

OFFICIAL STATEMENT

Dated: June 24, 2026

NEW ISSUES: BOOK-ENTRY-ONLY

In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
(Dallas County, Texas)**

**\$199,270,000
UNLIMITED TAX REFUNDING BONDS,
SERIES 2026A (PSF)**

**\$14,305,000
UNLIMITED TAX REFUNDING BONDS,
SERIES 2026B (NON-PSF)**

Dated Date: July 1, 2026

Due: August 15 and February 15, as shown on page ii

(Interest Accrual Date: Date of Delivery)

The Grand Prairie Independent School District (the “District”) is issuing its \$199,270,000 Unlimited Tax Refunding Bonds, Series 2026A (PSF) (the “2026A Bonds”) and its \$14,305,000 Unlimited Tax Refunding Bonds, Series 2026B (Non-PSF) (the “2026B Bonds” and collectively with the 2026A Bonds, the “Bonds”) in accordance with the Constitution and general laws of the State of Texas, particularly Chapters 1207 and 1371, Texas Government Code, as amended, and a bond order (the “Bond Order”) passed by the Board of Trustees (the “Board”) of the District on April 16, 2026, in which the Board delegated pricing of the Bonds and certain other matters to a “Pricing Officer” who approved and executed a pricing certificate for each series of the Bonds (the “2026A Pricing Certificate” and the “2026B Pricing Certificate” and collectively the “Pricing Certificate”), which completed the sale of the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the “Order”). The Bonds constitute direct obligations of the District and are payable as to principal and interest from the proceeds of an ad valorem tax levied, without legal limit as to rate or amount, against all taxable property located within the District.

The District has received conditional approval from the Texas Education Agency for the 2026A Bonds to be guaranteed under the State of Texas Permanent School Fund Guarantee Program (hereinafter defined), which will automatically become effective when the Attorney General of Texas approves the 2026A Bonds (see “APPENDIX C – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” herein). The 2026B Bonds are not guaranteed under the State of Texas Permanent School Fund Guarantee Program.

Interest on the Bonds will accrue from the date they are initially delivered (the “Date of Delivery”) to the initial purchasers thereof named below (the “Underwriters”) and will be payable on February 15 and August 15 of each year, commencing August 15, 2026, until stated maturity or, with respect to the 2026A Bonds, prior redemption, as applicable. The Bonds will be issued in principal denominations of \$5,000 or any integral multiple thereof within a maturity. Interest accruing on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months (see “THE BONDS – General Description” herein).

The District intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York (“DTC”), but reserves the right on its behalf or on behalf of DTC to discontinue the use of such system. The principal of and interest on each series of the Bonds at maturity or, with respect to the 2026A Bonds, on a prior redemption date, as applicable, will be payable to Cede & Co., as nominee for DTC, by BOKF, NA, 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 (see “BOOK-ENTRY-ONLY SYSTEM” herein).

The 2026A Bonds maturing on and after February 15, 2037 are subject to redemption prior to maturity, at the option of the District, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption as further described herein. The 2026B Bonds are not subject to optional redemption (see “THE BONDS – General Description” and “– Redemption Provisions” herein).

Proceeds from the sale of the Bonds will be used (i) to refund a portion of the District’s outstanding bonds (the “Refunded Bonds”) (see “SCHEDULE I – SCHEDULE OF BONDS TO BE REFUNDED BY THE 2026A BONDS” and “SCHEDULE II – SCHEDULE OF BONDS TO BE REFUNDED BY THE 2026B BONDS”) and (ii) to pay costs of issuance related to each series of the Bonds, respectively (see “THE BONDS – Authorization and Purpose” herein). The refundings are being undertaken to lower the District’s debt service and will result in present value savings to the District.

CUSIP PREFIX: 386155

MATURITY SCHEDULES & 9 DIGIT CUSIP

See Page ii

The Bonds are offered when, as and if issued, and accepted by the Underwriters, subject to the approval of legality by the Attorney General of the State of Texas and the opinions of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Troutman Pepper Locke LLP, Dallas, Texas. The Bonds are expected to be available for initial delivery through the services of DTC on or about July 30, 2026.

CABRERA CAPITAL MARKETS LLC

BOK FINANCIAL SECURITIES, INC.

FROST BANK

SAMCO CAPITAL MARKETS

STEPHENS INC.

UMB BANK, N.A.

MATURITY SCHEDULES

\$199,270,000
UNLIMITED TAX REFUNDING BONDS, SERIES 2026A (PSF)

Maturity Date	Principal Amount	Interest Rate	Initial Reoffering Yield^(B)	CUSIP Suffix^(A)	Maturity Date	Principal Amount	Interest Rate	Initial Reoffering Yield^(B)	CUSIP Suffix^(A)
8/15/2026	\$4,035,000	5.000%	2.550%	HY4	2/15/2034	\$14,740,000	5.000%	3.080%	JG1
2/15/2027	20,465,000	5.000%	2.520%	HZ1	2/15/2035	15,500,000	5.000%	3.150%	JH9
2/15/2028	13,280,000	5.000%	2.560%	JA4	2/15/2036	16,295,000	5.000%	3.220%	JJ5
2/15/2029	19,730,000	5.000%	2.650%	JB2	2/15/2037	17,130,000	5.000%	3.330% ^(C)	JK2
2/15/2030	21,340,000	5.000%	2.750%	JC0	2/15/2038	2,400,000	5.000%	3.400% ^(C)	JL0
2/15/2031	17,850,000	5.000%	2.870%	JD8	2/15/2039	2,525,000	5.000%	3.440% ^(C)	JM8
2/15/2032	18,050,000	5.000%	2.950%	JE6	2/15/2040	2,655,000	5.000%	3.540% ^(C)	JN6
2/15/2033	10,485,000	5.000%	3.010%	JF3	2/15/2041	2,790,000	5.000%	3.600% ^(C)	JP1

(Interest Accrues from the Date of Delivery)

\$14,305,000
UNLIMITED TAX REFUNDING BONDS, SERIES 2026B (Non-PSF)

Maturity Date	Principal Amount	Interest Rate	Initial Reoffering Yield^(B)	CUSIP Suffix^(A)
8/15/2026	\$285,000	5.000%	2.610%	JQ9
2/15/2027	4,195,000	5.000%	2.600%	JR7
***	***	***	***	***
2/15/2031	9,825,000	5.000%	2.960%	JS5

(Interest Accrues from the Date of Delivery)

REDEMPTION PROVISIONS....The 2026A Bonds maturing on and after February 15, 2037, are subject to redemption prior to maturity, at the option of the District, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption as further described herein (see “THE BONDS – General Description” and “– Redemption Provisions” herein). The 2026B Bonds are not subject to optional redemption (see “THE BONDS – General Description” and “– Redemption Provisions” herein).

CONCURRENT OFFERINGS....While the 2026A Bonds and the 2026B Bonds are being offered under a common Official Statement, the 2026A Bonds and the 2026B Bonds are separate and distinct securities offerings and each such offering is being issued and sold separate and apart from the other offering and should be reviewed and analyzed independently, including, among other matters, the security for their payment and redemption provisions (see “THE BONDS – Security,” “– Permanent School Fund Guarantee,” and “– Redemption Provisions”) and the rights of the respective holders.

^(A) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association 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 are responsible for the selection or correctness of the CUSIP numbers set forth herein.

^(B) The initial reoffering yield represents the initial offering yield to the public, which will be determined by the Underwriters. Portions of the Bonds may be sold by the Underwriters at prices other than those shown above.

^(C) Yield calculated on the assumption the 2026A Bonds denoted and sold at premium will be redeemed on February 15, 2036, the first optional call date for the 2026A Bonds, at the par value thereof plus accrued interest to the date fixed for redemption.

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
OFFICIALS, STAFF AND CONSULTANTS**

ELECTED OFFICIALS

<u>Name</u>		<u>Position</u>	<u>Term Expires</u>	<u>Occupation</u>
Emily Liles	Place 6	President	May 2028	Accountant
Terry Brooks	Place 1	Vice President	May 2027	Aircraft Mechanic
Tarrance Jones	Place 2	Member	May 2029	Criminal Investigator
Gloria Carrillo	Place 3, At Large	Member	May 2029	Senior Case Manager
Phil Jimerson	Place 4	Member	May 2029	Education
David Espinosa	Place 5	Member	May 2027	Deputy Constable
Amber Moffitt	Place 7, At Large	Member	May 2028	Mental Health Clinician

CERTAIN DISTRICT OFFICIALS

<u>Name</u>	<u>Position</u>
Dr. Gabriel Trujillo	Superintendent
Dr. Thurston Lamb	Deputy Superintendent of Operations
Kristin Byrd	Chief Financial Officer

CONSULTANTS AND ADVISORS

Auditors.....	Weaver and Tidwell, L.L.P. Dallas, Texas
Bond Counsel.....	Norton Rose Fulbright US LLP Dallas, Texas
Municipal Advisor	RBC Capital Markets, LLC Dallas, Texas

FOR ADDITIONAL INFORMATION PLEASE CONTACT:

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Chief Financial Officer
Grand Prairie Independent School District
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Grand Prairie, Texas 75052
Phone: (972) 237-5500

Clarence Grier
Managing Director
RBC Capital Markets, LLC
609 Main Street, 36th Floor
Houston, Texas 77002
Phone: (713) 853-0823

USE OF INFORMATION IN OFFICIAL STATEMENT

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 or the Underwriters.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state 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 this 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 “APPENDIX C – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM - PSF Continuing Disclosure Undertaking” and “CONTINUING DISCLOSURE OF INFORMATION” for a description of the undertakings of the Texas Education Agency (“TEA”) and the District, respectively, to provide certain information on a continuing basis.

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 WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE 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 JURISDICTIONS IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

None of the District, the Municipal Advisor or the Underwriters make any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company, New York, New York (“DTC”) or its Book-Entry-Only System described under “BOOK-ENTRY-ONLY-SYSTEM” or the affairs of the TEA described under “THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” and “APPENDIX C – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM”, as such information has been provided by the DTC and by the TEA, respectively.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in the Official Statement in accordance with, and as part of, their respective responsibilities to investors under the 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.

References to website 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, Rule 15c2-12, as amended, of the United States Securities and Exchange Commission.

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 any purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE 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 AND 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.

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The cover page hereof, the Maturity Schedules, the section entitled "Selected Data from the Official Statement," this Table of Contents, the Schedules, 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 (defined below) 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	Grand Prairie Independent School District (the “District”) is a political subdivision located in Dallas 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 and Use of Proceeds	The District’s Unlimited Tax Refunding Bonds, Series 2026A (PSF) (the “2026A Bonds”) and the District’s Unlimited Tax Refunding Bonds, Series 2026B (Non-PSF) (the “2026B Bonds” and collectively with the 2026A Bonds, the “Bonds”) are being issued in accordance with the Constitution and general laws of the State of Texas, particularly Chapters 1207 and 1371, Texas Government Code, as amended, and a bond order (the “Bond Order”) passed by the Board of Trustees (the “Board”) of the District on April 16, 2026, in which the Board delegated pricing of the Bonds and certain other matters to a “Pricing Officer” who approved and executed a pricing certificate for each series of the Bonds (the “2026A Pricing Certificate” and the “2026B Pricing Certificate” and collectively the “Pricing Certificate”), which completed the sale of the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the “Order”). Proceeds from the sale of the Bonds will be used (i) to refund a portion of the District’s outstanding bonds (the “Refunded Bonds”) (see “SCHEDULE I – SCHEDULE OF BONDS TO BE REFUNDED BY THE 2026A BONDS” and “SCHEDULE II – SCHEDULE OF BONDS TO BE REFUNDED BY THE 2026B BONDS”) and (ii) to pay costs of issuance related to each series of the Bonds, respectively (see “THE BONDS – Authorization and Purpose” herein). The refundings are being undertaken to lower the District’s debt service and will result in present value savings to the District.
The Bonds	The Bonds shall mature on the dates and in the amounts set forth on page ii of this Official Statement (see “THE BONDS – General Description”).
Payment of Interest	Interest on the Bonds will accrue from the date they are initially delivered (the “Date of Delivery”) to the Underwriters and will be payable on February 15 and August 15 of each year, commencing August 15, 2026, until maturity or, with respect to the 2026A Bonds, prior redemption, as applicable (see “THE BONDS – General Description”).
Paying Agent/Registrar	The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see “REGISTRATION, TRANSFER AND EXCHANGE – Paying Agent/Registrar” herein). Initially, the District intends to use the Book-Entry-Only System of The Depository Trust Company (“DTC”) (see “BOOK-ENTRY-ONLY SYSTEM”) herein.
Security	The Bonds will constitute direct obligations of the District, payable as to principal and interest from ad valorem taxes levied annually against all taxable property located within the District, without legal limitation as to rate or amount (see “THE BONDS – Security”). Also see “STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS” and “CURRENT PUBLIC SCHOOL FINANCE SYSTEM” for a discussion of recent developments in State law affecting the financing of school districts in Texas. Additionally, the District has received conditional approval from the Texas Education Agency for the 2026A Bonds to be guaranteed under the State of Texas Permanent School Fund Guarantee Program (hereinafter defined), which will automatically become effective when the Attorney General of Texas approves the 2026A Bonds (see “APPENDIX C – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM”). The 2026B Bonds <u>are not guaranteed</u> under the State of Texas Permanent School Fund Guarantee Program.

Redemption Provisions	The 2026A Bonds maturing on and after February 15, 2037 are subject to redemption prior to maturity, at the option of the District, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption as further described herein (see “THE BONDS – General Description” and “– Redemption Provisions”). The 2026B Bonds are <u>not subject to optional redemption</u> (see “THE BONDS – General Description” and “– Redemption Provisions” herein).
Ratings	The 2026A Bonds are rated “Aaa” by Moody’s Investors Service, Inc. (“Moody’s”) and “AAA” by Fitch Ratings, Inc. (“Fitch”) based upon the guaranteed repayment thereof under the Permanent School Fund Guarantee Program of the Texas Education Agency. Moody’s and Fitch generally rate all bond issues guaranteed by the corpus of the Permanent School Fund of the State of Texas “AAA” (see “THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” and “APPENDIX C – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM”). The District’s unenhanced, underlying ratings (without consideration of the Permanent School Fund Guarantee) on both series of Bonds, are “Aa3” by Moody’s and “AA” by Fitch (see “RATINGS”).
Tax Exemption	In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein.
Book-Entry-Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 principal amount or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. The principal of 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”).
Payment Record	The District has never defaulted on the payment of its bonded indebtedness.
Legal Opinions	Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel.
Delivery	When issued, anticipated to be on or about July 30, 2026.
Concurrent Offerings	While the 2026A Bonds and the 2026B Bonds are being offered under a common Official Statement, the 2026A Bonds and the 2026B Bonds are separate and distinct securities offerings and each such offering is being issued and sold separate and apart from the other offering and should be reviewed and analyzed independently, including, among other matters, the security for their payment and redemption provisions (see “THE BONDS – Security,” “– Permanent School Fund Guarantee,” and “– Redemption Provisions”) and the rights of the respective holders.

**OFFICIAL STATEMENT
RELATING TO**

**GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT
(Dallas County, Texas)**

\$199,270,000

**UNLIMITED TAX REFUNDING BONDS,
SERIES 2026A (PSF)**

\$14,305,000

**UNLIMITED TAX REFUNDING BONDS,
SERIES 2026B (NON-PSF)**

INTRODUCTORY STATEMENT

This Official Statement, including Schedule I, Schedule II, and Appendices A through E, has been prepared by the Grand Prairie Independent School District (the "District"), a political subdivision of the State of Texas (the "State") located in Dallas County, Texas, in connection with the offering by the District of its Unlimited Tax Refunding Bonds, Series 2026A (PSF) (the "2026A Bonds") and the District's Unlimited Tax Refunding Bonds, Series 2026B (Non-PSF) (the "2026B Bonds" and collectively with the 2026A Bonds, the "Bonds").

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").

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of this Official Statement relating to the Bonds will be submitted by the initial purchasers of the Bonds (the "Underwriters") to the Municipal Securities Rulemaking Board and will be available through its Electronic Municipal Market Access ("EMMA") system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the District's undertaking to provide certain information on a continuing basis. See "APPENDIX C – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM – PSF Continuing Disclosure Undertaking" for a description of the undertakings of the Texas Education Agency to provide certain information on a continuing basis.

THE BONDS

Authorization and Purpose

The Bonds are being issued in accordance with the Constitution and general laws of the State of Texas, particularly Chapters 1207 and 1371, Texas Government Code, as amended. In addition, the Bonds are being issued pursuant to a bond order (the "Bond Order") passed by the Board of Trustees of the District (the "Board") on April 16, 2026, in which the Board delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who approved and executed a pricing certificate for each series of the Bonds (the "2026A Pricing Certificate" and the "2026B Pricing Certificate" and collectively the "Pricing Certificate"), which completed the sale of the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the "Order").

Proceeds from the sale of each series of Bonds will be used (i) to refund a portion of the District's outstanding bonds (the "Refunded Bonds") (see "SCHEDULE I – SCHEDULE OF BONDS TO BE REFUNDED BY THE 2026A BONDS" and "SCHEDULE II – SCHEDULE OF BONDS TO BE REFUNDED BY THE 2026B BONDS" and (ii) to pay costs of issuance related to each series of the Bonds, respectively. The refundings are being undertaken to lower the District's debt service and will result in present value savings to the District.

Refunded Bonds

A description and identification of the Refunded Bonds appears in Schedule I and Schedule II attached hereto. The principal and interest due on each series of Refunded Bonds being redeemed on July 30, 2026 as set forth in Schedule I hereto (the "Currently Callable Refunded Bonds") will be paid directly to U.S. Bank Trust Company, National Association, as paying agent for the Refunded Bonds (the "Refunded Bonds Paying Agent"), contemporaneously with the delivery of the Bonds. The Verification Agent (as defined below) will certify as to the sufficiency of the amount deposited with the Refunded Bonds Paying Agent on the Date of Delivery to pay the principal of and interest on such Currently Callable Refunded Bonds on their redemption date.

The principal and interest due on each series of Refunded Bonds being redeemed on August 15, 2026 as set forth in Schedule I and Schedule II hereto (the "Defeased Refunded Bonds") will be paid on such redemption date from funds to be deposited with U.S. Bank Trust Company, National Association, Dallas, Texas, as escrow agent (the "Escrow Agent"), pursuant to an escrow agreement (the "Escrow Agreement") between the District and the Escrow Agent. The Order provides that from a portion of the proceeds of the sale of the Bonds received from the Underwriters, the District will deposit with the Escrow Agent an amount that will be sufficient to accomplish the discharge and final payment of the Defeased Refunded Bonds on their redemption date. Such funds will be held by the Escrow Agent in an escrow account (the "Escrow Fund") and used to purchase securities authorized by State law and the orders authorizing the Defeased Refunded Bonds (the "Escrowed Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Defeased Refunded Bonds.

Robert Thomas CPA LLC (the “Verification Agent”), a firm of independent certified public accountants, will verify at the time of delivery of the Bonds to the Underwriters that the Escrowed Securities will mature and pay interest, if any, in such amounts which, together with the uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, on the redemption date, the principal of and interest on the Defeased Refunded Bonds. Such maturing principal of and interest on the Escrowed Securities will not be available to pay debt service on the Bonds (see “VERIFICATION OF ARITHMETICAL COMPUTATIONS”).

