) the incurrence of a financial obligation of the Guarantee Program, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Guarantee Program, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Guarantee Program, any of which reflect financial difficulties. (Neither the Act nor any other law, regulation or instrument pertaining to the Guarantee Program make any provision with respect to the Guarantee Program for bond calls, debt service reserves, credit enhancement, liquidity enhancement, early redemption, or the appointment of a trustee with respect to the Guarantee Program.) In addition, the TEA or the PSF Corporation will provide timely notice of any failure by the TEA or the PSF Corporation to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The TEA and the PSF Corporation have agreed to provide the foregoing information only to the MSRB and to transmit such information electronically to the MSRB in such format and accompanied by such identifying information as

prescribed by the MSRB. The information is available from the MSRB to the public without charge at www.emma.msrb.org.

Limitations and Amendments

The TEA and the PSF Corporation have agreed to update information and to provide notices of material events only as described above. The TEA and the PSF Corporation have not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The TEA and the PSF Corporation make no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell bonds at any future date. The TEA and the PSF Corporation disclaim any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the TEA and the PSF Corporation to comply with its agreement.

The continuing disclosure agreement is made only with respect to the PSF and the Guarantee Program. The issuer of guaranteed bonds or an obligated person with respect to guaranteed bonds may make a continuing disclosure undertaking in accordance with Rule 15c2-12 with respect to its obligations arising under Rule 15c2-12 pertaining to financial information and operating data concerning such entity and events notices relating to such guaranteed bonds. A description of such undertaking, if any, is included elsewhere in this offering document.

This continuing disclosure agreement may be amended by the TEA or the PSF Corporation from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the TEA or the PSF Corporation, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell guaranteed bonds in the primary offering of such bonds in compliance with Rule 15c2-12, taking into account any amendments or interpretations of Rule 15c2-12 since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding bonds guaranteed by the Guarantee Program consent to such amendment or (b) a person that is unaffiliated with the TEA or the PSF Corporation (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the bonds guaranteed by the Guarantee Program. The TEA or the PSF Corporation may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provision of Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling bonds guaranteed by the Guarantee Program in the primary offering of such bonds.

Compliance with Prior Undertakings

Except as stated below, during the last five years, the TEA and the PSF Corporation have not failed to substantially comply with their previous continuing disclosure agreements in accordance with Rule 15c2-12. On April 28, 2022, TEA became aware that it had not timely filed its 2021 Annual Report with EMMA due to an administrative oversight. TEA took corrective action and filed the 2021 Annual Report with EMMA on April 28, 2022, followed by a notice of late filing made with EMMA on April 29, 2022. TEA notes that the 2021 Annual Report was timely filed on the TEA website by the required filing date and that website posting has been incorporated by reference into TEA's Bond Guarantee Program disclosures that are included in school district and charter district offering documents. On March 31, 2025, the TEA and the PSF Corporation became aware that the 2022 operating data was not timely filed with EMMA due to an administrative oversight. TEA and PSF Corporation took corrective action and filed a notice of late filing with EMMA on April 4, 2025. The annual operating data was previously posted to EMMA on March 31, 2023.

SEC Exemptive Relief

On February 9, 1996, the TEA received a letter from the Chief Counsel of the SEC that pertains to the availability of the "small issuer exemption" set forth in paragraph (d)(2) of Rule 15c2-12. The letter provides that Texas school districts which offer municipal securities that are guaranteed under the Guarantee Program may undertake to comply with the provisions of paragraph (d)(2) of Rule 15c2-12 if their offerings otherwise qualify for such exemption,

notwithstanding the guarantee of the school district securities under the Guarantee Program. Among other requirements established by Rule 15c2-12, a school district offering may qualify for the small issuer exemption if, upon issuance of the proposed series of securities, the school district will have no more than \$10 million of outstanding municipal securities.

APPENDIX D
FORMS OF LEGAL OPINION OF BOND COUNSEL

_____, 2025

WE HAVE ACTED as Bond Counsel for the Deer Park Independent School District (the “District”) in connection with an issue of bonds (the “Bonds”) described as follows:

DEER PARK INDEPENDENT SCHOOL DISTRICT LIMITED TAX
REFUNDING BONDS, SERIES 2025A, dated December 1, 2024, in the aggregate
principal amount of \$_____.

The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the order (the “Bond Order”) adopted by the Board of Trustees of the District authorizing their issuance and the pricing certificate relating to the Bonds executed pursuant thereto (together with the Bond Order, the “Order”).

WE HAVE ACTED as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income under federal income tax law. In such capacity we have examined the Constitution and laws of the State of Texas; federal income tax law; and a transcript of certain certified proceedings pertaining to the issuance of the Bonds and the bonds that are being refunded (the “Refunded Bonds”) with the proceeds of the Bonds, as described in the Order. The transcript contains certified copies of certain proceedings of the District and BOKF, N.A. (the “Paying Agent”); the certificate (the “Certificate”) of RBC Capital Markets, LLC in its capacity as financial advisor to the District, which verifies the sufficiency of the deposits made with the Paying Agent for the Refunded Bonds for the defeasance of the Refunded Bonds; certain certifications and representations and other material facts within the knowledge and control of the District, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds and the firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds. We have also examined executed Bond No. ICI-1 of this issue.

WE HAVE NOT BEEN REQUESTED to examine, and have not investigated or verified, any original proceedings, records, data or other material, but have relied upon the transcript of certified proceedings. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the District’s Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

BASED ON SUCH EXAMINATION, it is our opinion as follows:

- (1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently in effect; the Bonds constitute valid and legally binding obligations of the District enforceable in accordance with the terms and conditions thereof, except to the extent that the rights and remedies of the owners of the Bonds may be limited by laws heretofore or hereafter enacted relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors of political subdivisions and the exercise of judicial discretion in appropriate cases; and the Bonds have been authorized and delivered in accordance with law;
- (2) The Bonds are payable, both as to principal and interest, from the receipts of an annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property located within the District, which taxes have been pledged irrevocably to pay the principal of and interest on the Bonds; and
- (3) The deposit with the Paying Agent for the Refunded Bonds pursuant to the Order and the order authorizing the issuance of the Refunded Bonds (the "Refunded Bond Order") constitutes the discharge and final payment of the Refunded Bonds; in reliance upon the representations contained in the Certificate, the Refunded Bonds, having been discharged and paid, are no longer outstanding and the lien on and pledge of ad valorem taxes as set forth in the Refunded Bond Order will be appropriately and legally defeased; the holders of the Refunded Bonds may obtain payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds only out of the funds provided therefor now held by the Paying Agent for the Refunded Bonds; and therefore the Refunded Bonds are deemed to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided therefor.

BASED ON OUR EXAMINATION AS DESCRIBED ABOVE, it is further our opinion that under current law and subject to the restrictions hereinafter described, interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. The opinion in (a) and (b) of the preceding sentence is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order that interest thereon not be included in gross income for federal income tax purposes. Failure by the District to comply with the Covenants (as defined below), among other things, could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. The District may in its discretion, but has not covenanted to, take any and all such actions as may be required by future changes in the Code and applicable regulations in order that interest on the Bonds remain excludable from gross income for federal income tax purposes. We express no

opinion regarding other federal tax consequences of the ownership of or receipt or accrual of interest on the Bonds.

EXCEPT AS DESCRIBED HEREIN, we express no opinions as to any other matters.

IN PROVIDING THE FOREGOING OPINIONS, without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the District as to certain facts relevant to both our opinion and requirements of the Code. The District has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds, all as set forth in the proceedings and documents relating to the issuance of the Bonds (the "Covenants").

IN ADDITION, EXCEPT AS DESCRIBED ABOVE, we express no opinion as to any federal, state or local tax consequences under present law, or future legislation, resulting from the ownership of, receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations and individuals otherwise qualified for the earned income credit. For the foregoing reasons, prospective purchasers should consult their tax advisors as to the consequences of investing in the Bonds.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. Our services as Bond Counsel to the District have been limited to delivering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the tax-exempt status of the interest thereon. Our services have not included any financial or other non-legal advice. We express no opinion herein as to the financial resources of the District, its ability to provide for payment of the Bonds or the accuracy or completeness of any information, including the District's Preliminary Official Statement dated November 4, 2025 and the District's Official Statement dated _____, 2025, that may have been relied upon by anyone in making the decision to purchase Bonds. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Very truly yours,

25023/16723

_____, 2025

WE HAVE ACTED as Bond Counsel for the Deer Park Independent School District (the “District”) in connection with an issue of bonds (the “Bonds”) described as follows:

DEER PARK INDEPENDENT SCHOOL DISTRICT LIMITED TAX
REFUNDING BONDS, SERIES 2025B, dated December 1, 2024, in the aggregate
principal amount of \$_____.

The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the order (the “Bond Order”) adopted by the Board of Trustees of the District authorizing their issuance and the pricing certificate relating to the Bonds executed pursuant thereto (together with the Bond Order, the “Order”).

WE HAVE ACTED as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Bonds from gross income under federal income tax law. In such capacity we have examined the Constitution and laws of the State of Texas; federal income tax law; and a transcript of certain certified proceedings pertaining to the issuance of the Bonds and the bonds that are being refunded (the “Refunded Bonds”) with the proceeds of the Bonds, as described in the Order. The transcript contains certified copies of certain proceedings of the District and BOKF, N.A. (the “Escrow Agent”); the report (the “Report”) of Robert Thomas CPA, LLC, which verifies the sufficiency of the deposits made with the Escrow Agent for the defeasance of the Refunded Bonds and the mathematical accuracy of certain computation of the yield on the Bonds and the obligations acquired with the proceeds of the Bonds; certain certifications and representations and other material facts within the knowledge and control of the District, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds and the firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds. We have also examined executed Bond No. ICI-1 of this issue.

WE HAVE NOT BEEN REQUESTED to examine, and have not investigated or verified, any original proceedings, records, data or other material, but have relied upon the transcript of certified proceedings. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the District’s Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

BASED ON SUCH EXAMINATION, it is our opinion as follows:

- (1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently in effect; the Bonds constitute valid and legally binding obligations of the District enforceable in accordance with the terms and conditions thereof, except to the extent that the rights and remedies of the owners of the Bonds may be limited by laws heretofore or hereafter enacted relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors of political subdivisions and the exercise of judicial discretion in appropriate cases; and the Bonds have been authorized and delivered in accordance with law;
- (2) The Bonds are payable, both as to principal and interest, from the receipts of an annual ad valorem tax levied, within the limits prescribed by law, upon all taxable property located within the District, which taxes have been pledged irrevocably to pay the principal of and interest on the Bonds; and
- (3) The escrow agreement between the District and the Escrow Agent (the "Escrow Agreement") has been duly executed and delivered and constitutes a binding and enforceable agreement in accordance with its terms; the establishment of the Escrow Fund pursuant to the Escrow Agreement and the deposit made therein constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds; in reliance upon the accuracy of the calculations contained in the Report, the Refunded Bonds, having been discharged and paid, are no longer outstanding and the lien on and pledge of ad valorem taxes and other revenues as set forth in the order authorizing their issuance will be appropriately and legally defeased; the holders of the Refunded Bonds may obtain payment of the principal of, redemption premium, if any, and interest in the Refunded Bonds only out of the funds provided therefor now held in escrow for that purpose by the Escrow Agent pursuant to the terms of the Escrow Agreement; and therefore the Refunded Bonds are deemed to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided therefor in such Escrow Agreement.

BASED ON OUR EXAMINATION AS DESCRIBED ABOVE, it is further our opinion that under current law and subject to the restrictions hereinafter described, interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. The opinion in (a) and (b) of the preceding sentence is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order that interest thereon not be included in gross income for federal income tax purposes. Failure by the District to comply with the Covenants (as defined below), among other things, could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. The

District may in its discretion, but has not covenanted to, take any and all such actions as may be required by future changes in the Code and applicable regulations in order that interest on the Bonds remain excludable from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences of the ownership of or receipt or accrual of interest on the Bonds.

EXCEPT AS DESCRIBED HEREIN, we express no opinions as to any other matters.

IN PROVIDING THE FOREGOING OPINIONS, without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the District as to certain facts relevant to both our opinion and requirements of the Code. The District has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds, all as set forth in the proceedings and documents relating to the issuance of the Bonds (the "Covenants").

IN ADDITION, EXCEPT AS DESCRIBED ABOVE, we express no opinion as to any federal, state or local tax consequences under present law, or future legislation, resulting from the ownership of, receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations and individuals otherwise qualified for the earned income credit. For the foregoing reasons, prospective purchasers should consult their tax advisors as to the consequences of investing in the Bonds.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. Our services as Bond Counsel to the District have been limited to delivering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the tax-exempt status of the interest thereon. Our services have not included any financial or other non-legal advice. We express no opinion herein as to the financial resources of the District, its ability to provide for payment of the Bonds or the accuracy or completeness of any information, including the District's Preliminary Official Statement dated November 4, 2025 and the District's Official Statement dated _____, 2025, that may have been relied upon by anyone in making the decision to purchase Bonds. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

_____, 2025
Page 4

Very truly yours,

25023/16723

APPENDIX E
FULL AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

DEER PARK

Independent School District



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024

Deer Park Independent School District * 2800 Texas Avenue * Deer Park, Texas 77536

**Annual
Comprehensive Financial Report**

**For the Fiscal Year Ended
June 30, 2024**

**DEER PARK INDEPENDENT SCHOOL
DISTRICT**

2800 Texas Avenue, Deer Park, Texas 77536

Prepared by the Business Office:

**Megan Thompson
Director of Finance**

**David Edgar
Assistant Superintendent for Business Services**



DEER PARK INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/ Table</u>
Introductory Section		
Principal Officials and Advisors	i	
Certificate of Board	ii	
Transmittal Letter	iii	
Organizational Chart	viii	
Financial Section		
Independent Auditor's Report	3	
Management's Discussion and Analysis	7	
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	16	A-1
Statement of Activities	17	B-1
Governmental Fund Financial Statements:		
Balance Sheet	18	C-1
Reconciliation of Balance Sheet for Governmental Funds to Statement of Net Position	19	C-1R
Statement of Revenues, Expenditures, and Changes in Fund Balance	20	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	21	C-2R
Proprietary Fund Financial Statements:		
Statement of Net Position	22	D-1
Statement of Revenues, Expenses, and Changes in Net Position	23	D-2
Statement of Cash Flows	24	D-3
Fiduciary Fund Financial Statements:		
Statement of Fiduciary Net Position	25	E-1
Statement of Changes in Fiduciary Net Position	26	E-2
Notes to the Financial Statements	27	F-1
Required Supplementary Information:		
Budgetary Comparison Schedule - General Fund	61	G-1
Notes to Required Supplementary Information	62	
Schedule of District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas	63	G-2
Schedule of District's Pension Contributions – Teacher Retirement System of Texas	64	G-3
Notes to Required Supplementary Information - Pension	64	
Schedule of District's Proportionate Share of the Net OPEB Liability – Teacher Retirement System of Texas	65	G-4
Schedule of District's OPEB Contributions – Teacher Retirement System of Texas	66	G-5
Notes to Required Supplementary Information - OPEB	66	

DEER PARK INDEPENDENT SCHOOL DISTRICT**TABLE OF CONTENTS (continued)**

	<u>Page</u>	<u>Exhibit/ Table</u>
Financial Section (continued)		
Other Supplementary Information:		
Combining Fund Statements:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	72	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	79	H-2
Internal Service Funds:		
Combining Statement of Net Position	87	H-3
Combining Statement of Revenues, Expenses, and Changes in Net Position	88	H-4
Combining Statement of Cash Flows	89	H-5
Fiduciary Funds:		
Combining Statement of Fiduciary Net Position - Private Purpose Trust Funds	93	H-6
Combining Statement of Changes in Fiduciary Net Position - Private Purpose Trust Funds	94	H-7
Required TEA Schedules:		
Schedule of Delinquent Taxes Receivable	97	J-1
Budgetary Comparison Schedule - School Breakfast and National School Lunch	98	J-2
Budgetary Comparison Schedule - Debt Service Fund	99	J-3
Compensatory Education Program and Bilingual Education Program Compliance Responses	100	J-4
Statistical Section (Unaudited)		
Net Position by Component	104	1
Changes in Net Position	106	2
Fund Balances of Governmental Funds	108	3
Changes in Fund Balances - Governmental Funds	110	4
Revenue by Source for Governmental Funds	112	5
Assessed Value and Actual Value of Taxable Property	115	6
Property Tax Rates - Direct and Overlapping Governments	116	7
Principal Taxpayers	118	8
Property Tax Levies and Collections	119	9
Ratios of Outstanding Debt by Type	120	10
Ratios of Net General Obligation Bonded Debt Outstanding	121	11
Computation of Estimated Direct and Overlapping Debt	122	12
Legal Debt Margin Information	123	13
Demographic and Economic Statistics	124	14
Principal Employers	125	15
Full-Time Equivalent District Employees	126	16
Operating Statistics	128	17
Teacher Base Salaries	131	18
School Building Information	132	19
Required Responses to Selected School FIRST Indicators	136	L-1

DEER PARK INDEPENDENT SCHOOL DISTRICT

TABLE OF CONTENTS *(continued)*

	<u>Page</u>	<u>Exhibit/ Table</u>
Federal Awards Section		
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 <i>Government Auditing Standards</i>	139	
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance required by the Uniform Guidance	141	
Schedule of Findings and Questioned Costs	145	
Schedule of Expenditures of Federal Awards	147	K-1
Notes to Schedule of Expenditures of Federal Awards	148	K-2
Summary Schedule of Prior Audit Findings	150	
Corrective Action Plan	151	



INTRODUCTORY SECTION



DEER PARK INDEPENDENT SCHOOL DISTRICT

Principal Officials and Advisors

Board of Trustees

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>	<u>Length of Service</u>	<u>Occupation</u>
Jason Cable	President	2027	7 Years	Software Sales Executive
Lee Giddens	Vice President	2027	27 Years	Attorney
Brenda Cothran	Secretary	2026	8 Years	Community Advocate
Lynn Kirkpatrick	Assistant Secretary	2025	20 Years	Retired Police Officer – City of Deer Park
Ken Donnell	Board Member	2025	31 Years	Marketing and Program Coordinator – City of Pasadena
Jason Morris	Board Member	2026	10 Years	Senior Director of Retail – Landry's Inc
Rhonda Lowe	Board Member	2027	25 Years	Owner – Land Surveying Business

Administrative Officials

<u>Name</u>	<u>Position</u>	<u>Length of Service with District</u>
Stephen Harrell	Superintendent of Schools	28 Years
Steve Corry	Deputy Superintendent for Administration	32 Years
Blancanieves Galvan	Assistant Superintendent of Human Resources	21 Years
Dr. Tiffany Regan	Assistant Superintendent for Instruction	28 Years
David Edgar	Assistant Superintendent for Business Services	5 Years
Bridget Winstead	Coordinator for Superintendent and Board Services	25 Years
Matt Lucas	Director of Communications	31 Years
Dr. Kari Murphy	Chief Technology Officer	25 Years

Consultants and Advisors

Bond Counsel	Hunton Andrews Kurth, LLP
Financial Advisor	RBC Capital Markets
Independent Auditors	Whitley Penn, LLP
Chief Appraiser	Harris County Appraisal District

CERTIFICATE OF BOARD

Deer Park Independent School District

Name of School District

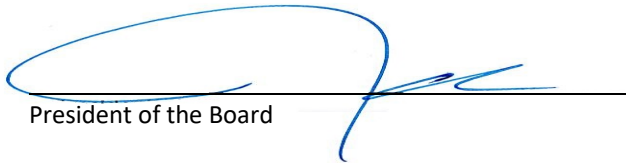
Harris

County

101-908

Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended June 30, 2024, at a meeting of the Board of Trustees of such school district on October 21, 2024.



President of the Board



Secretary of the Board



October 21, 2024

To the Board of Trustees and Taxpayers of the Deer Park Independent School District:

The Texas Education Code requires that all school districts file a complete set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the Deer Park Independent School District (the “District”) for the fiscal year ended June 30, 2024.

This report consists of management’s representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District’s financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. The District’s financial statements have been audited by Whitley Penn, LLP, CPAs, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2024 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the District’s financial statements for the period ended June 30, 2024, are fairly presented in conformity with GAAP. The independent auditors’ report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally-mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District’s separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District’s MD&A can be found immediately following the report of the independent auditors.

INSTRUCTION IS OUR BUSINESS • ACCOUNTABILITY IS OUR RESPONSIBILITY • SUCCESS IS OUR REWARD

“The Business Services vision is to strive to facilitate accountability, transparency and efficiency
to benefit the students, parents, staff and taxpayers of Deer Park ISD”

Profile of the District

The Deer Park Independent School District is located in southeastern Harris County, Texas and encompasses approximately 38 square miles and includes the City of Deer Park and a portion of the City of Pasadena. The District is located on a heavily industrialized area along the Houston Ship Channel, approximately 20 miles from downtown Houston. The District is one of the largest employers in East Harris County with more than 1,900 employees. The District is not included in any other governmental “reporting entity” since the Board of Trustees is elected by the public and has decision-making authority. Residents of the District elect a seven-member Board of Trustees. The respective Trustees serve overlapping three-year terms. There are no component units included in the reporting entity.

The purpose and responsibility of the District is to provide a thorough and efficient educational system for children, pre-kindergarten through grade 12, enrolled in public schools within its boundaries, whereby each child has access to programs and services that are appropriate to his or her educational needs. In addition to its regular educational program, the District offers comprehensive programs in the areas of career and technology education, special education, bilingual education, compensatory education and gifted and talented education. The District is accredited by the Texas Education Agency.

The District’s 7 elementary schools, 4 middle schools, 1 high school (with multiple campuses), and 1 early childhood center are well-known for innovative programs and academic accomplishments. At present there are no charter schools in the District. The District educates children from diverse backgrounds. The student body reflects the cultural diversity of Texas. Of the approximately 12,300 students enrolled, 62 percent are Hispanic, 3 percent are African American, 32 percent are White, and 3 percent identify themselves as Asian/Pacific Islander, American Indian or of more than one ethnicity. The District expects stable enrollment with little fluctuation over the next several years.

In May 2022, the District passed a \$160 million bond referendum. Substantial projects to be addressed in this bond referendum include the addition of a CTE building at the existing high school campus, a complete renovation of the existing transportation facility, buses, technology, and upgrades to existing facilities. The age of school buildings ranges from newly constructed to 70 years old. Table 19 in the Statistical Section lists the opening date of each building, in addition to the square footage, enrollment, and capacity.

The annual budget serves as the foundation for the District’s financial planning and control. The budget development process begins in January with the Superintendent and administrative leadership team determining the budget parameters that will be used as a guide for the resource allocation process. All of the District’s budget managers are required to submit requests for appropriations based on these parameters. Budget requests are forwarded to the Business Services Department for compilation and summarization. The Business Services Department personnel develop the draft budget and prioritize budget requests and potential budget reductions based on the principles established in the Superintendent’s budget parameters. The preliminary budget is then presented and discussed with the Board of Trustees. The proposed budget must be prepared by June 20th for the July 1st fiscal year start date. The Board President must call a Board meeting for the purpose of discussing and adopting the budget and tax rate. A public notice of this meeting is required to be published at least 10 days, but not more than 30 days, prior to the public meeting.

The District maintains budgetary controls throughout its financial systems. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the official budget adopted by the Board. The Board adopts an official appropriations budget at the functional expenditure level for the general fund, debt service fund and the food service program included in the special revenue fund. Budgetary control is maintained at the organizational level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Outstanding encumbrances at the end of the fiscal year are treated as assigned fund balance and are recorded as expenditures in the subsequent year upon receipt of the goods and services.

INSTRUCTION IS OUR BUSINESS • ACCOUNTABILITY IS OUR RESPONSIBILITY • SUCCESS IS OUR REWARD

“The Business Services vision is to strive to facilitate accountability, transparency and efficiency to benefit the students, parents, staff and taxpayers of Deer Park ISD”

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. The District is located in the heart of the Houston Ship Channel industrial area, and the majority of the labor force is employed at nearby chemical plants and oil refineries. The Houston Ship Channel is located just north of the District boundary, and many residents are employed in the industrial area surrounding the Channel. The Port of Houston is one of the largest ports in the world in terms of foreign waterborne tonnage and total tonnage. Each year, more than 9,000 deep vessels and 200,000 barges ship goods through the port, and more than 100 steamship lines offer service, linking Houston with 1,053 ports around the world. A vital element in the infrastructure of Houston and the region, the port maintains a high level of commercial prominence that solidifies its status as a major gateway to global commerce.

Economic Outlook. Houston's energy, healthcare, transportation and distribution sectors have historically supported a continuous growth in the District's tax base. The Houston area economy has seen fluctuating oil and gas prices, but despite ongoing global events that could disrupt trade, Houston ranked first in tonnage and sixth in value among U.S. customs districts during this time frame.

Access. The District is connected to Downtown Houston via Interstate 10 and is also linked to the entire Houston metropolitan area via the Sam Houston Toll Road. The District's proximity to Houston provides the area with access to one of the nation's leading centers for medical education and research, many colleges and universities, a dynamic cultural arts community, excellent recreational opportunities, and a national center of commerce, world trade and corporate management.

Relevant Financial Policies

Budget. Budget planning is an integral part of overall program planning so that the budget effectively reflects the District's programs and activities and provides the resources to implement them. In the budget planning process, general educational goals, specific program goals, and alternatives for achieving program goals are considered. Budget planning and evaluation are continuous processes and are a part of each month's activities.

Fund Balance. To preserve financial stability, the District must be prepared to respond to cash flow shortages, large or unexpected one-time expenditures, changes in the economy, and changes in state funding. The Board of Trustees adopted a local annual operating budget policy that targeted a yearly general fund balance of fifty percent of the total operating expenditures. Additionally, the policy requires the District to target a yearly minimum, restricted debt service fund balance of ten percent of annual debt service requirements on all outstanding debt issuance. In the current fiscal year, the general fund balance was \$88.6 million, or 56.4 percent of the operating budget. As a result of the District's strong operational performance and solid expenditure flexibility, S&P Global has issued a bond rating of AA+ and Moody's Investors Services, Inc. has issued a bond rating to Aa1, one of the highest among Texas school districts.

Financial Planning. The 86th Texas Legislature passed House Bill 3 (HB 3), one of the most historic and transformative school finance education bills in recent history. The bill provides \$11.6 billion in additional funding for Texas classrooms, increases teacher compensation, and assists in facilitating property tax relief for Texas taxpayers. Additionally, HB 3 requires that all prekindergarten programs for eligible four-year-old students be offered on a full-time basis. On an ongoing basis, the District adjusts future projections as new data becomes available.

INSTRUCTION IS OUR BUSINESS • ACCOUNTABILITY IS OUR RESPONSIBILITY • SUCCESS IS OUR REWARD

"The Business Services vision is to strive to facilitate accountability, transparency and efficiency to benefit the students, parents, staff and taxpayers of Deer Park ISD"

Awards and Acknowledgements

The TEA has awarded the District an “A=Superior” rating for the fiscal year ended June 30, 2024. This is the 22nd year of the State’s Financial Integrity Rating System of Texas (School FIRST), originally developed in response to Senate Bill 875 of the 76th Texas Legislature. The rating is based upon an analysis of staff and student data reported for the 2022-2023 school year and budgetary and actual financial data for the fiscal year ended June 30, 2023. The primary goal of School FIRST is to ensure quality performance in the management of school districts’ financial resources, a goal made more significant due to the complexity of accounting associated with the Texas school finance system.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Business Services Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Trustees for their unfailing support for maintaining the highest standards of professionalism in the management of the District’s finances. Finally, we would like to thank the residents of the District for their support of and belief in our public-school system, and the teachers and campus teams who provide the quality education for which our District is known.

Respectfully submitted,



Stephen Harrell
Superintendent of Schools



David Edgar, CPA, RTSBA
Assistant Superintendent for Business Services

INSTRUCTION IS OUR BUSINESS • ACCOUNTABILITY IS OUR RESPONSIBILITY • SUCCESS IS OUR REWARD

“The Business Services vision is to strive to facilitate accountability, transparency and efficiency to benefit the students, parents, staff and taxpayers of Deer Park ISD”



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

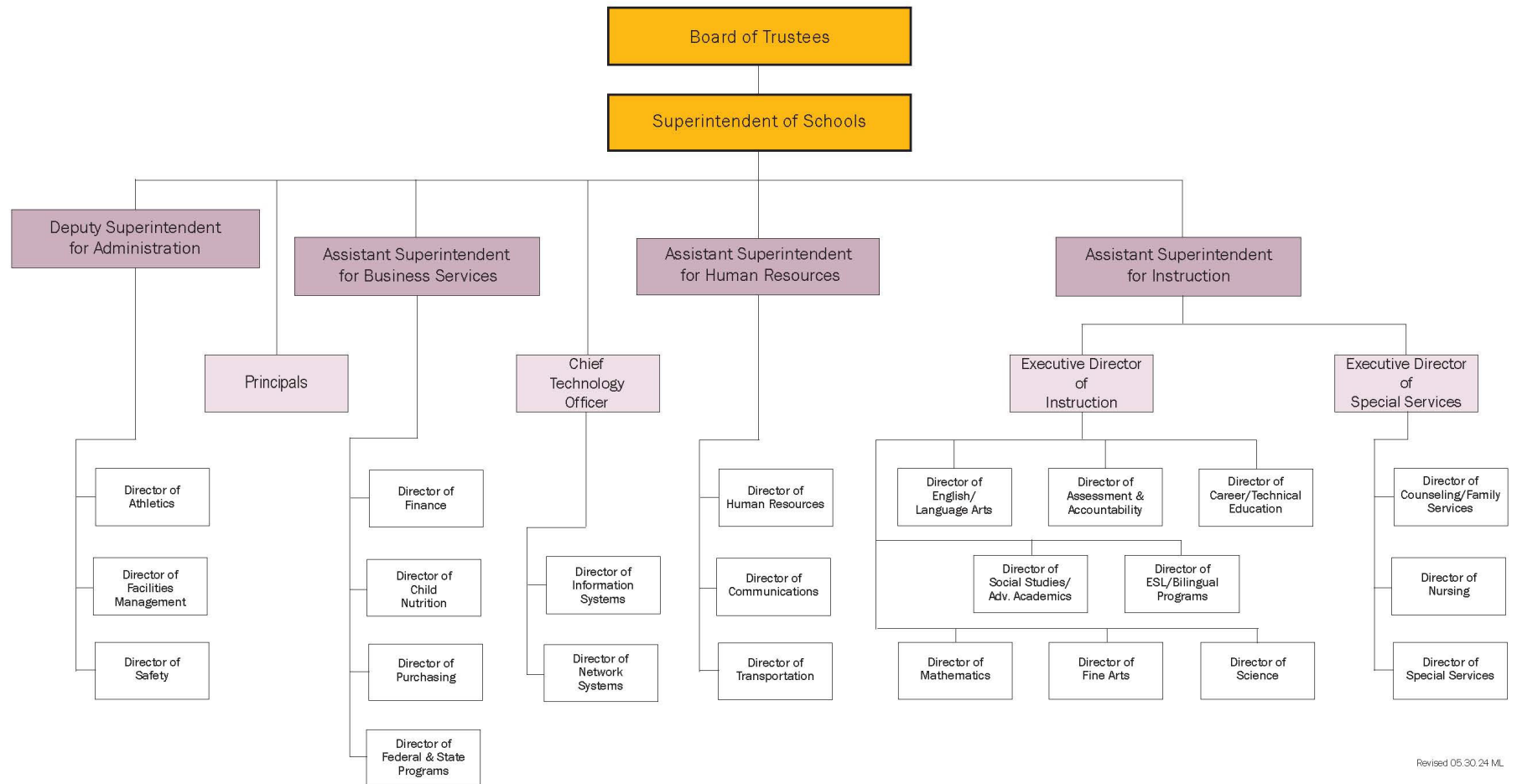
**Deer Park Independent School District
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO



Revised 05/30/24 ML

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Deer Park Independent School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 management's discussion and analysis, budgetary comparison information, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, required Texas Education Agency (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* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

To the Board of Trustees
Deer Park Independent School District

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section, and Schedule L-1 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2024 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.



Houston, Texas
October 21, 2024



DEER PARK INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Deer Park Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024.

Financial Highlights

The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$109,403,660 (net position). Of this amount, \$10,309,422 (unrestricted net position) may be used to meet the District's ongoing obligations to students and creditors.

- The District's total net position decreased by \$244,782 due during the current fiscal year due to decreased operating grants revenues offset by an increase in interest income.
- The District is required to reflect their proportionate share of the pension and other post-employment benefit liabilities and related deferred amounts in the financials. The net pension liability and deferred amounts has a negative effect on net position in the amount of \$39,126,315 and the OPEB liability and deferred amounts has a negative effect on net position in the amount of \$50,928,863. In total, pension and OPEB's negative impact to net position increased by \$2.7 million from the prior fiscal year.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$217,677,190, an increase of \$15,451,130 in comparison with the prior year. The overall increase in governmental fund balances was primarily due to an increase in the capital projects fund balance of \$21,986,383 less the decrease to fund balance of \$7,725,320 in the general fund.
- During the current fiscal year, unassigned fund balance for the general fund is 33 percent of total general fund expenditures.
- The District's total bonded debt increased by \$47,340,000 (15 percent) during the current fiscal year.

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 required 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, deferred outflows, liabilities, and deferred inflows, 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 position 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 years (e.g., uncollected taxes and earned but unused sick leave).

The *government-wide financial statements* (governmental and business-type activities) 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, Social Work 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, Contracted Instructional Services Between Schools, Payments to Juvenile Justice Alternative Education Programs, and Other Governmental Charges. The business-type activities include National School Lunch and School Breakfast Programs.

DEER PARK INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (*continued*)

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 or 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 three categories: governmental funds, proprietary funds, and fiduciary 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 fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains individual governmental funds for general, special revenue, debt service, and capital projects. 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, debt service fund, and the capital projects fund, all of which are considered to be major funds. Data from the other 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 National School Lunch and School Breakfast Programs special revenue fund.

Proprietary Fund

The District maintains two types of proprietary funds. *Internal service funds*, one type of proprietary fund, are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. Because this service predominantly benefits governmental functions, it has been included within *governmental activities* in the government-wide financial statements. Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The District maintains individual internal service funds for workers' compensation insurance coverage, and early childhood extended day care center.

Enterprise funds are used to report activities for which fees are charged to external users for goods or services (business-type activities). The District's enterprise fund is for Child Nutrition services for campuses that do not participate in School Breakfast and National School Lunch Programs. A fee is charged for these services.

Proprietary funds provide essentially the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements are noted in the table of contents of this report.

DEER PARK INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fiduciary Fund

Fiduciary Funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds, the funds use an economic resource measurement focus and accrual basis of accounting. The District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the District's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position as referenced as Exhibits E-1 and E-2, respectively, in 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.

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 current 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. The required supplementary information also includes information related to the District's pension and other post-employment benefit plans.

Other Information

The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$109,403,660 at the close of the most recent fiscal year.

A large portion of the District's net position (\$82,590,803) reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress, right-to-use lease asset, SBITA assets), less any outstanding related debt used to acquire those assets. 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 themselves cannot be used to liquidate these liabilities.

DEER PARK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

As of June 30, 2024, the District's net position included the following:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 257,254,326	\$ 237,787,881	\$ 38,369	\$ 3,399	\$ 257,292,695	\$ 237,791,280
Capital and non current assets	397,970,347	362,495,388	-	-	397,970,347	362,495,388
Total Assets	655,224,673	600,283,269	38,369	3,399	655,263,042	600,286,668
Deferred Outflows of Resources	45,028,578	35,416,929	-	-	45,028,578	35,416,929
Current liabilities	39,783,305	33,587,708	60,387	-	39,843,692	33,587,708
Long term liabilities	501,372,378	438,160,469	-	-	501,372,378	438,160,469
Total Liabilities	541,155,683	471,748,177	60,387	-	541,216,070	471,748,177
Deferred Inflows of Resources	49,693,908	54,303,579	-	-	49,693,908	54,303,579
Net Position:						
Net investment in capital assets	82,590,803	71,781,617	-	-	82,590,803	71,781,617
Restricted	16,481,417	15,811,876	-	3,399	16,481,417	15,815,275
Unrestricted	10,331,440	22,054,949	(22,018)	-	10,309,422	22,054,949
Total Net Position	\$ 109,403,660	\$ 109,648,442	\$ (22,018)	\$ 3,399	\$ 109,381,642	\$ 109,651,841

Net position is restricted for various purposes as follows:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Federal and state programs	\$ 406,907	\$ 15,603	\$ -	\$ -	\$ 406,907	\$ 15,603
Food service	3,069,666	3,480,440	-	3,399	3,069,666	3,483,839
Debt service	13,004,844	12,315,833	-	-	13,004,844	12,315,833
	\$ 16,481,417	\$ 15,811,876	\$ -	\$ 3,399	\$ 16,481,417	\$ 15,815,275

The balance of unrestricted net position (\$10,309,422) may be used to meet the District's ongoing obligations to students and creditors. At the end of the current fiscal year, the District reports positive balances in all three categories of net position.

DEER PARK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program Revenues						
Charges for services	\$ 4,406,851	\$ 4,481,309	\$ 1,160,600	\$ 1,076,677	\$ 5,567,451	\$ 5,557,986
Operating grants	21,292,845	31,584,242	-	-	21,292,845	31,584,242
General Revenues						
Property taxes	138,735,963	145,077,961	-	-	138,735,963	145,077,961
State Aid - Formula Grants	28,260,129	20,561,604	-	-	28,260,129	20,561,604
Interest earnings	11,653,354	7,007,131	-	-	11,653,354	7,007,131
Other	4,875,604	6,136,443	-	-	4,875,604	6,136,443
Total Revenues	209,224,746	214,848,690	1,160,600	1,076,677	210,385,346	215,925,367
Expenses						
Instruction	108,657,446	110,693,540	-	-	108,657,446	110,693,540
Instructional resources and media services	2,074,203	2,173,023	-	-	2,074,203	2,173,023
Curriculum and staff development	3,424,083	3,460,718	-	-	3,424,083	3,460,718
Instructional leadership	1,323,141	1,266,863	-	-	1,323,141	1,266,863
School leadership	8,030,637	8,067,793	-	-	8,030,637	8,067,793
Guidance, counseling, and evaluation services	8,492,127	7,794,172	-	-	8,492,127	7,794,172
Social work services	97,545	123,417	-	-	97,545	123,417
Health services	1,380,889	1,309,713	-	-	1,380,889	1,309,713
Student transportation	5,799,720	5,858,393	-	-	5,799,720	5,858,393
Food service	7,463,721	6,843,565	-	-	7,463,721	6,843,565
Extracurricular activities	3,971,940	4,158,137	-	-	3,971,940	4,158,137
General administration	7,511,442	7,303,760	-	-	7,511,442	7,303,760
Facilities maintenance and operations	20,568,587	18,077,862	-	-	20,568,587	18,077,862
Security and monitoring services	2,788,538	2,218,104	-	-	2,788,538	2,218,104
Data processing services	4,521,488	5,493,568	-	-	4,521,488	5,493,568
Community services	318,464	282,339	-	-	318,464	282,339
Interest on long-term debt	15,366,453	13,830,359	-	-	15,366,453	13,830,359
Facilities Planning	12,334	58,622	-	-	12,334	58,622
Contracted instructional services between schools	4,997,346	8,891,709	-	-	4,997,346	8,891,709
Payments related to shared services arrangements	1,199,748	1,373,282	-	-	1,199,748	1,373,282
Payments to Juvenile Justice Alternative						
Education Programs	149,625	148,014	-	-	149,625	148,014
Other intergovernmental charges	1,320,051	1,230,475	-	-	1,320,051	1,230,475
Food service	-	-	1,186,017	1,073,278	1,186,017	1,073,278
Total Expenses	209,469,528	210,657,428	1,186,017	1,073,278	210,655,545	211,730,706
Increase (Decrease) in Net Position	(244,782)	4,191,262	(25,417)	3,399	(270,199)	4,194,661
Beginning Net Position	109,648,442	105,384,294	3,399	-	109,651,841	105,384,294
Prior period adjustment	-	72,886	-	-	-	72,886
Ending Net Position	\$ 109,403,660	\$ 109,648,442	\$ (22,018)	\$ 3,399	\$ 109,381,642	\$ 109,651,841

The District's net position decreased by \$244,782 during the current fiscal year due to decreased operating grants revenues offset by an increase in interest income.

DEER PARK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental Activities

Governmental activities decreased the District's net position by \$244,782. Revenues are generated primarily from three sources. Property taxes, state-aid formula grants, and operating grants and contributions represent of total revenues. The remaining is generated from charges for services, investment earnings, and miscellaneous revenues.

	Total Revenues	% of Total Revenues
Property taxes	\$ 138,735,963	66%
State Aid - Formula Grants	28,260,129	14%
Operating grants and contributions	21,292,845	10%
Charges for services	4,406,851	2%
Other revenue	16,528,958	8%
Total Revenues	\$ 209,224,746	100%

The primary functional expenses of the District are instruction and facilities maintenance and operations, which represent 62% of total expenses. The remaining individual functional categories of expenses are each less than 10 percent of total expenses.

	Total Expenses	% of Total Expenses
Instruction	\$ 108,657,446	52%
Facilities maintenance and operations	20,568,587	10%
Other expenses	80,243,495	38%
Total Expenses	\$ 209,469,528	100%

Business-type Activities

Business-type activities decreased the District's net position by \$25,417.

Financial Analysis of the Government's Funds

As noted earlier, the District uses fund 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 \$217,677,190, an increase of \$15,451,130 in comparison with the prior fiscal year. The increase in ending governmental fund balances is primarily due to the issuance of capital-related bonds during the year.

The *general fund* is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$52,551,718, while total fund balance reached \$88,613,101. 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 33 percent of total general fund expenditures, while total fund balance represents 56 percent of that same amount. The fund balance of the District's general fund decreased by \$7,725,320 primarily due to decreased property tax revenues and federal revenue related to conclusion of the COVID-19 ESSER grant.

DEER PARK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The *debt service fund* has a total fund balance of \$17,287,634, 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 \$1,351,184 was a result of increased tax collections based on increased taxable assessed values.

The *capital projects fund* has a total fund balance of \$106,834,766, all of which is restricted for authorized construction and technology projects/enhancements. The increase in fund balance during the current year of \$21,986,383 was due to a bond sale during the year that increased cash reserves.

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		Actual	Variance with
	Original	Final Amended		Final Budget
Total revenues	\$ 156,501,078	\$ 149,289,865	\$ 147,584,640	\$ (1,705,225)
Total expenditures	162,770,344	163,088,285	157,024,750	6,063,535
Total other financing sources (uses)	-	1,700,500	1,714,790	14,290
Net Change in Fund Balance	\$ (6,269,266)	\$ (12,097,920)	\$ (7,725,320)	\$ 4,372,600

The review of the final amended budget versus actual for the general fund reflected that revenues were less than budgetary estimates, primarily due to less than anticipated property tax revenues. Expenditures were less than budgetary estimates primarily due to less than anticipated expenditures in instruction and general administration expenditures.

Capital Assets and Long-term Liabilities

Capital Assets

The District's investment in capital assets for its governmental type activities as of June 30, 2024, includes land, buildings and improvements, furniture and equipment, right-to-use lease assets, SBITA assets and construction in progress. The investment in capital assets for the current fiscal year was \$391,729,229. The following table summarizes the investment in capital assets as of June 30, 2024 and 2023.

	2024	2023
Land	\$ 20,764,727	\$ 19,694,242
Buildings and improvements	514,952,605	506,119,982
Furniture and equipment	69,037,496	52,139,461
Right-to-use lease assets	-	3,179,846
SBITA assets	1,644,266	1,301,180
Construction in progress	29,459,645	1,573,384
Total	635,858,739	584,008,095
Accumulated depreciation/amortization	(244,129,510)	(227,383,995)
Net Capital Assets	\$ 391,729,229	\$ 356,624,100

During the year the District terminated its lease for the right to use vehicles early and purchased the vehicle fleet, resulting in a loss on early termination of \$245,346. Additionally, the District paid off early the lease for the use of District wide copy machines and purchased the copiers for \$1 dollar. This resulted in a \$408,875 gain on termination of lease.

Additional information on the District's capital assets can be found in the notes to the financial statements (Note 4 – Capital Assets).

DEER PARK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Long-term Debt

At the end of the current fiscal year, the District had \$373,125,000 in bonded debt outstanding, an increase of \$47,340,000 over the previous year. The District's bonds are sold with an "AAA" rating and are guaranteed through the Texas Permanent School Fund Guarantee Program. The underlying rating of the bonds from Standard and Poor's is "Aa+" and from Moody's Investors Service is "Aa1" for general obligation debt.

Changes in general obligation bonds, for the year ended June 30, 2024, are as follows:

	Outstanding 07/01/23	Issued	Retired	Outstanding 06/30/24
General Obligation Bonds	\$ 325,785,000	\$ 67,995,000	\$ (20,655,000)	\$ 373,125,000
Leases	1,699,434	-	(1,699,434)	-
SBITAs	898,292	-	(521,681)	376,611
	<u>\$ 328,382,726</u>	<u>\$ 67,995,000</u>	<u>\$ (22,876,115)</u>	<u>\$ 373,501,611</u>

The District's total debt increased by \$45,118,885 (13.7%) during the current fiscal year. The reasons for the overall increase resulted from the District issuance of Unlimited Tax School Building Bonds, Series 2023, in the amount of \$67,995,000 with a premium of \$2,604,501 at an interest rate of 5%. The proceeds will be used for the construction, acquisition and equipment of school buildings, renovations to existing facilities, the purchase of technology, the purchase of necessary sites for school buildings, and the purchase of school buses.

Additional information on the District's long-term liabilities can be found in the notes to the financial statements (Note 7 – Long-term Liabilities).

Economic Factors and Next Year's Budgets and Rates

- Certified taxable values for 2024 are \$13.42 billion which is a decrease from the 2023 certified value of \$13.76 billion. Single family home values have increased as the average taxable residential value has increased from \$120,915 in the 2023/24 fiscal year to \$122,377 for the 2024/25 fiscal year.
- The tax rate for 2023/2024 was \$0.8513 for M&O and \$0.27 for I&S for a total tax rate of \$1.1213. The tax rate for 2024/2025 is \$0.8513 for M&O and \$0.27 for I&S for a total tax rate of \$1.1213 which is the same as last year.
- Total expenditures per student in the District's General Fund (100) were \$12,896 for 2023/2024 and are projected to be \$13,012 for 2024/25.
- The District has four fully executed Chapter 313 Agreements. The Chapter 313 Agreements limit the taxable value of these projects at \$80 million for M&O tax purposes, these projects are fully taxable for I&S purposes, and the companies pay a portion of the tax savings to the District. These payments are not subject to Chapter 41 (now 49) or 'recapture'.
- The total Deer Park ISD adopted budget for all funds for 2024/2025 is \$205,138,024 (M&O: \$157,731,593, I&S: \$37,723,406, and Child Nutrition: \$9,683,025).

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 Chief Financial Officer, David Edgar at the District's Business Office at Deer Park Independent School District, 2800 Texas Avenue, Deer Park, TX 77536, by phone at (832) 668-7035 or by e-mail at dedgar@dpisd.org.