By the deposit of the Escrowed Securities and cash with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of the Defeased Refunded Bonds pursuant to the terms of Chapter 1207, Texas Government Code, as amended, and the orders authorizing the issuance of the Defeased Refunded Bonds. In the opinion of Bond Counsel, as a result of such defeasance and in reliance upon the report from the Verification Agent, the Defeased Refunded Bonds will be outstanding only for the purpose of receiving payments from the Escrowed Securities and cash held for such purpose by the Escrow Agent, and the Defeased Refunded Bonds will not be deemed as being outstanding obligations of the District payable from the sources and secured in the manner provided in the orders authorizing their issuance or for any other purpose. The District will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Defeased Refunded Bonds from time to time, including any insufficiency therein caused by the failure to receive payment when due on the Escrowed Securities. Upon defeasance of the Defeased Refunded Bonds, the payment of such Defeased Refunded Bonds that were guaranteed by the State of Texas Permanent School Fund Guarantee Program will no longer be guaranteed by the State of Texas Permanent School Fund Guarantee Program.

General Description

Interest on the Bonds will accrue from the date they are initially delivered (the “Date of Delivery”) to the Underwriters and will be payable on February 15 and August 15 of each year, commencing August 15, 2026, until stated maturity or, with respect to the 2026A Bonds, prior redemption, as applicable. Each series of Bonds shall be dated July 1, 2026 and interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months. The paying agent and registrar (the “Paying Agent/Registrar”) for the Bonds is initially BOKF, NA, Dallas, Texas. The Bonds are to mature on the dates and in the principal amounts shown on page ii herein. The Bonds will each be issued as fully registered obligations in principal denominations of \$5,000 or any integral multiple thereof within a maturity.

Initially, the Bonds will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”) pursuant to the Book-Entry-Only System described below. 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” below for a more complete description of such system.

Interest on the Bonds shall 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 principal of the Bonds will be payable only upon presentation and surrender of such Bonds at the designated office of the Paying Agent/Registrar upon maturity or, with respect to the 2026A Bonds, prior redemption; 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.

Redemption Provisions

The 2026A Bonds maturing on and after February 15, 2037 are subject to redemption prior to maturity, at the option of the District, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2036, or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. If less than all of the 2026A Bonds are to be redeemed, the District may select the maturities of the 2026A Bonds to be redeemed. If less than all the 2026A Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the 2026A Bonds are in Book-Entry-Only form) shall determine by lot the 2026A Bonds, or portions thereof, within such maturity to be redeemed. The 2026B Bonds are not subject to optional redemption.

Notice of Redemption

At least 30 days prior to the date fixed for any such redemption, the District shall cause a written notice of such redemption to be deposited in the United States mail, postage prepaid, addressed to each registered owner of each 2026A Bond to be redeemed at the address shown on the Registration Books at the close of business on the business day next preceding the date of mailing such notice.

ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN NOTWITHSTANDING WHETHER ONE OR MORE OF THE REGISTERED OWNERS OF SUCH 2026A BONDS FAILED TO RECEIVE SUCH NOTICE. UPON

THE GIVING OF THE NOTICE OF REDEMPTION AND THE DEPOSIT OF THE FUNDS NECESSARY TO REDEEM SUCH 2026A BONDS, THE 2026A BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND INTEREST ON SUCH 2026A BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE IRRESPECTIVE OF WHETHER SUCH 2026A BONDS ARE SURRENDERED FOR PAYMENT.

With respect to any optional redemption of the 2026A Bonds, unless certain prerequisites to such redemption required by the Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the 2026A Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the District will not redeem such 2026A Bonds, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that the 2026A Bonds have not been redeemed.

DTC Notices

The Paying Agent/Registrar and the District, so long as a Book-Entry-Only System is used for the Bonds, will send any notice of redemption of 2026A Bonds, notice of proposed amendment to the Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the 2026A Bonds called for redemption or any other action premised on any such notice. Redemption of portions of the 2026A Bonds by the District will reduce the outstanding principal amount of such 2026A Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such 2026A Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such 2026A Bonds from the beneficial owners. Any such selection of 2026A Bonds to be redeemed will not be governed by the Order and will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the 2026A Bonds for redemption. See “BOOK-ENTRY-ONLY SYSTEM” herein.

Security

The Bonds are direct obligations of the District and are payable as to both principal and interest from an annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District, as provided in the Order. Additionally, subject to satisfying certain conditions, the payment of the 2026A Bonds will be guaranteed by the corpus of the Permanent School Fund of the State of Texas. The payment of the 2026B Bonds will not be guaranteed by the corpus of the Permanent School Fund of the State of Texas. See “STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS,” “TAX RATE LIMITATIONS” and “CURRENT PUBLIC SCHOOL FINANCE SYSTEM” as these relate to the Bonds and “APPENDIX C – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM,” as it relates to the 2026A Bonds.

Permanent School Fund Guarantee

In connection with the sale of the 2026A Bonds, the District has received conditional approval from the Commissioner of Education for the payment of the 2026A Bonds to be guaranteed under the Guarantee Program of the Permanent School Fund of Texas (Chapter 45, Subchapter C, of the Texas Education Code). Subject to meeting certain conditions discussed in “APPENDIX C – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM,” the payment of the 2026A 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. In the event of default, registered owners of the 2026A Bonds will receive all payments due from the corpus of the Permanent School Fund.

In the event the District defeases any of the 2026A Bonds, the payment of such defeased 2026A Bonds will cease to be guaranteed by the corpus of the Permanent School Fund (see “THE BONDS – Defeasance of Bonds”).

The 2026B Bonds are not guaranteed by the corpus of the Permanent School Fund.

Legality

Each series of 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 respective opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel (see “LEGAL MATTERS” and “APPENDIX D – FORMS OF LEGAL OPINIONS OF BOND COUNSEL”).

Payment Record

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

Defeasance of Bonds

The Order provides for the defeasance of the Bonds when the payment on the Bonds to the due date thereof (whether such due date be by reason of maturity, redemption (with respect to the 2026A Bonds) or otherwise) is provided by irrevocably depositing with the Paying Agent/Registrar or authorized escrow agent, in trust (1) money sufficient to make such payment and/or (2) Government Securities that have been certified by

an independent certified public accountant, the District's municipal advisor, the Paying Agent/Registrar, or another qualified third party to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds, and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Government Securities. The Order provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the District, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the District, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and (d) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds. The District has the right, subject to satisfying the requirements, of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance, and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Order does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or that for any other Government Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid and will cease to be outstanding obligations secured by the Order or treated as debt of the District for purposes of taxation or applying any limitation on the District's ability to issue debt or for any other purpose. After firm banking and financial arrangements for the discharge and final payment or, with respect to the 2026A Bonds, redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the 2026A Bonds that have been defeased to maturity for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the 2026A Bonds that have been defeased to maturity for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the 2026A Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the 2026A Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

Upon defeasance, such defeased Bonds shall no longer be regarded to be outstanding or unpaid and the 2026A Bonds will no longer be guaranteed by the corpus of the Texas Permanent School Fund.

Amendments to the Order

In the Order, the District has reserved the right to, without the consent of or notice to any holders, from time to time and at any time, amend the Order in any manner not detrimental to the interests of the holders, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of holders holding a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to, or rescind any of the provisions of the Order; provided that, without the consent of all holders of Outstanding Bonds, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price of the 2026A Bonds, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition, or rescission.

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Sources and Uses of Funds

The proceeds from the sale of the Bonds will be applied approximately as follows:

	<u>2026A Bonds</u>	<u>2026B Bonds</u>
Sources:		
Principal Amount of the Bonds	\$199,270,000.00	\$14,305,000.00
Original Issue Premium	18,185,172.05	899,747.55
Total Sources of Funds	<u>\$217,455,172.05</u>	<u>\$15,204,747.55</u>
Uses:		
Deposit with Refunded Bonds Paying Agent	\$174,735,321.88	\$0.00
Deposit to Escrow Fund	41,177,000.00	15,066,225.00
Costs of Issuance*	715,115.20	89,409.43
Underwriters' Discount	827,734.97	49,113.12
Total Uses of Funds	<u>\$217,455,172.05</u>	<u>\$15,204,747.55</u>

* Any amounts remaining after payment of costs of issuance for a series of Bonds shall be transferred to the respective Interest and Sinking fund for such series of Bonds.

REGISTERED OWNERS' REMEDIES

The Order does not specify events of default with respect to the Bonds. If the District defaults in the payment of principal, interest or, with respect to the 2026A Bonds, redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Order, and, with respect to the 2026A Bonds, the State fails to honor the Permanent School Fund Guarantee as discussed herein, the registered owners may seek a writ of mandamus to compel District officials to carry out their legally imposed duties with respect to the Bonds, as well as, with respect to the 2026A Bonds, enforce rights of payment under the Permanent School Fund Guarantee, if there is no other available remedy at law to compel performance of the Bonds or the Order covenants and the District's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest 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 accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the District, permits the District to waive sovereign immunity in the proceedings authorizing its bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Bonds (as further described under the subcaption "THE BONDS – Authorization and Purpose"), 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, bondholders may not be able to bring such a suit against the District for breach of the Bonds or Order covenants in the absence of District action. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the United States 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 ad valorem 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 creditors' rights 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 Bonds are qualified with respect to the customary rights of debtors relative to their creditors, principles of governmental immunity and by general principles of equity which permit the exercise of judicial discretion.

See "APPENDIX C – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein for a description of the procedures to be followed for payment of the 2026A Bonds by the Permanent School Fund in the event the District fails to make a payment on the 2026A Bonds when due.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, redemption payments (with respect to the 2026A Bonds) 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 (as hereinafter defined), 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 security will be issued for each stated maturity of Bonds, as set forth on page ii hereof, each in the aggregate principal amount, as applicable, 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 rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the 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 effect 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2026A 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 Bonds unless authorized by a Direct Participant in accordance with DTC's 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds 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 the payable date 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 is 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. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are 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 (see "REGISTRATION, TRANSFER AND EXCHANGE – Future Registration").

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

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.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

BOKF, NA, Dallas, Texas has been named to serve as initial Paying Agent/Registrar for the Bonds. In the Order the District retains the right to replace the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank; a trust company; a financial institution; or other entity duly qualified and legally authorized to serve and perform the duties of the 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.

Future Registration

In the event the Book-Entry-Only System is discontinued, printed Bond certificates will be delivered to the owners of the Bonds and thereafter the Bonds may be transferred, registered and assigned on the registration books only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond 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 being transferred or exchanged at the designated office of the Paying Agent/Registrar, or sent by United States registered mail to the new Registered Owner at the Registered Owner's request, risk and expense. 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 (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer 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 authorized denominations and for a like kind and 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 the ownership and transferability of the Bonds.

Record Date for Interest Payment

The record date (“Record Date”) for the interest payable on any interest payment date for the Bonds 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 (which shall be 15 days after the Special Record Date) 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.

Limitation on Transfer of Bonds

The Paying Agent/Registrar shall not be required to make any such transfer, conversion or exchange of 2026A Bonds or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, that such limitation shall not apply to uncalled portions of a 2026A Bond redeemed in part.

Replacement Bonds

If any Bond is mutilated, destroyed, stolen or lost, a new Bond in the same principal amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon surrender and cancellation of such mutilated Bond. In the case of any Bond issued in lieu of and in substitution for a Bond which has been destroyed, stolen or lost, such new Bond will be delivered only (a) upon filing with the District and the Paying Agent/Registrar of satisfactory evidence to the effect that such Bond has been destroyed, stolen or lost and proof of the ownership thereof, and (b) upon furnishing the Paying Agent/Registrar with indemnification in an amount satisfactory to hold the District and the Paying Agent/Registrar harmless. The person requesting the authentication and delivery of a new Bond must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

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 Dallas Central Appraisal District (the “Appraisal District”). Except as generally 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 (3) 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.

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 (the “10% Homestead Cap”). See Tables 1 and 9 in “APPENDIX A – FINANCIAL INFORMATION REGARDING THE DISTRICT” for the reduction in taxable valuation attributable to the 10% Homestead Cap.

Unless extended by future legislation, through December 31, 2026, an appraisal district may only increase the appraised value of real property during the 2026 tax year on certain non-homestead properties (the “Subjected Property”) whose appraised values are not more than \$5.32 million (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% 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 (collectively, the “Appraisal Cap”). 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 (“Productivity Value”). The same land may not be qualified as both agricultural and open-space land. See Tables 1 and 9 in “APPENDIX A – FINANCIAL INFORMATION REGARDING THE DISTRICT” for the reduction in taxable valuation attributable to Productivity Value

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 “AD VALOREM PROPERTY TAXATION – District and Taxpayer Remedies”).

State Mandated Homestead Exemptions

State law grants, with respect to taxes levied for general elementary and secondary public school purposes, (1) a \$140,000 exemption of the appraised value of all residence homesteads (increased from \$100,000 to \$140,000 effective from and after the 2025 tax year; see “CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Session” herein), (2) an additional \$60,000 exemption of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled (increased from \$10,000 to \$60,000 effective from and after the 2025 tax year; see “CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Session” herein), 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 Tables 1 and 9 in “APPENDIX A – FINANCIAL INFORMATION REGARDING THE DISTRICT” for the reduction in taxable valuation attributable to state mandated homestead exemptions.

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 presentation 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 a general optional homestead exemption (described in (1) above) 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 residence 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 residence homestead qualified for such exemption. This freeze is transferable to a different residence homestead if a qualifying taxpayer moves and, under certain circumstances, is also transferable to the surviving spouse of a person 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 of age or older or disabled may be adjusted to reflect any statutory reduction from the preceding tax year in the MCR (herein defined) of the 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.

Legislation passed by the Legislature during the 89th Regular Session and approved by the voters provides a person an exemption from taxation by a taxing unit of \$125,000 of the appraised value of the 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. Such exemption is applicable from and after the 2026 tax year.

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 fewer 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 of 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 of 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 retail manufactured housing inventory, or a dealer’s motor vehicle, vessel and outboard motor, 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. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

Temporary Exemption for Qualified Property Damaged by a 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 physically 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. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, 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. Section 11.35 of the Property Tax Code further provides 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, Texas 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 (formerly Chapter 313, Texas Tax Code, as amended (“Chapter 313”)) previously allowed school districts to grant limitations on appraised property values to entities to encourage economic development within the school district. Generally, during the ten-year term of a tax limitation agreement under Chapter 313, 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 was not fully taxable was excluded from the school district’s taxable property values. Therefore, a school district was not 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. See “CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts.” The 87th Texas Legislature did not vote to extend this program, which expired by its terms effective December 31, 2022.

Tax Abatement Agreements

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

In the 88th Legislative Session, House Bill 5 (“HB 5” or “The Texas Jobs, Energy, Technology, and Innovation Act”) was adopted to create an economic development program, subject to state oversight, which would attract jobs and investment to Texas through school district property tax abatement agreements with businesses. HB5 was codified as Chapter 403, Subchapter T, Texas Government Code (“Chapter 403”) and had an effective date of January 1, 2024. Under Chapter 403, a school district may offer a 50% abatement on taxable value for maintenance and operations property taxes for certain eligible projects, except that projects in a federally designated economic opportunity zone receive a 75% abatement. Chapter 403 also provides a 100% abatement of maintenance and operations taxes for eligible property during a project’s construction period. **Taxable valuation for purposes of the debt service tax securing a series of bonds cannot be abated under Chapter 403.** Eligible projects must involve manufacturing, dispatchable power generation facilities, technology research/development facilities, or critical infrastructure projects and projects must create and maintain jobs, as well as meet certain minimum investment requirements. The District is still in the process of reviewing Chapter 403 and cannot make any representations as to what impact, if any, Chapter 403 will have on its finances or operations. For a discussion of how the various exemptions described above are applied by the District, see “THE PROPERTY TAX CODE AS APPLIED TO THE DISTRICT” 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 (being (i) commercial real and personal property, (ii) real and personal property of utilities, (iii) industrial and manufacturing real and personal property, and (iv) multifamily residential real 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 1.2 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 \$62,883,169 for the 2026 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 generally 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. See “AD VALOREM PROPERTY TAXATION – Temporary Exemption for Qualified Property Damaged by a Disaster” for further information related to a discussion of the applicability of this section of the Property Tax Code.

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.

Except with respect to taxpayers who are 65 years of age or older, 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 Dallas County. The Appraisal District is governed by a board of directors, which is comprised of six (6) directors appointed by voters of the governing bodies of various political subdivisions in Dallas County and three (3) directors elected by popular vote. The District's taxes are collected by the Dallas County Tax Assessor/Collector.

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

The District grants a state mandated \$60,000 residence exemption for persons 65 years of age or older or the disabled.

The District grants a state mandated residence exemption for disabled veterans.

The District has not granted any part of the local option, additional exemption of up to 20% of the market value of residence homesteads.

The District has not granted a local option, additional exemption for disabled veterans above the amount of the state-mandated exemption.

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 grants a Freeport Property exemption.

The District has not taken action to continue taxing "Goods-in-Transit."

The District is currently not a participant in any tax increment reinvestment zone.

The District is currently not a participant in any tax abatement or tax limitation agreements.

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</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	12	6	18

After July, the penalty remains at 12%, and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition, an additional penalty of 20% may be assessed on July 1 in order to defray attorney collection expenses.

Property within the District is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 (or when billed, whichever is later) of the same year, and generally become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first installment due February 1 of each year and the final due on August 1. Split payments of taxes are not permitted. Discounts for the early payment of taxes are not permitted.

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 Changes in Law on District Bonds

The Court’s decision in *Morath* upheld the constitutionality of the Finance System but noted that the Finance 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 Finance System as it is currently structured. The information contained under the captions “CURRENT PUBLIC SCHOOL FINANCE SYSTEM” and “TAX RATE LIMITATIONS” is subject to change and only reflects the District’s understanding based on information available to the District as of the date of this Official Statement. 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 and the calculation of the defined tax rates.

Local school district funding 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: a maintenance and operations (“M&O”) tax to pay current expenses and an interest and sinking fund (“I&S”) tax to pay debt service on bonds. School districts are prohibited from levying an M&O tax at a rate intended to create a surplus in M&O tax revenues to pay the district’s debt service. Current law also requires school districts 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 also subject to

wide variation; however, the public school finance funding formulas are designed to generally equalize, on a per-student basis, local funding generated by a school district's M&O tax rate.

2025 Texas Legislative Sessions

The regular session of the 89th Texas Legislature commenced on January 14, 2025 and concluded on June 2, 2025 (the "89th Regular Session"). The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor of Texas (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.

During the 89th Regular Session, the Legislature adopted a general appropriations act and legislation affecting the Finance System and ad valorem taxation procedures and exemptions, and investments, among other legislation affecting school districts and the administrative agencies that oversee school districts. Pursuant to voter approval at a Statewide election held on November 4, 2025 and legislation passed by both houses of the Legislature, there is an increase in: (1) effective January 1, 2025, the State mandated general homestead exemption from \$100,000 to \$140,000, (2) effective January 1, 2025, 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 the current \$2,500 to \$125,000. Additionally, the Legislature passed legislation authorizing roughly \$8.5 billion in funding for public schools and providing districts with a \$55 per-student increase to their base funding beginning September 1, 2025, as well as additional funding for teacher and staff salaries, educator preparation, special education, safety requirements and early childhood learning. Finally, legislation passed by the Legislature created an Education Savings Account ("ESA") Program (commonly referred to as vouchers) for students that attend private schools or are homeschooled. The legislation became effective September 1, 2025, when the State fiscal biennium began, though families will not receive ESA funds until the 2026-2027 school year. The amount spent for purposes of the program for the 2026-2027 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 future session of the Legislature or the potential impact of such legislation at this time, but it intends to monitor applicable legislation related thereto.

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. The 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, as further discussed under the subcaption "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – Local Revenue Level In Excess of Entitlement" herein.