BASIC FINANCIAL STATEMENTS

DEER PARK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

Exhibit A-1

Data Control Codes		Governmental Activities	Business-type Activities	Total
Assets				
1110	Cash and cash equivalents	\$ 195,946,090	\$ 38,369	\$ 195,984,459
1120	Current investments	41,615,535	-	41,615,535
1225	Property taxes receivables, net	8,479,893	-	8,479,893
1240	Due from other governments	6,793,137	-	6,793,137
1290	Other receivables, net	18,176	-	18,176
1300	Inventories	831,527	-	831,527
1410	Prepaid items	3,569,968	-	3,569,968
	Capital assets not subject to depreciation:			
1510	Land	20,764,727	-	20,764,727
1580	Construction in progress	29,459,645	-	29,459,645
	Capital assets net of depreciation/amortization:			
1520	Buildings and improvements	304,705,534	-	304,705,534
1530	Furniture and equipment	35,990,991	-	35,990,991
1550	Right to use assets	808,332	-	808,332
1910	Long-term investments	6,241,118	-	6,241,118
1000	Total Assets	655,224,673	38,369	655,263,042
Deferred Outflows of Resources				
	Deferred outflows - pension	27,645,028	-	27,645,028
	Deferred outflows - OPEB	17,383,550	-	17,383,550
1700	Total Deferred Outflows of Resources	45,028,578	-	45,028,578
Liabilities				
2110	Accounts payable	9,463,654	135	9,463,789
2140	Interest payable	6,152,257	-	6,152,257
2150	Payroll deductions and withholdings	2,545,018	60,252	2,605,270
2160	Accrued wages payable	14,877,034	-	14,877,034
2180	Due to other governments	5,010,230	-	5,010,230
2200	Accrued expenses	1,627,500	-	1,627,500
2300	Unearned revenue	107,612	-	107,612
	Noncurrent Liabilities:			
	Due within one year:			
2501	Bonds, SBITAs, compensated absences	21,175,949	-	21,175,949
	Due in more than one year:			
2502	Bonds, SBITAs, compensated absences	389,093,010	-	389,093,010
2540	Net pension liability	63,618,073	-	63,618,073
2545	Net OPEB liability	27,485,346	-	27,485,346
2000	Total Liabilities	541,155,683	60,387	541,216,070
Deferred Inflows of Resources				
	Deferred inflows - gain on refunding	5,713,571	-	5,713,571
	Deferred inflows - pension	3,153,270	-	3,153,270
	Deferred inflows - OPEB	40,827,067	-	40,827,067
2600	Deferred Inflows of Resources	49,693,908	-	49,693,908
Net Position				
3200	Net investment in capital assets	82,590,803	-	82,590,803
	Restricted for:			
3820	Federal and state programs	406,907	-	406,907
3850	Debt service	13,004,844	-	13,004,844
3890	Food service	3,069,666	-	3,069,666
3900	Unrestricted	10,331,440	(22,018)	10,309,422
3000	Total Net Position	\$ 109,403,660	\$ (22,018)	\$ 109,381,642

DEER PARK INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

Exhibit B-1

Data Control Codes	Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
	Governmental Activities:						
11	Instruction	\$ 108,657,446	\$ 2,462,972	\$ 9,772,228	\$ (96,422,246)	\$ -	\$ (96,422,246)
12	Instructional resources and media services	2,074,203	119,513	42,744	(1,911,946)	-	(1,911,946)
13	Curriculum and staff development	3,424,083	2,579	897,602	(2,523,902)	-	(2,523,902)
21	Instructional leadership	1,323,141	-	43,109	(1,280,032)	-	(1,280,032)
23	School leadership	8,030,637	4,983	256,727	(7,768,927)	-	(7,768,927)
31	Guidance, counseling, and evaluation services	8,492,127	-	720,447	(7,771,680)	-	(7,771,680)
32	Social work services	97,545	-	1,968	(95,577)	-	(95,577)
33	Health services	1,380,889	-	918,788	(462,101)	-	(462,101)
34	Student transportation	5,799,720	-	105,400	(5,694,320)	-	(5,694,320)
35	Food service	7,463,721	1,614,821	4,621,401	(1,227,499)	-	(1,227,499)
36	Extracurricular activities	3,971,940	30,250	73,930	(3,867,760)	-	(3,867,760)
41	General administration	7,511,442	-	301,726	(7,209,716)	-	(7,209,716)
51	Facilities maintenance and operations	20,568,587	171,733	588,860	(19,807,994)	-	(19,807,994)
52	Security and monitoring services	2,788,538	-	4,624	(2,783,914)	-	(2,783,914)
53	Data processing services	4,521,488	-	249,057	(4,272,431)	-	(4,272,431)
61	Community services	318,464	-	164,180	(154,284)	-	(154,284)
72	Interest on long-term debt	15,366,453	-	1,927,354	(13,439,099)	-	(13,439,099)
81	Facilities planning	12,334	-	-	(12,334)	-	(12,334)
91	Contracted instructional services between schools	4,997,346	-	-	(4,997,346)	-	(4,997,346)
93	Payments related to shared services arrangements	1,199,748	-	602,700	(597,048)	-	(597,048)
95	Payments to Juvenile Justice Alternative Education Programs	149,625	-	-	(149,625)	-	(149,625)
99	Other intergovernmental charges	1,320,051	-	-	(1,320,051)	-	(1,320,051)
TG	Total Governmental Activities	<u>\$ 209,469,528</u>	<u>\$ 4,406,851</u>	<u>\$ 21,292,845</u>	<u>(183,769,832)</u>	<u>-</u>	<u>(183,769,832)</u>
	Business-Type Activities:						
01	Food service	1,186,017	1,160,600	-	-	(25,417)	(25,417)
TB	Total Business-Type Activities	<u>1,186,017</u>	<u>1,160,600</u>	<u>-</u>	<u>-</u>	<u>(25,417)</u>	<u>(25,417)</u>
TP	Total Primary Government	<u>\$ 210,655,545</u>	<u>\$ 5,567,451</u>	<u>\$ 21,292,845</u>	<u>(183,769,832)</u>	<u>(25,417)</u>	<u>(183,795,249)</u>
	General Revenues:						
	Taxes:						
MT	Property taxes, levied for general purposes				103,657,404	-	103,657,404
DT	Property taxes, levied for debt service				35,078,559	-	35,078,559
SF	State-aid formula grants				28,260,129	-	28,260,129
IE	Investment earnings				11,653,354	-	11,653,354
MI	Miscellaneous				4,875,604	-	4,875,604
TR	Total General Revenues				<u>183,525,050</u>	<u>-</u>	<u>183,525,050</u>
CN	Change in net position				(244,782)	(25,417)	(270,199)
NB	Net Position - Beginning				<u>109,648,442</u>	<u>3,399</u>	<u>109,651,841</u>
NE	Net Position - Ending				<u>\$ 109,403,660</u>	<u>\$ (22,018)</u>	<u>\$ 109,381,642</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024
Exhibit C-1

Data Control Codes	General Fund	Debt Service	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets					
1110 Cash and cash equivalents	\$ 51,867,669	\$ 16,861,240	\$ 117,883,353	\$ 5,269,181	\$ 191,881,443
1120 Investments	41,615,535	-	-	-	41,615,535
Receivables:					
1220 Property taxes - delinquent	9,459,918	2,482,721	-	-	11,942,639
1230 Allowance for uncollectible taxes (credit)	(2,849,492)	(613,254)	-	-	(3,462,746)
1240 Due from other governments	4,796,028	425,677	-	1,571,432	6,793,137
1260 Due from other funds	2,025,724	717	-	3,507	2,029,948
1290 Other receivables	18,176	-	-	-	18,176
1300 Inventories, at cost	717,530	-	-	113,997	831,527
1410 Prepaid items	3,343,853	-	221,027	4,953	3,569,833
1900 Long-term investments	6,241,118	-	-	-	6,241,118
1000 Total Assets	\$ 117,236,059	\$ 19,157,101	\$ 118,104,380	\$ 6,963,070	\$ 261,460,610
Liabilities, Deferred Inflows of resources, and Fund Balances					
Liabilities					
2110 Accounts payable	\$ 484,448	\$ -	\$ 8,761,204	\$ 217,842	\$ 9,463,494
2150 Payroll deductions and withholdings	2,545,018	-	-	-	2,545,018
2160 Accrued wages payable	13,950,408	-	-	873,179	14,823,587
2170 Due to other funds	1,516	-	1,134,136	843,660	1,979,312
2180 Payable to other governments	4,989,542	-	-	20,688	5,010,230
2200 Accrued expenditures	-	-	1,374,274	-	1,374,274
2300 Unearned revenue	41,600	-	-	66,012	107,612
2000 Total Liabilities	22,012,532	-	11,269,614	2,021,381	35,303,527
Deferred Inflows of Resources					
Unavailable revenues - property taxes	6,610,426	1,869,467	-	-	8,479,893
2600 Deferred Inflows of Resources	6,610,426	1,869,467	-	-	8,479,893
Fund Balances					
Non-Spendable:					
3410 Inventories	717,530	-	-	-	717,530
3430 Prepaid items	3,343,853	-	-	4,943	3,348,796
Restricted:					
3450 Federal/State grant restrictions	-	-	-	3,240,463	3,240,463
3470 Capital acquisitions and contractual obligations	-	-	106,834,766	-	106,834,766
3480 Retirement of funded indebtedness	-	17,287,634	-	-	17,287,634
Committed:					
3510 Construction	3,000,000	-	-	-	3,000,000
3530 Capital expenditures for equipment	4,000,000	-	-	-	4,000,000
3545 Other purposes	25,000,000	-	-	1,696,283	26,696,283
Assigned:					
3600 Unassigned	52,551,718	-	-	-	52,551,718
3000 Total Fund Balances	88,613,101	17,287,634	106,834,766	4,941,689	217,677,190
4000 Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 117,236,059	\$ 19,157,101	\$ 118,104,380	\$ 6,963,070	\$ 261,460,610

DEER PARK INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO
STATEMENT OF NET POSITION
June 30, 2024

Exhibit C-1R

Data Control Codes	Total Fund Balance, Governmental Funds	\$ 217,677,190
	Amounts reported for governmental activities in the statement of net position are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation/amortization, where applicable.	391,729,229
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	8,479,893
3	Deferred gain on refunding	(5,713,571)
4	Deferred inflows and outflows related to pension activities	24,491,758
5	Deferred inflows and outflows related to OPEB activities	(23,443,517)
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
6	General obligation bonds	(373,125,000)
7	Premiums on issuance	(36,758,010)
9	SBITA payable	(376,611)
10	Accrued compensated absences	(9,338)
11	Accrued interest payable	(6,152,257)
12	Net pension liability	(63,618,073)
13	Net OPEB liability	(27,485,346)
14	Addition of Internal Service fund net position	<u>3,707,313</u>
19	Total Net Position-Governmental Activities	<u><u>\$ 109,403,660</u></u>

DEER PARK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit C-2

Data Control Codes		General Fund	Debt Service	Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
5700	Local, intermediate, and out-of-state	\$ 109,393,513	\$ 35,320,634	\$ 10,294,382	\$ 4,207,686	\$ 159,216,215
5800	State program revenues	36,478,183	1,927,354	-	1,875,129	40,280,666
5900	Federal program revenues	1,712,944	-	-	10,105,645	11,818,589
5020	Total Revenues	147,584,640	37,247,988	10,294,382	16,188,460	211,315,470
Expenditures						
Current:						
0011	Instruction	88,646,175	-	7,897,919	7,494,099	104,038,193
0012	Instruction resources and media services	1,398,003	-	112,484	119,110	1,629,597
0013	Curriculum and instructional staff development	2,668,205	-	-	763,261	3,431,466
0021	Instructional leadership	1,329,349	-	-	-	1,329,349
0023	School leadership	8,052,186	-	-	12,192	8,064,378
0031	Guidance, counseling and evaluation services	8,080,020	-	-	409,880	8,489,900
0032	Social work services	97,844	-	-	-	97,844
0033	Health services	1,350,846	-	-	-	1,350,846
0034	Student transportation	4,993,179	-	1,561,832	-	6,555,011
0035	Food services	-	-	769,031	6,575,477	7,344,508
0036	Extracurricular activities	3,397,763	-	366,698	-	3,764,461
0041	General administration	4,821,648	-	585,816	-	5,407,464
0051	Facilities maintenance and operations	19,154,683	-	2,800,350	2,800	21,957,833
0052	Security and monitoring services	2,416,986	-	335,556	1,000	2,753,542
0053	Data processing services	2,828,950	-	5,107,893	196,093	8,132,936
0061	Community services	166,291	-	-	153,753	320,044
Debt service:						
0071	Principal on long-term debt	514,697	20,655,000	954,404	40,432	22,164,533
0072	Interest on long-term debt	21,817	15,221,905	19,483	818	15,264,023
0073	Bond issuance costs and fees	-	19,899	599,502	-	619,401
Capital outlay:						
0081	Facilities acquisition and construction	-	-	37,796,532	-	37,796,532
Intergovernmental:						
0091	Contracted instructional services	4,997,346	-	-	-	4,997,346
0093	Payments related to shared services arrangements	619,086	-	-	580,662	1,199,748
0095	Payments to Juvenile Justice Alt. Ed. Prgm.	149,625	-	-	-	149,625
0099	Other intergovernmental charges	1,320,051	-	-	-	1,320,051
6030	Total Expenditures	157,024,750	35,896,804	58,907,500	16,349,577	268,178,631
1100	Excess (deficiency) of revenues over expenditures	(9,440,110)	1,351,184	(48,613,118)	(161,117)	(56,863,161)
Other Financing Sources (Uses)						
7911	Capital-related debt issued (regular bonds)	-	-	67,995,000	-	67,995,000
7915	Transfers in	1,714,790	-	-	-	1,714,790
7916	Premium or discount on issuance of bonds	-	-	2,604,501	-	2,604,501
7080	Total Other Financing Sources (Uses)	1,714,790	-	70,599,501	-	72,314,291
1200	Net change in fund balances	(7,725,320)	1,351,184	21,986,383	(161,117)	15,451,130
0100	Fund Balance - July 1 (Beginning)	96,338,421	15,936,450	84,848,383	5,102,806	202,226,060
3000	Fund Balance - June 30 (Ending)	\$ 88,613,101	\$ 17,287,634	\$ 106,834,766	\$ 4,941,689	\$ 217,677,190

DEER PARK INDEPENDENT SCHOOL DISTRICT**Exhibit C-2R**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024**

Data Control Codes		
	Net Change in Fund Balances - Total Governmental Funds (from C-2)	\$ 15,451,130
	Amounts reported for <i>governmental activities</i> in the statement of activities (B-1) are different because:	
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.	
1	Capital outlay	56,150,313
2	Depreciation/amortization	(20,481,173)
3	Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	(14,958)
4	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	718,869
	Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
5	Principal paid on bonds	20,655,000
6	Principal paid on leases	987,852
7	Principal paid on SBITAs	521,681
	Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities and amounts paid to refunding agents are treated as a decrease in long-term liabilities.	
8	Issuance of capital-related bonds	(67,995,000)
9	Premium issued on regular bonds	(2,604,501)
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
10	Increase in interest payable not recognized in fund statements	(924,089)
11	Decrease in long-term portion of accrued compensated absences	1,229
12	Amortization of bond premium	537,731
13	Amortization of deferred loss on refunded bonds	903,329
	The net effect of miscellaneous transactions involving leases and the right-to-use lease assets:	
14	Loss on early termination of lease	(246,346)
15	Gain on early termination of lease	408,875
16	Changes in net pension liabilities and related deferred outflows and inflows of resources	(7,402,868)
17	Changes in net OPEB liabilities and related deferred outflows and inflows of resources	4,693,376
18	Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities (see D-2).	(1,605,232)
	Change in Net Position of Governmental Activities (see B-1)	\$ (244,782)

DEER PARK INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION****PROPRIETARY FUNDS****June 30, 2024****Exhibit D-1**

	Business-type Activities	Governmental Activities
	Food Service Enterprise Fund	Internal Service Funds
Assets		
Current Assets:		
Cash and cash equivalents	\$ 38,369	\$ 4,064,647
Prepaid items	-	135
Total Assets	<u>38,369</u>	<u>4,064,782</u>
Liabilities		
Current Liabilities:		
Accounts payable	135	160
Accrued wages payable	60,252	53,447
Due to other funds	-	50,636
Accrued expenses	-	253,226
Total Liabilities	<u>60,387</u>	<u>357,469</u>
Net Position		
Restricted net position	-	236,110
Unrestricted net position	(22,018)	3,471,203
Total Net Position	<u>\$ (22,018)</u>	<u>\$ 3,707,313</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

Exhibit D-2

	Business-type Activities Food Service Enterprise Fund	Governmental Activities Internal Service Funds
Operating Revenues		
Charges for Services	\$ 1,160,600	\$ 525,186
Total Operating Revenues	<u>1,160,600</u>	<u>525,186</u>
Operating Expenses		
Payroll costs	467,410	402,828
Purchased and contracted services	5,001	3,091
Supplies and materials	704,650	5,487
Claims expense and other operating expenses	8,956	323,820
Total Operating Expenses	<u>1,186,017</u>	<u>735,226</u>
Operating Income (Loss)	<u>(25,417)</u>	<u>(210,040)</u>
Non-Operating Revenues (Expenses)		
Investment earnings	-	319,598
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>319,598</u>
Income(Loss) Before Transfers	<u>(25,417)</u>	<u>109,558</u>
Transfers		
Transfers out	-	(1,714,790)
Total Transfers	<u>-</u>	<u>(1,714,790)</u>
Change in Net Position	(25,417)	(1,605,232)
Net Position - July 1 (Beginning)	<u>3,399</u>	<u>5,312,545</u>
Net Position - June 30 (Ending)	<u>\$ (22,018)</u>	<u>\$ 3,707,313</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2024

Exhibit D-3

	Business-type Activities Food Service Enterprise Fund	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:		
Cash received from customers	\$ 1,160,600	\$ 525,186
Cash receipts (payments) for interfund services provided	-	(946,700)
Cash payments for insurance claims	-	(323,820)
Cash payments to suppliers for goods and services	(718,472)	(9,868)
Cash payments to employees	(407,158)	(480,310)
Net Cash Provided by (Used for) Operating Activities	<u>34,970</u>	<u>(1,235,512)</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers to other funds	-	(1,714,790)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>-</u>	<u>(1,714,790)</u>
Cash Flows from Investing Activities:		
Interest on investments	-	319,598
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>319,598</u>
Net Increase (Decrease) in Cash and Cash Equivalents	34,970	(2,630,704)
Cash and Cash Equivalents at Beginning of Year	3,399	6,695,351
Cash and Cash Equivalents at End of Year	<u>\$ 38,369</u>	<u>\$ 4,064,647</u>
Reconciliation to Balance Sheet		
Cash and Cash Equivalents Per Cash Flow	\$ 38,369	\$ 4,064,647
Cash and Cash Equivalents per Balance Sheet	<u>\$ 38,369</u>	<u>\$ 4,064,647</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:		
Operating Income (Loss)	\$ (25,417)	\$ (210,040)
Change in Assets and Liabilities:		
Decrease (increase) in Interfund Receivables	-	2,664
Decrease (increase) in Prepaid Items	135	(135)
Increase (decrease) in Accounts Payable	-	(1,155)
Increase (decrease) in Interfund Payables	-	(949,364)
Increase (decrease) in Accrued Wages Payable	60,252	19,277
Increase (decrease) in Payroll Withholdings	-	(18,770)
Increase (decrease) in Claims Payable	-	(77,989)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 34,970</u>	<u>\$ (1,235,512)</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION****June 30, 2024****Exhibit E-1**

	Private Purpose Trust Funds	Custodial Fund
Assets		
Cash and cash equivalents	\$ 100,946	\$ 203,937
Receivables:		
Other receivables	5,126	-
Total Assets	\$ 106,072	\$ 203,937
Liabilities		
Accounts payable	\$ 3,702	\$ 1,280
Other accrued expenses	-	20,510
Total Liabilities	\$ 3,702	\$ 21,790
Net Position		
Restricted for individuals	\$ 102,370	\$ 182,147

DEER PARK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2024

Exhibit E-2

	Private Purpose Trust Funds	Custodial Fund
Additions		
Gifts and contributions	\$ 23,275	\$ -
Revenues from student activities	-	121,975
Total Additions	<u>23,275</u>	<u>121,975</u>
Deductions		
Non-operating expenses	45,258	-
Payments for student activities	-	119,626
Total Deductions	<u>45,258</u>	<u>119,626</u>
Change in net position	(21,983)	2,349
Net Position Beginning of Year	<u>124,353</u>	<u>179,798</u>
Net Position End of Year	<u>\$ 102,370</u>	<u>\$ 182,147</u>

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The Deer Park Independent School District (District) is governed by a seven-member Board of Trustees (Board), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Because members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Deer Park Independent School District (the primary government).

Prior to January 1, 2013, the District participated in a self-funded health plan. The Deer Park Independent School District Medical Insurance Plan (the "Plan") was supervised by Trustees selected by the District. For financial reporting purposes, the Plan is reported as if it were part of the District's operations because its purpose is to provide benefits exclusively for the District. Although discontinued, the Plan's financial statements are included in the District's internal service funds, which are blended with other governmental activities in the government-wide financial statements, and will continue to be reported as such until it is determined that no runoff medical claims exist.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The fiduciary fund financial statements reflect the District's custodial fund and private purpose trust fund. The private purpose trust fund reports using the economic resources measurement focus and the accrual basis of accounting. The custodial fund uses the economic resources measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease and subscription-based technology arrangements (SBITA) liabilities, as well as expenditures related to compensated absences, and claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right-to-use assets and SBITA assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and SBITAs are reported as other financing sources.

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

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.
- The *capital projects fund* is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction and technology projects/enhancements.

Non-major governmental funds of the District include federal, state, and local grant funds accounted for as *special revenue funds* as well as the District's campus activity fund.

The District reports the following nonmajor enterprise fund:

- The Food Service Enterprise Fund is used to account for child nutrition services for campuses that do not participate in School Breakfast and National School Lunch programs.

Additionally, the District reports the following fund types:

- The *internal service fund* is a type of proprietary fund which accounts for workers' compensation and health services provided to other funds and/or employees of the District on a cost reimbursement basis. In addition, the internal service fund accounts and the District's extended day care program.
- The *custodial fund* is used to account for resources held in custodial capacity by the District and consists of funds that are the property of students or others.
- The *private purpose trust fund* is a type of fiduciary fund that is used to report all trust arrangements, other than those properly recorded in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, and other governments. The District accounts for employee scholarships and student loans in a private purpose trust fund.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to students or users for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and investment income.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to the funds and/or employees services related to the activity of the individual funds. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Implementation of New Accounting Standards

GASB issued Statement No. 99, *Omnibus 2022*, in April 2022. This Statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements of this statement had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The remaining requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*, in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

GASB issued Implementation Guide 2021-1, *Implementation Guidance Update – 2021*, in May 2021. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirement, an amendment to Question 7.9.8 in Implementation Guide 2015-1 effective for reporting periods beginning after June 15, 2023, requires governments to capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. The requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Implementation of New Accounting Standards (continued)

GASB issued Implementation Guide 2023-1, *Implementation Guidance Update – 2023*, in June 2023. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This Implementation Guide amends Implementation Guide No. 2019-3, *Leases*, Question 4.16, and Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, Question 4.13. The requirements of this Implementation Guide are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this Implementation Guide were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

E. Deposits and Investments

Investments for the District are reported at fair value. The funds of the District must be deposited and invested under the terms of a depository contract, the contents of which are set out in the Depository Contract Law. The depository bank may either place approved pledged securities for safekeeping and trust with the District's agent bank or file a corporate surety bond 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 FDIC insurance. The depository cash balances were covered by FDIC insurance and by collateral held by the District's agent in the District's name. The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: 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. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79 *Certain Investment Pools and Pool Participants*.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property tax receivables include unpaid property taxes at year-end and are shown net of an allowance for uncollectable taxes. Allowances for uncollectible taxes receivable are based on the District's historical experience in collecting property taxes. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements. Property values are determined by the Harris County Appraisal District as of January 1 of each year. Prior to July 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Reference the J-1 Schedule for current year tax rates, total adjusted levy, and net assessed/appraised values for school purposes for the fiscal year. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1.

Note 1 - Summary of Significant Accounting Policies (continued)

G. Inventories and Prepaid Items

Inventories consisting of supplies and materials are valued at weighted average cost and they include maintenance, transportation, office and instructional supplies, and food service commodities. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Food service commodity inventory is recorded at fair value on the date received. Commodities are recognized as revenues in the period received when all the eligibility requirements are met. Commodity inventory items are recorded as expenditures when distributed to user locations. A portion of fund balance is classified as non-spendable to reflect minimum inventory quantities considered necessary for the District's continuing operations. If there is a constraint on how the eventual proceeds can be spent, the fund balance is classified to reflect that constraint (restricted, committed, or assigned), rather than included as part of nonspendable fund balance.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, furniture and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost that equals or exceeds \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed (except for intangible right-to-use lease assets). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings and improvements, and furniture and equipment of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	60
Building improvements	Remaining life of building or 30 years, whichever is less
Furniture and equipment	10
Information systems (computer equipment)	7
Automobiles and trucks	10
Buses and heavy equipment	15
Right-to-use lease assets	Shorter of the lease term or the useful life of the underlying asset as defined above
SBITA assets	Subscription term

I. Compensated Absences

Compensated absences are absences for which employees will be paid, such as sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

Note 1 - Summary of Significant Accounting Policies (continued)

I. Compensated Absences (continued)

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in long-term liabilities on the statement of net position.

J. Long-term Obligations

The District's long-term obligations consist of bonded indebtedness, health insurance, workers' compensation, leases, SBITAs and compensated absences. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund.

The current requirements for workers' compensation and compensated absences are accounted for in governmental activities. The requirements for workers' compensation insurance are accounted for in the internal service fund.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. These items are deferred amounts related to pension, and deferred amounts related to OPEB. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The deferred gain on refunding resulted from the difference between 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. In the government-wide financial statements the District reports deferred amounts related to leases and deferred amounts related to pension and OPEB.

Note 1 - Summary of Significant Accounting Policies (continued)

L. Pensions

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

M. Other Post-Employment Benefits

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

N. Fund Balance

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

The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, the inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1).

Restricted fund balance – amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors. The fund balances for the Debt Service Fund, Capital Projects Fund, Child Nutrition Fund and other grant funds are classified as restricted.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The District has assigned fund balances for encumbrances (See Note 1-O).

Unassigned fund balance – amounts that are available for any purpose. Positive numbers are reported only in the general fund.

Note 1 - Summary of Significant Accounting Policies (continued)

N. Fund Balance (continued)

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Per Policy CE local, assigned fund balance amounts are established by the Superintendent or his designee. 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.

O. Encumbrances

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed (executory contracts) and are used to control expenditures for the period and to enhance cash management. A school district often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means when a purchase order is prepared, the appropriate account is checked for available funds.

If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources.

Prior to the end of the fiscal year, every effort should be made to liquidate outstanding encumbrances. When encumbrances are outstanding at fiscal year-end, the school district likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, as noted earlier, outstanding encumbrances are not considered expenditures for the current period. If the school district allows encumbrances to lapse, even though it plans to honor the encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually re-appropriated in the following year's budget. Open encumbrances at year-end are included in restricted, committed, or assigned fund balance, as appropriate.

P. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Financial Accountability System Resource Guide. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

Q. Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

R. Leases

Lessee: The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

Note 1 - Summary of Significant Accounting Policies (continued)

R. Leases (continued)

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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

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

S. Subscription-Based Information Technology Arrangements (SBITAs)

The District is under contract for various SBITAs for the right-to-use subscription assets (software). The SBITAs are noncancellable, and the District recognizes a SBITA liability and an intangible right to use SBITA asset in the government-wide financial statements. The District recognizes SBITA liabilities with an initial, individual value of \$100,000 or more.

At the commencement of the SBITA, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the sum of (1) the initial SBITA liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Key estimates and judgments related to SBITA include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Note 2 - Deposits and Investments

Cash Deposits: The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities are approved by the Texas Education Agency and shall be 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. The District's cash deposits at June 30, 2024 of \$10,365,968 were fully collateralized by FDIC insurance held by the District's agent in the name of the District in accordance with Texas Government Code, Chapter 2257, Public Funds Collateral Act and the District's Investment Policy. The carrying amount of the deposits as of June 30, 2024 is reported in the financial statements is \$10,245,936.

Investments: The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, collateralized mortgage obligations, no-load money market mutual funds, certain municipal securities, qualified commercial paper, repurchase agreements, or investment pools.

At June 30, 2024, the fair value of the investments reported in the financial statements, including those considered cash equivalents, is as follows:

Governmental funds	\$ 230,077,526
Internal service funds	3,676,220
Fiduciary funds	<u>107,944</u>
Total Investments	<u><u>\$ 233,861,690</u></u>

Local Government Investment Pools

For the year ended June 30, 2024, the District invested in the State of Texas TexPool, the Local Government Investment Cooperative (Logic), Lone Star, and MBIA Texas Class Investment Pool.

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully-collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer. The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool operates in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940.

TexPool uses amortized cost to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the District's investments in TexPool are stated at cost, which approximates fair value. TexPool is currently rated AAAM by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

Note 2 - Deposits and Investments (continued)

Local Government Investment Pools (continued)

Lone Star Investment Pool (LSIP) is a Texas public investment pool sponsored by the Texas Association of School Boards (TASB) for investment of funds by state and local government entities, primarily local school districts. The Board has entered into an agreement with First Public, LLC (First Public), a Texas limited liability company and a member of the National Association of Securities Dealers, Securities Investor Protection Corporation, and Municipal Securities Rulemaking Board, pursuant to which First Public serves as administrator of LSIP's operations. American Beacon Advisors, Fort Worth, Texas, and Standish Mellon Asset Management Company, LLC, Pittsburgh, Pennsylvania, provide investment management services to LSIP regarding the investment and reinvestment of the pool's assets. The fund's credit quality is excellent as its portfolio is composed of U. S. government and U. S. agency securities. Investments in LSIP provide for investment in securities with maturities and returns generally greater than money market instruments. LSIP is marked-to-market daily to maintain an accurate net asset value. LSIP is currently rated AAAM by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss. The District's amortized cost in LSIP is the same as the value of the pool shares.

The Local Government Investment Cooperative (Logic) is a "Constant Dollar" net asset value pool and is administered by First Southwest and JP Morgan Chase. Logic maintains three primary goals for investing public funds: safety, liquidity and yield. The District's amortized cost in Logic is the same as the value of the pool shares.

MBIA Texas Class Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered and managed by MBIA Municipal Investors Service Corporation. Wells Fargo Bank N.A. is the custodial bank. The primary objectives of MBIA Texas Class Pool, is to maintain safety of principal while providing participating government entities (Participants) with the highest possible rate of return for invested funds. The District's amortized cost in the MBIA Texas Class Pool is the same as the value of the pool shares.

Securities

The District invests in the Government Obligations Fund (GOIXX) which complies with Rule 2a-7 definition of a government money market fund. It is a money market mutual fund seeking to provide current income consistent with stability of principal by investing in a portfolio of U.S. Treasury and government securities maturing in 397 days or less and repurchase agreements collateralized fully by U.S. Treasury and government securities.

Interest Rate Risk, Credit Risk, and Concentration of Credit Risk: Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 360 days.

State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. The District's investment policy does not require the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Note 2 - Deposits and Investments (continued)

Securities (continued)

In the table below, the District's exposure to interest rate risk, as measured by the segmented time distribution by investment type, at June 30, 2024, is shown along with the credit ratings affecting the credit risk and the concentration of the credit risk:

	Fair Value / Amortized Cost	Investment Maturity in Years		Weighted Average Maturity (Days)	Percentage of Portfolio	S & P Credit Rating
		Less than 1	1-5			
Governmental Activities						
Certificates of Deposit	\$ 34,584,285	\$ 34,584,285	\$ -	13	14.80%	N/A
Local Government Investment Pools:						
Lone Star (Corporate Overnight Plus)	122,685,499	122,685,499	-	52	52.47%	AAAm
MBIA Texas CLASS	36,886,127	36,886,127	-	26	15.78%	AAAm
Logic	20,165,437	20,165,437	-	26	8.63%	AAAm
TexPool Prime	2,516	2,516	-	38	0.00%	AAAm
TX Fit	6,065,706	6,065,706	-	52	2.59%	AAAm
Mutual Funds	91,809	91,809	-	1	0.04%	AAAm
Investment Securities:						
Federal Home Loan Bank	7,141,787	2,674,153	4,467,634	14	3.06%	AAA
US Treasury	6,130,580	4,357,096	1,773,484	7	2.62%	AAA
Total Governmental Activities	<u>\$ 233,753,746</u>	<u>\$ 227,512,628</u>	<u>\$ 6,241,118</u>	<u>38</u>	<u>100.00%</u>	

The investments securities are reported by the District at fair value, while the investment pools are reported at amortized cost. The amount of investment earnings during the year ended June 30, 2024, was \$11,653,354.

The District reports its *local government investment pools* at amortized cost as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. In addition, MBIA Texas Class, Logic, TexPool and Lone Star do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.

The District's certificates of deposit and *mutual funds* are reported at fair value as Level 1 valued using prices quoted in active markets for those investments. The District's investment securities are reported at fair value as Level 2 valued using price data obtained from observed transactions.

Note 3 - Receivables

Receivables as of June 30, 2024, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service	Other Governmental Funds	Fiduciary Funds	Total
Property Taxes	\$ 9,459,918	\$ 2,482,721	\$ -	\$ -	\$ 11,942,639
Due from other governments	4,796,028	425,677	1,571,432	-	6,793,137
Other	18,176	-	-	5,126	23,302
Gross Receivables	14,274,122	2,908,398	1,571,432	5,126	18,759,078
Less allowance for doubtful accounts	(2,849,492)	(613,254)	-	-	(3,462,746)
Net Total Receivables	<u>\$ 11,424,630</u>	<u>\$ 2,295,144</u>	<u>\$ 1,571,432</u>	<u>\$ 5,126</u>	<u>\$ 15,296,332</u>

Note 3 – Receivables (continued)

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the District reported unearned revenues in the governmental funds in the amount of \$107,612 for the overpayment of state aid funding and child nutrition receipts received in advance.

Note 4 - Capital Assets

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

	Balance July 01, 2023	Additions	(Retirements)	Transfers	Balance June 30, 2024
Capital Assets, Not being Depreciated/Amortized:					
Land	\$ 19,694,242	\$ 1,070,485	\$ -	\$ -	\$ 20,764,727
Construction in progress	1,573,384	27,886,261	-	-	29,459,645
Total Capital Assets, Not being Depreciated/Amortized	21,267,626	28,956,746	-	-	50,224,372
Capital Assets, being Depreciated/Amortized					
Buildings and improvements	506,119,982	8,832,623	-	-	514,952,605
Furniture and equipment	52,139,461	17,873,831	(1,622,362)	646,566	69,037,496
Right-to-use lease assets	3,179,846	-	(2,533,280)	(646,566)	-
SBITA assets	1,301,180	487,113	(144,027)	-	1,644,266
Total Capital Assets, being Depreciated/Amortized	562,740,469	27,193,567	(4,299,669)	-	585,634,367
Less Accumulated Depreciation/Amortization for:					
Buildings and improvements	(195,425,678)	(14,821,393)	-	-	(210,247,071)
Furniture and equipment	(30,040,320)	(4,613,589)	1,607,404	-	(33,046,505)
Right-to-use lease assets	(1,487,033)	(497,194)	1,984,227	-	-
SBITA assets	(430,964)	(548,997)	144,027	-	(835,934)
Total Accumulated Depreciation/Amortization	(227,383,995)	(20,481,173)	3,735,658	-	(244,129,510)
Governmental Capital Assets	\$ 356,624,100	\$ 35,669,140	\$ (564,011)	\$ -	\$ 391,729,229

Depreciation and amortization expense was charged to functions/programs of the District as follows:

Function	Depreciation/ Amortization Expense
Instruction	\$ 13,347,870
Instructional resources and media services	455,453
Curriculum and staff development	2,718
Guidance, counseling and evaluation services	47,881
Health services	36,145
Student transportation	811,522
Food Services	893,115
Extracurricular activities	175,596
General administration	2,392,390
Plant maintenance and operations	1,238,001
Security and monitoring services	77,668
Data processing services	1,002,814
	\$ 20,481,173

Note 4 - Capital Assets (continued)

The District's commitments with contractors as of June 30, 2024, was as follows:

Project	Approved Construction Budget	Construction in Progress	Remaining Commitment
CRE8 Architects - CTE WING	\$ 2,142,053	\$ 2,027,321	\$ 114,732
CIVIL SURV LAND SURV - CTE WING SURVEYS	12,575	12,575	-
RABA KISTNER INC - CTE WING FIELD SERVICES	13,900	13,900	-
TOPWATER CONSTRUCTION - SECURITY VESTIBULES IN PASADENA	775,824	358,515	417,309
CRE8 ARCHITECTS - SECURITY VESTIBULES ARCHITECT SERVICES	79,495	91,646	(12,151)
TOPWATER CONSTRUCTION - SOUTH CAMPUS POOL REPAIRS	760,000	368,353	391,647
DUROTECH - CTE WING	33,249,900	26,357,599	6,892,301
TOPWATER CONSTRUCTION - SECURITY VESTIBULES IN DEER PARK	561,187	229,736	331,451
	<u>\$ 37,594,934</u>	<u>\$ 29,459,645</u>	<u>\$ 8,135,289</u>

The calculation of Net Investment in Capital Assets as presented at Exhibit A-1 is as follows:

Capital Assets, Net of Depreciation/Amortization	\$ 391,729,229
Less:	
General obligation bonds	(373,125,000)
Premiums	(36,758,010)
Deferred gain on refundings	(5,713,571)
Subscriptions	(376,611)
Capital-related payables	(10,135,478)
Due to other funds	(1,134,136)
Plus:	
Unspent bond proceeds	117,883,353
Deferred outflow - prepaid	221,027
Net Investment in Capital Assets Per Exhibit A-1	<u>\$ 82,590,803</u>

Note 5 - Interfund Receivables, Payables, and Transfers

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll, warehouse ordering and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds. The composition of interfund balances as of June 30, 2024, is as follows:

	Interfund Receivable	Interfund Payable	Net
General Fund	\$ 2,025,724	\$ 1,516	\$ 2,024,208
Debt Service Fund	717	-	717
Capital Projects Fund	-	1,134,136	(1,134,136)
Nonmajor Governmental Funds	3,507	843,660	(840,153)
Internal Service Funds	-	50,636	(50,636)
Total	<u>\$ 2,029,948</u>	<u>\$ 2,029,948</u>	<u>\$ -</u>

Note 5 - Interfund Receivables, Payables, and Transfers (continued)

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” During the current fiscal year, the District made the following transfer due to excess internal service fund charges accumulated from prior fiscal years.

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Internal Service Fund	General Fund	\$ 1,714,790
		<u>\$ 1,714,790</u>

Note 6 - Compensated Absences and Other Retirement/Sick Leave Benefits

Upon retirement or death of certain employees, the District pays any accrued sick leave in a lump sum cash payment to such employee or the employee’s estate. The value of the accumulated sick leave is determined by the employee’s rate of pay on June 30, 1991 and includes only those hours accumulated as of that date. Individuals employed after June 30, 1991, are not eligible to receive the lump sum payments. The following summarizes the District’s liability and the changes for the year:

	<u>Balance</u>		<u>Deductions -</u>	<u>Balance</u>
	<u>July 1, 2023</u>	<u>Additions</u>	<u>Payments to</u>	<u>June 30, 2024</u>
			<u>Participants</u>	
Compensated absences payable	\$ 10,567	\$ -	\$ (1,229)	\$ 9,338

Note 7 - Long-term Liabilities

The District has entered into a continuing disclosure undertaking to provide annual reports and material event notices to the State Information Depository of Texas through the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of Deer Park Independent School District.

The District is subject to a legal debt margin in which the net indebtedness shall not exceed 10 percent of all assessed real and personal property in the District. At June 30, 2024, the legal debt margin amounted to \$955,305,033.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2024, was as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within One</u>
	<u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2024</u>	<u>Year</u>
Bonds payable:					
General obligation bonds	\$ 325,785,000	\$ 67,995,000	\$ (20,655,000)	\$ 373,125,000	\$ 20,790,000
Premiums/discounts	34,691,240	2,604,501	(537,731)	36,758,010	-
	<u>360,476,240</u>	<u>70,599,501</u>	<u>(21,192,731)</u>	<u>409,883,010</u>	<u>20,790,000</u>
Other Liabilities:					
Compensated absences payable	10,567	-	(1,229)	9,338	9,338
Leases	1,699,434	-	(1,699,434)	-	-
SBITAs	898,292	-	(521,681)	376,611	376,611
Net pension liability	47,525,461	16,092,612	-	63,618,073	-
Net OPEB liability	27,550,475	-	(65,129)	27,485,346	-
	<u>\$ 438,160,469</u>	<u>\$ 86,692,113</u>	<u>\$ (23,480,204)</u>	<u>\$ 501,372,378</u>	<u>\$ 21,175,949</u>

Note 7 - Long-term Liabilities (continued)

General Obligation Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These are issued as current interest bonds, and term bonds, with various amounts of principal maturing each year.

General obligation bonds currently outstanding are as follows:

Issue	Original Issuance		Maturity Date	Debt Outstanding
	Amount	Interest Rate (%)		
Limited Tax Refunding Bonds, Series 2014	\$ 12,180,000	2.00% to 5.00%	2030	\$ 5,055,000
Limited Tax Refunding Bonds, Series 2015	37,055,000	2.00% to 5.00%	2029	19,750,000
Limited Tax Refunding Bonds, Series 2016	9,795,000	3.00% to 4.00%	2027	7,530,000
Limited Tax Refunding Bonds, Series 2017	17,970,000	2.00% to 5.00%	2028	9,675,000
Unlimited Tax School Building Bonds, Series 2018	26,335,000	2.00% to 5.00%	2036	25,960,000
Variable Rate Unlimited Tax School Building Bonds, Series 2018	29,660,000	0.28% to 4.00%	2042	29,595,000
Unlimited Tax School Building Bonds, Series 2019	35,250,000	3.00% to 5.00%	2044	35,050,000
Unlimited Tax Refunding Bonds, Series 2019A	30,230,000	5.00%	2030	23,015,000
Unlimited Tax School Building Bonds, Series 2020	26,605,000	3.00% to 5.00%	2044	26,445,000
Limited Tax Refunding Bonds, Series 2021	10,610,000	1.25%	2030	8,085,000
Unlimited Tax School Building Bonds, Series 2021	21,925,000	3.00% to 5.00%	2043	21,875,000
Limited Tax Refunding Bonds, Series 2021A	23,245,000	3.00% to 5.00%	2030	11,230,000
Unlimited Tax School Building Bonds, Series 2022	83,865,000	4.00% - 5.00%	2047	81,865,000
Unlimited Tax School Building Bonds, Series 2023	67,995,000	5.00%	2048	67,995,000
				<u>\$ 373,125,000</u>

Debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest	Totals
2025	\$ 20,790,000	\$ 14,204,495	\$ 34,994,495
2026	16,695,000	13,388,387	30,083,387
2027	21,620,000	12,651,383	34,271,383
2028	22,935,000	11,834,317	34,769,317
2029	22,425,000	10,847,912	33,272,912
2030 - 2034	71,165,000	51,692,381	122,857,381
2035 - 2039	73,565,000	35,778,591	109,343,591
2040 - 2044	83,715,000	18,785,756	102,500,756
2045 - 2049	40,215,000	4,712,375	44,927,375
	<u>\$ 373,125,000</u>	<u>\$ 173,895,597</u>	<u>\$ 547,020,597</u>

Current Year Bond Issuance Activity

In October 2023, the District issued Unlimited Tax School Building Bonds, Series 2023, in the amount of \$67,995,000 with a premium of \$2,604,501 and an interest rate of 5%. The proceeds will be used for the construction, acquisition and equipment of school buildings, renovations to existing facilities, the purchase of technology, the purchase of necessary sites for school buildings, and the purchase of school buses.

Prior Years' Refunding of Long-Term 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 the liability for the defeased debt are not included in the District's financial statements. As of June 30, 2024, no defeased bonds remain outstanding.

Note 7 - Long-term Liabilities (continued)

Leases

The District terminated the lease for the right to use vehicles early and purchased the vehicle fleet, resulting in a loss on early termination of \$245,346. Additionally, the District paid off early the lease for the use of District wide copy machines and purchased the copiers for \$1 dollar. This resulted in a \$408,875 gain on termination of lease.

Subscription-Based Information Technology Arrangements (SBITAs)

The District is under contract for noncancellable SBITAs that convey control of the right to use software. The SBITA liabilities outstanding as of June 30, 2024, are as follows:

Description	Term		Interest Rate	SBITA Liability		SBITA Asset		
	Start Date	End Date		Original Amount	Liability as of June 30, 2024	Original Amount	Amortization June 30, 2024	Net Amount June 30, 2024
Educational Software	7/1/2022	6/30/2026	2.275%	\$ 1,150,013	\$ 376,611	\$ 1,644,266	\$ (835,934)	\$ 808,332
				<u>\$ 1,150,013</u>	<u>\$ 376,611</u>	<u>\$ 1,644,266</u>	<u>\$ (835,934)</u>	<u>\$ 808,332</u>

All amounts paid were previously included in the measurement of the subscription liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any SBITA term and there were no impairment losses related to SBITA assets.

The future principal and interest payments as of June 30, 2024, were as follows:

Year Ending June 30,	Principal	Interest	Totals
2025	\$ 376,611	\$ 8,745	\$ 385,356
	<u>\$ 376,611</u>	<u>\$ 8,745</u>	<u>\$ 385,356</u>

Note 8 - Revenues from Local, Intermediate, and Out-of-State Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 102,903,369	\$ 34,733,949	\$ -	\$ -	\$ 137,637,318
Penalties, interest and other tax related revenue	297,082	82,694	-	-	379,776
Investment Income	4,856,600	503,991	1,607,812	145,512	7,113,915
Co-curricular student activities	202,833	-	-	2,088,706	2,291,539
Tuition and fees	79,050	-	-	-	79,050
SSA - Member Districts	-	-	-	141,146	141,146
Food Sales	-	-	-	1,612,442	1,612,442
Chapter 313 receipts	-	-	4,224,666	-	4,224,666
Other	1,054,579	-	4,461,904	219,880	5,736,363
	<u>\$ 109,393,513</u>	<u>\$ 35,320,634</u>	<u>\$ 10,294,382</u>	<u>\$ 4,207,686</u>	<u>\$ 159,216,215</u>

Note 9 - Defined Benefit Pension Plans

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

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

Note 9 - Defined Benefit Pension Plans (continued)

Contributions (continued)

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 through 2025.

	Contribution Rates	
	September 1, 2023	July 1, 2023
	to June 30, 2024	to August 31, 2023
Member	8.25%	8.00%
Non-employer contributing agency	8.25%	8.00%
Employers	8.25%	8.00%

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

Contributions for all contributors were as follows:

	Current Fiscal Year
	Contributions
Employer (District)	\$ 4,562,997
Employee (Member)	9,226,715
Non-employer Contributing Entity	
On-behalf Contributions (State)	6,247,695

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any 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 are two additional surcharges an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.8% of the member's salary beginning in fiscal year 2023, gradually increasing to 2% 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.

Note 9 - Defined Benefit Pension Plans (continued)

Actuarial Assumptions

Component	Result
Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2020	4.13% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate

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 plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00%. 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 9 - Defined Benefit Pension Plans (continued)

Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2023 are summarized below:

Asset Class	Target Allocation²	Long-Term Expected Geometric Real Rate of Return³	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.00%	1.00%
Non-U.S. Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.70%
Private Equity ¹	14.00%	7.00%	1.50%
Stable Value			
Government Bonds	16.00%	2.50%	0.50%
Absolute Return ¹	0.00%	3.60%	0.00%
Stable Value Hedge Funds	5.00%	4.10%	0.20%
Real Return			
Real Estate	15.00%	4.90%	1.10%
Energy, Natural Resources & Infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
Risk Parity	8.00%	4.50%	0.40%
Asset Allocation Leverage			
Cash	2.00%	3.70%	0.00%
Asset Allocation Leverage	-6.00%	4.40%	-0.10%
Inflation Expectation			2.30%
Volatility Drag ⁴			-0.90%
Expected Return	100.00%		8.00%

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the fiscal year 2023 policy model.

³ Capital Market Assumptions come from Aon Hewitt as of August 31, 2023.

⁴ The volatility drag results from the conversion between arithmetic and geometric mean returns.

Note 9 - Defined Benefit Pension Plans (continued)

Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportional share of the net pension liability	\$ 95,112,542	\$ 63,618,073	\$ 37,460,405

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

At June 30, 2024, the District reported a liability of \$63,618,073 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	\$ 63,618,073
State's proportionate share that is associated with the District	77,951,671
Total	<u><u>\$ 141,569,744</u></u>

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

At August 31, 2023 the employer's proportion of the collective net pension liability was 0.0926% which was an increase of 0.0125% to its proportion measured as of August 31, 2022 of 0.0801%.

Changes since the Prior Actuarial Valuation

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

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

Note 9 - Defined Benefit Pension Plans (continued)

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

For the year ended June 30, 2024, the District recognized pension expense of \$11,967,131. The District also recognized on-behalf pension expense and revenue of \$11,770,028 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,266,733	\$ (770,345)
Changes of assumption	6,017,024	(1,472,503)
Net difference between projected and actual earnings on pension plan investments	9,257,973	-
Changes in proportion and differences between District contributions and proportionate share of contributions	6,128,783	(910,422)
District contributions subsequent to the measurement date	3,974,515	-
Total	\$ 27,645,028	\$ (3,153,270)

The deferred outflows of resources resulting from District contributions subsequent to the measurement will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Pension Expense	Balance of Deferred Outflows (Inflows)
2025	\$ 4,269,493	\$ 16,247,750
2026	2,891,707	13,356,043
2027	8,949,087	4,406,956
2028	3,493,750	913,206
2029	913,206	-
	\$ 20,517,243	

The District will continue to make the required pension contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District's contributions to the Net Pension Liability on an annual basis. The contributions are paid by the funds that pay the employees' salaries. These funding sources include the General Fund and Special Revenue funds.

Note 10 - Defined Other Post-Employment Benefit Plans

Plan Description

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

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

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

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

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

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and participating employers based on active employee compensation. 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 salary. Section 1575.204 establishes a public school 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 public school 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 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	September 1, 2023	July 1, 2023
	to June 30, 2024	to August 31, 2023
Member	0.65%	0.65%
Non-employer contributing agency	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%

Contributions for all contributors were as follows:

	Current Fiscal Year
	Contributions
Employer (District)	\$ 933,881
Employee (Member)	730,650
Non-employer Contributing Entity	
On-behalf Contributions (State)	1,970,359

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.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

Actuarial Assumptions

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

Component	Result
Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claim costs.
Projected Salary Increases	2.95% to 8.95% including inflation
Healthcare Trend Rates	The initial medical trend rates were 7.75% for Medicare retirees and 7.00% for non-Medicare retirees. The initial prescription drug trend was 7.75% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, and (f) Wage Inflation.

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.

Discount Rate

A single discount rate of 4.13% was used to measure the total OPEB liability. There was an increase of 0.22% in the discount rate since the previous year.

Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2023 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease (3.13%)	Current Rate (4.13%)	1% Increase (5.13%)
District's proportional share of the net OPEB liability	\$ 32,372,015	\$ 27,485,346	\$ 23,497,709

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

At June 30, 2024, the District reported a liability of \$27,485,346 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	\$ 27,485,346
State's proportionate share that is associated with the District	33,165,295
Total	<u><u>\$ 60,650,641</u></u>

The Net OPEB Liability was measured as of August 31, 2022, and rolled forward to August 31, 2023, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The 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, 2022, through August 31, 2023.

At August 31, 2023 the District's proportion of the collective Net OPEB Liability was 0.1242% which an increase of 0.0091% to its proportion measured as of August 31, 2022 of 0.1151%.

The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates used:

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's proportional share of the net OPEB liability	\$ 22,632,807	\$ 27,485,646	\$ 33,728,155

Changes Since the Prior Actuarial Valuation

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

- The single discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

Changes of Benefit Terms Since the Prior Measurement Date

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

For the fiscal year ended June 30, 2024, the District recognized OPEB negative expense of \$3,758,827. The District also recognized negative on-behalf OPEB expense and revenue of \$7,090,040 for support provided by the state.

At June 30, 2024, 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
Differences between expected and actual experience	\$ 1,243,504	\$ (23,123,713)
Changes of assumption	3,751,549	(16,830,007)
Net difference between projected and actual earnings on OPEB plan investments	11,875	-
Changes in proportion and differences between District contributions and proportionate share of contributions	11,591,252	(873,347)
District contributions subsequent to the measurement date	785,370	-
Total	\$ 17,383,550	\$ (40,827,067)

The deferred outflows of resources resulting from District contributions subsequent to the measurement will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

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

Fiscal Year	OPEB Expense Amount	Balance of Deferred Outflows (Inflows)
2025	\$ (6,046,542)	\$ (18,182,345)
2026	(4,785,914)	(13,396,431)
2027	(3,079,241)	(10,317,190)
2028	(3,913,566)	(6,403,624)
2029	(3,163,298)	(3,240,326)
Thereafter	(3,240,326)	-
	\$ (24,228,887)	

Note 10 - Defined Other Post-Employment Benefit Plans (continued)

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the year ended June 30, 2024, June 30, 2023 and June 30, 2022, the subsidy payments received by TRS-Care on behalf of the District were \$624,440, \$553,260, and \$630,286, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

Note 11 – Committed Fund Balances

The general fund has committed funds in the amount of \$32 million. This amount consists of \$14 million for the budget reserve account, which was legislated to set aside resources to cover unanticipated deficits or revenue reductions that may be caused by adverse economic conditions. The District also has committed \$6 million for insurance deductibles in the event of a catastrophic loss, \$3 million for future construction, \$3 million for future technology purchases, \$5 million for disaster recovery, and \$1 million for future bus expenditures. The fund balance of the District's non-major governmental funds as of June 30, 2024 in the amount of \$1,696,283 is also committed fund balance.

Note 12 - Risk Management

Property/Liability

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance.

Workers' Compensation

The District established a limited risk management program for workers' compensation in 2006 by participating as a self-funded member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. As a self-funded member of the Fund, Deer Park ISD is solely responsible for all claim's costs, both reported and unreported. The Fund provides administrative service to its self-funded members including claims administration and customer service.

Premiums are paid into the internal service fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. These interfund premiums are reported as revenues in the internal service fund.

Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and number of pay-outs), and other economic and social factors.