State Compression Percentage. The State Compression Percentage (the "SCP") is a statutorily-defined percentage of the rate of \$1.00 per \$100 that is used to determine a school district's Maximum Compressed Tax Rate (described below). The SCP is the lesser of three alternative calculations: (1) 93% or a lower percentage set by appropriation for a school year; (2) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the State Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (3) 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 (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 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 school district's current year SCP multiplied by \$1.00; 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 the MCR is equal to the prior year 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. During the 2025 Regular Legislative Session, the Legislature took action to reduce the MCR for the 2025-2026 school year, 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 calculated and made 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. Pursuant to voter approval at a

Statewide election held on November 4, 2025, (1) the residential homestead exemption under Section 1-b(c), Article VIII, Texas Constitution was increased 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 and the disabled under Section 1-b(c), Article VIII, Texas Constitution was increased from \$10,000 to \$60,000. Both constitutional amendments took effect for the tax year beginning January 1, 2025.

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 in 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").

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 actual 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 discussed herein), and in some instances is required to be used for that purpose (see "TAX RATE LIMITATIONS – I&S Tax Rate Limitations"), Tier Two funding may not be used for the payment of debt service or capital outlay.

The current public school 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 State 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 State Legislature.

Tier One. Tier One funding is the basic level of 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, other than students in average daily attendance who do not reside in the district and are enrolled in a full-time virtual program, 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 unique school district characteristics and demographics of students in ADA, 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 supplemented for all school districts by various weights to account for differences among school districts and their student populations. Beginning in the 2026-27 school year, special education funding is provided through a service-intensity model, with the Commissioner establishing eight tiers of intensity and at least four service groups to determine funding levels based on the type and intensity of services students receive, rather than categorical placement. Additional allotments also support students who: (i) are diagnosed with dyslexia or a related disorder,

(ii) are economically disadvantaged, or (iii) 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 postsecondary 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 change to 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 each year of the 2026-2027 state fiscal biennium.

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 2026-2027 State fiscal biennium, school districts are guaranteed a yield on each Copper Penny levied of \$49.72 per student in WADA.

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 Education 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 Education Commissioner. A school district may use additional state aid received from an IFA award only to pay the principal of and interest on the bonds for which the district received the aid. 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 State 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 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 Education 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 Education 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 Education 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.

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, as such law existed on January 1, 2025, 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, 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". 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.

Recapture is measured by the "local revenue level" (being the M&O tax revenues generated in a school district) in excess of the entitlements appropriated by the State Legislature each fiscal biennium. Therefore, school districts are guaranteed that recapture will not reduce revenue below their statutory entitlement.

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 Education Commissioner to delay the date of the election otherwise required to be ordered before September 1. The Education Commissioner shall set a date by which each district that receives approval to delay an election must order the election and requires the Education 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 Education 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 Education 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 2025-26 fiscal year, the District was not designated as an "excess local revenue" district by the TEA. Accordingly, the District has not been required to exercise one of the permitted wealth equalization options. As a district with local revenue less than the maximum permitted level, the District may benefit in the future by agreeing to accept taxable property or funding assistance from, or agreeing to consolidate with, a property-rich district to enable such district to reduce its wealth per student to the permitted level.

A district's "excess local revenue" must be tested for each future school year and, if it exceeds the maximum permitted level, must be reduced by exercise of one of the permitted wealth equalization options. Accordingly, if the District's wealth per student should exceed the maximum permitted level in future school years, it will 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.

TAX RATE LIMITATIONS

M&O Tax Rate Limitations

A school district is authorized to levy M&O taxes subject to approval of a proposition submitted to district voters under Section 45.003(d) of the Texas Education Code, as amended. The maximum M&O tax rate that may be levied by a district cannot exceed the voted maximum rate or the maximum rate described in the next succeeding paragraph. The maximum voted M&O tax rate for the District is \$1.50 per \$100 of assessed valuation as approved by the voters at an election held on May 6, 2000 under Chapter 20, Texas Education Code (now codified at Section 45.003, Texas Education Code).

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 and the school district's 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.

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").

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 EDA and 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. 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 (other than bonds issued to refund exempt bonds) are included in maximum annual debt service for calculation of the 50-cent Test when applied to subsequent bond issues that are subject to the 50-cent Test. The Bonds are issued as refunding bonds pursuant to Chapter 1207, Texas Government Code, 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 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 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 I&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.

EMPLOYEES BENEFIT PLAN

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

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 under a previous rule. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (“COLAs”). Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature.

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas

Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 through 2025.

Contributors to the plan include members, employers, and the State 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. The contribution rates for 2024 and 2025 are as follows: Active Employee 8.25%, the State 8.25% and Employers 8.25%. The following are the contribution amounts made in the District's fiscal year 2025: member contributions \$18,413,918, District contributions \$10,055,961 and State contributions \$11,193,490.

The District also contributes to a retiree health care plan through the Texas Public School Retired Employees Group Insurance Program ("TRS Care"), a cost sharing multiple-employer defined benefit post employment health care plan administered by TRS. TRS Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. In addition to the TRS retirement plan, the District participates in the State health insurance plan to provide health care coverage for its employees.

For a discussion of the TRS retirement plan, TRS Care and the District's medical benefit plan, see Note 4 in the audited financial statements of the District that are attached hereto as "APPENDIX E – AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED AUGUST 31, 2025".

In June 2012, Government Accounting Standards Board (GASB) Statement No. 68 (Accounting and Financial Reporting for Pensions) was issued to improve accounting and financial reporting by state and local governments regarding pensions. GASB Statement No. 68 requires reporting entities, such as the District, to recognize their proportionate share of the net pension liability and operating statement activity related to changes in collective pension liability. This means that reporting entities, such as the District, that contribute to the TRS pension plan will report a liability on the face of their government-wide financial statements. Such reporting began with the District's fiscal year ending August 31, 2015. GASB Statement No. 68 applies only to pension benefits and does not apply to Other Post-Employment Benefits (OPEB) or TRS Care related liabilities.

As a result of its participation in the TRS 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.

RATINGS

The 2026A Bonds are rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by Fitch Ratings, Inc. ("Fitch") based upon the guaranteed repayment thereof under the Permanent School Fund Guarantee Program of the Texas Education Agency. Moody's and Fitch generally rate all bond issues guaranteed by the corpus of the Permanent School Fund of the State of Texas "Aaa" and "AAA," respectively (see "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" and "APPENDIX C – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM").

The District's unenhanced, underlying ratings for both series of the Bonds (without consideration of the Permanent School Fund Guarantee) are "Aa3" by Moody's and "AA" by Fitch.

An explanation of the significance of such ratings may be obtained from Moody's and Fitch. The ratings reflect only the view of Moody's and Fitch and the District makes no representation as to the appropriateness of such ratings. The ratings are not a recommendation to buy, sell or hold the Bonds, and such ratings on either series of the Bonds may be subject to revision or withdrawal at any time by either Moody's or Fitch. Any downward revision or withdrawal of the rating on either series of the Bonds may have an adverse effect on the market price of the respective series of the Bonds.

In addition, due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, general economic conditions and political developments that may affect the financial condition of the United States government, the United States debt limit, and bond and credit ratings of the United States and its instrumentalities, the ratings of obligations issued by state and local governments, such as the Bonds, could be adversely affected.

LEGAL MATTERS

The District will furnish the Underwriters a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas as to the Bonds 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 legal opinions of Bond Counsel to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein, forms of which opinions are attached to this Official

Statement 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. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished. In its capacity as Bond Counsel, Norton Rose Fulbright US LLP was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto 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 under the captions and subcaptions “THE BONDS” (excluding the information under the subcaptions “Payment Record,” “Permanent School Fund Guarantee” and “Sources and Uses of Funds”), “STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS,” “CURRENT PUBLIC SCHOOL FINANCE SYSTEM,” “TAX RATE LIMITATIONS – M&O Tax Rate Limitations” (first sentence only), “TAX MATTERS,” “CONTINUING DISCLOSURE OF INFORMATION” (excluding the information under the subcaption “Compliance with Prior Undertakings”), “REGISTRATION AND QUALIFICATION OF BONDS FOR SALE,” “LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS,” and “LEGAL MATTERS” (excluding the last sentence of the first paragraph thereof) in this Official Statement and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the provisions of the Order. Certain legal matters will be passed upon for the Underwriters by their counsel, Troutman Pepper Locke LLP, Dallas, Texas, whose legal fees are contingent upon the sale and delivery of the Bonds.

The 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 that 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

Tax Exemption

The delivery of each series of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the “Code”), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel’s opinion for each series of the Bonds is reproduced as APPENDIX D. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the District made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the District with the provisions of the Order subsequent to the issuance of the Bonds. The Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage “profits” from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the District as the “taxpayer,” and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the 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 tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Bonds.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Bonds (i) are negotiable instruments, (ii) are investment securities to which Chapter 8 of the Texas Business and Commerce Code applies, and (iii) are 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" herein). 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 POLICIES

Investments

The District invests its 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

Under State law, the District is authorized to make investments meeting the requirements of the Public Funds Investment Act (Chapter 2256, Texas Government Code) (the "PFIA"), which currently include: (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 (the "FDIC") 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 FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the District in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the District's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the District appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for District deposits, or (ii) where (a) the funds are invested by the District through a broker or institution that has a main office or branch office in the State and selected by the District in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds 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, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clauses (1) or (12), 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) certain bankers' acceptances with a stated maturity of 270 days or less from date of issuance, will be liquidated in full at maturity, are eligible for collateral for borrowing from a Federal Reserve Bank, and, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less from the date of issuance that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and provides the District with a prospectus required by the Securities Exchange Act of 1934 and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the District is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract and is pledged to the District and deposited to the District or third party selected by the District; (16) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 2256.011 of the PFIA; and (17) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations 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 (12) through (14) above, or an authorized investment pool, (iv) the terms

of a loan made under the program require that the securities being held as collateral be 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 designated by the District, (v) 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 (vi) the agreement to lend securities has a term of one year or less.

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" or "AAAm" or an equivalent by at least one nationally recognized rating service.

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 a market index.

Under State law, the District may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities 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. In order to renew or extend such a contract, the District must do so by order, ordinance or resolution. The District has not contracted with, and has no present intention of contracting with, any such investment management firm or the Texas Securities Board to provide such services.

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 the procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. 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.

State law also requires that District 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 investment officers of the District shall submit a written investment report detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value (including fully accrued interest) and the ending value 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 strategy statements and (b) State law. No person may invest District funds without express written authority from the Board.

Additional Provisions

Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt 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 entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Board; (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 after when agreement is delivered 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 February 28, 2026, the District's investable funds were invested in the following investment instruments:

<u>Investment Instrument</u>	<u>Book Value</u>	<u>Percentage</u>
TexPool Investment Pool ^(A)	\$7,739,763	2.93%
TexSTAR Investment Pool ^(A)	129,644	0.05%
Texas Class Investment Pool ^(A)	159,351,102	60.33%
Lone Star Investment Pool ^(A)	22,286	0.01%
Treasury Securities	<u>96,870,224</u>	<u>36.68%</u>
Total	<u>\$264,113,018</u>	<u>100.00%</u>

^(A) TexPool, TexSTAR Texas Class, and Lone Star are investment pools, which operate pursuant to Chapter 2256 of the Texas Government Code, as amended, as money market equivalents, in a manner consistent with the SEC's Rule 2a-7 under the Investment Company Act of 1940.

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

Subject to satisfying certain conditions, the payment of the 2026A 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 2026A Bonds from the Permanent School Fund. 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 2026B Bonds are not guaranteed by the corpus of the Permanent School Fund of the State of Texas.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

No registration statement relating to the Bonds has been filed with the 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 Securities and Exchange Commission, nor has the 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 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 holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains an "obligated person" with respect to the Bonds, within the meaning of the Securities and Exchange Commission's Rule 15c2-12 (the "Rule"). Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") system. See "APPENDIX C – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" for a description of the TEA's continuing disclosure undertaking to provide certain updated financial information and operating data annually with respect to the Permanent School Fund and the State of Texas, as the case may be, and to provide timely notice of certain specified events related to the guarantee of the Permanent School Fund to the MSRB as such relates to the 2026A Bonds.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all 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 1-17) and in APPENDIX E.

The District will update and provide the information in "APPENDIX A – FINANCIAL INFORMATION REGARDING THE DISTRICT" (Tables 1-17) within six months after the end of each fiscal year ending in and after 2026 and, if not submitted as part of the annual financial information, the District will provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in and after 2026. If the audit of such financial statements is not complete within 12 months after any such fiscal year

end, then the District will file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX E or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation.

The District's current fiscal year end is August 31. Accordingly, the District must provide updated information included in "APPENDIX A – FINANCIAL INFORMATION REGARDING THE DISTRICT" (Tables 1-17) by the last day of February in each year and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) by August 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the District otherwise would be required to provide financial information and operating data as set forth above.

All financial information, operating data, financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided as set forth above may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's EMMA Internet Web site or filed with the Securities and Exchange Commission, as permitted by the Rule.

Notice 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 of the Internal Revenue Service of proposed or final determinations of taxability, Notice 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 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 a name of a trustee, if material; (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. In addition, the District will provide timely notice of any failure by the District to provide information, data or financial statements in accordance with its agreement described above under "Annual Reports".

For these purposes, any event described in the subsection (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.

The term "Financial Obligation" shall mean, for purposes of the events described in clauses (15) and (16) above, 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 (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. Additionally, the District intends the words used in clauses (15) and (16) of the preceding paragraphs to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

Availability of Information

The District has agreed to provide the foregoing information only to the MSRB. The information will be available to holders of Bonds free of charge through the MSRB's EMMA system.

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 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 of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

This continuing disclosure agreement may be amended by the District 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 District, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds 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 provision of the Order that authorizes such an 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 provision 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 the 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.

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 condition or operations of the District. At the time of the initial delivery of the Bonds, the District will provide the Underwriters with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of said Bonds.

VERIFICATION OF ARITHMETICAL COMPUTATIONS

The Verification Agent, 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, if any, on the Escrowed Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Defeased Refunded Bonds.

The Verification Agent 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, the Verification Agent has relied on any information provided to it by the District’s retained advisors, consultants or legal counsel. The Verification Agent 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 their opinions with respect to the defeasance of the Defeased Refunded Bonds.

CYBERSECURITY

Computer networks and data transmission and collection are vital to the operations of the District. Information technology and infrastructure of the District may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the District. To mitigate these risks, the District continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture, including required training for District staff and administration.

WEATHER EVENTS

The District is located in north central Texas between the cities of Dallas and Fort Worth. Land located in this area is susceptible to high winds, tornados, fires and arid conditions. If a future weather event significantly damages 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 revenue and/or necessitate an increase in the District’s tax rate. Under certain conditions, Texas law allows school districts to increase property tax rates without voter approval upon the occurrence of certain disasters such as a tornado, flooding or extreme drought and upon gubernatorial or

presidential declaration of disaster. 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 carry flood or the appropriate, applicable 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 repay 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.

MUNICIPAL ADVISOR

In its role as Municipal Advisor, RBC Capital Markets, LLC has relied on the District for certain information concerning the District and 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. The fee of the Municipal Advisor for services with respect to each series of Bonds is contingent upon the issuance and sale of the respective series of Bonds. In the normal course of business, the Municipal Advisor may also, from time to time, receive a fee to conduct a competitive bidding process regarding the investment of certain proceeds of the Bonds, upon the request of the District.

UNDERWRITING

The Underwriters have agreed, subject to certain customary conditions, to purchase the 2026A Bonds at a price equal to the initial offering prices to the public, as shown on page ii, less an Underwriters' discount of \$827,734.97. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the 2026A Bonds if any 2026A Bonds are purchased. The 2026A 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 agreed, subject to certain customary conditions, to purchase the 2026B Bonds at a price equal to the initial offering prices to the public, as shown on page ii, less an Underwriters' discount of \$49,113.12. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the 2026B Bonds if any 2026B Bonds are purchased. The 2026B 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 sentences 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.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with 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, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

SAMCO Capital Markets Inc., an Underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, SAMCO Capital Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, SAMCO Capital Markets Inc. will compensate Fidelity for its selling efforts.

One of the Underwriters is BOK Financial Securities, Inc., which is not a bank, and the Bonds are not deposits of any bank and are not insured by the Federal Deposit Insurance Corporation.

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.

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

In the Pricing Certificate, the Pricing Officer approved for and on behalf of the District, (i) the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) the Underwriters' use of this Official Statement in connection with the public offering and the sale of the Bonds in accordance with the provisions of the Rule.

/s/ Thurston B Lamb, Jr.

Pricing Officer
Grand Prairie Independent School District

SCHEDULE I
SCHEDULE OF BONDS TO BE REFUNDED BY THE 2026A BONDS

Original Dated Date	Original Principal Amount	Principal Amount Outstanding	Maturities Being Refunded	Principal Amount Outstanding	Principal Amount Being Refunded	Redemption Date
<u>Unlimited Tax School Building Bonds, Series 2011</u>						
07/15/2011	\$ 45,000,000	\$ 3,005,000	02/15/2028	\$ 1,045,000	\$ 1,045,000	07/30/2026
			02/15/2029	580,000	580,000	07/30/2026
Series 2011 Total				\$ 1,625,000	\$ 1,625,000	
<u>Unlimited Tax Refunding Bonds, Series 2015</u>						
03/01/2015	\$127,820,000	\$ 89,775,000	02/15/2028	\$ 3,305,000	\$ 3,305,000	07/30/2026
			02/15/2029	3,345,000	3,345,000	07/30/2026
			02/15/2030	5,290,000	5,290,000	07/30/2026
			02/15/2031	11,200,000	11,200,000	07/30/2026
			02/15/2032	16,070,000	16,070,000	07/30/2026
			02/15/2033	5,420,000	5,420,000	07/30/2026
			02/15/2034	10,130,000	10,130,000	07/30/2026
			02/15/2035	10,200,000	10,200,000	07/30/2026
			02/15/2036	10,255,000	10,255,000	07/30/2026
			02/15/2037	11,305,000	11,305,000	07/30/2026
Series 2015 Total				\$ 86,520,000	\$ 86,520,000	
<u>Unlimited Tax Refunding Bonds, Series 2016</u>						
01/15/2016	\$ 94,640,000	\$ 73,575,000	08/15/2027	\$ 13,330,000	\$ 13,330,000	07/30/2026
			***	***	***	***
			08/15/2029	15,360,000	15,360,000	07/30/2026
			08/15/2030	15,425,000	15,425,000	07/30/2026
			08/15/2031	5,330,000	5,330,000	07/30/2026
Series 2016 Total				\$ 49,445,000	\$ 49,445,000	
<u>Unlimited Tax School Building Bonds, Series 2016</u>						
02/01/2016	\$ 61,895,000	\$ 35,710,000	02/15/2028	\$ 1,870,000	\$ 1,870,000	07/30/2026
			02/15/2029	1,945,000	1,945,000	07/30/2026
			02/15/2030	2,030,000	2,030,000	07/30/2026
			02/15/2031	2,100,000	2,100,000	07/30/2026
			02/15/2032	2,065,000	2,065,000	07/30/2026
			02/15/2033	1,740,000	1,740,000	07/30/2026
			02/15/2034	2,120,000	2,120,000	07/30/2026
			02/15/2035	2,570,000	2,570,000	07/30/2026
			02/15/2036	3,065,000	3,065,000	07/30/2026
			02/15/2037	2,595,000	2,595,000	07/30/2026
			02/15/2038	2,735,000	2,735,000	07/30/2026
			02/15/2039	2,875,000	2,875,000	07/30/2026
			02/15/2040 ^(A)	3,025,000	3,025,000	07/30/2026
			02/15/2041 ^(A)	3,180,000	3,180,000	07/30/2026
Series 2016 Total				\$ 33,915,000	\$ 33,915,000	

^(A) Represents sinking fund installment of a Term Bond maturing on February 15, 2041.