Note 12 - Risk Management (continued)

Workers' Compensation (continued)

The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from stop-loss or subrogation, are another component of the claim's liability estimate. An excess coverage insurance policy covers individual claims in excess of \$300,000 up to the statutory limits for any given claim. There were no significant reductions in insurance coverage from the prior period. Settlements have not exceeded coverages for each of the past three fiscal years.

Changes in the balances of claims liabilities during the past two years are as follows:

Fiscal Year	Beginning of Year Accrual	Current Year Estimates	Claims Payments	End of Year Accrual
2024	\$ 331,215	\$ 240,218	\$ 318,207	\$ 253,226
2023	260,505	473,747	403,037	331,215
2022	131,097	417,091	287,683	260,505

Note 13 - Shared Service Arrangements/Joint Ventures

Visually Impaired Shared Service Arrangement

The District is the fiscal agent for a Shared Service Arrangement (SSA) which provides teachers for the visually impaired to member districts. In addition to the District, other member districts include five (5) districts and one cooperative as follows:

Barbers Hill ISD	Channelview ISD	Goose Creek ISD
Liberty County Co-op	Sheldon ISD	La Porte ISD

All services are provided by the fiscal agent and the manager is responsible for all financial activities of the shared services arrangement. According to guidance provided in the Texas Education Agency's Financial Accountability and Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Fund No. 434. Funds are provided by state appropriations through an education service center. Revenues and expenditures are summarized as follows:

Revenues	
5700 Local revenue from member districts	\$ 141,146
5800 State revenue distributed by TEA	20,000
	<u>\$ 161,146</u>
Expenditures	
6100 Payroll costs	\$ 161,146
	<u>\$ 161,146</u>

Note 13 - Shared Service Arrangements/Joint Ventures (continued)

The District serves as the fiscal agent for a Shared Service Arrangement (SSA) that provides innovative services for students with Autism to member districts. Along with the District, two other member districts participate in this arrangement:

La Porte ISD Goose Creek ISD

All services under the SSA are administered by the fiscal agent, with the manager responsible for overseeing all financial activities. In accordance with the Texas Education Agency's Financial Accountability and Resource Guide, the District accounts for the fiscal agent's activities of the SSA in Special Revenue Fund No. 459. Funding is provided through state appropriations via an education service center. The revenues and expenditures are summarized as follows:

Revenues

5800 State revenue distributed by TEA: \$602,700

Expenditures

6400 Member District Payments for SSA: \$580,662

Note 14 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and the District's counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Note 15 - Arbitrage

In accordance with the provisions of Section 148(f) of the Internal Revenue 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 that it has no arbitrage liability as of June 30, 2024.

Note 16 - Contracted Instructional Services between Schools

During the year ended June 30, 2024, the District purchased attendance credits to equalize its wealth per weighted average daily attendance ("WADA") in the amount of \$4,997,346.

Note 17 - Related Organizations

The Deer Park Education Foundation ("Foundation"), a non-profit entity which was organized to provide educational grants, is a "related organization" as defined by *Government Accounting Standards Board* Statement No. 61. The members of the Board of Directors of the Foundation are appointed by an outside taxpayer group.

Note 18 - Tax Abatements

Currently, the District has four (4) active Chapter 313 Agreements with corporations for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to the Chapter 313 of the Texas Tax Code, i.e., the Texas Economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The project(s) under the Chapter 313 agreement must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of trustees and the Texas Comptroller's Office, which recommended approval of the project. The application, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>. The agreement and all supporting documentation was assigned Texas Comptroller Application number.

The following Chapter 313 Agreements are in effect:

- The Lubrizol Corporation (Application No. 1084) first year's value limitation was fiscal year 2019. The project value's value limitation is \$80,000,000, with a total project value of \$142,143,200. The applicant's M&O taxes have been reduced by \$529,025 and the net benefit to the District in the current fiscal year was \$1,276,437.
- Equistar Chemicals, LP (Application No. 1139) first year's value limitation was fiscal year 2019. The project value's value limitation is \$80,000,000, with a total project value of \$510,026,000. The applicant's M&O taxes have been reduced by \$3,660,811 and the net benefit to the District in the current fiscal year was \$3,522,435.
- Pasadena Performance Products, LP (Application No. 1321) first year's value limitation was fiscal year 2022. The project value's value limitation is \$80,000,000, with a total project value of \$371,366,758. The applicant's M&O taxes have been reduced by \$2,480,405 and the net benefit to the District was \$4,164,325.
- Oxy Vinyl Chemicals, LP (Application 1861) was executed in December 2022. The first year's value limitation will be in the 2025 tax year. No benefit to the District has been received in the 2023-2024 school year.

Note 19 – Deficit Net Position

At **June 30, 2024** June 30, 2024, the Food Services Enterprise Fund reported a deficit net position of \$22,018. The District will replenish the deficit in the subsequent year with future charges for food services.

REQUIRED SUPPLEMENTARY INFORMATION



DEER PARK INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2024

Exhibit G-1

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Local revenues	\$ 127,146,583	\$ 111,522,868	\$ 109,393,513	\$ (2,129,355)
State program revenues	26,854,495	36,520,927	36,478,183	(42,744)
Federal program revenues	2,500,000	1,246,070	1,712,944	466,874
Total Revenues	156,501,078	149,289,865	147,584,640	(1,705,225)
Expenditures				
Current:				
Instruction	86,024,603	89,570,419	88,646,175	924,244
Instruction resources and media services	1,529,102	1,557,950	1,398,003	159,947
Curriculum and instructional staff development	2,815,228	2,910,740	2,668,205	242,535
Instructional leadership	1,402,701	1,449,122	1,329,349	119,773
School leadership	8,067,387	8,159,640	8,052,186	107,454
Guidance, counseling and evaluation services	7,674,107	8,050,116	8,080,020	(29,904)
Social work services	125,313	103,535	97,844	5,691
Health services	1,303,846	1,350,717	1,350,846	(129)
Student transportation	5,827,293	5,335,552	4,993,179	342,373
Food services	13,310	-	-	-
Extracurricular activities	3,358,622	3,490,709	3,397,763	92,946
General administration	5,661,358	5,791,420	4,821,648	969,772
Facilities maintenance and operations	19,327,323	19,103,566	19,154,683	(51,117)
Security and monitoring services	2,338,969	2,424,991	2,416,986	8,005
Data processing services	2,631,266	2,932,489	2,828,950	103,539
Community services	181,064	187,612	166,291	21,321
Debt Service:				
Principal on long-term debt	-	494,924	514,697	(19,773)
Interest on long-term debt	500,000	205,658	21,817	183,841
Intergovernmental:				
Contracted instructional services	11,963,852	7,400,000	4,997,346	2,402,654
Incremental costs related to WADA	100,000	-	-	-
Payments related to shared services arrangements	-	619,125	619,086	39
Payments to Juvenile Justice Alt. Ed. Prgm.	125,000	150,000	149,625	375
Other intergovernmental charges	1,800,000	1,800,000	1,320,051	479,949
Total Expenditures	162,770,344	163,088,285	157,024,750	6,063,535
Excess (deficiency) of revenues over expenditures	(6,269,266)	(13,798,420)	(9,440,110)	4,358,310
Other Financing Sources (Uses)				
Transfers in	-	1,700,500	1,714,790	14,290
Total Other Financing Sources (Uses)	-	1,700,500	1,714,790	14,290
Net change in fund balances	(6,269,266)	(12,097,920)	(7,725,320)	4,372,600
Fund Balances - Beginning	96,338,421	96,338,421	96,338,421	-
Fund Balances - Ending	\$ 90,069,155	\$ 84,240,501	\$ 88,613,101	\$ 4,372,600

DEER PARK INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

A. Budgets and Budgetary Accounting

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

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund, Child Nutrition Fund, and Debt Service Fund during the fiscal year ended June 30, 2024. During the year ended June 30, 2024, the Board of Trustees approved budget amendments increasing General Fund expenditures in the amount of \$317,941.

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 (principal 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, 2023. 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.

The District's actual total expenditures exceeded final budgeted amounts in the funds and functional categories listed below due to more than anticipated expenditures occurring near fiscal year-end. Overall, the District operated within the final budgeted amounts.

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
General Fund			
Guidance, counseling and evaluation services	\$ 8,050,116	\$ 8,080,020	\$ (29,904)
Health services	1,350,717	1,350,846	(129)
Facilities maintenance and operations	19,103,566	19,154,683	(51,117)
Principal on long-term debt	494,924	514,697	(19,773)

DEER PARK INDEPENDENT SCHOOL DISTRICT
Exhibit G-2
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN MEASUREMENT YEARS

	2023	2022	2021	2020	2019
District's proportion of the net pension liability	0.0926%	0.0801%	0.0769%	0.0752%	0.0809%
District's proportionate share of the net pension liability	\$ 63,618,073	\$ 47,525,461	\$ 19,583,466	\$ 40,285,898	\$ 42,079,055
State's proportionate share of the net pension liability associated with the District	77,951,671	81,018,583	35,414,279	68,036,515	64,261,201
Total	\$ 141,569,744	\$ 128,544,044	\$ 54,997,745	\$ 108,322,413	\$ 106,340,256
District's covered payroll (for Measurement Year)	\$ 114,034,650	\$ 112,009,311	\$ 104,811,301	\$ 96,515,785	\$ 91,768,079
District's proportionate share of the net pension liability as a percentage of it's covered payroll	55.8%	42.4%	18.7%	41.7%	45.9%
Plan fiduciary net position as a percentage of the total pension liability *	73.15%	75.65%	88.79%	75.54%	75.24%
Plan's net pension liability as a percentage of covered payroll *	122.32%	112.72%	51.08%	110.36%	114.93%

	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0809%	0.0781%	0.0775%	0.0696%	0.0516%
District's proportionate share of the net pension liability	\$ 44,515,560	\$ 24,986,921	\$ 29,298,357	\$ 24,606,315	\$ 13,774,044
State's proportionate share of the net pension liability associated with the District	70,526,832	43,026,809	52,312,335	49,068,900	42,442,667
Total	\$ 115,042,392	\$ 68,013,730	\$ 81,610,692	\$ 73,675,215	\$ 56,216,711
District's covered payroll (for Measurement Year)	\$ 89,628,100	\$ 87,438,893	\$ 85,274,708	\$ 76,516,633	\$ 77,730,328
District's proportionate share of the net pension liability as a percentage of it's covered payroll	49.7%	28.6%	34.4%	32.2%	17.7%
Plan fiduciary net position as a percentage of the total pension liability *	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll *	126.11%	75.93%	92.75%	91.94%	72.32%

The amounts are presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

* Per Teacher Retirement System of Texas' annual comprehensive financial report.

DEER PARK INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

Exhibit G-3

	2024	2023	2022	2021	2020
Contractually required contributions	\$ 4,562,997	\$ 4,709,436	\$ 3,621,253	\$ 3,361,077	\$ 3,066,497
Contributions in relation to the contractual required contributions	4,562,997	4,709,436	3,621,253	3,361,077	3,066,497
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 112,414,625	\$ 113,751,562	\$ 110,202,524	\$ 104,491,800	\$ 95,998,192
Contributions as a percentage of covered payroll	4.06%	4.14%	3.29%	3.22%	3.19%
	2019	2018	2017	2016	2015
Contractually required contributions	\$ 2,781,737	\$ 2,700,775	\$ 2,569,014	\$ 2,401,836	\$ 1,925,355
Contributions in relation to the contractual required contributions	2,781,737	2,700,775	2,569,014	2,401,836	1,925,355
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 91,296,858	\$ 89,349,610	\$ 87,099,420	\$ 83,830,839	\$ 76,571,211
Contributions as a percentage of covered payroll	3.05%	3.02%	2.95%	2.87%	2.51%

Notes to Required Supplementary Information – Pension

Changes of Assumptions

Measurement Year 2018: The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

Measurement Year 2020: The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.

Measurement Year 2021: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

Measurement Year 2022: The discount rate changed from 7.25% to 7.00%.

Measurement Year 2023: None.

DEER PARK INDEPENDENT SCHOOL DISTRICT
Exhibit G-4
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST SEVEN MEASUREMENT YEARS ¹

	2023	2022	2021	2020
District's proportion of the net OPEB liability	0.1242%	0.1151%	0.1077%	0.1012%
District's proportionate share of the net OPEB liability	\$ 27,485,346	\$ 27,550,475	\$ 41,554,845	\$ 38,457,101
State's proportionate share of the net OPEB liability associated with the District	33,165,295	33,607,251	55,674,231	51,677,125
Total	\$ 60,650,641	\$ 61,157,726	\$ 97,229,076	\$ 90,134,226
District's covered payroll (for Measurement Year)	\$ 114,034,650	\$ 112,009,311	\$ 104,811,301	\$ 96,515,785
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	24.1%	24.6%	39.6%	39.8%
Plan fiduciary net position as a percentage of the total OPEB liability *	14.94%	11.52%	6.18%	4.99%
Plan's net OPEB liability as a percentage of covered payroll *	51.86%	59.10%	100.13%	101.46%

	2019	2018	2017
District's proportion of the net OPEB liability	0.1036%	0.1036%	0.0990%
District's proportionate share of the net OPEB liability	\$ 49,014,085	\$ 51,740,087	\$ 43,041,842
State's proportionate share of the net OPEB liability associated with the District	65,128,754	78,168,358	69,937,199
Total	\$ 114,142,839	\$ 129,908,445	\$ 112,979,041
District's covered payroll (for Measurement Year)	\$ 91,768,079	\$ 89,628,100	\$ 87,438,893
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	53.4%	57.7%	49.2%
Plan fiduciary net position as a percentage of the total OPEB liability *	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll *	135.21%	146.64%	132.55%

The amounts are presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

* Per Teacher Retirement System of Texas' annual comprehensive financial report.

¹Ten years of data should be presented in this schedule but data is unavailable prior to 2017.

DEER PARK INDEPENDENT SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
LAST TEN FISCAL YEARS

Exhibit G-5

	2024	2023	2022	2021	2020
Contractually required contributions	\$ 933,881	\$ 1,077,929	\$ 925,391	\$ 838,897	\$ 764,656
Contributions in relation to the contractual required contributions	933,881	1,077,929	925,391	838,897	764,656
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 112,414,625	\$ 113,751,562	\$ 110,202,524	\$ 104,491,800	\$ 95,998,192
Contributions as a percentage of covered payroll	0.83%	0.95%	0.84%	0.80%	0.80%
	2019	2018	2017	2016	2015
Contractually required contributions	\$ 730,746	\$ 680,729	\$ 513,793	\$ 579,676	\$ 530,111
Contributions in relation to the contractual required contributions	730,746	680,729	513,793	579,676	530,111
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 95,998,192	\$ 89,349,610	\$ 87,099,420	\$ 83,830,839	\$ 76,571,211
Contributions as a percentage of covered payroll	0.76%	0.76%	0.59%	0.69%	0.69%

During the fiscal year 2018, the District adopted GASB Statement No. 75.

Notes to Required Supplementary Information - OPEB

Changes of Assumptions

Measurement Year 2018: The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018, updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.

Measurement Year 2019: The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, lowered the participation rates and updated the health care trend rate assumption.

Measurement Year 2020: The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020, lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

Measurement Year 2021: The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.

Measurement Year 2022: The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lowered the participation rates and updated the healthcare trend rate assumption.

Measurement Year 2023: The discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, revised demographic and economic assumptions based on the TRS experience study.

OTHER SUPPLEMENTARY INFORMATION



Nonmajor Governmental Funds

Special Revenue Funds

The Special Revenue Funds are used to account for all federal, state and locally funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational goals. Grants included in the Special Revenue Funds are described below.

Fund Number	Fund Name	Fund Purpose
211	ESEA Title I, Part A	Funds granted for supplemental service designed to accelerate the academic achievement of economically disadvantaged students, especially in the tested areas, to ensure that state standards are met on identified campuses.
224	IDEA-B, Formula	Funds to operate educational programs for children with disabilities.
225	IDEA-B, Preschool	Funds to operate educational programs for preschool children with disabilities.
226	IDEA - Part B, High Cost EDI	Fund used to account for funds used to support a regional education service center (ESC) special education component; targeted support to districts; regional day school programs for the deaf; private residential placements; priority projects; other emerging needs.
240	School Breakfast and National School Lunch	Funds used for food service when the service is subsidized with federal reimbursement revenues from the United States Department of Agriculture.
244	Vocational Ed. - Basic	Funds to provide career and technical education (CTE) and to develop new and/or improve existing CTE programs for paid and unpaid employment.
255	ESEA, Title II, Part A - Supporting Effective Education	Funds used to improve student academic achievement by improving teacher and principal quality and increasing the number of highly qualified teachers, principals, and assistant principals.
263	ESEA Title III, Part A - ELA	Funds granted to improve the education of children with limited English proficiency by helping the children learn English and meet challenging academic achievement standards.



Nonmajor Governmental Funds (continued)

Special Revenue Funds (continued)

Fund Number	Fund Name	Fund Purpose
284	IDEA B - Formula - ARPA	Federal stimulus funds granted under the ARP Act to operate educational programs for children with disabilities.
289	Federally Funded Special Revenue	Funds used to account for Title IV, Part A, Subpart funds used for student support and academic enrichment.
397	Advanced Placement Incentive	Funds to award campuses for advanced placement examinations.
410	Instructional Materials Allotment	Funds for instructional materials to include textbooks, software, supplemental materials, DVDs, online services, open-source materials, and other means of conveying information electronically.
429	State Funded Special Revenue Fund	Funds from the State for disaster relief and funds provided by the State through the sale of specialty license plates for public school libraries and to strengthen campus reading programs.
434	SSA - Visually Impaired	Funds for shared service arrangement between neighboring districts to provide services for students who need orientation and mobility aide.
459	SSA - Autism Grant	Funds for shared services arrangement between neighboring districts to provide services for students with autism.
461	Campus Activity Fund	Funds for transactions related to the principals' activity funds.
481	Deer Park Education Foundation	Funds from the Deer Park Education Foundation for grants awarded to teachers for innovative programs.
483	Outdoor Learning Centers	Funds from local businesses and grants for specific purposes.

DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 1 of 6

		211	224	225
Data				
Control		ESEA Title I,	IDEA-B	IDEA-B
Codes		Part A	Formula	Preschool
Assets				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
	Receivables:			
1240	Due from other governments	590,912	429,538	96
1260	Due from other funds	-	-	-
1310	Inventories, at cost	-	-	-
1410	Prepaid items	-	-	-
1000	Total Assets	<u>\$ 590,912</u>	<u>\$ 429,538</u>	<u>\$ 96</u>
Liabilities and Fund Balances				
Liabilities:				
	Current Liabilities:			
2110	Accounts payable	\$ 22,967	\$ 491	\$ -
2160	Accrued wages payable	230,810	278,337	-
2170	Due to other funds	337,135	150,710	96
2180	Due to other governments	-	-	-
2300	Unearned revenues	-	-	-
2000	Total Liabilities	<u>590,912</u>	<u>429,538</u>	<u>96</u>
Fund Balances:				
	Non-Spendable:			
3430	Prepaid items	-	-	-
	Restricted:			
3450	Federal/State grant restrictions	-	-	-
	Committed:			
3545	Other purposes	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 590,912</u>	<u>\$ 429,538</u>	<u>\$ 96</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 2 of 6

		226	240	244
Data Control Codes		IDEA-B High Cost EDI	School Breakfast and National School Lunch	Vocational Ed. - Basic
Assets				
1110	Cash and cash equivalents	\$ -	\$ 3,275,557	\$ -
Receivables:				
1240	Due from other governments	12,451	64,301	-
1260	Due from other funds	-	-	-
1310	Inventories, at cost	-	113,997	-
1410	Prepaid items	-	-	-
1000	Total Assets	\$ 12,451	\$ 3,453,855	\$ -
Liabilities and Fund Balances				
Liabilities:				
Current Liabilities:				
2110	Accounts payable	\$ -	\$ 27,754	\$ -
2160	Accrued wages payable	-	275,372	-
2170	Due to other funds	12,451	15,051	-
2180	Due to other governments	-	-	-
2300	Unearned revenues	-	66,012	-
2000	Total Liabilities	12,451	384,189	-
Fund Balances:				
Non-Spendable:				
3430	Prepaid items	-	-	-
Restricted:				
3450	Federal/State grant restrictions	-	3,069,666	-
Committed:				
3545	Other purposes	-	-	-
3000	Total Fund Balances	-	3,069,666	-
4000	Total Liabilities and Fund Balances	\$ 12,451	\$ 3,453,855	\$ -

DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 3 of 6

Data Control Codes		255 ESEA Title II, Part A - Supporting Effective Instruction	263 ESEA Title III, Part A - ELA	284 IDEA B - Formula - ARPA
	Assets			
1110	Cash and cash equivalents	\$ -	\$ 20,930	\$ -
	Receivables:			
1240	Due from other governments	92,209	31,378	-
1260	Due from other funds	-	-	-
1310	Inventories, at cost	-	-	-
1410	Prepaid items	-	-	-
1000	Total Assets	<u>\$ 92,209</u>	<u>\$ 52,308</u>	<u>\$ -</u>
	Liabilities and Fund Balances			
	Liabilities:			
	Current Liabilities:			
2110	Accounts payable	\$ 2,203	\$ 1,501	\$ -
2160	Accrued wages payable	40,062	10,325	-
2170	Due to other funds	49,944	19,794	-
2180	Due to other governments	-	20,688	-
2300	Unearned revenues	-	-	-
2000	Total Liabilities	<u>92,209</u>	<u>52,308</u>	<u>-</u>
	Fund Balances:			
	Non-Spendable:			
3430	Prepaid items	-	-	-
	Restricted:			
3450	Federal/State grant restrictions	-	-	-
	Committed:			
3545	Other purposes	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 92,209</u>	<u>\$ 52,308</u>	<u>\$ -</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 4 of 6

		289	397	410
Data				
Control				
Codes				
	Assets			
1110	Cash and cash equivalents	\$ -	\$ 6,534	\$ 5,980
	Receivables:			
1240	Due from other governments	-	-	40,970
1260	Due from other funds	-	-	-
1310	Inventories, at cost	-	-	-
1410	Prepaid items	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 6,534</u>	<u>\$ 46,950</u>
	Liabilities and Fund Balances			
	Liabilities:			
	Current Liabilities:			
2110	Accounts payable	\$ -	\$ -	\$ 46,662
2160	Accrued wages payable	-	-	-
2170	Due to other funds	-	-	288
2180	Due to other governments	-	-	-
2300	Unearned revenues	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>46,950</u>
	Fund Balances:			
	Non-Spendable:			
3430	Prepaid items	-	-	-
	Restricted:			
3450	Federal/State grant restrictions	-	6,534	-
	Committed:			
3545	Other purposes	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>6,534</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 6,534</u>	<u>\$ 46,950</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1
Page 5 of 6

		429	434	459
Data				
Control				
Codes				
Assets				
1110	Cash and cash equivalents	\$ 226,938	\$ -	\$ -
	Receivables:			
1240	Due from other governments	-	143,137	166,440
1260	Due from other funds	-	-	-
1310	Inventories, at cost	-	-	-
1410	Prepaid items	-	-	-
1000	Total Assets	<u>\$ 226,938</u>	<u>\$ 143,137</u>	<u>\$ 166,440</u>
Liabilities and Fund Balances				
Liabilities:				
Current Liabilities:				
2110	Accounts payable	\$ 102,192	\$ -	\$ -
2160	Accrued wages payable	14,357	23,916	-
2170	Due to other funds	1,480	119,221	137,490
2180	Due to other governments	-	-	-
2300	Unearned revenues	-	-	-
2000	Total Liabilities	<u>118,029</u>	<u>143,137</u>	<u>137,490</u>
Fund Balances:				
Non-Spendable:				
3430	Prepaid items	-	-	-
Restricted:				
3450	Federal/State grant restrictions	108,909	-	28,950
Committed:				
3545	Other purposes	-	-	-
3000	Total Fund Balances	<u>108,909</u>	<u>-</u>	<u>28,950</u>
4000	Total Liabilities and Fund Balances	<u>\$ 226,938</u>	<u>\$ 143,137</u>	<u>\$ 166,440</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2024

Exhibit H-1

Page 6 of 6

		461	481	483	
Data Control Codes		Campus Activity Fund	Deer Park Education Foundation	Outdoor Learning Centers	Total Nonmajor Governmental Funds
Assets					
1110	Cash and cash equivalents	\$ 1,701,663	\$ 29,875	\$ 1,704	\$ 5,269,181
	Receivables:				
1240	Due from other governments	-	-	-	1,571,432
1260	Due from other funds	3,507	-	-	3,507
1310	Inventories, at cost	-	-	-	113,997
1410	Prepaid items	4,953	-	-	4,953
1000	Total Assets	\$ 1,710,123	\$ 29,875	\$ 1,704	\$ 6,963,070
Liabilities and Fund Balances					
Liabilities:					
	Current Liabilities:				
2110	Accounts payable	\$ 8,897	\$ 5,175	\$ -	\$ 217,842
2160	Accrued wages payable	-	-	-	873,179
2170	Due to other funds	-	-	-	843,660
2180	Due to other governments	-	-	-	20,688
2300	Unearned revenues	-	-	-	66,012
2000	Total Liabilities	8,897	5,175	-	2,021,381
Fund Balances:					
	Non-Spendable:				
3430	Prepaid items	4,943	-	-	4,943
	Restricted:				
3450	Federal/State grant restrictions	-	24,700	1,704	3,240,463
	Committed:				
3545	Other purposes	1,696,283	-	-	1,696,283
3000	Total Fund Balances	1,701,226	24,700	1,704	4,941,689
4000	Total Liabilities and Fund Balances	\$ 1,710,123	\$ 29,875	\$ 1,704	\$ 6,963,070



DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2

Page 1 of 6

		211	224	225
Data				
Control				
Codes				
	Revenues	ESEA Title I, Part A	IDEA-B Formula	IDEA-B Preschool
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	2,383,262	2,383,009	48,628
5020	Total Revenues	<u>2,383,262</u>	<u>2,383,009</u>	<u>48,628</u>
	Expenditures			
	Current:			
0011	Instruction	2,117,907	1,973,129	48,628
0012	Instruction resources and media services	1,717	-	-
0013	Curriculum and instructional staff development	103,014	-	-
0023	School leadership	6,871	-	-
0031	Guidance, counseling and evaluation services	-	409,880	-
0035	Food service	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	153,753	-	-
	Debt service:			
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
	Capital outlay:			
0081	Facilities acquisition and construction	-	-	-
0093	Payments related to shared services arrangement	-	-	-
6030	Total Expenditures	<u>2,383,262</u>	<u>2,383,009</u>	<u>48,628</u>
1200	Net change in fund balances	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2

Page 2 of 6

		226	240	244
Data Control Codes		IDEA-B High Cost EDI	School Breakfast and National School Lunch	Vocational Ed. - Basic
Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ 1,702,924	\$ -
5800	State program revenues	-	35,767	-
5900	Federal program revenues	12,451	4,428,812	150,629
5020	Total Revenues	12,451	6,167,503	150,629
Expenditures				
Current:				
0011	Instruction	12,451	-	150,629
0012	Instruction resources and media services	-	-	-
0013	Curriculum and instructional staff development	-	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-
0035	Food service	-	6,575,477	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	2,800	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
Debt service:				
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
Capital outlay:				
0081	Facilities acquisition and construction	-	-	-
0093	Payments related to shared services arrangement	-	-	-
6030	Total Expenditures	12,451	6,578,277	150,629
1200	Net change in fund balances	-	(410,774)	-
0100	Fund Balance - July 1 (Beginning)	-	3,480,440	-
3000	Fund Balance - June 30 (Ending)	\$ -	\$ 3,069,666	\$ -

DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2

Page 3 of 6

Data Control Codes		255 ESEA Title II, Part A - Supporting Effective Instruction	263 ESEA Title III, Part A - ELA	284 IDEA B - Formula - ARPA
	Revenues			
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	531,888	130,525	5,440
5020	Total Revenues	<u>531,888</u>	<u>130,525</u>	<u>5,440</u>
	Expenditures			
	Current:			
0011	Instruction	285,641	105,924	5,440
0012	Instruction resources and media services	-	-	-
0013	Curriculum and instructional staff development	246,247	24,175	-
0023	School leadership	-	426	-
0031	Guidance, counseling and evaluation services	-	-	-
0035	Food service	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
	Debt service:			
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
	Capital outlay:			
0081	Facilities acquisition and construction	-	-	-
0093	Payments related to shared services arrangement	-	-	-
6030	Total Expenditures	<u>531,888</u>	<u>130,525</u>	<u>5,440</u>
1200	Net change in fund balances	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2

Page 4 of 6

		289	397	410
Data Control Codes		Federally Funded Special Revenue	Advanced Placement Incentive	Instructional Materials Allotment
Revenues				
5700	Local, intermediate, and out-of-state	\$ -	\$ -	\$ -
5800	State program revenues	-	-	505,458
5900	Federal program revenues	31,001	-	-
5020	Total Revenues	<u>31,001</u>	<u>-</u>	<u>505,458</u>
Expenditures				
Current:				
0011	Instruction	-	-	268,115
0012	Instruction resources and media services	-	-	-
0013	Curriculum and instructional staff development	30,001	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-
0035	Food service	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	1,000	-	-
0053	Data processing services	-	-	196,093
0061	Community services	-	-	-
Debt service:				
0071	Principal on long-term debt	-	-	40,432
0072	Interest on long-term debt	-	-	818
Capital outlay:				
0081	Facilities acquisition and construction	-	-	-
0093	Payments related to shared services arrangement	-	-	-
6030	Total Expenditures	<u>31,001</u>	<u>-</u>	<u>505,458</u>
1200	Net change in fund balances	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>6,534</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ 6,534</u>	<u>\$ -</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2

Page 5 of 6

		429	434	459
Data				
Control				
Codes				
	Revenues			
5700	Local, intermediate, and out-of-state	\$ -	\$ 141,146	\$ -
5800	State program revenues	711,204	20,000	602,700
5900	Federal program revenues	-	-	-
5020	Total Revenues	<u>711,204</u>	<u>161,146</u>	<u>602,700</u>
	Expenditures			
	Current:			
0011	Instruction	246,404	161,146	-
0012	Instruction resources and media services	-	-	-
0013	Curriculum and instructional staff development	357,291	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-
0035	Food service	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
	Debt service:			
0071	Principal on long-term debt	-	-	-
0072	Interest on long-term debt	-	-	-
	Capital outlay:			
0081	Facilities acquisition and construction	-	-	-
0093	Payments related to shared services arrangement	-	-	580,662
6030	Total Expenditures	<u>603,695</u>	<u>161,146</u>	<u>580,662</u>
1200	Net change in fund balances	107,509	-	22,038
0100	Fund Balance - July 1 (Beginning)	<u>1,400</u>	<u>-</u>	<u>6,912</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 108,909</u>	<u>\$ -</u>	<u>\$ 28,950</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit H-2

Page 6 of 6

		461	481	483	
Data Control Codes		Campus Activity Fund	Deer Park Education Foundation	Outdoor Learning Centers	Total Nonmajor Governmental Funds
Revenues					
5700	Local, intermediate, and out-of-state	\$ 2,146,115	\$ 217,501	\$ -	\$ 4,207,686
5800	State program revenues	-	-	-	1,875,129
5900	Federal program revenues	-	-	-	10,105,645
5020	Total Revenues	2,146,115	217,501	-	16,188,460
Expenditures					
Current:					
0011	Instruction	1,926,831	191,854	-	7,494,099
0012	Instruction resources and media services	117,393	-	-	119,110
0013	Curriculum and instructional staff development	2,533	-	-	763,261
0023	School leadership	4,895	-	-	12,192
0031	Guidance, counseling and evaluation services	-	-	-	409,880
0035	Food service	-	-	-	6,575,477
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	2,800
0052	Security and monitoring services	-	-	-	1,000
0053	Data processing services	-	-	-	196,093
0061	Community services	-	-	-	153,753
Debt service:					
0071	Principal on long-term debt	-	-	-	40,432
0072	Interest on long-term debt	-	-	-	818
Capital outlay:					
0081	Facilities acquisition and construction	-	-	-	-
0093	Payments related to shared services arrangement	-	-	-	580,662
6030	Total Expenditures	2,051,652	191,854	-	16,349,577
1200	Net change in fund balances	94,463	25,647	-	(161,117)
0100	Fund Balance - July 1 (Beginning)	1,606,763	(947)	1,704	5,102,806
3000	Fund Balance - June 30 (Ending)	\$ 1,701,226	\$ 24,700	\$ 1,704	\$ 4,941,689

Internal Service Funds

The Internal Service Funds are used to account for the financing of goods or services provided by one program to other programs on a cost reimbursement basis. The programs included within these funds are as follows:

Fund Name	Fund Purpose
Health Insurance Fund	Fund used to account for the revenues received and expenditures paid related to the District's Health Insurance program.
Workers' Compensation Fund	Fund used to account for the costs associated with the workers' compensation self-funded program.
ECC – Extended Day Care	Fund used to account for the revenues and expenditures for the District's extended day care program at the Early Childhood Center.



DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2024

Exhibit H-3

	Health Insurance Fund	Workers' Compensation Fund	ECC - Extended Day Care	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ -	\$ 3,676,220	\$ 388,427	\$ 4,064,647
Prepaid items	-	-	135	135
Total Assets	<u>\$ -</u>	<u>\$ 3,676,220</u>	<u>\$ 388,562</u>	<u>\$ 4,064,782</u>
Liabilities				
Current Liabilities:				
Accounts payable	\$ -	\$ -	\$ 160	\$ 160
Payroll deductions and withholdings	-	-	-	-
Accrued wages payable	-	-	53,447	53,447
Due to other funds	-	50,000	636	50,636
Accrued expenses	-	253,226	-	253,226
Total Liabilities	<u>\$ -</u>	<u>\$ 303,226</u>	<u>\$ 54,243</u>	<u>\$ 357,469</u>
Net Position				
Restricted net position	\$ -	\$ 236,110	\$ -	\$ 236,110
Unrestricted net position	-	3,136,884	334,319	3,471,203
Total Net Position	<u>\$ -</u>	<u>\$ 3,372,994</u>	<u>\$ 334,319</u>	<u>\$ 3,707,313</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year June 30, 2024

Exhibit H-4

	Health Insurance Fund	Workers' Compensation Fund	ECC - Extended Day Care	Total
Operating Revenues				
Charges for Services	\$ 95,608	\$ 70,513	\$ 359,065	\$ 525,186
Total Operating Revenues	<u>95,608</u>	<u>70,513</u>	<u>359,065</u>	<u>525,186</u>
Operating Expenses				
Payroll costs	-	-	402,828	402,828
Purchased and contracted services	3,091	-	-	3,091
Supplies and materials	-	-	5,487	5,487
Claims expense and other operating expenses	-	318,207	5,613	323,820
Total Operating Expenses	<u>3,091</u>	<u>318,207</u>	<u>413,928</u>	<u>735,226</u>
Operating Income (Loss)	<u>92,517</u>	<u>(247,694)</u>	<u>(54,863)</u>	<u>(210,040)</u>
Non-Operating Revenues (Expenses)				
Earnings - temporary deposits and investments earnings	84,996	234,602	-	319,598
Total Non-Operating Revenues (Expenses)	<u>84,996</u>	<u>234,602</u>	<u>-</u>	<u>319,598</u>
Income (Loss) before Transfers	177,513	(13,092)	(54,863)	109,558
Transfers				
Transfers out	(1,714,790)	-	-	(1,714,790)
Total Transfers	<u>(1,714,790)</u>	<u>-</u>	<u>-</u>	<u>(1,714,790)</u>
Change in Net Position	(1,537,277)	(13,092)	(54,863)	(1,605,232)
Net Position - July 1 (Beginning)	<u>1,537,277</u>	<u>3,386,086</u>	<u>389,182</u>	<u>5,312,545</u>
Net Position - June 30 (Ending)	<u>\$ -</u>	<u>\$ 3,372,994</u>	<u>\$ 334,319</u>	<u>\$ 3,707,313</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2024

Exhibit H-5

	Health Insurance Fund	Workers' Compensation Fund	ECC - Extended Day Care	Total
Cash Flows from Operating Activities:				
Cash received from user charges	\$ 95,608	\$ 70,513	\$ 359,065	\$ 525,186
Cash receipts (payments) for interfund services provided	-	(950,000)	3,300	(946,700)
Cash payments for insurance claims	-	(318,207)	(5,613)	(323,820)
Cash payments to suppliers for goods and services	(3,091)	-	(6,777)	(9,868)
Cash payments to employees	(18,770)	(77,989)	(383,551)	(480,310)
Net Cash Provided by (Used for) Operating Activities	73,747	(1,275,683)	(33,576)	(1,235,512)
Cash Flows from Non-Capital Financing Activities:				
Transfers to other funds	(1,714,790)	-	-	(1,714,790)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(1,714,790)	-	-	(1,714,790)
Cash Flows from Investing Activities:				
Interest on investments	84,996	234,602	-	319,598
Net Cash Provided by (Used for) Investing Activities	84,996	234,602	-	319,598
Net Increase (Decrease) in Cash and Cash Equivalents	(1,556,047)	(1,041,081)	(33,576)	(2,630,704)
Cash and Cash Equivalents, Beginning of Year	1,556,047	4,717,301	422,003	6,695,351
Cash and Cash Equivalents at End of Year	\$ -	\$ 3,676,220	\$ 388,427	\$ 4,064,647
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ 92,517	\$ (247,694)	\$ (54,863)	\$ (210,040)
Change in Assets and Liabilities:				
Decrease (increase) in Interfund Receivables	-	-	2,664	2,664
Decrease (increase) in Prepaid Items	-	-	(135)	(135)
Increase (decrease) in Accounts Payable	-	-	(1,155)	(1,155)
Increase (decrease) in Interfund Payable	-	(950,000)	636	(949,364)
Increase (decrease) in Accrued Wages Payable	-	-	19,277	19,277
Increase (decrease) in Payroll Withholdings	(18,770)	-	-	(18,770)
Increase (decrease) in Claims Payable	-	(77,989)	-	(77,989)
Net Cash Provided by (Used for) Operating Activities	\$ 73,747	\$ (1,275,683)	\$ (33,576)	\$ (1,235,512)



Fiduciary Funds

Fiduciary funds are established to account for assets received and held by the District in the capacity of trustee, agent, or custodian. Expenditures are made only in accordance with the purpose for which assets are received.

Private Purpose Trust Funds

Fund Name	Fund Purpose
Employee Scholarship Fund	Fund used to account for the resources accumulated for the Employee Scholarship Fund.
Student Loan Fund	Fund used to account for the resources accumulated for the Student Loan Fund.



DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
June 30, 2024

Exhibit H-6

	Employee Scholarship Fund	Student Loan Fund	Total Private Purpose Trust Funds
Assets			
Cash and cash equivalents	\$ 100,946	\$ -	\$ 100,946
Receivables:			
Other receivables	-	5,126	5,126
Total Assets	<u>100,946</u>	<u>5,126</u>	<u>106,072</u>
Liabilities			
Accounts payable	<u>3,702</u>	<u>-</u>	<u>3,702</u>
Total Liabilities	<u>3,702</u>	<u>-</u>	<u>3,702</u>
Net Position			
Restricted	<u>97,244</u>	<u>5,126</u>	<u>102,370</u>
Total Net Position	<u>\$ 97,244</u>	<u>\$ 5,126</u>	<u>\$ 102,370</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
For the Year Ended June 30, 2024

Exhibit H-7

	Employee Scholarship Fund	Student Loan Fund	Total Private Purpose Trust Funds
Additions			
Gifts and contributions	\$ 23,275	\$ -	\$ 23,275
Total Additions	<u>23,275</u>	<u>-</u>	<u>23,275</u>
Deductions			
Non-operating expenses	45,258	-	45,258
Total Deductions	<u>45,258</u>	<u>-</u>	<u>45,258</u>
Change in net position	(21,983)	-	(21,983)
Net Position Beginning of Year	<u>119,227</u>	<u>5,126</u>	<u>124,353</u>
Net Position End of Year	<u>\$ 97,244</u>	<u>\$ 5,126</u>	<u>\$ 102,370</u>

REQUIRED TEA SCHEDULES



Exhibit J-1

¹ The District levied additional property taxes and received property tax payment related to Chapter 313 property during FY2024. The payments were only subject to the Districts I&S Tax Rate. The increase in Net Assessed value was \$1.02 billion and the increase in taxes levied was \$2.12 million, of which the district had 100% collectability.

DEER PARK INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH FUND
For the Year Ended June 30, 2024

Exhibit J-2

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Local, intermediate, and out-of-state revenues	\$ 3,434,441	\$ 2,341,340	\$ 1,702,924	\$ (638,416)
State program revenues	25,000	25,000	35,767	10,767
Federal program revenues	4,353,384	4,353,384	4,428,812	75,428
Total Revenues	7,812,825	6,719,724	6,167,503	(552,221)
Expenditures				
Current:				
Food service	7,809,825	6,766,924	6,575,477	191,447
Facilities maintenance and operations	3,000	2,800	2,800	-
Total Expenditures	7,812,825	6,769,724	6,578,277	191,447
Net change in fund balances	-	(50,000)	(410,774)	(360,774)
Fund Balances - Beginning	3,480,440	3,480,440	3,480,440	-
Fund Balances - Ending	\$ 3,480,440	\$ 3,430,440	\$ 3,069,666	\$ (360,774)

DEER PARK INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended June 30, 2024

Exhibit J-3

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Local, intermediate, and out-of-state revenues	\$ 36,150,000	\$ 35,133,000	\$ 35,320,634	\$ 187,634
State program revenues	175,000	2,973,000	1,927,354	(1,045,646)
Total Revenues	<u>36,325,000</u>	<u>38,106,000</u>	<u>37,247,988</u>	<u>(858,012)</u>
Expenditures				
Debt Service:				
Principal on long-term debt	23,025,000	21,332,000	20,655,000	677,000
Interest on long-term debt	13,000,000	15,300,000	15,221,905	78,095
Bond issuance costs and fees	300,000	75,000	19,899	55,101
Total Expenditures	<u>36,325,000</u>	<u>36,707,000</u>	<u>35,896,804</u>	<u>810,196</u>
Net change in fund balances	-	1,399,000	1,351,184	(47,816)
Fund Balances - Beginning	<u>15,936,450</u>	<u>15,936,450</u>	<u>15,936,450</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 15,936,450</u>	<u>\$ 17,335,450</u>	<u>\$ 17,287,634</u>	<u>\$ (47,816)</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT*Exhibit J-4***COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES***For the Year Ended June 30, 2024*

Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 8,928,728
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 6,183,957
Section B: Bilingual Education Programs		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 1,181,485
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	\$ 1,527,371

STATISTICAL SECTION
(UNAUDITED)



DEER PARK INDEPENDENT SCHOOL DISTRICT
STATISTICAL SECTION

The statistical section of the Deer Park Independent School District’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s economic condition and overall financial health. To assist financial statement users, the information contained within this section is categorized as follows:

	Page
Financial Trends	
These schedules contain trend information to show how the District’s financial performance and position have changed over time	104
Revenue Capacity	
These schedules contain information to help assess the factors affecting the District’s most significant local revenue source, the property tax.	112
Debt Capacity	
These schedules present information to help assess the affordability of the District’s current debt burden and its ability to issue additional debt in the future.	120
Demographic and Economic Information	
These schedules provide demographic and economic indicators to help in understanding the environment in which the District operates and to facilitate in comparisons over time.	124
Operating Information	
These schedules provide information about the District’s operations and resources to assist in using the financial statement information to better understand and assess the District’s economic condition.	128
Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.	

DEER PARK INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Unaudited)

Table 1
Page 1 of 2

	2024	2023	2022	2021	2020
Governmental Activities					
Net investment in capital assets	\$ 82,590,803	\$ 71,781,617	\$ 74,187,755	\$ 71,324,867	\$ 70,204,418
Restricted	16,481,417	15,811,876	11,002,650	10,537,196	6,973,892
Unrestricted	10,331,440	22,054,949	20,193,889	7,032,143	7,274,294
Total Governmental Activities					
Net Position	<u>109,403,660</u>	<u>109,648,442</u>	<u>105,384,294</u>	<u>88,894,206</u>	<u>84,452,604</u>
Business-type Activities					
Net investment in capital assets	-	-	-	-	-
Restricted	-	3,399	-	-	-
Unrestricted	(22,018)	-	-	-	-
Total Business-type Activities					
Net Position	<u>(22,018)</u>	<u>3,399</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position					
Net investment in capital assets	82,590,803	71,781,617	74,187,755	71,324,867	70,204,418
Restricted	16,481,417	15,815,275	11,002,650	10,537,196	6,973,892
Unrestricted	10,309,422	22,054,949	20,193,889	7,032,143	7,274,294
Total Net Position	<u>\$ 109,381,642</u>	<u>\$ 109,651,841</u>	<u>\$ 105,384,294</u>	<u>\$ 88,894,206</u>	<u>\$ 84,452,604</u>

Source of Information: Deer Park Independent School District's Financial Statements.

The District implemented GASB 68 in fiscal year 2015 and GASB 75 in fiscal year 2017.

DEER PARK INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Unaudited)

Table 1
Page 2 of 2

	2019	2018	2017	2016	2015
Governmental Activities					
Net investment in capital assets	\$ 64,912,992	\$ 65,825,078	\$ 71,310,616	\$ 64,577,541	\$ 63,994,432
Restricted	5,604,397	5,984,704	4,359,580	2,967,825	4,268,066
Unrestricted	7,116,271	6,385,520	66,248,361	75,974,282	73,693,560
Total Governmental Activities					
Net Position	<u>77,633,660</u>	<u>78,195,302</u>	<u>141,918,557</u>	<u>143,519,648</u>	<u>141,956,058</u>
Business-type Activities					
Net investment in capital assets	-	-	-	-	-
Restricted	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total Business-type Activities					
Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Position					
Net investment in capital assets	64,912,992	65,825,078	71,310,616	64,577,541	63,994,432
Restricted	5,604,397	5,984,704	4,359,580	2,967,825	4,268,066
Unrestricted	7,116,271	6,385,520	66,248,361	75,974,282	73,693,560
Total Net Position	<u>\$ 77,633,660</u>	<u>\$ 78,195,302</u>	<u>\$ 141,918,557</u>	<u>\$ 143,519,648</u>	<u>\$ 141,956,058</u>

Source of Information: Deer Park Independent School District's Financial Statements.

The District implemented GASB 68 in fiscal year 2015 and GASB 75 in fiscal year 2017.

DEER PARK INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Unaudited)

Table 2
Page 1 of 2

	2024	2023	2022	2021	2020
Expenses					
Governmental activities:					
Instruction	\$ 108,657,446	\$ 110,693,540	\$ 99,702,613	\$ 108,535,231	\$ 110,507,509
Instructional resources and media services	2,074,203	2,173,023	2,252,078	2,176,496	2,208,560
Curriculum and staff development	3,424,083	3,460,718	5,137,583	2,924,076	2,926,974
Instructional leadership	1,323,141	1,266,863	1,068,457	1,131,946	1,218,729
School leadership	8,030,637	8,067,793	7,617,371	8,103,039	8,418,406
Guidance, counseling, and evaluation services	8,492,127	7,794,172	7,359,700	8,193,763	7,735,650
Social work services	97,545	123,417	87,518	29,087	24,547
Health services	1,380,889	1,309,713	1,224,444	1,428,590	1,410,097
Student transportation	5,799,720	5,858,393	6,240,292	6,012,998	6,248,364
Food service	7,463,721	6,843,565	7,105,879	6,934,856	7,336,217
Extracurricular activities	3,971,940	4,158,137	3,257,696	3,225,033	3,158,848
General administration	7,511,442	7,303,760	7,215,839	7,195,988	6,713,398
Facilities maintenance and operations	20,568,587	18,077,862	18,611,790	17,708,138	15,897,442
Security and monitoring services	2,788,538	2,218,104	1,884,985	1,536,614	1,406,586
Data processing services	4,521,488	5,493,568	2,892,866	6,074,305	4,508,212
Community services	318,464	282,339	251,664	304,966	317,067
Interest on long-term debt	15,366,453	13,830,359	10,455,915	7,648,754	7,624,753
Debt issuance costs and fees	-	-	-	543,330	1,295,024
Facilities planning	12,334	58,622	308,878	3,375	126,265
Contracted instructional services					
between schools	4,997,346	8,891,709	4,162,189	3,548,994	1,434,857
Payments related to shared services					
arrangements	1,199,748	1,373,282	-	-	102,335
Payments to Juvenile Justice Alternative Education Programs	149,625	148,014	107,731	101,866	-
Other intergovernmental charges	1,320,051	1,230,475	1,169,442	1,156,004	1,115,998
Total Governmental Activities Expenses	209,469,528	210,657,428	188,114,930	194,517,449	191,735,838
Business-Type Activities:					
Food service	1,186,017	1,073,278	-	-	-
Total Business-Type Activities Expenses	1,186,017	1,073,278	-	-	-
Total Primary Government Expenses	\$ 210,655,545	\$ 211,730,706	\$ 188,114,930	\$ 194,517,449	\$ 191,735,838
Program Revenues					
Governmental Activities:					
Charges for Services	\$ 2,761,780	\$ 2,830,798	\$ 3,242,701	\$ 1,720,324	\$ 1,725,672
Food Service	1,614,821	1,635,095	1,695,167	1,201,621	2,121,591
Cocurricular/Extracurricular Activities	30,250	15,416	109,058	1,590	94,030
Operating Grants and Contributions	21,292,845	31,584,242	23,758,898	24,855,316	25,064,606
Total Governmental Activities Revenues	25,699,696	36,065,551	28,805,824	27,778,851	29,005,899
Business-Type Activities:					
Charges for services					
Food service	1,160,600	1,076,677	-	-	-
Total Business-Type Activities Revenues	1,160,600	1,076,677	-	-	-
Total Primary Government Revenues	\$ 26,860,296	\$ 37,142,228	\$ 28,805,824	\$ 27,778,851	\$ 29,005,899
Total Net (Expense)/Revenue	\$ (183,795,249)	\$ (174,588,478)	\$ (159,309,106)	\$ (166,738,598)	\$ (162,729,939)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes, Levied for General Purposes	\$ 103,657,404	\$ 112,174,248	\$ 110,362,433	\$ 112,423,998	\$ 110,526,049
Property Taxes, Levied for Debt Service	35,078,559	32,903,713	27,617,149	30,426,953	26,994,358
State-Aid Formula Grants	28,260,129	20,561,604	26,905,553	20,730,608	23,402,135
Investment Earnings	11,653,354	7,007,131	155,937	243,592	1,677,072
Miscellaneous	4,875,604	5,595,248	10,758,122	7,355,049	6,323,024
Special Item - Gain on Sale of Asset	-	541,195	-	-	626,245
Total General Revenues and Other Changes in Net Position	183,525,050	178,783,139	175,799,194	171,180,200	169,548,883
Total Change in Net Position	\$ (270,199)	\$ 4,194,661	\$ 16,490,088	\$ 4,441,602	\$ 6,818,944

Source of Information: Deer Park Independent School District's Financial Statements.