SCHEDULE I
SCHEDULE OF BONDS TO BE REFUNDED BY THE 2026A BONDS

Original Dated Date	Original Principal Amount	Principal Amount Outstanding	Maturities Being Refunded	Principal Amount Outstanding	Principal Amount Being Refunded	Redemption Date
<u>Unlimited Tax Refunding Bonds, Series 2016A</u>						
10/15/2016	\$ 47,440,000	\$ 40,250,000	02/15/2027	\$ 1,945,000	\$ 1,945,000	08/15/2026
			02/15/2028	2,040,000	2,040,000	08/15/2026
			02/15/2029	2,145,000	2,145,000	08/15/2026
			02/15/2030	2,255,000	2,255,000	08/15/2026
			02/15/2031	2,385,000	2,385,000	08/15/2026
			02/15/2032	3,040,000	3,040,000	08/15/2026
			02/15/2033	5,260,000	5,260,000	08/15/2026
			02/15/2034	4,935,000	4,935,000	08/15/2026
			02/15/2035	5,165,000	5,165,000	08/15/2026
			02/15/2036	5,405,000	5,405,000	08/15/2026
			02/15/2037	5,675,000	5,675,000	08/15/2026
Series 2016A Total				\$ 40,250,000	\$ 40,250,000	
TOTAL REFUNDED BONDS				\$ 211,755,000	\$ 211,755,000	

SCHEDULE II
SCHEDULE OF BONDS TO BE REFUNDED BY THE 2026B BONDS

<u>Original Dated Date</u>	<u>Original Principal Amount</u>	<u>Principal Amount Outstanding</u>	<u>Maturities Being Refunded</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Being Refunded</u>	<u>Redemption Date</u>
<u>Unlimited Tax Refunding Bonds, Series 2016B</u>						
10/15/2016	\$ 37,975,000	\$ 28,415,000	02/15/2027	\$ 4,245,000	\$ 4,245,000	08/15/2026
			***	***	***	***
			02/15/2031	10,505,000	10,505,000	08/15/2026
TOTAL REFUNDED BONDS				<u>\$ 14,750,000</u>	<u>\$ 14,750,000</u>	

APPENDIX A

FINANCIAL INFORMATION REGARDING THE DISTRICT

**FINANCIAL INFORMATION REGARDING
THE GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT**

**Table 1
ASSESSED VALUATION^{(A)(B)(C)}**

2025/26 Certified Total Assessed Valuation.....	\$ 19,887,083,620
2025/26 Taxable Assessed Valuation.....	\$ 13,393,789,439 ^(B)
<u>Exemptions</u>	<u>Total</u>
Homestead.....	\$ 2,435,160,985 ^(C)
Non-Homestead Cap.....	589,765,156
Over 65.....	337,935,666 ^(C)
Disabled Persons.....	29,474,412 ^(C)
Disabled Veterans.....	64,446,637
Productivity Loss.....	8,964,095
Pollution Control.....	6,948,287
Freeport Exemption.....	1,292,690,380
Totally Exempt.....	1,727,908,563
Total (32.65% of Total Assessed Valuation).....	<u>\$ 6,493,294,181</u>

^(A) Source: Dallas Central Appraisal District ("DCAD"). Certified values are subject to change throughout the year as contested values are resolved and the DCAD updates records. Assessed valuation includes the increase in the State mandated homestead exemption from \$100,000 to \$140,000 and the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from \$10,000 to \$60,000 at a Statewide election held on November 4, 2025.

^(B) Includes values of property which is "frozen" at lower levels for homesteads of taxpayers 65 years or older, their surviving spouses and disabled taxpayers.

^(C) See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Texas Legislative Sessions" for a discussion of the increase in the State mandated homestead exemption from \$100,000 to \$140,000 and the 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 at a Statewide election held on November 4, 2025 .

**Table 2
GENERAL OBLIGATION DEBT OUTSTANDING**

Unlimited Tax Bonds Outstanding (as of June 30, 2026).....	\$ 290,140,000
Less: The Bonds Refunded by the 2026A Bonds.....	(211,755,000)
Less: The Bonds Refunded by the 2026B Bonds.....	(14,750,000)
Plus: The 2026A Bonds.....	199,270,000 ^(A)
Plus: The 2026B Bonds.....	14,305,000 ^(A)
Less: Interest & Sinking Fund Balance (as of August 31, 2025).....	(43,843,337)
Net Unlimited Tax Debt.....	<u>\$ 233,366,663</u>
Ratio Net Debt to Taxable Assessed Valuation	1.74%

Estimated 2026 District Population ^(B)	117,702	Per Capita Net Taxable Valuation	\$ 113,794
2025/26 Enrollment ^(C)	25,542	Per Capita Total Valuation	\$ 168,961
Area (square miles)	58	Per Capita Net Unlimited Tax Debt	\$ 1,983

^(A) The 2026A Bonds were sold concurrently with the 2026B Bonds but are distinct and separate securities.

^(B) Source: The Municipal Advisory Council of Texas.

^(C) Based on District records as of October 31, 2025.

Table 3
ESTIMATED OVERLAPPING GENERAL OBLIGATION DEBT STATEMENT

<u>Taxing Body</u>	<u>Amount^(A)</u>	<u>As of</u>	<u>% Overlap</u>	<u>\$ Overlap</u>
Dallas Co	\$ 179,530,000	05/31/2026	3.18%	\$ 5,709,054
Dallas Co FCD #1	12,665,000	05/31/2026	57.68%	7,305,172
Dallas Co Hospital District	511,285,000	05/31/2026	3.18%	16,258,863
Dallas College	217,720,000	05/31/2026	3.18%	6,923,496
Dallas, City of	2,544,258,469	05/31/2026	0.16%	4,070,814
Grand Prairie, City of	500,471,000	05/31/2026	50.24%	251,436,630
Irving, City of	871,290,000	05/31/2026	1.64%	14,289,156
Total Net Overlapping Debt				<u>\$ 305,993,185</u>
Grand Prairie ISD	\$ 277,210,000	06/15/2026	100.00%	<u>\$ 277,210,000</u>
Total Direct and Overlapping Debt				<u><u>\$ 583,203,185</u></u>
Ratio Direct and Overlapping Debt to Total Assessed Valuation				2.93%
Ratio Direct and Overlapping Debt to Taxable Assessed Valuation				4.35%
Per Capita Overlapping Debt				\$ 4,955

^(A) Gross Debt. Source: The Municipal Advisory Council of Texas.

Table 4
2025 TOTAL TAX RATES OF OVERLAPPING POLITICAL ENTITIES

Dallas Co.....	\$ 0.215500
Dallas Co FCD #1.....	\$ 1.000000
Dallas Co Hospital District.....	\$ 0.212000
Dallas College.....	\$ 0.106575
Dallas, City of.....	\$ 0.698800
Grand Prairie, City of.....	\$ 0.660000
Irving, City of.....	\$ 0.589100

Source: The Municipal Advisory Council of Texas and DCAD. See "TABLE 3 - ESTIMATED OVERLAPPING GENERAL OBLIGATION DEBT STATEMENT" for information concerning overlapping territory percentages for these entities.

Table 5
PROPERTY TAX RATES AND COLLECTIONS

Tax Year	Taxable Assessed Valuation	Tax Rate	Percent Collections		Fiscal Year Ended
			Current	Total^(A)	
2020	\$ 8,795,317,496	1.50970	98.65%	99.37%	08-31-21
2021	10,236,218,767	1.37630	98.66%	99.91%	08-31-22
2022	11,474,595,436	1.30700	98.67%	99.69%	08-31-23
2023	12,171,213,858	1.09505	98.45%	99.70%	08-31-24
2024	13,650,207,860	1.05770	99.61%	99.31%	08-31-25
	Five Year Average.....		98.81%	99.60%	
2025	\$ 13,393,789,439	\$1.06269	96.63% ^(B)	96.63% ^(B)	08-31-26

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

^(A) Excludes penalties and interest.

^(B) Collections as of April 30, 2026, unaudited.

Table 6
TAX RATE DISTRIBUTION^(A)

	<u>2025/26</u>	<u>2024/25</u>	<u>2023/24</u>	<u>2022/23</u>	<u>2021/22</u>
Local Maintenance	\$0.78690 ^(B)	\$0.75520	\$0.75750	\$0.94290	\$0.96030
Interest & Sinking	<u>0.27579</u>	<u>0.30250</u>	<u>0.33755</u>	<u>0.36410</u>	<u>0.41600</u>
Total	<u>\$1.06269</u> ^(B)	<u>\$1.05770</u>	<u>\$1.09505</u>	<u>\$1.30700</u>	<u>\$1.37630</u>

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

^(A) See discussion under "TAX RATE LIMITATIONS" in the Official Statement.

^(B) The District's 2025/26 M&O tax rate includes an additional \$0.0317 of tax effort as authorized by Texas Tax Code Section 26.042(e).

Table 7
VALUATION AND FUNDED DEBT HISTORY

Fiscal Year Ending August 31	Taxable Assessed Valuation	Change in TAV	Principal Amount of Funded Debt Outstanding	Ratio Debt to A.V.
2021	\$ 8,795,317,496	8.86%	\$ 415,975,000	4.73%
2022	10,236,218,767	16.38%	391,730,000	3.83%
2023	11,474,595,436	12.10%	366,525,000	3.19%
2024	12,171,213,858	6.07%	340,265,000	2.80%
2025	13,650,207,860	12.15%	312,875,000	2.29%
2026	13,393,789,439 ^(A)	-1.88%	267,835,000 ^(B)	2.00%

Source: District records and DCAD.

^(A) TAV for fiscal year 2025/26 includes the increase in the State mandated homestead exemption from \$100,000 to \$140,000 and the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from \$10,000 to \$60,000 at a Statewide election held on November 4, 2025.

^(B) Projected for fiscal year end.

Table 8
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>
Oncor Electric Delivery	Electric Utility	\$ 224,586,850	1.68%
Poly America LP	Industrial Manufacturing	142,779,641	1.07%
Ponte Gadea Compass LLC	Storage Units/Warehouses	164,000,000	1.22%
Lockheed Martin Missles & Fire	Aircraft Manufacturer	128,800,800	0.96%
Lockheed Martin Corp	Industrial Manufacturing	77,676,440	0.58%
CPUS 1303 W. Pioneer Pkwy LP	Commercial	77,265,000	0.58%
Duke Realty LP	Commercial	77,046,350	0.58%
Mid America Apartments LP	Apartments	75,374,330	0.56%
BES Grand Crossing Fund Investor C LLC	Apartments	72,000,000	0.54%
Home Depot USA	Retail Store	71,906,101	0.54%
Total.....		\$ 1,111,435,512	8.30%

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>
Oncor Electric Delivery	Electric Utility	\$ 236,410,600	1.73%
Ponte Gadea Compass LLC	Storage Units/Warehouses	173,660,270	1.27%
Poly America LP	Industrial Manufacturing	145,180,186	1.06%
Lockheed Martin Missles & Fire	Industrial Manufacturing	122,428,260	0.90%
Home Depot USA	Retail Store	75,065,031	0.55%
BES Grand Crossing Fund XIII LLC	Apartments	74,000,000	0.54%
BES Grand Crossing Fund XIV LLC	Apartments	74,000,000	0.54%
BES Grand Crossing Fund	Apartments	74,000,000	0.54%
Mid America Apartments LP	Apartments	72,850,000	0.53%
Copeland Grand Prairie LLC	Apartments	72,000,000	0.53%
Total.....		\$ 1,119,594,347	8.20%

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>
Oncor Electric Delivery	Electric Utility/Power Plant	\$ 164,210,990	1.35%
Ponte Gadea Compass LLC	Storage Units/Warehouses	155,697,040	1.28%
Poly America LP	Industrial Manufacturing	123,662,528	1.02%
Lockheed Martin Missles & Fire	Industrial Manufacturing	120,175,380	0.99%
Home Depot USA	Retail Store	86,716,353	0.71%
BES Grand Crossing Fund & XIII LLC	Apartments	78,500,000	0.64%
Copeland Grand Prairie LLC	Apartments	77,500,000	0.64%
Mid America Apartments LP	Apartments	69,500,000	0.57%
Duke Realty LP	Commercial	62,756,440	0.52%
Luxia Grand Prairie LLC	Apartments	62,000,000	0.51%
Total.....		\$ 1,000,718,731	8.22%

Source: District records and DCAD.

Table 9
CLASSIFICATION OF ASSESSED VALUATION BY USE CATEGORY^(A)

Property Use Category	Total Tax Roll for Fiscal Years				
	2025/26^(C)	2024/25	2023/24^(C)	2022/23^(C)	2021/22
Real Property					
Single-Family Residential	\$7,742,058,130	\$8,109,388,540	\$ 7,642,789,070	\$ 6,629,349,290	\$ 5,815,295,540
Multi-Family Residential	1,250,988,680	1,320,290,940	1,132,319,340	1,002,478,480	772,287,130
Vacant Lots/Tracts	328,325,650	294,856,370	274,012,770	247,840,960	220,937,780
Acreage (Land Only)	9,052,170	12,121,760	14,535,310	17,173,880	28,061,770
Farm and Ranch Improvements	925,140	816,930	784,350	784,350	784,350
Commercial and Industrial	6,457,247,450	5,735,807,710	4,775,528,230	4,141,796,640	3,590,104,100
Oil, Gas and Other Minerals	11,628,380	8,291,420	38,933,570	12,816,350	14,425,030
Inventory	52,775,580	48,093,240	42,010,170	37,382,140	32,568,790
Tangible Personal Property					
Business	3,685,109,540	2,670,411,860	2,751,993,710	2,375,789,560	2,180,431,220
Other	11,643,610	12,251,670	13,416,890	11,926,250	11,355,350
Real & Tangible Personal Property					
Utilities	337,329,290	336,717,690	256,961,950	243,631,960	235,435,190
Total Real & Tang. Per. Prop.	\$ 19,887,083,620	\$ 18,549,048,130	\$ 16,943,285,360	\$ 14,720,969,860	\$ 12,901,686,250
Less Exemptions:					
Homestead	\$ 2,435,160,985	\$ 1,836,036,703	\$ 1,810,161,188	\$ 718,387,883	\$ 476,591,827
Non-Homestead Cap	589,765,156	866,737,873	934,092,805	722,658,975	398,101,959
Over 65	337,935,666	92,020,008	84,885,767	89,221,279	90,631,498
Disabled Persons	29,474,412	6,455,921	6,110,956	6,818,930	7,425,891
Disabled Veterans	64,446,637	69,830,518	56,634,408	61,767,308	57,419,892
Productivity Loss	8,964,095	12,029,194	14,447,729	17,104,366	27,948,009
Polution Control	6,948,287	6,672,833	6,777,246	4,315,204	4,037,672
Freeport	1,292,690,380	517,501,014	591,759,195	502,053,777	528,517,567
Totally Exempt/Other	1,727,908,563	1,491,556,206	1,267,202,208	1,124,046,702	1,074,793,168
Total Exemptions	\$ 6,493,294,181	\$ 4,898,840,270	\$ 4,772,071,502	\$ 3,246,374,424	\$ 2,665,467,483
Taxable Assessed Valuation^(B)	\$ 13,393,789,439	\$ 13,650,207,860	\$ 12,171,213,858	\$ 11,474,595,436	\$ 10,236,218,767

^(A) Source: DCAD and State Property Tax Reports. Certified values are subject to change throughout the year as contested values are resolved and the DCAD updates records.

^(B) Includes value of property which is "frozen" at lower values for homesteads of taxpayers 65 years or older, their surviving spouses and disabled taxpayers.

^(C) The passage of a Texas constitutional amendment on November 4, 2025 increased the homestead exemption from \$100,000 to \$140,000. The passage of a Texas constitutional amendment on November 7, 2023 increased the homestead exemption from \$40,000 to \$100,000. The passage of a Texas constitutional amendment on May 7, 2022 increased the homestead exemption from \$25,000 to \$40,000.

Table 10
PERCENTAGE TOTAL ASSESSED VALUATION BY CATEGORY

Property Use Category	Percent of Total Tax Roll for Fiscal Years				
	2025/26	2024/25	2023/24	2022/23	2021/22
Real Property					
Single-Family Residential	38.93%	43.72%	45.11%	45.03%	45.07%
Multi-Family Residential	6.29%	7.12%	6.68%	6.81%	5.99%
Vacant Lots/Tracts	1.65%	1.59%	1.62%	1.68%	1.71%
Acreage (Land Only)	0.05%	0.07%	0.09%	0.12%	0.22%
Farm and Ranch Improvements	0.00%	0.00%	0.00%	0.01%	0.01%
Commercial and Industrial	32.47%	30.92%	28.19%	28.14%	27.83%
Oil, Gas and Other Minerals	0.06%	0.04%	0.23%	0.09%	0.11%
Inventory	0.27%	0.26%	0.25%	0.25%	0.25%
Tangible Personal Property					
Business	18.53%	14.40%	16.24%	16.14%	16.90%
Other	0.06%	0.07%	0.08%	0.08%	0.09%
Real & Tangible Personal Property					
Utilities	1.70%	1.82%	1.52%	1.65%	1.82%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Table 11
OUTSTANDING UNLIMITED TAX DEBT SERVICE

Fiscal Year Ending 8/31 ^(A)	Outstanding Debt Service ^(B)		Less: Bonds Refunded by the 2026A Bonds	Less: Bonds Refunded by the 2026B Bonds	Plus: The 2026A Bonds		Plus: The 2026B Bonds		Total Combined Debt Service Requirement	Percent of Principal Retired
	Principal	Interest			Principal	Interest	Principal	Interest		
2026	\$28,520,000	\$12,229,225	\$4,450,988	\$316,225	\$4,035,000	\$415,146	\$285,000	\$29,802	\$40,746,960	10.95%
2027	27,155,000	11,325,300	24,128,350	4,771,325	20,465,000	9,250,125	4,195,000	596,125	44,086,875	21.72%
2028	28,255,000	10,227,625	16,356,125	420,200	13,280,000	8,406,500	0	491,250	43,884,050	32.81%
2029	29,205,000	9,276,850	31,124,700	420,200	19,730,000	7,581,250	0	491,250	34,739,450	41.33%
2030	30,335,000	8,146,700	31,787,950	420,200	21,340,000	6,554,500	0	491,250	34,659,300	50.22%
2031	31,735,000	6,745,325	26,695,925	10,715,100	17,850,000	5,574,750	9,825,000	245,625	34,564,675	59.52%
2032	22,355,000	5,551,763	25,900,363	0	18,050,000	4,677,250	0	0	24,733,650	65.93%
2033	17,665,000	4,815,875	16,463,950	0	10,485,000	3,963,875	0	0	20,465,800	71.18%
2034	18,480,000	4,000,600	20,597,225	0	14,740,000	3,333,250	0	0	19,956,625	76.52%
2035	19,295,000	3,183,700	20,596,700	0	15,500,000	2,577,250	0	0	19,959,250	82.15%
2036	20,155,000	2,325,550	20,598,300	0	16,295,000	1,782,375	0	0	19,959,625	88.05%
2037	21,080,000	1,402,475	20,598,600	0	17,130,000	946,750	0	0	19,960,625	94.27%
2038	4,315,000	824,125	3,257,375	0	2,400,000	458,500	0	0	4,740,250	95.59%
2039	4,540,000	602,750	3,257,125	0	2,525,000	335,375	0	0	4,746,000	96.99%
2040	4,770,000	370,000	3,259,625	0	2,655,000	205,875	0	0	4,741,250	98.46%
2041	5,015,000	125,375	3,259,500	0	2,790,000	69,750	0	0	4,740,625	100.00%
TOTAL	\$312,875,000	\$81,153,238	\$272,332,800	\$17,063,250	\$199,270,000	\$56,132,521	\$14,305,000	\$2,345,302	\$376,685,010	

^(A) Represents debt service payments from September 1 - August 31.

^(B) Does not include maintenance tax note debt service; see Table 14.

Table 12
TAX ADEQUACY WITH RESPECT TO THE DISTRICT'S OUTSTANDING
UNLIMITED TAX DEBT SERVICE REQUIREMENTS

Projected Annual Principal and Interest Requirements, Fiscal Year Ending August 31, 2027	\$ 44,086,875 ^(B)
\$0.3309 Tax Rate @ 99.5% Collection Produces ^(A)	\$ 44,098,449
Projected Maximum Principal and Interest Requirements, Fiscal Year Ending August 31, 2027	\$ 44,086,875 ^(B)
\$0.3309 Tax Rate @ 99.5% Collection Produces ^(A)	\$ 44,098,449

^(A) Based on 2025/26 TAV of \$13,393,789,439.

^(B) Amounts include debt service on the Bonds and exclude debt service on the Refunded Bonds.

Table 13
AUTHORIZED BUT UNISSUED BONDS

The District has no authorized but unissued debt outstanding.

Table 14
OUTSTANDING MAINTENANCE TAX NOTE DEBT SERVICE

Fiscal Year Ending 8/31 ^(A)	Outstanding Debt Service		Total Combined Debt Service Requirement	Percent of Principal Retired
	Principal	Interest		
2026	\$ 965,000.00	\$ 233,200.00	\$ 1,198,200.00	12.83%
2027	1,005,000.00	193,800.00	1,198,800.00	26.20%
2028	1,040,000.00	158,100.00	1,198,100.00	40.03%
2029	1,075,000.00	126,375.00	1,201,375.00	54.32%
2030	1,110,000.00	92,906.25	1,202,906.25	69.08%
2031	1,145,000.00	56,956.25	1,201,956.25	84.31%
2032	1,180,000.00	19,175.00	1,199,175.00	100.00%
TOTAL	\$ 7,520,000.00	\$ 880,512.50	\$ 8,400,512.50	

^(A) Represents debt service payments from September 1 - August 31 payments.

Table 15
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN GENERAL FUND BALANCE

	Fiscal Years Ending August 31,				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues:					
Local and Intermediate Sources	\$ 110,397,004	\$ 102,868,786	\$ 138,904,118	\$ 101,477,333	\$ 98,333,053
State Program Revenues	174,547,723	183,738,862	161,136,315	172,880,191	196,178,700
Federal Program Revenues	2,013,886	4,726,253	8,862,921	14,377,629	6,391,537
Total Revenues	\$ 286,958,613	\$ 291,333,901	\$ 308,903,354	\$ 288,735,153	\$ 300,903,290
Expenditures:					
Instruction	\$ 165,201,070	\$ 162,883,191	\$ 147,484,353	\$ 157,215,974	\$ 152,528,322
Instructional resources & media	3,210,201	3,294,100	3,717,618	3,814,686	3,674,554
Curriculum & staff development	2,691,272	2,914,609	3,737,669	3,816,314	3,331,077
Instructional leadership	5,354,281	4,889,481	4,541,626	4,949,356	4,272,555
School leadership	19,967,482	20,908,129	21,511,857	21,203,535	20,023,976
Guidance, counseling & eval services	13,474,458	12,956,211	13,373,044	12,661,236	11,799,561
Social work services	972,052	321,813	278,705	261,452	249,440
Health services	3,777,331	4,124,653	4,142,750	4,083,679	3,782,401
Student transportation	8,906,089	9,738,722	7,542,470	7,301,593	6,224,113
Food services	27,999	51,572	-	245,935	190,250
Extracurricular activities	7,267,189	6,331,751	5,803,963	5,335,676	4,257,116
General administration	7,916,549	7,289,266	6,992,954	7,488,659	6,619,406
Plant maintenance & operations	34,133,300	32,555,014	29,802,597	28,897,031	24,358,733
Security monitoring	6,090,377	5,383,688	4,210,739	3,376,578	2,823,420
Data processing services	7,584,920	8,060,832	9,153,989	12,294,764	14,663,391
Community services	3,711,534	4,114,933	4,207,517	4,183,186	3,913,717
Debt service	3,059,956	3,219,028	2,966,698	2,677,012	1,200,850
Facilities acquisition & construction	4,246,122	3,159,661	1,905,717	3,599,649	187,275
Intergovernmental charges	485,032	500,803	473,904	467,714	436,632
Total Expenditures	\$ 298,077,214	\$ 292,697,457	\$ 271,848,170	\$ 283,874,029	\$ 264,536,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (11,118,601)	\$ (1,363,556)	\$ 37,055,184	\$ 4,861,124	\$ 36,366,501
Other Financing Sources (Uses):					
Other Resources	(10,461,000)	2,918,943	1,615,865	3,743,222	1,012,323
Other Uses	2,315,643	(7,422,278)	(23,235,834)	-	-
Total Other Sources (Uses)	\$ (8,145,357)	\$ (4,503,335)	\$ (21,619,969)	\$ 3,743,222	\$ 1,012,323
Extraordinary Items	\$ -	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ (19,263,958)	\$ (5,866,891)	\$ 15,435,215	\$ 8,604,346	\$ 37,378,824
Beginning General Fund Balance	\$ 152,951,173	\$ 158,818,064	\$ 143,382,849	\$ 134,778,503	\$ 97,399,679
Ending General Fund Balance	\$ 133,687,215	\$ 152,951,173	\$ 158,818,064	\$ 143,382,849	\$ 134,778,503

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

Table 16
STATEMENT OF ACTIVITIES

	Fiscal Year Ending August 31,				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues					
Program Revenues:					
Charges for services	\$ 4,772,419	\$ 4,789,616	\$ 5,047,585	\$ 3,895,249	\$ 2,183,070
Operating grants & contributions	68,730,831	81,811,004	99,573,997	82,156,929	77,238,604
Total Program Revenues	\$ 73,503,250	\$ 86,600,620	\$ 104,621,582	\$ 86,052,178	\$ 79,421,674
General Revenues:					
Property taxes	\$ 138,480,232	\$ 129,115,795	\$ 149,973,256	\$ 138,656,863	\$ 135,462,883
Grants & contributions - not restricted	159,480,699	170,967,704	170,282,430	168,314,778	186,103,236
Investment earnings	10,592,091	13,697,561	10,961,777	179,769	213,931
Other, miscellaneous	3,824,644	2,513,813	4,984,670	3,902,823	3,731,908
Total General Revenues	\$ 312,377,666	\$ 316,294,873	\$ 336,202,133	\$ 311,054,233	\$ 325,511,958
Total Revenues.....	\$ 385,880,916	\$ 402,895,493	\$ 440,823,715	\$ 397,106,411	\$ 404,933,632
Expenses					
Instruction	195,234,932	196,700,084	\$ 193,934,923	\$ 186,962,550	\$ 195,940,779
Instnl resources & media services	3,213,578	3,442,678	3,856,010	3,692,094	3,866,048
Curriculum & staff development	9,155,836	10,754,000	10,463,536	8,588,282	9,783,399
Instructional leadership	5,857,034	5,730,572	5,171,278	5,307,149	5,291,109
School leadership	20,996,292	22,582,005	23,071,624	21,623,753	22,273,956
Guidance, counseling, eval services	16,839,346	17,180,593	17,656,256	16,597,892	15,759,006
Social work services	2,184,410	1,764,348	1,274,720	1,029,503	1,625,664
Health services	3,795,629	4,255,945	4,188,623	3,963,360	4,067,462
Student transportation	9,333,896	9,682,748	8,700,711	7,990,762	7,408,787
Food service	18,680,941	20,093,639	16,792,855	16,102,900	11,055,899
Extracurricular activities	10,868,218	10,512,908	9,795,727	9,014,272	7,979,814
General administration	8,190,344	7,727,857	7,021,523	7,559,910	7,179,018
Facilities maintenance & operations	34,073,582	32,976,784	31,914,437	29,217,720	25,411,845
Security & monitoring services	6,084,565	5,743,761	3,855,117	3,333,942	2,934,730
Data processing services	7,282,843	7,388,279	12,424,923	12,665,968	7,662,391
Community services	5,499,301	6,577,798	8,072,921	6,580,102	5,572,851
Debt service	11,070,231	12,175,512	13,090,145	14,099,335	15,104,869
Facilities acquisition and construction	132,567	53,932	98,740	-	16,510
Intergovernmental	833,141	799,946	745,501	726,482	790,158
Total Expenses.....	\$ 369,326,686	\$ 376,143,389	\$ 372,129,570	\$ 355,055,976	\$ 349,724,295
Increase (Decrease) in Net Position	\$ 16,554,230	\$ 26,752,104	\$ 68,694,145	\$ 42,050,435	\$ 55,209,337
Beginning Net Position.....	\$ 109,399,412	\$ 82,647,308	\$ 13,953,163	\$ (28,097,272)	\$ (83,306,609)
Prior Period Adjustment	(11,684,867) ^(A)	-	-	-	-
Ending Net Position.....	\$ 114,268,775	\$ 109,399,412	\$ 82,647,308	\$ 13,953,163	\$ (28,097,272)

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

^(A) See Note G to the District's Audited Financial Statements for fiscal year ended August 31, 2025 for an explanation of the prior period adjustment for fiscal year ended August 31, 2025 related to GASB Statement 101, related to compensated absences.

Table 17
GENERAL FUND BALANCE SHEET

	Fiscal Years Ending August 31,				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets					
Cash and cash equivalents	\$ 22,088,364	\$ 21,509,536	\$ 23,564,531	\$ 21,685,168	\$ 27,394,148
Current investments	122,136,882	136,943,603	154,307,092	132,262,009	116,899,941
Property taxes receivables (delinquent)	4,325,764	4,040,475	3,797,688	3,431,408	3,356,855
Allowance for uncollectible taxes (credit)	(2,514,655)	(2,239,942)	(2,048,448)	(1,716,321)	(1,877,001)
Due from other governments	13,764,564	14,221,491	14,826,433	14,095,521	13,980,602
Due from other funds	1,047,164	3,689,881	4,811,544	4,314,923	5,629,752
Other receivables, net	1,122,549	989,172	1,972,372	1,325,684	424,865
Prepaid Items	3,924,835	3,793,567	5,564,167	2,371,032	2,032,610
Total Assets	\$ 165,895,467	\$ 182,947,783	\$ 206,795,379	\$ 177,769,424	\$ 167,841,772
Total Assets and Deferred					
Outflows of Resources	\$ 165,895,467	\$ 182,947,783	\$ 206,795,379	\$ 177,769,424	\$ 167,841,772
Liabilities					
Accounts payable	\$ 1,633,497	\$ 1,557,408	\$ 2,658,120	\$ 1,776,654	\$ 1,181,530
Other liabilities	-	-	635,890	-	-
Payroll deductions & withholdings	3,249,234	3,172,837	3,314,073	3,060,995	3,325,321
Accrued wages payable	20,989,967	21,086,434	18,002,350	16,193,811	15,748,241
Due to other funds	8,097	-	395	-	-
Due to other governments	3,736,779	1,576,843	20,721,444	10,671,501	11,328,323
Total Liabilities	\$ 29,617,574	\$ 27,393,522	\$ 45,332,272	\$ 31,702,961	\$ 31,583,415
Deferred Inflows of Resources					
Unavailable revenue	\$ 1,857,833	\$ 1,800,533	\$ 1,749,240	\$ 1,715,087	\$ 1,479,854
Deferred inflows - leases	732,845	802,555	895,803	968,527	-
Total Deferred Inflows of Resources	\$ 2,590,678	\$ 2,603,088	\$ 2,645,043	\$ 2,683,614	\$ 1,479,854
Total Liabilities and Deferred					
Inflows of Resources	\$ 32,208,252	\$ 29,996,610	\$ 47,977,315	\$ 34,386,575	\$ 33,063,269
Fund Balances					
Prepaid items	\$ 3,924,835	\$ 3,793,567	\$ 5,564,167	\$ 2,371,032	\$ 2,032,610
Committed donations	7,182,608	11,411,535	16,662,125	-	-
Assigned capital improvement	28,650,000	43,100,000	42,500,000	42,500,000	35,400,000
Unassigned	93,929,772	94,646,071	94,091,772	98,511,817	97,345,893
Total Fund Balances	\$ 133,687,215	\$ 152,951,173	\$ 158,818,064	\$ 143,382,849	\$ 134,778,503
Total Liabilities, Deferred Inflows					
of Resources and Fund Balances	\$ 165,895,467	\$ 182,947,783	\$ 206,795,379	\$ 177,769,424	\$ 167,841,772

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

APPENDIX B

GENERAL INFORMATION REGARDING THE DISTRICT AND ITS ECONOMY

GENERAL INFORMATION REGARDING THE DISTRICT AND ITS ECONOMY

Grand Prairie Independent School District (the “District”) is a 58 square mile area that is primarily a suburban, commercial and industrial area located between the cities of Dallas and Fort Worth in Dallas County (the “County”). The District, stretching north nearly to U.S. Route 183 and south past I-20 to Joe Pool Lake, serves a large portion of the City of Grand Prairie (the “City”). The District’s 2026 estimated population is 117,702. The City’s 2020 census population was 196,100, an 11.8% increase over 2010 population of 175,396 and the estimated population for the City for 2026 is 215,210.

The District is governed by a seven-member Board of Trustees. Two Board members shall be elected at-large and five Board members shall be elected by single-member districts and all Board members serve without compensation. Board policy and decisions are decided by a majority vote of the Board. The Superintendent of Schools is selected by the Board. Other District officials are employed as a result of action by the Superintendent and the Board.

The District facilities consist of 19 elementary schools, six middle schools, five high schools, two campuses with grades 6-12, two campuses with grades Pre-K-8, one campus with grades 1-8, and one disciplinary alternative education school. The District has a diverse student population with approximately 67.19% Hispanic students, 17.88% Black/African-American, 8.82% White students, 3.27% Asian students, 2.35% two or more races, 0.38% American Indian/Alaskan students, and 0.11% Hawaiian/Pacific Islander students.

The District offers all of the services customarily associated with the education process which includes advanced placement in grades 11 & 12, foreign language taught in secondary school, career and technical training in secondary schools, special services such as an early childhood program, resource, and remedial classes in most schools, computer education in all schools, gifted and talented education in grades K-12, counseling and health services in all schools.

DISTRICT ENROLLMENT INFORMATION

Enrollment History

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Increase/(Decrease)</u>	
		<u>Number</u>	<u>Percentage</u>
2015/16	29,339	600	3.53%
2016/17	29,344	5	0.02%
2017/18	29,362	18	0.06%
2018/19	29,200	(162)	-0.55%
2019/20	29,266	66	0.23%
2020/21	28,230	(1,036)	-3.54%
2021/22	27,420	(810)	-2.87%
2022/23	27,019	(401)	-1.46%
2023/24	26,638	(381)	-1.41%
2024/25	26,129	(509)	-1.91%
2025/26*	25,542	(587)	-2.25%

*As of October 31, 2025.

Source: District Records.

Projected Student Enrollment

<u>Fiscal Year</u>	<u>Projected Enrollment</u>	<u>Increase/(Decrease)</u>	
		<u>Number</u>	<u>Percentage</u>
2026/27	25,253	(289)	-1.1%
2027/28	24,808	(445)	-1.8%
2028/29	24,222	(586)	-2.4%
2029/30	23,437	(785)	-3.2%

Source: District Records.

Historical Student Enrollment by Grades

<u>Year</u>	<u>EE</u>	<u>PK</u>	<u>K</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>Total</u>
2015/16	111	1,314	1,897	2,288	2,280	2,207	2,174	2,077	2,182	2,254	2,217	2,414	2,327	1,998	1,599	29,339
2016/17	130	1,254	1,931	1,972	2,205	2,226	2,193	2,147	2,007	2,211	2,244	2,546	2,440	2,173	1,665	29,344
2017/18	142	1,333	1,865	2,016	1,976	2,248	2,238	2,262	2,083	2,026	2,179	2,531	2,435	2,193	1,835	29,362
2018/19	132	1,517	1,781	1,937	1,977	1,946	2,242	2,238	2,182	2,114	2,063	2,554	2,406	2,225	1,886	29,200
2019/20	107	1,638	1,841	1,877	1,914	1,994	1,990	2,304	2,185	2,214	2,150	2,443	2,421	2,210	1,978	29,266
2020/21	127	1,169	1,782	1,840	1,830	1,917	1,973	1,963	2,220	2,143	2,232	2,367	2,344	2,303	2,020	28,230
2021/22	137	1,334	1,625	1,837	1,791	1,761	1,832	1,936	1,834	2,190	2,121	2,739	2,249	2,093	1,941	27,420
2022/23	111	1,440	1,635	1,737	1,824	1,797	1,789	1,845	1,878	1,839	2,169	2,640	2,504	2,014	1,797	27,019
2023/24	140	1,558	1,551	1,710	1,773	1,796	1,797	1,791	1,765	1,932	1,870	2,682	2,398	2,121	1,754	26,638
2024/25	97	1,587	1,538	1,614	1,717	1,747	1,795	1,859	1,751	1,820	1,946	2,352	2,387	2,042	1,877	26,129
2025/26*	146	1,587	1,441	1,595	1,636	1,711	1,742	1,799	1,795	1,791	1,846	2,372	2,173	2,032	1,876	25,542

* As of October 31, 2025.

Source: District Records.

EMPLOYEES OF THE DISTRICT

Teachers	1,699
Administrators and Other Professional Staff	587
Teacher's Aids and Secretaries	676
Auxiliary Employees	<u>792</u>
Total Number of Employees	<u>3,754</u>

The District currently employs a staff of approximately 3,754 employees. Beginning with the 2025/26 school year, entry level teachers without advanced degrees earn \$64,000 annually. Teachers with advanced degrees and longevity can earn between \$65,000 and \$86,945 annually. The District covers \$400.00 of the monthly health insurance premium and \$1.90 of the monthly life insurance premium for all full-time teachers and staff.

Source: District Records.

GENERAL INFORMATION REGARDING THE DISTRICT'S ECONOMY

Dallas County (the "County"), established in 1846, is in north central Texas and is bordered by Kaufman and Rockwall counties to the east, Tarrant County to the west, Denton and Collin counties to the north, and Ellis County to the south. The County encompasses a land area of 908.6 square miles and includes all or part of 18 cities. The County is the second most populous county in the State of Texas. As of the 2020 census, the County population was 2,613,539 and the estimated 2026 population for the County is 2,656,781. The County is a center for insurance, banking, electronics, conventions, aircraft manufacturing, manufacturing, trade shows, retail and wholesale trade and more.

The City of Grand Prairie (the "City") is centrally located amid the estimated 6 million people in the Dallas/Fort Worth MSA. The City has access to four major interstate highway systems (I-20, I-30, I-35 & I-45), five state highway systems (SH 360, SH 180, SH 303, SH 161), Loop 12, and U.S. 287, which all run through the City or are within 15-30 minutes of the City's boundaries. The City covers an area approximately 84 square miles and although the City is largely built out and mature, there are still several areas available for growth. Residential expansions continue in the southern end of the City and new manufacturing and distribution companies continue to add growth to the City's economy. The City's economic base notes strengths in manufacturing, retail and wholesale trade, construction, food service, transportation/warehousing, aerospace, and recreational services. The City's diverse economy, the overall DFW metroplex economy, and major transportation access all serve to create a synergy.