The District implemented GASB 68 in fiscal year 2015 and GASB 75 in fiscal year 2017.

DEER PARK INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(Unaudited)

Table 2
Page 2 of 2

	2019	2018	2017	2016	2015
Expenses					
Governmental Activities:					
Instruction	\$ 92,401,174	\$ 55,686,745	\$ 82,776,932	\$ 81,806,904	\$ 73,422,040
Instructional resources and media services	1,968,958	1,363,366	1,972,672	1,837,028	1,728,384
Curriculum and staff development	2,930,850	2,015,994	2,762,738	2,501,884	2,371,108
Instructional leadership	1,194,313	732,053	1,116,592	1,319,754	956,273
School leadership	7,606,232	4,484,568	7,094,974	6,842,572	6,445,701
Guidance, counseling, and evaluation services	6,991,527	3,867,186	6,247,905	5,977,992	5,543,300
Social work services	22,494	7,165	28,203	43,519	79,065
Health services	1,288,706	717,916	1,222,306	1,129,334	1,018,886
Student transportation	5,375,188	3,836,993	4,849,773	4,099,420	4,385,616
Food service	7,248,552	6,433,198	7,212,710	7,520,212	7,547,162
Extracurricular activities	3,240,395	2,021,338	2,681,214	2,347,193	2,531,567
General administration	6,416,498	5,259,878	6,188,059	6,254,804	5,681,555
Facilities maintenance and operations	15,340,804	13,550,643	15,815,275	26,733,484	77,368,689
Security and monitoring services	1,734,988	1,212,423	1,139,918	1,182,714	965,874
Data processing services	9,653,034	8,958,340	5,275,366	4,859,982	7,125,425
Community services	296,973	199,107	199,046	188,856	193,840
Interest on long-term debt	9,093,520	7,388,486	7,561,047	8,427,317	9,102,316
Debt issuance costs and fees	9,644	876,914	357,471	7,000	525,924
Facilities planning	16,860	10,708	4,238	-	1,487,444
Contracted instructional services					
between schools	3,106,151	2,681,025	2,640,356	2,746,443	2,481,934
Payments related to shared services					
arrangements	-	-	-	493,667	3,265,465
Payments to Juvenile Justice Alternative Education Programs	125,000	105,775	-	-	-
Other intergovernmental charges	1,024,633	974,249	938,896	964,634	995,628
Total Governmental Activities Expenses	177,086,494	122,384,070	158,085,691	167,284,713	215,223,196
Business-Type Activities:					
Food service	-	-	-	-	-
Total Business-Type Activities Expenses	-	-	-	-	-
Total Primary Government Expenses	\$ 177,086,494	\$ 122,384,070	\$ 158,085,691	\$ 167,284,713	\$ 215,223,196
Program Revenues					
Governmental Activities:					
Charges for Services	\$ 2,715,445	\$ 1,027,177	\$ 1,206,391	\$ 12,404,989	\$ 65,409,495
Food Service	2,785,499	2,699,343	2,929,283	2,916,951	2,814,040
Cocurricular/Extracurricular Activities	164,695	69,323	54,905	241,777	159,344
Operating Grants and Contributions	22,058,079	(7,725,704)	16,061,756	19,102,263	13,473,493
Total Governmental Activities Revenues	27,723,718	(3,929,861)	20,252,335	34,665,980	81,856,372
Business-Type Activities:					
Charges for services					
Food service	-	-	-	-	-
Total Business-Type Activities Revenues	-	-	-	-	-
Total Primary Government Revenues	\$ 27,723,718	\$ (3,929,861)	\$ 20,252,335	\$ 34,665,980	\$ 81,856,372
Total Net (Expense)/Revenue	\$ (149,362,776)	\$ (126,313,931)	\$ (137,833,356)	\$ (132,618,733)	\$ (133,366,824)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes, Levied for General Purposes	\$ 101,909,886	\$ 94,009,154	\$ 94,742,241	\$ 95,602,950	\$ 94,589,257
Property Taxes, Levied for Debt Service	24,873,286	25,075,933	24,330,994	24,232,468	24,483,293
State-Aid Formula Grants	13,328,527	15,479,137	14,398,212	12,968,000	15,572,275
Investment Earnings	2,808,207	1,238,511	602,404	249,754	263,782
Miscellaneous	5,399,413	2,348,341	1,945,163	1,065,959	1,864,667
Special Item - Gain on Sale of Asset	-	-	213,251	63,192	-
Total General Revenues and Other Changes in Net Position	148,319,319	138,151,076	136,232,265	134,182,323	136,773,274
Total Change in Net Position	\$ (1,043,457)	\$ 11,837,145	\$ (1,601,091)	\$ 1,563,590	\$ 3,406,450

Source of Information: Deer Park Independent School District's Financial Statements.

The District implemented GASB 68 in fiscal year 2015 and GASB 75 in fiscal year 2017.

DEER PARK INDEPENDENT SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(Unaudited)

Table 3
Page 1 of 2

	2024	2023	2022	2021	2020
General Fund					
Nonspendable	\$ 4,061,383	\$ 4,620,597	\$ 3,714,950	\$ 3,189,843	\$ 2,570,438
Committed	32,000,000	52,000,000	52,000,000	52,000,000	52,000,000
Assigned	-	204,317	204,317	204,317	204,317
Unassigned	52,551,718	39,513,507	37,961,943	32,313,329	34,251,269
Total General Fund	\$ 88,613,101	\$ 96,338,421	\$ 93,881,210	\$ 87,707,489	\$ 89,026,024
Other Governmental Funds					
Nonspendable	\$ 4,943	\$ 50,050	\$ 2,310	\$ 2,095	\$ 25
Restricted	127,362,863	104,280,876	34,873,663	53,638,238	37,851,658
Committed	1,696,283	1,556,713	1,453,934	1,287,905	1,289,975
Unassigned	-	-	-	-	-
Total Other Governmental Funds	\$ 129,064,089	\$ 105,887,639	\$ 36,329,907	\$ 54,928,238	\$ 39,141,658

Source of Information: Deer Park Independent School District's Financial Statements.

Changes in Fund Balances are explained in the Management Discussion and Analysis section of this ACFR.

DEER PARK INDEPENDENT SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(Unaudited)

Table 3
Page 2 of 2

	2019	2018	2017	2016	2015
General Fund					
Nonspendable	\$ 2,120,421	\$ 2,166,440	\$ 2,133,583	\$ 2,146,151	\$ 2,041,435
Committed	40,000,000	40,000,000	40,000,000	40,000,000	40,000,000
Assigned	204,317	204,317	204,317	204,317	204,317
Unassigned	42,050,603	36,890,910	32,454,619	33,183,516	38,384,161
Total General Fund	\$ 84,375,341	\$ 79,261,667	\$ 74,792,519	\$ 75,533,984	\$ 80,629,913
Other Governmental Funds					
Nonspendable	\$ 2,124	\$ 46,659	\$ 47,818	\$ 47,991	\$ 77,464
Restricted	18,358,943	60,977,670	9,979,386	7,249,534	19,210,071
Committed	1,272,524	637,368	525,820	461,360	429,042
Unassigned	-	-	-	7,093,053	-
Total Other Governmental Funds	\$ 19,633,591	\$ 61,661,697	\$ 10,553,024	\$ 14,851,938	\$ 19,716,577

Source of Information: Deer Park Independent School District's Financial Statements.

Changes in Fund Balances are explained in the Management Discussion and Analysis section of this ACFR.

DEER PARK INDEPENDENT SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(Unaudited)

Table 4
Page 1 of 2

	2024	2023	2022	2021	2020
Revenues:					
Local, intermediate, and out-of-state	\$ 159,216,215	\$ 166,008,027	\$ 150,699,301	\$ 150,578,115	\$ 148,347,174
State program revenues	40,280,666	31,989,978	35,781,385	29,672,083	32,405,288
Federal program revenues	11,818,589	24,522,373	24,707,533	15,555,421	10,854,233
Total Revenues	211,315,470	222,520,378	211,188,219	195,805,619	191,606,695
Expenditures:					
Current:					
Instruction	104,038,193	104,018,609	96,828,328	95,944,152	92,597,925
Instruction resources and media services	1,629,597	1,776,683	1,891,266	1,694,682	1,724,859
Curriculum and instructional staff development	3,431,466	3,635,377	6,059,808	2,892,503	2,716,505
Instructional leadership	1,329,349	1,328,048	1,191,649	1,116,670	1,117,174
School leadership	8,064,378	8,436,436	8,413,335	8,013,702	7,743,645
Guidance, counseling and evaluation services	8,489,900	8,131,977	8,159,254	8,045,406	7,122,181
Social work services	97,844	127,712	93,393	28,792	23,553
Health services	1,350,846	1,328,478	1,308,161	1,376,949	1,266,649
Student transportation	6,555,011	6,287,893	6,094,785	5,175,474	6,849,059
Food services	7,344,508	7,027,369	7,089,073	6,668,807	6,385,957
Extracurricular activities	3,764,461	4,126,398	3,490,745	3,162,260	2,907,089
General administration	5,407,464	4,790,811	4,880,761	4,834,305	4,199,093
Facilities maintenance and operations	21,957,833	18,000,852	19,589,735	19,817,168	21,252,520
Security and monitoring services	2,753,542	2,254,937	1,815,178	1,457,036	1,314,799
Data processing services	8,132,936	7,334,790	4,617,499	6,469,522	5,409,805
Community services	320,044	299,982	296,166	299,415	307,224
Debt service:					
Principal on long-term debt	22,164,533	16,444,686	16,593,931	16,190,000	16,505,000
Interest on long-term debt	15,264,023	12,787,057	10,083,034	11,175,037	10,645,646
Bond issuance costs and fees	619,401	944,368	3,960,316	273,875	36,907,758
Capital outlay:					
Facilities acquisition and construction	37,796,532	23,011,079	15,975,666	8,188,085	46,018,075
Intergovernmental:					
Contracted instructional services	4,997,346	8,891,709	4,162,189	3,548,994	1,434,857
Incremental costs related to WADA	-	-	-	-	-
Payments related to shared services arrangements	1,199,748	1,373,282	-	-	102,335
Payments to Juvenile Justice Alt. Ed. Prgm.	149,625	148,014	107,731	101,866	-
Other intergovernmental charges	1,320,051	1,230,475	1,169,442	1,156,004	1,115,998
Total Expenditures	268,178,631	243,737,022	223,871,445	207,630,704	275,667,706
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,863,161)	(21,216,644)	(12,683,226)	(11,825,085)	(84,061,011)
Other Financing Sources (Uses):					
Refunding bonds issued	-	-	23,245,000	10,610,000	59,890,000
Remarketing of variable rate bond	-	29,595,000	29,660,000	29,660,000	-
Capital-related debt issued (regular bonds)	67,995,000	83,865,000	-	21,925,000	61,855,000
Sale of real or personal property	-	541,195	-	-	674,685
Proceeds from lease	-	616,843	-	-	-
Transfers in	1,714,790	1,000,000	-	-	1,250,000
Premium or discount on issuance of bonds	2,604,501	7,170,289	3,173,983	4,368,130	15,460,076
Other resources	-	103,524	-	-	-
Transfers out	-	-	-	-	(1,250,000)
Remarketing of variable rate bonds	-	(29,660,264)	(29,660,000)	(29,660,000)	(29,660,000)
Payments to refunded bonds escrow agent	-	-	(26,160,367)	(10,610,000)	-
Total Other Financing Sources (Uses)	72,314,291	93,231,587	258,616	26,293,130	108,219,761
Net Change in Fund Balances	\$ 15,451,130	\$ 72,014,943	\$ (12,424,610)	\$ 14,468,045	\$ 24,158,750
Debt Service as a percentage of Noncapital Expenditures	17.65%	13.70%	13.09%	14.15%	29.11%

Source of Information: Deer Park Independent School District's Financial Statements.

DEER PARK INDEPENDENT SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(Unaudited)

Table 4
Page 2 of 2

	2019	2018	2017	2016	2015
Revenues:					
Local, intermediate, and out-of-state	\$ 140,723,170	\$ 129,806,543	\$ 124,761,650	\$ 131,644,800	\$ 188,772,597
State program revenues	20,298,165	23,017,381	20,977,113	20,830,798	22,099,595
Federal program revenues	10,928,165	10,706,495	9,086,494	9,231,978	8,864,401
Total Revenues	171,949,500	163,530,419	154,825,257	161,707,576	219,736,593
Expenditures:					
Current:					
Instruction	77,133,518	73,787,012	71,544,849	70,953,806	67,015,235
Instruction resources and media services	1,500,956	1,419,674	1,576,494	1,482,243	1,409,965
Curriculum and instructional staff development	2,768,548	2,796,905	2,702,375	2,462,906	2,374,784
Instructional leadership	1,112,184	1,115,765	1,085,740	1,299,311	953,408
School leadership	7,146,273	7,075,342	6,905,417	6,718,683	6,465,834
Guidance, counseling and evaluation services	6,459,405	6,101,529	6,030,098	5,827,831	5,561,381
Social work services	22,498	9,313	28,207	43,534	83,695
Health services	1,172,451	1,101,504	1,160,436	1,080,783	999,932
Student transportation	6,734,048	4,048,591	4,878,345	3,773,922	4,298,664
Food services	6,489,998	6,363,117	6,482,524	7,043,189	8,771,299
Extracurricular activities	3,090,411	2,733,672	2,571,150	2,978,537	2,635,211
General administration	4,138,678	4,296,812	4,064,587	4,175,459	3,637,634
Facilities maintenance and operations	16,756,864	15,473,621	15,770,268	26,958,953	79,504,140
Security and monitoring services	1,786,870	1,220,432	1,077,786	1,119,913	987,309
Data processing services	14,813,590	10,549,793	5,257,852	4,875,640	7,252,272
Community services	288,583	250,790	197,286	186,109	203,937
Debt service:					
Principal on long-term debt	15,775,000	15,175,000	14,795,000	15,370,000	14,325,000
Interest on long-term debt	10,667,720	9,755,868	9,735,448	10,284,758	11,337,007
Bond issuance costs and fees	9,644	249,283	357,471	7,000	525,924
Capital outlay:					
Facilities acquisition and construction	27,722,724	1,501,599	527,446	3,992,060	8,287,667
Intergovernmental:					
Contracted instructional services	3,106,151	2,681,025	2,640,356	2,746,443	2,481,934
Incremental costs related to WADA	-	-	-	493,667	-
Payments related to shared services arrangements	-	-	-	-	3,265,465
Payments to Juvenile Justice Alt. Ed. Prgm.	125,000	105,775	-	-	-
Other intergovernmental charges	1,024,633	974,249	938,896	964,634	995,628
Total Expenditures	209,845,747	168,786,671	160,328,031	174,839,381	233,373,325
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,896,247)	(5,256,252)	(5,502,774)	(13,131,805)	(13,636,732)
Other Financing Sources (Uses):					
Refunding bonds issued	-	17,970,000	9,795,000	-	49,235,000
Remarketing of variable rate bond	-	-	-	-	-
Capital-related debt issued (regular bonds)	-	55,995,000	-	-	-
Sale of real or personal property	-	-	271,635	171,237	13,538
Proceeds from lease	-	-	-	-	-
Transfers in	560,000	-	250,000	7,000,000	8,004,671
Premium or discount on issuance of bonds	-	7,961,349	1,459,873	-	6,348,353
Other resources	-	-	-	-	-
Transfers out	(60,000)	-	(250,000)	(4,000,000)	(8,004,671)
Remarketing of variable rate bonds	-	-	-	-	-
Payments to refunded bonds escrow agent	-	(21,092,276)	(11,064,113)	-	(55,635,032)
Total Other Financing Sources (Uses)	500,000	60,834,073	462,395	3,171,237	(38,141)
Net Change in Fund Balances	\$ (37,396,247)	\$ 55,577,821	\$ (5,040,379)	\$ (9,960,568)	\$ (13,674,873)
Debt Service as a percentage of Noncapital Expenditures	29.11%	15.42%	15.20%	15.75%	15.24%

Source of Information: Deer Park Independent School District's Financial Statements.

DEER PARK INDEPENDENT SCHOOL DISTRICT
REVENUE BY SOURCE FOR GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(Unaudited)

Table 5
Page 1 of 2

	2024	2023	2022	2021	2020
Federal Sources:					
Federal grants	\$ 7,866,498	\$ 19,765,908	\$ 17,940,913	\$ 10,899,089	\$ 7,041,269
Child nutrition	3,952,091	4,756,465	6,766,620	4,656,332	3,341,821
Debt service interest rate subsidies	-	-	-	-	471,143
Total Federal Sources	11,818,589	24,522,373	24,707,533	15,555,421	10,854,233
State Sources:					
State education finance program	28,260,129	13,303,983	20,903,241	14,980,286	19,548,873
TRS on-behalf	8,218,054	7,742,122	8,190,279	7,536,304	6,997,494
Child nutrition	26,247	33,360	13,605	25,560	25,022
Debt service	1,927,354	444,217	204,743	214,385	249,312
State grants and other	1,848,882	10,466,296	6,469,517	6,915,548	5,584,587
Total State Sources	40,280,666	31,989,978	35,781,385	29,672,083	32,405,288
Local Sources:					
Property Taxes	138,017,094	148,831,334	134,479,201	139,712,349	136,260,463
Capital projects fund	10,294,382	8,630,747	10,246,398	7,156,413	5,831,899
Child nutrition	1,702,924	1,687,517	1,695,271	1,205,246	2,125,072
Campus activities	2,146,115	2,051,444	2,049,002	1,051,479	1,339,882
Other local sources	7,055,700	4,806,985	2,229,429	1,452,628	2,789,858
Total Local Sources	159,216,215	166,008,027	150,699,301	150,578,115	148,347,174
Total Revenues	\$ 211,315,470	\$ 222,520,378	\$ 211,188,219	\$ 195,805,619	\$ 191,606,695

Source: Exhibit C-3, Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

DEER PARK INDEPENDENT SCHOOL DISTRICT
REVENUE BY SOURCE FOR GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(Unaudited)

Table 5
Page 2 of 2

	2019	2018	2017	2016	2015
Federal Sources:					
Federal grants	\$ 6,816,943	\$ 6,625,070	\$ 5,199,840	\$ 5,281,607	\$ 5,132,479
Child nutrition	3,524,253	3,496,651	3,302,507	3,367,478	3,149,090
Debt service interest rate subsidies	586,969	584,774	584,147	582,893	582,832
Total Federal Sources	10,928,165	10,706,495	9,086,494	9,231,978	8,864,401
State Sources:					
State education finance program	7,416,537	12,926,555	9,512,862	10,727,631	12,339,801
TRS on-behalf	5,885,653	5,917,988	5,458,927	5,420,362	5,021,568
Child nutrition	26,836	28,686	28,974	28,594	29,930
Debt service	333,448	316,909	349,275	357,154	-
State grants and other	6,635,691	3,827,243	5,627,075	4,297,057	4,708,296
Total State Sources	20,298,165	23,017,381	20,977,113	20,830,798	22,099,595
Local Sources:					
Property Taxes	128,079,550	123,565,640	119,723,757	117,343,454	119,446,062
Capital projects fund	4,600,086	461,799	815,499	24,271	163,812
Child nutrition	2,792,330	2,701,421	2,931,617	2,921,601	2,822,070
Campus activities	2,223,530	550,150	551,036	537,101	512,955
Other local sources	3,027,674	2,527,533	1,729,637	12,682,573	65,827,698
Total Local Sources	140,723,170	129,806,543	125,751,546	133,509,000	188,772,597
Total Revenues	\$ 171,949,500	\$ 163,530,419	\$ 155,815,153	\$ 163,571,776	\$ 219,736,593

Source: Exhibit C-3, Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds



DEER PARK INDEPENDENT SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(Unaudited)

Table 6

Fiscal Year Ended June 30,	Appraised Value		Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate ¹	Actual Value	Assessed Value as a Percentage of Actual Value
	Real Property	Personal Property					
2015	\$ 6,897,075,788	\$ 4,163,454,446	\$ (3,428,478,972)	\$ 7,632,051,262	\$ 1.5567	\$ 11,093,113,178	68.80%
2016	7,253,988,768	3,887,739,510	(3,474,174,221)	7,667,554,057	1.5567	11,211,543,692	68.39%
2017	7,537,360,413	3,367,248,807	(3,175,778,424)	7,728,830,796	1.5567	10,963,753,673	70.49%
2018	7,767,628,565	3,527,402,405	(3,395,853,094)	7,899,177,876	1.5567	11,352,778,824	69.58%
2019	8,397,830,603	4,092,112,817	(4,203,083,083)	8,286,860,337	1.5387	12,517,640,328	66.20%
2020	9,981,786,005	4,214,743,945	(4,487,250,182)	9,709,279,768	1.4151	14,271,971,436	68.03%
2021	11,295,736,464	3,850,186,133	(3,864,076,081)	11,281,846,516	1.3496	15,262,989,682	73.92%
2022	11,107,015,247	3,885,127,886	(3,470,591,568)	11,521,551,565	1.3496	15,065,712,593	72.40%
2023	13,397,750,986	4,337,649,048	(4,647,117,727)	13,088,282,307	1.2822	16,973,302,065	76.59%
2024	14,176,330,051	4,929,780,902	(5,707,106,861)	13,399,004,092	1.1213	18,990,273,260	70.87%

¹ Tax rates are per \$100 of taxable assessed value.

Source: Harris County Appraisal District

Note: The real property numbers were derived by using the tax roll for the necessary year and adding the totals for all items designated as "real" in the property use category description.
Personal property represents items not identified as "real" in the property use category description.

DEER PARK INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

Table 7
Page 1 of 2

Taxing Authority	2024	2023	2022	2021	2020
Deer Park Independent School District					
Maintenance & Operations	\$ 0.8513	\$ 1.0122	\$ 1.0796	\$ 1.0796	\$ 1.1351
Interest & Sinking	0.2700	0.2700	0.2700	0.2700	0.2800
Total	1.1213	1.2822	1.3496	1.3496	1.4151
Clear Lake City Water Authority	0.2500	0.2600	0.4700	0.2600	0.2700
Deer Park, City of	0.7200	0.7200	0.7200	0.7200	0.7200
Harris Co	0.3500	0.3440	0.3769	0.3912	0.4071
Harris Co Department of Education	0.0048	0.0049	0.0050	0.0050	0.0050
Harris Co Flood Control Dist	0.0310	0.0305	0.0335	0.0314	0.0279
Harris Co Hospital Dist	0.1434	0.1480	0.1622	0.1667	0.1659
Houston, City of	0.5192	0.5340	0.5508	0.5618	0.5679
Pasadena, City of	0.4550	0.4975	0.5159	0.5337	0.5703
Port of Houston Auth	0.0057	0.0080	0.0087	0.0099	0.0107
San Jacinto CCD	0.1462	0.1556	0.1680	0.1694	0.1782

Source of Information: Texas Municipal Reports

DEER PARK INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

Table 7
Page 2 of 2

Taxing Authority	2019	2018	2017	2016	2015
Deer Park Independent School District					
Maintenance & Operations	\$ 1.2367	\$ 1.2367	\$ 1.2367	\$ 1.2367	\$ 1.2367
Interest & Sinking	0.3020	0.3200	0.3200	0.3200	0.3200
Total	1.5387	1.5567	1.5567	1.5567	1.5567
Clear Lake City Water Authority	0.2700	0.2700	0.2700	0.2700	0.2800
Deer Park, City of	0.7200	0.7200	0.7200	0.7144	0.7200
Harris Co	0.4186	0.4180	0.4165	0.4192	0.4173
Harris Co Department of Education	0.0052	0.0052	0.0052	0.0054	0.0059
Harris Co Flood Control Dist	0.0288	0.0283	0.0283	0.0273	0.0274
Harris Co Hospital Dist	0.1711	0.1711	0.1718	0.1700	0.1700
Houston, City of	0.5883	0.5842	0.5864	0.6011	0.6310
Pasadena, City of	0.6154	0.5754	0.5754	0.5754	0.5769
Port of Houston Auth	0.0116	0.0126	0.0133	0.0134	0.0153
San Jacinto CCD	0.1793	0.1833	0.1824	0.1756	0.1856

Source of Information: Texas Municipal Reports

DEER PARK INDEPENDENT SCHOOL DISTRICT
Table 8
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Intercontinental Terminals Company LLC	\$ 808,476,446	1	5.58%			
Deer Park Refining LP	670,269,069	2	4.63%	\$ 282,200,000	4	3.77%
Equistar Chemicals LP	611,153,660	3	4.22%			
Gemini HDPE LLC	481,756,650	4	3.32%			
Shell Oil Co.	400,576,374	5	2.76%	1,100,486,472	1	14.70%
MVP Teminalling Co.	395,755,704	6	2.73%			
Oxy Vinyls LP	394,851,541	7	2.72%	389,091,638	3	5.20%
Pasadena Petroleum Products	371,366,758	8	2.56%			
Lubrizol Corp	369,525,698	9	2.55%	155,836,876	8	2.08%
Exxon Mobil Corp	334,577,875	10	2.31%	113,603,190	10	1.52%
Rohm & Haas Co.				419,133,097	2	5.60%
Intercontinental Terminal Industrial						
Ineos USA LLC				185,454,980	5	2.48%
Chevron Chemical Co.				159,179,507	6	2.13%
MEMC Pasadena Inc.				157,855,818	7	2.11%
Total Petrochemicals				126,407,035	9	1.69%
Totals	<u>\$ 4,838,309,775</u>		<u>33.38%</u>	<u>\$ 3,089,248,613</u>		<u>41.28%</u>

Source: Municipal Advisory Council (MAC)

DEER PARK INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Table 9

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year ¹	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 117,632,957	\$ 117,712,394	100.07%	\$ (193,125)	\$ 117,519,269	99.90%
2016	117,790,561	116,499,814	98.90%	216,804	116,716,618	99.09%
2017	118,660,642	118,398,820	99.78%	183,856	118,582,676	99.93%
2018	122,152,805	121,844,442	99.75%	221,291	122,065,733	99.93%
2019	126,829,555	126,481,859	99.73%	270,483	126,752,342	99.94%
2020	133,952,155	135,124,104	100.87%	(1,267,272)	133,856,832	99.93%
2021	138,701,851	139,314,489	100.44%	(1,627,298)	137,687,191	99.27%
2022	135,615,495	134,646,233	99.29%	770,515	135,416,748	99.85%
2023	152,969,640	149,775,698	97.91%	(1,368,060)	148,407,638	97.02%
2024	140,881,672	137,818,616	97.83%	-	137,818,616	97.83%

¹ Appraised value less exemptions equal taxable assessed value. The beginning taxable value net of adjustments times the tax rate set by the District's Board of Trustees each fall equals the total net tax levy. The net tax levy for prior years reflects ongoing adjustments applied to that year's tax levy.