Largest Employers in the City of Grand Prairie

<u>Company</u>	<u>Product/Service</u>	<u>Employees</u>
Lockheed Martin Missiles and Fire Control HQ	Research and Development	5,000
Grand Prairie ISD	Public Education	3,754
Poly-America Inc.	Plastics Manufacturing	2,000
City of Grand Prairie	Public Administration	1,700
Flex-N-Gate	Auto Accessory Manufacturing	1,200
Siemens Energy & Automation, Inc.	Switchgear and Switchboard Manufacturing	1,200
Lear Seating	Automotive Seat Manufacturing	1,105
Lone Star Park at Grand Prairie	Racetrack	950
Forterra Pip & Products	Concrete Pipe Manufacturing	950
Republic National Distributing	Wine and Alcoholic Beverage Wholesalers	800
Bell Textron	Helicopter Manufacturing	700
Arnold Transportation Services	General Freight Distribution	650
Airbus Helicopter	Helicopter Manufacturing	600
Safran Helicopters	Aircraft Engine and Engine Parts Manufacturing	500
Wal-Mart	Food Manufacturing	500
General Motors LOC Center	Process, Physical Distribution and Logistics	500
U.S. Bureau of Prisons	Public Administration	500

Source: City of Grand Prairie website.

LABOR FORCE STATISTICS

Comparative Unemployment Rates

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026^(A)</u>
City of Grand Prairie	3.9%	4.0%	4.2%	4.1%	4.0%
Dallas County	3.8%	4.0%	4.2%	4.1%	3.9%
State of Texas	3.9%	4.0%	4.1%	4.2%	4.0%
United States of America	3.6%	3.6%	4.0%	4.3%	4.0%

^(A) As of April 2026.

Source: Texas Labor Market Information.

APPENDIX C

**THE PERMANENT SCHOOL FUND
GUARANTEE PROGRAM**

APPENDIX C

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 concluded on June 2, 2025. 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 called a first special session, which began on July 21, 2025, and ended on August 15, 2025. The Governor called a second special session, which began on August 15, 2025, and ended on September 4, 2025 (the regular session together with the special sessions may hereinafter be referred to as the “89th Legislative Session”). The TEA, the State Board of Education (the “SBOE”), and the Texas Permanent School Fund Corporation (the “PSF Corporation”) are in the process of monitoring the implementation of legislation signed by the Governor and make no representation regarding any actions taken by the Legislature in the 89th Legislative Session that may materially impact themselves, the Guarantee Program, the Act, and Texas school finance in general.

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, 2025, 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, 2025, 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, 2025, and for a description of the financial results of the PSF for the year ended August 31, 2025, the most recent year for which audited financial information regarding the Fund is available. The 2025 Annual Report speaks only as of its date and the PSF Corporation has not obligated itself to update the 2025 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 as required by Section 13(f), 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, generally, 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 Board’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 internal and external legal 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 appropriated 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>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>	<u>20245</u>
PSF(CORP) Distribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,076	\$2,156	\$2,156
PSF(SBOE) Distribution	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	215	212	247	306	347	341	432	440	430	428

⁽¹⁾ In millions of dollars. Source: Annual Report for year ended August 31, 2025.

⁽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 and allows for the use of derivatives and other leverage. The IPS provides that the Fund’s investment objectives are as follows:

- Generate continuous distributions for the benefit of public schools in Texas;
- Maintain purchasing power, after spending, inflation, and student population growth, in order to maintain intergenerational equity with respect to distributions;
- Provide a maximum level of return consistent with prudent risk levels, while maintaining sufficient liquidity needed to support distributions and BGP obligations; and
- Strive to 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, effective January 1, 2026 (which is subject to change from time to time):

The table below sets forth the current strategic asset allocation of the Fund that was adopted, effective January 1, 2026 (which is subject to change from time to time):

Asset Class	Target Allocation	Range⁽¹⁾
Cash Equivalent	3.0%	n/a
Core Bonds	9.0%	+/- 5.0%
Non-Core Bonds (High Yield)	3.0%	+/- 5.0%
Non-Core Bonds (Bank Loans)	3.0%	+/- 5.0%
Large Cap U.S. Equity	15.0%	+/- 5.0%
Small/Mid-Cap U.S. Equity	3.0%	+/- 5.0%
Non-U.S. Developed Equity	8.0%	+/- 5.0%
Absolute Return	6.0%	+/- 5.0%
Private Debt (Liquid Substitute)	9.5%	+/- 5.0%
Private Equity (Liquid Substitute)	20.0%	+/- 10.0%
Real Estate	10.5%	+/- 5.0%
Natural Resources	4.0%	+/- 5.0%
Infrastructure	6.0%	+/- 5.0%

⁽¹⁾ Range reflect threshold approved by the Board. Subtracted results will not go below zero.

The table below sets forth the comparative investments of the PSF for the fiscal years ending August 31, 2024 and 2025, as set forth in the Annual Report for the 2025 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.

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Comparative Investment Schedule – PSF(CORP)

Fair Value (in millions) August 31, 2025 and 2024

<u>ASSET CLASS</u>	<u>August 31, 2025</u>	<u>August 31, 2024</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
EQUITY				
Domestic Small Cap	\$3,732.4	\$ 3,651.3	\$81.1	2.2%
Domestic Large Cap	<u>7,860.0</u>	<u>8,084.6</u>	<u>(224.6)</u>	<u>-2.7%</u>
Total Domestic Equity	11,592.4	11,735.9	(143.5)	-1.2%
International Equity	<u>5,093.7</u>	<u>4,131.1</u>	<u>962.6</u>	<u>23.3%</u>
TOTAL EQUITY	16,686.1	15,867.0	819.1	5.2%
FIXED INCOME				
Domestic Fixed Income	-	-	-	-
US Treasuries	-	-	-	-
Core Bonds	5,464.4	8,151.6	(2,687.2)	-33.0%
Bank Loans	3,908.4	2,564.1	1,344.3	52.4%
High Yield Bonds	1,569.2	2,699.5	(1,130.3)	-41.9%
Emerging Market Debt	-	-	-	-
TOTAL FIXED INCOME	10,942.0	13,415.2	(2,473.2)	-18.4%
ALTERNATIVE INVESTMENTS				
Absolute Return	3,247.4	3,106.0	141.4	4.6%
Real Estate	6,300.8	6,101.0	199.8	3.3%
Private Equity	12,170.5	8,958.8	3,211.7	35.9%
Emerging Manager Program	-	-	-	-
Real Return	-	-	-	-
Private Credit	3,884.3	2,257.9	1,626.4	72.0%
Real Assets	<u>5,525.2</u>	<u>4,648.1</u>	<u>877.1</u>	<u>18.9%</u>
TOT ALT INVESTMENTS	31,128.2	25,071.8	6,056.4	24.2%
UNALLOCATED CASH	<u>1,335.0</u>	<u>2,583.2</u>	<u>(1,248.2)</u>	<u>-48.3%</u>
TOTAL PSF(CORP) INVESTMENTS	\$ 60,091.3	\$ 56,937.2	\$ 3,154.1	5.5%

Source: Annual Report for year ended August 31, 2025.

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The table below sets forth the investments of the PSF(SLB) for the year ended August 31, 2025.

Investment Schedule - PSF(SLB)⁽¹⁾

<u>Fair Value (in millions) August 31, 2025</u>	
Investment Type	As of <u>8-31-25</u>
Investments in Real Assets	
Sovereign Lands	\$ 279.84
Discretionary Internal Investments	989.22
Other Lands	153.17
Minerals ⁽²⁾⁽³⁾	<u>4,872.77</u> ⁽⁶⁾
Total Investments ⁽⁴⁾	\$6,294.99
Cash in State Treasury ⁽⁵⁾	575.70
Total Investments & Cash in State Treasury	\$ 6,870.70

⁽¹⁾ Unaudited figures from Table 5 in the FY 2025 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.

⁽²⁾ Historical Cost of investments at August 31, 2025 was: Sovereign Lands \$838,676.44; Discretionary Internal Investments \$830,739,719.64; Other Lands \$37,306,005.32; and Minerals \$13,437,552.03.

⁽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 investment or 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.

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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 2026 fiscal year, the ratio is 8.17%. At February 23, 2026, there were 182 active open-enrollment charter schools in the State and there were 1,027 charter school campuses authorized under such charters, though as of such date, 41 of such campuses are not currently serving students for various reasons; therefore, there are 986 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 CDBGP 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 CDBGP 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 "CDBGP 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 CDBGP Capacity include Fund investment performance, future increases in the Guarantee Program multiplier, changes in State law that govern the calculation of the CDBGP 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 SDBGP 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 SDBGP 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 December 31, 2025 the cost value of the Guarantee Program was \$51,913,224,643 (unaudited), thereby producing an IRS Limit of \$259,566,123,215 in principal amount of guaranteed bonds outstanding.

As of December 31, 2025, the estimated State Capacity Limit is \$181,696,286,251, 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 CDBGP 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 CDBGP 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 CDBGP 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 CDBGP 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 CDBGP 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 December 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 CDBGP 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 CDBGP 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 December 31, 2025, the Charter District Reserve Fund contained \$153,914,605, which represented approximately 2.61% 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 on-going 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 Ratings, 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⁾
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⁾	47,047,688,784	62,766,382,537
2024 ⁽²⁾	50,832,583,937	66,549,781,438

⁽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, 2025, mineral assets, sovereign lands, other lands, and discretionary internal investments, had book values of approximately \$13.4 million, \$0.8 million, \$37.3 million, and \$830.7 million, respectively, and market values of approximately \$4,872.7 million, \$279.8 million, \$153.1 million, and \$989.2 million, respectively.

Permanent School Fund Guaranteed Bonds

At 8/31	Principal Amount ⁽¹⁾
2021	\$95,259,161,922
2022	103,239,495,929
2023	115,730,826,682
2024	125,815,981,603
2025	143,940,955,098 ⁽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, 2025 (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 \$230,761,751,555, of which \$86,820,796,457 represents interest to be paid. As shown in the table above, at August 31, 2025, there were \$143,940,955,098 in principal amount of bonds guaranteed under the Guarantee Program. Using the State Capacity Limit of \$181,696,286,251 (the State Capacity Limit is currently the Capacity Limit), net of the Capacity Reserve, as of December 31, 2025, 7.86% of the Guarantee Program's capacity was available to the Charter District Bond Guarantee Program. As of December 31, 2025, the amount of outstanding bond guarantees represented 79.16% of the Capacity Limit (which is currently the State Capacity Limit). December 31, 2025 values are based on unaudited data, which is subject to adjustment.

Permanent School Fund Guaranteed Bonds by Category⁽¹⁾

Fiscal Year Ended 8/31	School District Bonds		Charter District Bonds		Totals	
	No. of Issues	Principal Amount (\$)	No. of Issues	Principal Amount (\$)	No. of Issues	Principal Amount (\$)
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	3,330	121,046,871,603	103	4,769,110,000	3,433	125,815,981,603
2025 ⁽²⁾	3,444	138,140,381,098	113	5,800,574,000	3,557	143,940,955,098

⁽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 December 31, 2025 (based on unaudited data, which is subject to adjustment), there were \$143,822,038,077 in principal amount of bonds guaranteed under the Guarantee Program, representing 3,456 school district issues, aggregating \$137,938,824,077 in principal amount and 114 charter district issues, aggregating \$5,883,214,000 in principal amount. At December 31, 2025 the projected guarantee capacity available was \$32,174,623,697 (based on unaudited data, which is subject to adjustment).

Discussion and Analysis Pertaining to Fiscal Year Ended August 31, 2025

The following discussion is derived from the Annual Report for the year ended August 31, 2025, 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 2025, the PSF(CORP) net position was \$60.6 billion. During the year, the PSF(CORP) continued updating and implementing the long-term strategic asset allocation, diversifying the investment mix to strengthen the Fund. The asset allocation aims to pursue the objectives of the Fund at an acceptable risk level. 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, 2025, net of fees, were 8.20%, 7.95%, and 7.40%, 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, 2025.

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 credit¹, 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 2025 Annual Report which is included by reference herein.

PSF Returns Fiscal Year Ended 8-31-2025⁽¹⁾

<u>Portfolio</u>	<u>Return</u>	Benchmark <u>Return</u> ²
Total PSF(CORP) Portfolio	8.20	7.78
Domestic Large Cap Equities	14.50	15.88
Domestic Small/Mid Cap Equities	7.64	5.80
International Equities	16.16	14.89
Private Credit	6.87	9.26
Core Bonds	4.02	3.14
Absolute Return	14.98	6.90
Real Estate	0.14	0.97
Private Equity	8.17	8.61
High Yield	8.18	8.26
Natural Resources	2.31	0.39
Infrastructure	15.06	8.79
Bank Loans	7.76	7.36
Short Term Investment Portfolio	6.06	4.51

⁽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, 2025.

⁽²⁾ Benchmarks are as set forth in the Annual Report for year ended August 31, 2025.

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 2025 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 2025, \$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

¹ The Private Credit asset class was renamed Private Debt, beginning in October 2024.

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, 2025, 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 [available at https://tea.texas.gov/sites/default/files/ch033a.pdf](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 OPINIONS OF
BOND COUNSEL**



Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932
United States

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Fax +1 214 855 8200
nortonrosefulbright.com

[CLOSING DATE]

IN REGARD to the authorization and issuance of the “Grand Prairie Independent School District Unlimited Tax Refunding Bonds, Series 2026A (PSF),” dated July 1, 2026, in the aggregate principal amount of \$199,270,000 (the “Bonds”), we have examined into their issuance by the Grand Prairie Independent School District (the “District”) solely to express legal opinions as to the validity of the Bonds, the defeasance and discharge of the District’s outstanding obligations being refunded by the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the District, the disclosure of any financial or statistical information or data pertaining to the District and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity). The Bonds mature on August 15, 2026, and February 15 in each of the years specified in the pricing certificate (the “Pricing Certificate”) executed pursuant to an order adopted by the Board of Trustees of the District authorizing the issuance of the Bonds (the “Order” and, jointly with the Pricing Certificate, the “Bond Order”), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Bond Order.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Bonds, including the Bond Order, an Escrow Agreement (the “Escrow Agreement”) between the District and U.S. Bank Trust Company, National Association (the “Escrow Agent”), a special report of Robert Thomas CPA, LLC (the “Verification Report”), and an examination of the initial Bond executed and delivered by the District (which we found to be in due form and properly executed); (ii) certifications of officers of the District relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the District; and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATION, we are of the opinion that, under applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been duly authorized by the District and, when issued in compliance with the provisions of the Bond Order, are valid, legally binding, and enforceable obligations of the District, payable from the proceeds of an ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District, except to the extent that

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Page 2 of Legal Opinion of Norton Rose Fulbright US LLP

Re: "Grand Prairie Independent School District Unlimited Tax Refunding Bonds, Series 2026A (PSF)," dated July 1, 2026

the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

2. The Escrow Agreement has been duly authorized, executed and delivered and, assuming the due authorization, execution or acceptance, and delivery thereof by the Escrow Agent, is a binding and enforceable agreement in accordance with its terms, and the outstanding obligations being refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in a trust fund with the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended. In rendering this opinion, we have relied upon the Verification Report as to the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

3. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the District with the provisions of the Bond Order relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OTHER OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, "S" corporations with subchapter "C" earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of interests in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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. 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.



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[CLOSING DATE]

IN REGARD to the authorization and issuance of the “Grand Prairie Independent School District Unlimited Tax Refunding Bonds, Series 2026B (Non-PSF),” dated July 1, 2026, in the aggregate principal amount of \$14,305,000 (the “Bonds”), we have examined into their issuance by the Grand Prairie Independent School District (the “District”) solely to express legal opinions as to the validity of the Bonds, the defeasance and discharge of the District’s outstanding obligations being refunded by the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the District, the disclosure of any financial or statistical information or data pertaining to the District and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a Stated Maturity). The Bonds mature on August 15, 2026, and February 15 in each of the years specified in the pricing certificate (the “Pricing Certificate”) executed pursuant to an order adopted by the Board of Trustees of the District authorizing the issuance of the Bonds (the “Order” and, jointly with the Pricing Certificate, the “Bond Order”), without right of prior redemption. The Bonds accrue interest from the date, at the rates, and in the manner and interest is payable on the dates, all as provided in the Bond Order.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Bonds, including the Bond Order, an Escrow Agreement (the “Escrow Agreement”) between the District and U.S. Bank Trust Company, National Association (the “Escrow Agent”), a special report of Robert Thomas CPA, LLC (the “Verification Report”), and an examination of the initial Bond executed and delivered by the District (which we found to be in due form and properly executed); (ii) certifications of officers of the District relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the District; and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATION, we are of the opinion that, under applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been duly authorized by the District and, when issued in compliance with the provisions of the Bond Order, are valid, legally binding, and enforceable obligations of the District, payable from the proceeds of an ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium,

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Page 2 of Legal Opinion of Norton Rose Fulbright US LLP

Re: "Grand Prairie Independent School District Unlimited Tax Refunding Bonds, Series 2026B (Non-PSF)," dated July 1, 2026

or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

2. The Escrow Agreement has been duly authorized, executed and delivered and, assuming the due authorization, execution or acceptance, and delivery thereof by the Escrow Agent, is a binding and enforceable agreement in accordance with its terms, and the outstanding obligations being refunded, discharged, paid and retired with the proceeds of the Bonds have been defeased and are regarded as being outstanding only for the purpose of receiving payment from the funds held in a trust fund with the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of Texas Government Code, Chapter 1207, as amended. In rendering this opinion, we have relied upon the Verification Report as to the sufficiency of cash and investments deposited with the Escrow Agent pursuant to the Escrow Agreement for the purposes of paying the outstanding obligations refunded and to be retired with the proceeds of the Bonds and the interest thereon.

3. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the District with the provisions of the Bond Order relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OTHER OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, "S" corporations with subchapter "C" earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of interests in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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. 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.

APPENDIX E

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**



GRAND PRAIRIE

INDEPENDENT SCHOOL DISTRICT

Annual Financial Report for the
Fiscal Year Ended August 31, 2025

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Grand Prairie Independent School District

Grand Prairie, Texas



Annual Financial Report
For the Fiscal Year Ended August 31, 2025

Prepared by
Grand Prairie Independent School District
Business Operations Department

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Grand Prairie Independent School District

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Grand Prairie Independent School District

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Certificate of Board

Grand Prairie Independent School District
Name of School

Dallas
County

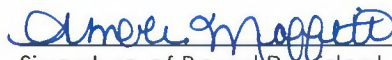
057-910
Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2025, at a meeting of the Board of Trustees of such school district on the 15th day of January, 2026.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):

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Independent Auditor's Report

The Board of Trustees of
Grand Prairie Independent School District
Grand Prairie, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Prairie Independent School District (District), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 4 to the basic financial statements, during the year ended August 31, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Beginning net position has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 other supplementary information and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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. 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 GAAS. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Required Responses to Selected FIRST Indicators 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 December 18, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
December 18, 2025

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Management's Discussion and Analysis

As management of the Grand Prairie Independent School District (the District), we offer readers of the accompanying report this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2025. (In reviewing this report, readers should be mindful that it is often necessary for management to make and use estimates in the preparation of financial statements. Examples of the use of such estimates may be found in amounts reported for depreciation, net taxes receivable, claims payable of the District's self-insured workers' compensation program, and net pension liability.)

Financial Highlights

- Governmental Activities assets and deferred outflows of resources was greater than liabilities and deferred inflows of resources at year-end by \$114,268,775.
- The District's total net position increased by \$4,869,363 which includes an increase of \$16,554,230 from current operations, additional grants received and reductions in the net OPEB liability combined with an \$11,864,867 decrease in net position related to implementation of GASB Statement No. 101 Compensated Absences.
- At the end of the year, unassigned fund balance of the general fund was \$93,929,772.
- As of the close of the year, the District's governmental funds had combined ending fund balances of \$193,865,409, a decrease of \$20,163,920 as compared to the preceding 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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and 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 enterprise.