DEER PARK INDEPENDENT SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 10

Fiscal Year	Governmental Activities			Total Primary Government	Ratio of Debt to Assessed Value ¹	Debt per Student ²
	School Building and Refunding Bonds	Leases	SBITAs			
2015	\$ 264,776,763	\$ -	\$ -	\$ 264,776,763	3.56%	\$ 20,702
2016	247,212,321	-	-	247,212,321	3.24%	18,738
2017	230,360,862	-	-	230,360,862	3.00%	17,198
2018	274,024,280	-	-	274,024,280	3.55%	20,530
2019	256,035,923	-	-	256,035,923	3.24%	19,446
2020	308,685,533	-	-	308,685,533	3.72%	23,604
2021	313,077,924	-	-	313,077,924	3.22%	24,020
2022	285,622,475	3,083,430	-	288,705,905	2.56%	22,431
2023	360,476,240	1,699,434	898,292	363,073,966	3.15%	28,203
2024	409,883,010	-	376,611	410,259,621	3.56%	33,233

¹ See Table 6 for assessed value information.

² See Table 17 for student enrollment information.

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

DEER PARK INDEPENDENT SCHOOL DISTRICT
RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Table 11

Fiscal Year	School Building and Refunding Bonds Outstanding	Less: Restricted for Retirement of Bonded Debt	Total	Percentage of Estimated Actual Taxable Value of Property ¹	Net Bonded Debt per Student ²
2015	\$ 264,776,763	\$ 3,738,611	\$ 261,038,152	3.42%	\$ 20,057
2016	247,212,321	3,335,950	243,876,371	3.18%	18,543
2017	230,360,862	4,174,319	226,186,543	2.93%	17,319
2018	274,024,280	5,904,814	268,119,466	3.39%	20,530
2019	256,035,923	5,110,169	250,925,754	3.03%	19,446
2020	308,685,533	6,277,091	302,408,442	3.11%	23,604
2021	313,077,924	9,636,127	303,441,797	3.13%	24,020
2022	285,622,475	8,150,132	277,472,343	2.46%	22,431
2023	360,476,240	12,315,833	348,160,407	3.02%	28,203
2024	409,883,010	13,004,844	396,878,166	3.03%	32,364

¹ See Table 6 for assessed value information.

DEER PARK INDEPENDENT SCHOOL DISTRICT
COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT
FOR THE FISCAL YEAR ENDING JUNE 30, 2024

Table 12

Governmental Unit	Net Debt		Percentage Overlapping	Amount of Overlapping Debt
	Amount	As Of		
Overlapping:				
Baytown, City of	\$ 164,099,000	03/31/24	1.37%	\$ 2,248,033
Clear Lake City Water Auth	131,245,000	03/31/24	7.26%	9,528,387
Deer Park, City of	87,459,655	08/31/23	73.52%	64,300,338
Harris Co	1,541,000,375	10/01/22	1.85%	28,508,507
Harris Co Dept of Ed	18,817,044	08/31/23	1.85%	348,115
Harris Co Flood Control Dist	991,095,000	03/31/24	1.85%	18,335,258
Harris Co Hosp Dist	65,285,000	03/31/24	1.85%	1,207,773
Harris County WCID #1	13,500,000	03/31/24	6.47%	689,850
Houston, City of	2,967,085,000	03/31/24	9.00%	2,670,377
Laporte, City of	41,790,000	03/31/24	1.69%	706,251
Pasadena, City of	164,955,000	03/31/24	24.55%	35,448,830
Pt of Houston Auth	426,134,397	03/31/24	2.45%	7,883,486
San Jacinto CCD	520,862,492	03/31/24	20.02%	87,504,899
Total Estimated Overlapping				259,380,104
The District				410,259,621
Total Direct and Overlapping Debt				<u>\$ 669,639,725</u>
Total Direct and Overlapping Debt % of A.V. 4.37%				
Total Direct and Overlapping Debt per Capita: \$11,551				

Sources: Texas Municipal Report issued by the Municipal Advisory Council of Texas

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Deer Park Independent School District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for paying the debt, of each overlapping government.

DEER PARK INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Table 13

Chapter 45 (School District Funds) Subchapter A (Texas Bonds and Maintenance Taxes) of the Texas Education Code governs the issuance of bonds by independent school districts in the State of Texas. Key points regarding limitations on the issuance of bonds are:

- Sec. 45.001 (b) - The bonds must mature serially or otherwise not more than 40 years from their date.
- Sec. 45.0031(a) Before issuing bonds described by Section 45.001, a school district must demonstrate to the attorney general under Subsection (b) or (c) that, with respect to the proposed issuance, the district has a projected ability to pay the principal of and interest on the proposed bonds and all previously issued bonds other than bonds authorized to be issued at an election held on or before April 1, 1991, and issued before September 1, 1992, from a tax at a rate not to exceed \$0.50 per \$100 of valuation.

September 1, 1992, from a tax at a rate not to exceed \$0.50 per \$100 of valuation.

The full text of Chapter 45 of the Texas Education Code can be found at www.capitol.state.tx.us.

The District's debt service tax rate for fiscal year 2024 is \$0.2700 per \$100 valuation.

Source: Texas Education Code and District records.

DEER PARK INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Table 14

Fiscal Year	Residential Unit ¹	Total Assessed Value Per Residential Unit ¹	Average Assessed Value Per Residential Unit ¹	Estimated Population ²	Student Enrollment	Unemployment Rate ³
2015	14,102	\$ 1,338,674,063	\$ 94,928	51,128	13,015	4.60%
2016	14,141	1,372,910,196	97,087	51,714	13,152	5.30%
2017	14,252	1,499,794,235	105,234	51,245	13,060	6.00%
2018	14,302	1,639,915,730	114,663	50,422	12,904	4.80%
2019	14,357	1,705,772,703	118,811	49,980	12,812	4.20%
2020	14,385	1,901,329,326	132,174	48,454	12,633	9.6% ⁴
2021	14,592	2,258,049,912	154,746	47,127	12,370	7.10%
2022	14,705	2,446,966,328	166,404	56,682	12,345	5.40%
2023	14,751	2,455,713,452	166,478	56,250	12,263	5.30%
2024	14,830	1,889,096,645 ⁵	127,383	55,414	12,082	5.10%

¹ Harris County Appraisal District

The residential property numbers were derived by using the tax roll for the necessary year and adding the totals for all items designated as "residential" in the property use category description.

² Population estimated per Texas Municipal Reports.

³ Source of information unless otherwise noted: U.S. Bureau of Labor Statistics - (Deer Park, City of)

⁴ Increase due to COVID 19 Pandemic

⁵ Homestead increased from \$40,000 to \$100,000 which reduced Taxable Assessed Value

DEER PARK INDEPENDENT SCHOOL DISTRICT
Table 15
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2024			2015		
	Employees	Rank	Percentage of Principal Employers	Employees	Rank	Percentage of Principal Employers
Shell/Pemex Deer Park (Refinery and Chemical Plant)	3,000	1	29.45%	3,200	1	32.76%
Deer Park Independent School District	1,954	2	19.18%	1,793	2	18.35%
Universal Plant Services	1,120	3	10.99%			0.00%
Lubrizol Specialty Chemicals	1,000	4	9.82%	1,330	3	13.61%
Dow Chemical Co	700	5	6.87%	900	4	9.21%
Mistras Group	580	6	5.69%	700	5	7.17%
Clean Harbors	520	7	5.10%	270	10	2.76%
Minh Foods	470	8	4.61%	400	8	4.09%
H-E-B	423	9	4.15%			0.00%
City of Deer Park	420	10	4.12%	401	7	4.10%
Wal-Mart				425	6	4.35%
Siemens Energy				350	9	3.58%
	<u>10,187</u>		<u>100.00%</u>	<u>9,769</u>		<u>100.00%</u>

Source: District records or deerparktx.gov

DEER PARK INDEPENDENT SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES
LAST TEN FISCAL YEARS

Table 16
Page 1 of 2

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Professional Staff					
Teachers	829	838	838	815	824
Professional Support	261	263	250	224	209
Campus Administration	44	44	44	42	42
Central Administration	22	21	19	19	17
Education Aides	285	267	257	261	241
Auxiliary Staff	<u>513</u>	<u>513</u>	<u>503</u>	<u>527</u>	<u>570</u>
Total	<u><u>1,954</u></u>	<u><u>1,946</u></u>	<u><u>1,911</u></u>	<u><u>1,888</u></u>	<u><u>1,903</u></u>

Source: Texas Education Agency TAPR (Texas Academic Performance Report)

DEER PARK INDEPENDENT SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES
LAST TEN FISCAL YEARS

Table 16
Page 2 of 2

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Professional Staff					
Teachers	819	834	827	821	845
Professional Support	203	186	186	180	139
Campus Administration	42	43	44	44	44
Central Administration	18	18	17	16	15
Education Aides	208	186	191	212	200
Auxiliary Staff	<u>515</u>	<u>534</u>	<u>544</u>	<u>564</u>	<u>550</u>
Total	<u><u>1,805</u></u>	<u><u>1,801</u></u>	<u><u>1,809</u></u>	<u><u>1,837</u></u>	<u><u>1,793</u></u>

Source: Texas Education Agency TAPR (Texas Academic Performance Report)

DEER PARK INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Table 17
Page 1 of 2

Fiscal Year	Average Daily Attendance	Governmental Fund Expenditures		Government-wide Expenses	
		Operating Expenditures ¹	Cost Per Student	Governmental Activities Expenses	Cost Per Student
2015	12,329	\$ 194,539,974	\$ 15,779	\$ 215,223,196	\$ 17,457
2016	12,470	142,766,145	11,449	167,284,713	13,415
2017	12,357	133,139,555	10,774	158,085,691	12,793
2018	12,159	141,095,841	11,604	122,384,070	10,065
2019	12,052	145,139,851	12,043	177,086,494	14,694
2020	11,684	156,794,207	13,420	191,735,838	16,410
2021	11,356	167,961,113	14,791	194,517,449	17,129
2022	11,501	174,251,631	15,151	188,114,930	16,356
2023	11,270	182,605,857	16,203	210,657,428	18,692
2024	11,244	175,531,369	15,575	209,469,528	18,629

Source: District Records

¹ Governmental operating expenditures are total expenditures less debt service and capital outlay (to the extent capitalized for the government-wide statement of net position) and expenditures for capitalized assets included within the functional expenditures categories.

DEER PARK INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Table 17
Page 2 of 2

Fiscal Year	District Employees				Enrollment	Percentage Change in Enrollment	Student / Teacher Ratio	Students Participating in Free/Reduced Lunch Program
	Teachers	Professionals	Other	Total				
2015	845	198	750	1,793	13,015	0.36%	15.4	41.25%
2016	821	240	776	1,837	13,152	1.05%	16.0	41.79%
2017	827	247	735	1,809	13,060	-0.70%	15.8	41.13%
2018	834	247	720	1,801	12,904	-1.19%	15.5	45.24%
2019	819	263	723	1,805	12,812	-0.71%	15.6	45.58%
2020	824	268	811	1,903	12,633	-1.40%	15.3	45.60%
2021	815	285	788	1,888	12,370	-2.08%	15.2	0.00%
2022	838	313	760	1,911	12,345	-0.20%	14.7	49.00%
2023	838	328	780	1,946	12,263	-0.66%	14.6	52.00%
2024	829	327	798	1,954	12,122	-1.15%	14.6	50.00%

Source: District Records

¹ Governmental operating expenditures are total expenditures less debt service and capital outlay (to the extent capitalized for the government-wide statement of net position) and expenditures for capitalized assets included within the functional expenditures categories.



DEER PARK INDEPENDENT SCHOOL DISTRICT
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS

Table 18

Fiscal Year	Minimum Salary ¹	Maximum Salary ¹	Statewide Average ²
2015	\$ 50,400	\$ 67,593	\$ 50,715
2016	51,300	68,853	51,891
2017	52,200	70,655	52,525
2018	53,200	72,183	53,334
2019	53,500	73,907	54,122
2020	55,500	76,614	54,923
2021	55,500	76,614	57,091
2022	58,000	78,603	57,641
2023	59,500	80,685	58,887
2024	61,000	81,437	60,717

¹ Source: District Records

² Source: Texas Education Agency TAPR (Texas Academic Performance Report)

DEER PARK INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Table 19
Page 1 of 4

Building:	Year Built	2024	2023	2022	2021	2020
<u>HIGH SCHOOLS</u>						
Deer Park High School (3 Campuses)	1951					
Square Footage		1,069,656	1,069,656	1,069,656	1,069,656	1,069,656
Capacity		5,000	5,000	5,000	5,000	5,000
Enrollment		4,017	4,017	4,017	4,017	3,958
Sub-Total Sq Ft. High Schools		1,069,656	1,069,656	1,069,656	1,069,656	1,069,656
<u>JUNIOR HIGH SCHOOLS</u>						
Deepwater Junior High	1968					
Square Footage		165,133	165,133	165,133	165,133	165,133
Capacity		1,000	1,000	1,000	1,000	1,000
Enrollment		617	633	633	633	648
Deer Park Junior High	1967					
Square Footage		163,387	163,387	163,387	163,387	163,387
Capacity		1,000	1,000	1,000	1,000	1,000
Enrollment		857	902	902	902	904
Bonnette Junior High	1967					
Square Footage		193,232	193,232	193,232	193,232	193,232
Capacity		1,100	1,100	1,100	1,100	1,100
Enrollment		672	781	781	781	808
Fairmont Junior High	1994					
Square Footage		215,000	215,000	215,000	215,000	215,000
Capacity		1,000	1,000	1,000	1,000	1,000
Enrollment		689	739	739	739	791
Sub-Total Sq Ft. Junior High Schools		736,752	736,752	736,752	736,752	736,752
<u>ELEMENTARY SCHOOLS</u>						
Carpenter Elementary	2019					
Square Footage		142,000	142,000	142,000	142,000	142,000
Capacity		1,150	1,150	1,150	1,150	1,150
Enrollment		804	781	781	781	795
Deepwater Elementary	1954					
Square Footage		128,660	128,660	128,660	128,660	128,660
Capacity		1,100	1,100	1,100	1,100	1,100
Enrollment		626	659	659	659	733
San Jacinto Elementary	2012					
Square Footage		137,619	137,619	137,619	137,619	137,619
Capacity		1,100	1,100	1,100	1,100	1,100
Enrollment		807	830	830	830	867
Deer Park Elementary	1969					
Square Footage		91,381	91,381	91,381	91,381	91,381
Capacity		800	800	800	800	800
Enrollment		691	803	803	803	824

DEER PARK INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Table 19

Page 2 of 4

Building:	Year Built	2019	2018	2017	2016	2015
<u>HIGH SCHOOLS</u>						
Deer Park High School (3 Campuses)	1951					
Square Footage		1,069,656	1,069,656	1,069,656	1,069,656	1,069,656
Capacity		5,000	5,000	5,000	5,000	5,000
Enrollment		4,023	4,018	4,078	4,092	4,100
Sub-Total Sq Ft. High Schools		<u>1,069,656</u>	<u>1,069,656</u>	<u>1,069,656</u>	<u>1,069,656</u>	<u>1,069,656</u>
<u>JUNIOR HIGH SCHOOLS</u>						
Deepwater Junior High	1968					
Square Footage		165,133	165,133	165,133	165,133	165,133
Capacity		1,000	1,000	1,000	1,000	1,000
Enrollment		649	657	649	639	626
Deer Park Junior High	1967					
Square Footage		163,387	163,387	163,387	163,387	163,387
Capacity		1,000	1,000	1,000	1,000	1,000
Enrollment		894	880	906	895	833
Bonnette Junior High	1967					
Square Footage		193,232	193,232	193,232	193,232	193,232
Capacity		1,100	1,100	1,100	1,100	1,100
Enrollment		819	812	769	798	775
Fairmont Junior High	1994					
Square Footage		215,000	215,000	215,000	215,000	215,000
Capacity		1,000	1,000	1,000	1,000	1,000
Enrollment		759	761	727	761	759
Sub-Total Sq Ft. Junior High Schools		<u>736,752</u>	<u>736,752</u>	<u>736,752</u>	<u>736,752</u>	<u>736,752</u>
<u>ELEMENTARY SCHOOLS</u>						
Carpenter Elementary	2019					
Square Footage		113,300	113,300	113,300	113,300	113,300
Capacity		1,000	1,000	1,000	1,000	1,000
Enrollment		824	853	834	835	814
Deepwater Elementary	1954					
Square Footage		128,660	128,660	128,660	128,660	128,660
Capacity		1,100	1,100	1,100	1,100	1,100
Enrollment		761	811	815	793	767
San Jacinto Elementary	2012					
Square Footage		137,619	137,619	137,619	137,619	137,619
Capacity		1,100	1,100	1,100	1,100	1,100
Enrollment		898	905	967	965	947
Deer Park Elementary	1969					
Square Footage		91,381	91,381	91,381	91,381	91,381
Capacity		800	800	800	800	800
Enrollment		785	762	755	725	768

DEER PARK INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Table 19
Page 3 of 4

Building:	Year Built	2024	2023	2022	2021	2020
<u>ELEMENTARY SCHOOLS (continued)</u>						
Parkwood Elementary	1971					
Square Footage		125,579	125,579	125,579	125,579	125,579
Capacity		1,100	1,100	1,100	1,100	1,100
Enrollment		611	660	660	660	618
Dabbs Elementary	1982					
Square Footage		88,617	88,617	88,617	88,617	88,617
Capacity		800	800	800	800	800
Enrollment		621	586	586	586	618
Fairmont Elementary	1990					
Square Footage		99,000	99,000	99,000	99,000	99,000
Capacity		850	850	850	850	850
Enrollment		786	731	731	731	778
Early Childhood Center	1999					
Square Footage		67,150	67,150	67,150	67,150	67,150
Capacity		400	400	400	400	400
Enrollment		273	179	179	179	291
Sub-Total Sq Ft. Elementary Schools		880,006	880,006	880,006	880,006	880,006
GRAND TOTAL		2,686,414	2,686,414	2,686,414	2,686,414	2,686,414

Source: District Records

DEER PARK INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Table 19
Page 4 of 4

Building:	Year Built	2019	2018	2017	2016	2015
<u>ELEMENTARY SCHOOLS (continued)</u>						
Parkwood Elementary	1971					
Square Footage		125,579	125,579	125,579	125,579	125,579
Capacity		1,100	1,100	1,100	1,100	1,100
Enrollment		667	645	720	774	755
Dabbs Elementary	1982					
Square Footage		88,617	88,617	88,617	88,617	88,617
Capacity		800	800	800	800	800
Enrollment		683	681	776	771	762
Fairmont Elementary	1990					
Square Footage		99,000	99,000	99,000	99,000	99,000
Capacity		850	850	850	850	850
Enrollment		802	828	810	802	809
Early Childhood Center	1999					
Square Footage		67,150	67,150	67,150	67,150	67,150
Capacity		400	400	400	400	400
Enrollment		248	291	254	302	300
Sub-Total Sq Ft. Elementary Schools		851,306	851,306	851,306	851,306	851,306
GRAND TOTAL		2,657,714	2,657,714	2,657,714	2,657,714	2,657,714

Source: District Records

DEER PARK INDEPENDENT SCHOOL DISTRICT
REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
For the Year Ended June 30, 2024

Schedule L-1

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	
	(If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.	
	Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ -0-

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission on the required due date and published as a part of the school district's AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).

FEDERAL AWARDS SECTION



**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
Deer Park Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Deer Park Independent School District (the "District"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated October 21, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

To the Board of Trustees
Deer Park Independent School District

Purpose of this Report

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
October 21, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
Deer Park Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Deer Park 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, 2024. 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’s complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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.

To the Board of Trustees
Deer Park Independent School District

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

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
October 21, 2024



DEER PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) ?	No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
US Department of Education	
Special Education Cluster	84.027A; 84.027X; 84.173A
Covid-19 - ESSER III - ARP Act	84.425U
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Auditee qualified as low risk auditee?	Yes

DEER PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
For the Year Ended June 30, 2024

II. Financial Statement Findings

None Reported

III. Federal Awards Findings and Questioned Costs

None Reported

DEER PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Exhibit K-1

(2A) Pass Through Entity Identifying Number	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	District Fund Number	(2) Assistance Listing Number	(3) Federal Expenditures
U.S. Department of Agriculture				
Passed Through Texas Department of Agriculture:				
National School Lunch Program -				
NT4XL1YGLGC5	USDA Commodities - Non-Cash Assistance	240	10.555	\$ 496,210
NT4XL1YGLGC5	Supply Chain Assistance Fund	240	10.555	476,721
Passed Through Texas Education Agency:				
Cash Assistance:				
71402401	School Breakfast Program	240	10.553	1,040,498
71402401	School Breakfast Program - SSO	240	10.553	20,046
71302401	National School Lunch Program	240	10.555	2,952,054
71302401	National School Lunch Program - SSO	240	10.555	43,852
Total Child Nutrition Cluster (ALN 10.553, 10.555)				<u>5,029,381</u>
Total Department of Agriculture				<u>5,029,381</u>
U.S. Department of Education				
Passed Through Texas Education Agency:				
23610101101908	ESEA, Title I, Part A	211	84.010A	106,821
24610101101908	ESEA, Title I, Part A	211	84.010A	2,541,399
Total ALN 84.010				<u>2,648,220</u>
236600011019086600	IDEA-B Formula	224	84.027A	43,192
246600011019086600	IDEA-B Formula	224	84.027A	2,443,893
236610011019086610	IDEA-B Preschool	225	84.173A	593
246610011019086610	IDEA-B Preschool	225	84.173A	48,035
66002306	IDEA-B, High Cost	226	84.027A	12,451
225350021019085350	COVID-19 - IDEA-B Formula - ARP	284	84.027X	5,440
Total Special Education Cluster (ALN 84.027, 84.173)				<u>2,553,604</u>
24420006101908	Carl D. Perkins Basic Grant	244	84.048A	150,629
23671001101908	ESEA Title III, Part A, ELA	263	84.365A	24,908
24671001101908	ESEA Title III, Part A, ELA	263	84.365A	110,315
Total ALN 84.365				<u>135,223</u>
23694501101908	ESEA Title II, Part A, Supporting Effective Instruction	255	84.367A	63,696
24694501101908	ESEA Title II, Part A, Supporting Effective Instruction	255	84.367A	325,314
Total ALN 84.367				<u>389,010</u>
69552302	LEP Summer School	199	84.369A	11,724
Total ALN 84.369				<u>11,724</u>
21528001101908	COVID-19 - ESSER III - ARP Act	282	84.425U	1,735,628
Total ALN 84.425				<u>1,735,628</u>
23680101101908	Title IV, Part A	289	84.424A	31,001
Total ALN 84.424				<u>31,001</u>
Total U.S. Department of Education				<u>7,655,039</u>
Total Expenditures of Federal Awards				<u><u>\$ 12,684,420</u></u>

Note 1 - Summary of Significant Accounting Policies

The District accounts for all awards under federal programs in the General and Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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. Generally, unused balances are returned to the grantor at the close of specified project periods.

All federal grants are subject to review by the grantor agencies. Any expenditures identified by the grantor agencies as disallowed could require reimbursement to the grantor agency from the District's general fund.

Note 2 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Guidance. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 3 - Reconciliation to Basic Financial Statements

The following is a reconciliation of expenditures of federal awards program per Exhibit K-1 and expenditures reported on Exhibit C-3:

Total shown on Schedule of Expenditures of Federal Awards	\$ 12,684,420
Federal Revenue Accounted for in Governmental Funds:	
Medicaid SHARS	877,113
ARPA - Indirect cost incurred in prior year, reported in the current year SEFA	(1,735,628)
LEP Summer School Cost incurred in prior year, recorded in the current year SEFA	(7,316)
	<u>(865,831)</u>
Total Federal Revenue - Exhibit C-3	<u>11,818,589</u>
Total Federal Revenue	<u>\$ 11,818,589</u>

Note 4 - General Fund Expenditures

Federal Awards reported in the general fund are summarized as follows:

Medicaid SHARS	\$ 877,113
Indirect Costs	835,831
	<u>\$ 1,712,944</u>

DEER PARK INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2024

Federal regulations, Title 2 U.S. Code of Federal Regulations Section 200.511 states, "The auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings." The summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs and
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

I. Prior Audit Findings

None Noted

DEER PARK INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

For the Year Ended June 30, 2024

Federal regulations, Title 2 U.S. Code of Federal Regulations §200.511 states, "At the completion of the audit, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan to address each audit finding included in the current year auditor's reports."

I. Corrective Action Plan

Not Applicable