The *statement of net position* presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of how the financial position of the District is changing.

The *statement of activities* presents information showing how the District's net position changed during the year. Changes in net position are reported upon occurrence of the underlying event giving rise to the change, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some transactions that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and incurred but unpaid workers' compensation benefits).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include *Instruction, Instructional Resources and Media Services, Curriculum and 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, Issuance Costs and Fees, Payments Related to Shared Services Arrangements, Payments to Juvenile Justice Alternative Education Programs, and Other Intergovernmental Charges.*

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, as do other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and 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 fiscal year. Such information may be useful in evaluating near-term financing requirements.

Because the focus of governmental funds financial statements 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 effect 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 maintained forty-five individual governmental funds during the year. 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 capital projects fund, which are considered to be major funds. Data from the other forty-two governmental funds are combined into a single, aggregated presentation titled *other governmental funds*.

The District adopts an annual revenue and appropriations budget for its general fund. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found as noted in the table of contents of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of students and student organizations. 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 and activities. Per GASB 84, the District's fiduciary activity is reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position in a custodial fund.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as noted in the table of contents of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents required supplementary information and supplementary information, including schedules required by the Texas Education Agency. Such information can be found as noted in the table of contents of this report. The required supplementary information also provides information on the District's cost-sharing multiple employer pension and OPEB plan of which the District is a participant. The required supplementary information is referenced as Exhibits E-1 through E-5, and the associated notes immediately follow the exhibits in this report.

Government-Wide Financial Analysis

As mentioned earlier, net position may, over time, serve as an indicator of a District's changing financial position. The following table shows the net position of the District for the current and prior year.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S NET POSITION

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 231,539,457	33	\$ 249,343,425	34	\$ (17,803,968)	(7)
Capital assets, net of depreciation/amortization	476,176,834	67	476,919,693	66	(742,859)	-
Total assets	707,716,291	100	726,263,118	100	(18,546,827)	
Total deferred outflows of resources	71,693,350	100	90,863,802	100	(19,170,452)	(21)
Long-term liabilities outstanding	534,318,918	94	569,704,533	95	(35,385,615)	(6)
Other liabilities	34,889,696	6	32,569,294	5	2,320,402	7
Total liabilities	569,208,614	100	602,273,827	100	(33,065,213)	
Total deferred inflows of resources	95,932,252	100	105,453,681	100	(9,521,429)	(9)
Net position						
Net investment in capital assets	123,449,464	108	93,069,753	85	30,379,711	33
Restricted for grants	7,260,280	6	11,251,691	10	(3,991,411)	(35)
Restricted for debt service	44,028,217	39	38,998,858	36	5,029,359	13
Unrestricted	(60,469,186)	(53)	(33,920,890)	(31)	(26,548,296)	78
Total net position	\$ 114,268,775	100	\$ 109,399,412	100	\$ 4,869,363	

The District's investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress, right-to-use lease assets, and right-to-use SBITA assets), less any related debt used to acquire those assets that are still outstanding totaled \$123,449,464 of net position. 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.

Net position that is restricted for debt service totals \$44,028,217 of net position, and net position restricted for grants is \$7,260,280. At the end of the current fiscal year, the District reported a deficit Unrestricted Net Position of (\$60,469,186), primarily due to the net pension liability and net OPEB liability.

Governmental Activities. Governmental activities increased the District's net position by \$16,554,230 from current operations. This increase includes the \$11,684,867 restatement to beginning net position for the implementation of GASB 101, compensated absences. The elements giving rise to this change may be determined from the table below.

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION						
	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue						
Program revenues:						
Charges for services	\$ 4,772,419	1	\$ 4,789,616	1	\$ (17,197)	-
Operating grants and contributions	68,730,831	18	81,811,004	20	(13,080,173)	(16)
General revenues:						
Property taxes, levied for general purpose	98,951,165	26	89,312,584	22	9,638,581	11
Property taxes, levied for debt service	39,529,067	10	39,803,211	10	(274,144)	(1)
Grants and contributions not restricted to specific programs	159,480,699	41	170,967,704	43	(11,487,005)	(7)
Investment earnings	10,592,091	3	13,697,561	3	(3,105,470)	(23)
Gain (Loss) on sale of capital assets	756,705	-	46,970	-	709,735	1,511
Miscellaneous	3,067,939	1	2,466,843	1	601,096	24
Total revenues	385,880,916	100	402,895,493	100	(17,014,577)	
Expenses						
Instruction	195,234,932	52	196,700,084	51	(1,465,152)	(1)
Instructional resources and media services	3,213,578	1	3,442,678	1	(229,100)	(7)
Curriculum and staff development	9,155,836	2	10,754,000	3	(1,598,164)	(15)
Instructional leadership	5,857,034	2	5,730,572	2	126,462	2
School leadership	20,996,292	6	22,582,005	6	(1,585,713)	(7)
Guidance, counseling, and evaluation services	16,839,346	5	17,180,593	5	(341,247)	(2)
Social work services	2,184,410	1	1,764,348	-	420,062	24
Health services	3,795,629	1	4,255,945	1	(460,316)	(11)
Student transportation	9,333,896	3	9,682,748	3	(348,852)	(4)
Food service	18,680,941	5	20,093,639	5	(1,412,698)	(7)
Extracurricular activities	10,868,218	3	10,512,908	3	355,310	3
General administration	8,190,344	2	7,727,857	2	462,487	6
Plant maintenance and operations	34,073,582	9	32,976,784	9	1,096,798	3
Security and monitoring services	6,084,565	2	5,743,761	2	340,804	6
Data processing services	7,282,843	2	7,388,279	2	(105,436)	(1)
Community services	5,499,301	1	6,577,798	2	(1,078,497)	(16)
Interest on long-term debt	11,070,231	3	12,175,512	3	(1,105,281)	(9)
Facilities repair and maintenance	132,567	-	53,932	-	78,635	146
Payments related to shared services arrangements	348,109	-	299,143	-	48,966	16
Payments to Juvenile Justice Alternative Education Programs	7,902	-	15,996	-	(8,094)	(51)
Other intergovernmental charges	477,130	-	484,807	-	(7,677)	(2)
Total expenses	369,326,686	100	376,143,389	100	(6,816,703)	
Change in net position	16,554,230		26,752,104		(10,197,874)	
Net position, beginning	109,399,412		82,647,308		26,752,104	
Cumulative effect of change in accounting principle - implement GASB 101 for Compensated Absences	(11,684,867)		-		(11,684,867)	
Net position - beginning, as restated	97,714,545		82,647,308		15,067,237	
Net position, ending	\$ 114,268,775		\$ 109,399,412		\$ 4,869,363	

Revenues, aggregating \$385,880,916 were generated primarily from two sources. Property taxes in the amount of \$138,480,232 represent 35.9 percent of total revenues while grants and contributions (including those not restricted for program-specific use as well as for general operations), totaling \$228,211,530, represent 59.1 percent of total revenues. The remaining 5.0 percent is generated from investment earnings, charges for services, gain on sale of capital assets, and miscellaneous revenues. The largest decrease was in grants and contributions due to the decrease in State aid – foundation payments and also a decrease in federal grants due to the majority of the ESSER grant being expended in the prior fiscal years.

The primary functional expenses of the District were Instruction in the amount of \$195,234,932 which represents 52.9 percent of total expenses. All remaining expense categories are 9 percent or less of total expenses.

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. At the end of the fiscal year, the District's governmental funds had combined ending fund balances of \$193,865,409, a decrease of \$20,163,920 from the preceding year.

The general fund is the primary operating fund of the District. At year-end, unassigned fund balance of the general fund was \$93,929,772 while total fund balance was \$133,687,215. To evaluate the general fund's liquidity, it may be helpful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32 percent of total general fund expenditures. The fund balance of the general fund decreased \$19,263,958 during the year from current activities. The decrease in fund balance was primarily the result of spending \$4.2 million from the Scott Donation and \$10.4 million transferred to the Capital Projects Funds.

The debt service fund ending fund balance of \$43,843,337 is restricted for the payment of principal and interest on debt. The debt service fund balance increased \$5.0 million during the year from current activities. The increase in fund balance is primarily due to property tax revenue and state aid revenue exceeding debt payments in the current year.

The capital projects fund ending fund balance of \$7,399,925 is assigned to expenditures for capital outlays, including acquisition or construction of capital facilities and other capital assets. The capital project fund balance decreased \$1.6 million during the year primarily due planned capital expenditures on various projects. Capital projects are currently being funded with local revenue sources.

Governmental funds financial statements may be found by referring to the table of contents.

General Fund Budgetary Highlights

The District made various budget amendments throughout the year in response to instructional needs and in response to capital improvement initiatives. Significant changes from the original budget to the final budget are discussed below:

- The decrease in the federal program revenues final budget was primarily due to the additional loss of SHARS funding.
- The increase in the student transportation final budget was primarily due to additional buses purchased and increased driver payroll due to increased field trips/competitions/events.
- The increase in debt service – principal on long-term debt final budget was due to SBITAs (Subscription -Based Information Technology Arrangements).
- The increase in facilities acquisition and construction final budget was primarily due to new SBITAs and new leases.

Capital Assets and Long-term Liabilities

Capital Assets. The District's capital asset balance for governmental activities as of August 31, 2025 was \$476,176,834 (net of accumulated depreciation /amortization). This investment in capital assets includes buildings and improvements, furniture and equipment, right-to-use (RTU) lease asset furniture and equipment, subscription-based information technology arrangements (SBITA) RTU assets, and construction in progress. Net investment in capital assets increased by \$30,379,711 in the current fiscal year, primarily due to increases in furniture and equipment and other capital projects.

Major capital asset activity during the year included the following:

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S CAPITAL ASSETS (net of depreciation)

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	\$ 23,798,572	5	\$ 23,798,572	5	\$ -	-
Buildings and improvements	391,386,878	82	401,876,673	84	(10,489,795)	(3)
Furniture and equipment	49,576,407	11	30,142,751	7	19,433,656	64
RTU furniture and equipment	2,305,308	-	2,507,934	1	(202,626)	(8)
SBITA RTU assets	1,449,327	-	2,367,316	-	(917,989)	(39)
Construction in progress	7,660,342	2	16,226,447	3	(8,566,105)	(53)
Totals	\$ 476,176,834	100	\$ 476,919,693	100	\$ (742,859)	

Additional information on the District's capital assets can be found in Note 3. D. Capital Assets of the notes to the financial statements per the table of contents of this report.

Long-Term Liabilities. At year-end, the District had the following long-term liabilities:

	Governmental Activities					
	2025		2024		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 346,957,249	66	\$ 378,367,879	68	\$ (31,410,630)	(8)
Lease payable	2,335,211	-	2,526,421	-	(191,210)	(8)
SBITA liability	209,051	-	320,093	-	(111,042)	(35)
Workers' compensation claims	700,526	-	642,231	-	58,295	9
Compensated absences	12,648,153	2	463,025	-	12,185,128	2,632
Net pension liability	105,478,046	20	133,601,707	23	(28,123,661)	(21)
Net OPEB liability	65,990,682	12	53,783,177	9	12,207,505	23
Totals	\$ 534,318,918	100	\$ 569,704,533	100	\$ (35,385,615)	

The District's total bonded debt decreased by \$31.4 million due to normal annual bond principal payments.

The District's general obligation debt is backed by the full faith and credit of the District and is further guaranteed by the Texas Permanent School Fund Guarantee Program.

State statutes do not limit the tax rate or amount of local tax support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt can be found as noted in Note 3. E. Long-term Liabilities of the notes to the financial statements per the table of contents of this report.

The District's compensated absences increased due to the change in accounting principle from the implementation of GASB 101. In total, the compensated absence liability as of the current fiscal year end is \$12,648,153. The balance includes a \$11,684,867 prior period adjustment.

The decrease in the District's net pension liability (NPL) to \$105,478,046 at August 31, 2025 from \$133,601,707 at August 31, 2024 was primarily due to investments performing better than projected in FY 2025.

The following table provides the District's key pension statistics related to the TRS plan as of and for the fiscal year ended August 31, 2025:

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S KEY PENSION STATISTICS

Net pension liability (NPL)	\$ 105,478,046
Pension expense	\$ 13,644,336

Additional information on the District's net pension liability can be found in the notes to the financial statements as indicated in the table of contents of this report.

The increase in the District's net OPEB liability (NOL) to \$65,990,682 at August 31, 2025 from \$53,783,177 at August 31, 2024 was primarily due to a change in actuarial assumptions in the prior year that continue to have an effect on the net OPEB liability.

The following table provides the District's key pension statistics related to the TRS plan as of and for the fiscal year ended August 31, 2025:

GRAND PRAIRIE INDEPENDENT SCHOOL DISTRICT'S KEY OPEB STATISTICS

Net OPEB liability (NOL)	\$ 65,990,682
OPEB revenue	\$ 8,322,713

Additional information on the District's OPEB liability can be found in Note 4.D. to the financial statements as indicated in the table of contents of this report.

Economic Factors, Budgets and Tax Rates

- 2024-2025 School year student enrollment was 26,129 a decrease from 2023-2024.
- District instructional staff totaled 2,103 employees in 2024-2025, excluding substitutes and other part-time employees, which includes 1,759 teachers and 334 teacher aides.
- The District maintained thirty-six campuses.
- Property values of the District increased 12 percent in the 2024-2025 year due to the increase in residential and commercial property values.
- A maintenance and operations tax rate of \$.7552 and a debt service tax rate of \$.30250, a total rate of \$1.0577, was adopted for fiscal year 2024-2025, resulting in a \$.03735 decrease in the maintenance and operations tax rate and in the debt service tax rate from the previous year.

Requests for Information

This financial report is intended to provide a general overview of the District's finances for those with an interest in this information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Division of Business Operations, Grand Prairie Independent School District, 2602 South Beltline Road, Grand Prairie, Texas 75052.

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Basic Financial Statements

Grand Prairie Independent School District

Statement of Net Position

August 31, 2025

Exhibit A-1

Data Control Codes		1 Primary Government Governmental Activities
ASSETS		
1110	Cash and cash equivalents	\$ 23,948,474
1120	Current investments	182,715,287
1220	Property taxes receivables	6,080,452
1230	Allowance for uncollectible taxes	(3,529,357)
1240	Due from other governments	17,158,221
1290	Other receivables	1,241,545
1410	Deferred expenditures	3,924,835
	Capital assets, not being depreciated:	
1510	Land and improvements	23,798,572
1580	Construction in progress	7,660,342
	Capital Assets, net of accumulated depreciation/amortization:	
1520	Buildings and improvements	391,386,878
1530	Furniture and equipment	49,576,407
1550	Right-to-use lease asset	2,305,308
1553	SBITA assets	1,449,327
1000	Total assets	707,716,291
DEFERRED OUTFLOWS OF RESOURCES		
1705	Deferred outflows - pension	29,216,237
1706	Deferred outflows - OPEB	35,277,816
1710	Deferred charge for refunding	7,199,297
1700	Total deferred outflows of resources	71,693,350
LIABILITIES		
2110	Accounts payable	3,613,832
2140	Interest payable	573,114
2150	Payroll deductions and withholdings	3,249,234
2160	Accrued wages payable	22,710,520
2180	Due to other governments	4,742,996
	Noncurrent liabilities:	
2501	Due within one year	39,569,536
2502	Due in more than one year	323,280,654
2540	Net pension liabilities	105,478,046
2545	Net OPEB liabilities	65,990,682
2000	Total liabilities	569,208,614
DEFERRED INFLOWS OF RESOURCES		
2602	Deferred inflows - leases	732,845
2605	Deferred inflows - pension	13,139,659
2606	Deferred inflows - OPEB	72,723,939
2610	Deferred gain on refunding	9,335,809
2600	Total deferred inflows of resources	95,932,252
NET POSITION		
3200	Net investment in capital assets	123,449,464
3820	Restricted for grants	7,260,280
3850	Restricted for debt service	44,028,217
3900	Unrestricted	(60,469,186)
3000	TOTAL NET POSITION	\$ 114,268,775

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

Exhibit A-2

For the Fiscal Year Ended August 31, 2025

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

Grand Prairie Independent School District

Balance Sheet - Governmental Funds

August 31, 2025

Data Control Codes		10	50	60
		General Fund	Debt Service Fund	Capital Projects Fund
ASSETS				
1110	Cash and cash equivalents	\$ 22,088,364	\$ 4,782	\$ 3,882
1120	Current investments	122,136,882	44,862,780	8,485,390
1220	Property taxes receivables (delinquent)	4,325,764	1,754,688	-
1230	Allowance for uncollectible taxes (credit)	(2,514,655)	(1,014,702)	-
1240	Due from other governments	13,764,564	-	-
1260	Due from other funds	1,047,164	-	-
1290	Other receivables, net	1,122,549	-	-
1410	Prepaid items	3,924,835	-	-
1000	Total assets	165,895,467	45,607,548	8,489,272
1000a	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 165,895,467	\$ 45,607,548	\$ 8,489,272
LIABILITIES				
2110	Accounts payable	\$ 1,633,497	\$ -	\$ 1,089,347
2150	Payroll deductions and withholdings	3,249,234	-	-
2160	Accrued wages payable	20,989,967	-	-
2170	Due to other funds	8,097	-	-
2180	Due to other governments	3,736,779	1,006,217	-
2000	Total liabilities	29,617,574	1,006,217	1,089,347
DEFERRED INFLOWS OF RESOURCES				
2311	Unavailable revenue	1,857,833	757,994	-
2600	Deferred Inflows - leases	732,845	-	-
	Total deferred inflows of resources	2,590,678	757,994	-
2000a	TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ 32,208,252	\$ 1,764,211	\$ 1,089,347
FUND BALANCES				
	Nonspendable:			
3430	Prepaid items	3,924,835	-	-
	Restricted:			
3450	Grant funds	-	-	-
3480	Debt service	-	43,843,337	-
	Committed:			
3545	Local special revenue	-	-	-
3545	Donations	7,182,608	-	-
	Assigned:			
3550	Construction	-	-	7,399,925
3590	Capital improvement initiatives	28,650,000	-	-
3600	Unassigned	93,929,772	-	-
3000	Total fund balances	133,687,215	43,843,337	7,399,925
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 165,895,467	\$ 45,607,548	\$ 8,489,272

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,851,446	\$ 23,948,474
7,230,235	182,715,287
-	6,080,452
-	(3,529,357)
3,393,657	17,158,221
8,097	1,055,261
118,996	1,241,545
-	3,924,835
<u>12,602,431</u>	<u>232,594,718</u>
<u><u>\$ 12,602,431</u></u>	<u><u>\$ 232,594,718</u></u>
\$ 890,988	\$ 3,613,832
-	3,249,234
1,720,553	22,710,520
1,047,164	1,055,261
-	4,742,996
<u>3,658,705</u>	<u>35,371,843</u>
8,794	2,624,621
-	732,845
<u>8,794</u>	<u>3,357,466</u>
<u><u>\$ 3,667,499</u></u>	<u><u>\$ 38,729,309</u></u>
-	3,924,835
7,260,280	7,260,280
-	43,843,337
1,674,652	1,674,652
-	7,182,608
-	7,399,925
-	28,650,000
-	93,929,772
<u>8,934,932</u>	<u>193,865,409</u>
<u><u>\$ 12,602,431</u></u>	<u><u>\$ 232,594,718</u></u>

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Grand Prairie Independent School District**Exhibit B-1R**

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
August 31, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT B-1)

\$ 193,865,409

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets and right-to-use (ROU) assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets and ROU assets at year-end consist of:

Governmental capital assets	\$ 920,661,117	
Accumulated depreciation of governmental capital assets	(448,238,918)	472,422,199
Governmental right-to-use (RTU) leases	\$ 5,110,397	
Accumulated amortization of governmental RTU leases	(2,805,089)	2,305,308
Governmental RTU subscription assets	\$ 2,610,717	
Accumulated amortization of governmental RTU subscription assets	(1,161,390)	1,449,327

Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay expenditures and, therefore, are deferred in the funds. 2,624,621

Long-term liabilities, including bonds payable, accrued interest, workers' compensation, compensated absences, net pension and OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Bonds payable, at original par	\$ (320,395,000)	
Premium on bonds payable	(26,562,249)	
Accrued interest on the bonds	(573,114)	
Lease liability	(2,335,211)	
SBITA liability	(209,051)	
Workers' compensation	(700,526)	
Compensated absences	(12,648,153)	
Net pension liability	(105,478,046)	
Net OPEB liability	(65,990,682)	(534,892,032)

Deferred gains and losses on refunding are reported as deferred inflows and outflows respectively in the statement of net position and are not reported in the funds due to not being a current financial resource available to pay for current expenditures. Deferred gains and losses consist of:

Deferred loss on refunding	\$ 7,199,297	
Deferred gain on refunding	(9,335,809)	(2,136,512)

Deferred outflows for pension are included in the statement of net position and are not reported in the funds due to they are not current financial resources available to pay for current expenditures. 29,216,237

Deferred inflows for pension are included in the statement of net position and are not reported in the funds due to they are not current financial resources available to pay for current expenditures. (13,139,659)

Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. 35,277,816

Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. (72,723,939)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)

\$ 114,268,775

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

Grand Prairie Independent School District
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds
For the Fiscal Year Ended August 31, 2025

Data Control Codes		10	50	60
		General Fund	Debt Service Fund	Capital Projects Fund
REVENUES				
5700	Total local and intermediate sources	\$ 110,397,004	\$ 41,896,534	\$ 542,720
5800	State program revenues	174,547,723	3,857,690	-
5900	Federal program revenues	2,013,886	-	-
5020	Total revenues	286,958,613	45,754,224	542,720
EXPENDITURES				
Current:				
0011	Instruction	165,201,070	-	-
0012	Instructional resources and media services	3,210,201	-	-
0013	Curriculum and staff development	2,691,272	-	-
0021	Instructional leadership	5,354,281	-	-
0023	School leadership	19,967,482	-	-
0031	Guidance, counseling, and evaluation services	13,474,458	-	-
0032	Social work services	972,052	-	-
0033	Health services	3,777,331	-	-
0034	Student (pupil) transportation	8,906,089	-	-
0035	Food services	27,999	-	-
0036	Cocurricular/extracurricular activities	7,267,189	-	-
0041	General administration	7,916,549	-	-
0051	Plant maintenance and operations	34,133,300	-	196,100
0052	Security and monitoring services	6,090,377	-	-
0053	Data processing services	7,584,920	-	4,802,611
0061	Community services	3,711,534	-	-
Debt service:				
0071	Debt service - Principal on long-term debt	2,721,594	27,390,000	-
0072	Debt service - Interest on long-term debt	337,812	13,360,381	-
0073	Debt service - Bond issuance costs and fees	550	17,650	-
Capital outlay:				
0081	Facilities acquisition and construction	4,246,122	-	7,636,176
Intergovernmental:				
0093	Payments to member districts of SSA	-	-	-
0095	Payments to Juvenile Justice Alternative Education Programs	7,902	-	-
0099	Other intergovernmental charges	477,130	-	-
6030	Total expenditures	298,077,214	40,768,031	12,634,887
1100	Excess (deficiency) of revenues over (under) expenditures	(11,118,601)	4,986,193	(12,092,167)
OTHER FINANCING SOURCES (USES)				
7912	Sale of real property or personal property	748,491	-	-
7913	Proceeds from right to use lease assets	1,307,448	-	-
7915	Operating transfers in	-	-	10,461,000
7917	Proceeds from right to use SBITA assets	259,704	-	-
8911	Operating transfers out	(10,461,000)	-	-
7080	Total other financing sources	(8,145,357)	-	10,461,000
1200	Net change in fund balances	(19,263,958)	4,986,193	(1,631,167)
0100	Fund balances, beginning	152,951,173	38,857,144	9,031,092
3000	FUND BALANCES, ending	\$ 133,687,215	\$ 43,843,337	\$ 7,399,925

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,627,460	\$ 158,463,718
5,904,247	184,309,660
36,529,300	38,543,186
48,061,007	381,316,564
10,170,759	175,371,829
22,872	3,233,073
6,621,669	9,312,941
538,130	5,892,411
445,000	20,412,482
3,513,422	16,987,880
1,246,097	2,218,149
53,975	3,831,306
493,293	9,399,382
22,813,979	22,841,978
1,041,251	8,308,440
81,270	7,997,819
2,191,831	36,521,231
872,198	6,962,575
670	12,388,201
1,841,184	5,552,718
28,500	30,140,094
-	13,698,193
-	18,200
-	11,882,298
-	-
348,109	348,109
-	7,902
-	477,130
52,324,209	403,804,341
(4,263,202)	(22,487,777)
8,214	756,705
-	1,307,448
-	10,461,000
-	259,704
-	(10,461,000)
8,214	2,323,857
(4,254,988)	(20,163,920)
13,189,920	214,029,329
\$ 8,934,932	\$ 193,865,409

Grand Prairie Independent School District

Exhibit B-2R

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended August 31, 2025

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUND (EXHIBIT B-2) \$ (20,163,920)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset and ROU additions	\$ 27,408,885	
Depreciation / amortization expense	<u>(28,101,558)</u>	(692,673)

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. 54,103

Issuance of long-term debt (e.g., bonds, loans, leases, SBITAs) provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Debt issued:		
Lease		(1,307,448)
SBITA		(259,704)

Repayments and retirements of bond principal, leases, and SBITAs are an expenditure in the governmental funds, but the repayments reduces long-term liabilities in the statement of net position. 30,139,219

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The (increase) decrease in interest reported in the statement of activities consist of the following:

Accrued interest on current interest bonds payable (increased) decreased	\$ 55,157	
Amortization of bond premium and discount	3,090,630	
Amortization of defeasance costs	<u>(498,750)</u>	2,647,037

The (increase) decrease in workers' compensation is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. (58,295)

The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. (500,262)

The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ (27,043,250)	
Deferred inflows (increased) decreased	(4,668,786)	
Net pension liability (increased) decreased	<u>28,123,661</u>	(3,588,375)

The net change in net OPEB liability, deferred outflows and deferred inflows is reported in the statement of activities, but does not require the use of current financial resources and, therefore, is not reported as revenue or expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ 8,973,859	
Deferred inflows (increased) decreased	13,518,194	
Net OPEB liability (increased) decreased	<u>(12,207,505)</u>	10,284,548

CHANGE IN NET POSITION FOR GOVERNMENTAL ACTIVITIES (EXHIBIT A-2) \$ 16,554,230

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

Grand Prairie Independent School District

Statement of Fiduciary Net Position
Fiduciary Fund
August 31, 2025

Exhibit D-1

	Custodial Fund
ASSETS	
Cash and cash equivalents	<u>\$ 240,035</u>
TOTAL ASSETS	<u><u>\$ 240,035</u></u>
LIABILITIES	
Accounts payable	<u>\$ 4,178</u>
TOTAL LIABILITIES	<u><u>\$ 4,178</u></u>
NET POSITION	
Restricted for custodial activities	<u><u>\$ 235,857</u></u>

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

Grand Prairie Independent School District
Statement of Changes in Fiduciary Fund Net Position
Fiduciary Fund
For the Fiscal Year Ended August 31, 2025

Exhibit D-2

	Custodial Fund
ADDITIONS	
Miscellaneous revenue from custodial groups	\$ 350,971
Total additions	350,971
DEDUCTIONS	
Custodial activities	339,546
Total deductions	339,546
Change in net position	11,425
Total net position, beginning	224,432
TOTAL NET POSITION, ENDING	\$ 235,857

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

Grand Prairie Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Description of Government-Wide 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 nonfiduciary activities of the primary government (District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities* are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B. Reporting Entity

The Grand Prairie 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. 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. The accompanying financial statements present the District. Additionally, no other organizations are required to be included within the District's reporting entity.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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 District, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities, other than those financed by proprietary funds.

The District reports the following Non-Major funds:

The *special revenue funds* are used to account for food services activities, federal and state financed programs and other local programs where unused balances are returned to the grantor at the close of specified project periods. The budget for the national school breakfast and lunch program fund is adopted by the Board each fiscal year.

Grand Prairie Independent School District

Notes to the Financial Statements

The District reports custodial funds as fiduciary funds. Custodial funds are custodial in nature and account for activities of student and employee groups. Custodial funds use the accrual basis of accounting to recognize assets and liabilities. The custodial funds exist with the explicit approval of, and are subject to revocation by, the Board. The District reports the following custodial fund:

The student activity fund accounts for the receipt and disbursement of monies from student activity organizations.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the governmental funds included in the governmental activities (i.e., the governmental funds) column are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Transfers between the governmental funds included in governmental activities are eliminated.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements and the custodial fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 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 required under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

Grand Prairie Independent School District

Notes to the Financial Statements

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, and demand or time deposits with original maturities of three months or less from the date of acquisition.

2. Investments

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in investment pools. In accordance with state law, the pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as a 2a7-like pool and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and improvements and construction in progress are not depreciated. The buildings and improvements, furniture and equipment, RTU furniture and equipment, and RTU SBITA assets of the District are depreciated / amortized using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Building and improvements	7 - 30 years
Furniture and equipment	3 - 25 years
RTU furniture and equipment	3 - 25 years
RTU SBITA	2 - 8 years

Grand Prairie Independent School District

Notes to the Financial Statements

5. Leases

Lessee

The District is a lessee for noncancellable leases of property and equipment. The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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 the shorter of the lease term or 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, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors. The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability.

Lessor

The District is a lessor for noncancellable leases of property and equipment. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The District 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 receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

Grand Prairie Independent School District

Notes to the Financial Statements

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

6. Subscription-Based Information Technology Arrangements (SBITA)

The District has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The District recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

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

Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription 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 subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the District is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

7. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Grand Prairie Independent School District

Notes to the Financial Statements

The components of the deferred outflows of resources and deferred inflows of resources in the government-wide and fund level financial statements are as follows:

	Statement of Net Position	Balance Sheet - Governmental Funds	
	Governmental Activities	General Fund	Debt Service Fund
Deferred outflows of resources			
Deferred outflows from pension activities	\$ 29,216,237	\$ -	\$ -
Deferred outflows from OPEB activities	35,277,816	-	-
Deferred loss on refunding	7,199,297	-	-
Total deferred outflows of resources	\$ 71,693,350	\$ -	\$ -
Deferred inflows of resources			
Deferred inflows - leases	\$ 732,845	\$ 732,845	\$ -
Deferred inflows from pension activities	13,139,659	-	-
Deferred inflows from OPEB activities	72,723,939	-	-
Deferred gain on refunding	9,335,809	-	-
Unavailable property taxes	-	1,857,833	757,994
Total deferred inflows of resources	\$ 95,932,252	\$ 2,590,678	\$ 757,994

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB except for projected and actual earnings differences on investments which are amortized on a closed basis over a five-year period.
- District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent fiscal year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.
- Deferred inflows from leases are adjusted over the life of the current portion of the principal received.

8. Pension

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

9. 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 postemployment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS-Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Grand Prairie Independent School District

Notes to the Financial Statements

10. Net Position Flow Assumption

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

It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

11. Fund Balance Flow Assumptions

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

12. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these amounts can only be used for the purpose intended, which requires formal Board action to establish (as noted in Board minutes or resolution), unless the Board modifies or removes the specified use by taking the same formal Board action.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board of trustees (Board) has by resolution authorized the superintendent or her designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants 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. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Grand Prairie Independent School District

Notes to the Financial Statements

2. Property Taxes

Property values are determined by the Appraisal District as of January 1 of each year. Prior to September 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. Property taxes for 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 and a tax lien on real property is created as of July 1 of each year.

3. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick leave benefits. Payment for unused state sick leave days accumulated locally will be made upon retirement (in accordance with guidelines established by the Teacher Retirement System of Texas). All sick pay is accrued when incurred (employee is eligible for retirement) in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, the result of employee terminations or retirement.

Upon retirement of all employees with the District, the District pays any accumulated local leave only to employees eligible for retirement (and who submitted a written notice of intent to retire). As of September 1, 2019, the maximum days an employee can be paid out for local leave is 100 days, at a rate of \$35 per day (\$3,500 max per employee).

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

State Personal Leave

The District is required under Texas Education Code 22.003 to provide eligible employees with a minimum of five days of personal leave per year (state leave) with no limit on accumulation and no restrictions on transfer between Districts. State leave benefits are eligible for payment upon retirement from employment, with limitations.

Local Leave

The District's policy provides eligible employees with five days of local personal leave per year (local leave) with limits on accumulation. Local leave benefits are eligible for payment upon retirement from employment, with limitations.

A liability for the estimated value of leave benefits that will be paid upon separation of service or used by employees as time off is included in the liability for compensated absences. The liability for the estimated value of leave benefits that will be used by employees as time off is also included in the liability for compensated absences.

I. 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.

Grand Prairie Independent School District

Notes to the Financial Statements

J. Data Control Codes

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

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, *National School Breakfast and Lunch Program* special revenue fund and, debt service fund. All other governmental funds adopt project length budgets. All annual appropriations lapse at fiscal year-end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a campus/department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The District made several supplemental budgetary appropriations throughout the year that were not significant to a function.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Note 3. Detailed Notes on All Funds

A. 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 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.

Grand Prairie Independent School District

Notes to the Financial Statements

Investments. The District's investment policy is in accordance with the Public Funds Investment Act (PFIA), the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm (NRIRF) not less than A or its equivalent; 2) Certificates of deposit issued by a depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Securities lending program if the loan is secured by pledged securities, irrevocable letters of credit, or cash and the term of the loan is one year or less; 5) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 6) Commercial paper that has a stated maturity of 270 days or fewer from the date of issuance is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies; 7) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission which have an average weighted maturity of less than two years, investments comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRIRF. 8) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 9) Public funds investment pools which meets the requirements of the Public Funds Investment Act.

As of August 31, 2025, the District had the following investments:

	August 31, 2025	Fair Value Measurements			Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs			
Cash							
Bank deposits	\$ 24,188,509	\$ -	\$ -	\$ -			
Total cash	\$ 24,188,509	\$ -	\$ -	\$ -			
Investments not subject to fair value							
Investments measured at amortized cost							
Investment pools							
TexPool	\$ 7,590,424	\$ -	\$ -	\$ -	4.15%	43	AAAm
TexStar	127,151	-	-	-	0.07%	47	AAAm
Lone Star	21,857	-	-	-	0.01%	26	AAAm
Investments measured at net asset value (NAV):							
Investment pools							
Texas CLASS	146,193,739	-	-	-	80.01%	16	AAAm
Investments by fair value level							
U.S. Government agency securities							
US Treasury	28,782,115	-	28,782,115	-	15.75%	215	Not rated
Total investments	\$ 182,715,286	\$ -	\$ 28,782,115	\$ -			
Total cash and investments	\$ 206,903,795	\$ -	\$ 28,782,115	\$ -			

Portfolio Weighted Average Maturity

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Fair Value Measurement. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

Grand Prairie Independent School District

Notes to the Financial Statements

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Municipal Bonds, U.S. Treasury Notes and U.S. Agency Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Local Government Investment Pools

Certain investment types are not required to be measured at fair value; these include certain investment pools in which the underlying portfolio is measured at amortized cost. Other investment pools, in which underlying portfolio investments are measured at fair value, are reported by the District at the net asset value (NAV) determined by the pool, which approximates fair value.

TexPool

TexPool is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Investors, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

TexPool transacts at a net asset value of \$1.00 per share, has a weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by a nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

TexSTAR

TexSTAR is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM, who provides custody and investment management.

The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants' needs, and yield. The portfolio will maintain a dollar-weighted average maturity that does not exceed 60 days and seeks to maintain a net asset value of \$1.00 per share. TexSTAR may invest in securities including: obligations of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; other obligations which are unconditionally guaranteed or insured by the U.S.; fully collateralized repurchase agreements with a defined termination date and unconditionally guaranteed or insured by the U.S. or its agencies and instrumentalities; and SEC-registered no-load money-market fund which meet the requirements of the Public Funds Investment Act. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Grand Prairie Independent School District

Notes to the Financial Statements

LoneStar Government Overnight Fund

The objective of the Lone Star Government Overnight Fund is to provide safety of principal, daily liquidity, and the highest possible rate of return. The fund seeks to maintain a net asset value of one dollar, and its dollar-weighted average maturity is 60 days or fewer. The fund may invest in obligations of the U.S. or its agencies and instrumentalities; other obligations guaranteed or insured by the U.S. or its agencies and instrumentalities; fully collateralized repurchase agreements having a defined termination date and secured by obligations of the U.S. or its agencies and instrumentalities; reverse repurchase agreements authorized under the Public Funds Investment Act; and SEC-regulated no-load money market mutual funds that invest exclusively in authorized Government Overnight Fund Investments.

Texas CLASS Government Portfolio

Texas CLASS Government is an external investment pool measured at fair value, i.e. net asset value. The investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. There are no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. The Texas CLASS Government portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA rated money market mutual funds.

Credit Risk. Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. For fiscal year 2025, the District invested in Texpool, Texas CLASS, Lone Star, and TexStar. Texpool is duly chartered and administered by the State Comptroller's Office. Texas CLASS is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by Public Trust Advisors, LLC. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Public, LLC. TexStar is duly chartered by the State of Texas Interlocal Cooperation Act and is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. U.S. Treasury Notes are guaranteed by the federal government and therefore are not considered to have credit risk and thus are not rated. At year end, the District's investments in investment pools were rated as noted in the table above. All credit ratings met acceptable levels required by legal guidelines prescribed in both the PFIA and the District's investment policy.

Interest Rate 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 any internally created pool to no more than 180 days, and any other individual investment not to exceed two years from the time of purchase, unless specifically authorized by the Board of Trustees.

Concentration of Credit Risk. The District's investment policy does not limit an investment in any one issuer. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specified class of investments, specific maturity, or specific issuer.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2025, District's bank balances of \$25,848,101 were not exposed to custodial credit risk because balances were insured and collateralized with securities held by the District's agent in the District's name.

Grand Prairie Independent School District

Notes to the Financial Statements

B. Receivables

Tax Receivable

Tax revenues of the general and debt service fund are reported net of estimated uncollectible amounts based on collection history.

Lease Receivable

The District leases out space in several buildings and space for cell phone towers. The leases vary in terms from 1 years to 20 years and the District receives monthly payments ranging from \$50 to \$4,300 and interest rates that range from 1.20% to 2.88%. The District recognized \$69,710 in lease revenue and \$17,034 in interest revenue during the current fiscal year related to these leases. As of August 31, 2025, the District's receivable for lease payments was \$799,117. This receivable is reported in Other receivables, net in the general fund. Also, the District has deferred inflow of resources associated with these leases that will be recognized as revenue over the corresponding lease terms. As of August 31, 2025, the balance of the deferred inflow of resources was \$732,845. The leases had \$0 of variable receipts and \$0 of other receipts, not included in the lease receivable, within the fiscal year.

C. Interfund Receivables and Payables

1. Receivables/Payables

The composition of interfund balances as of August 31, 2025, is as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 1,047,164	\$ 8,097
Other governmental funds	8,097	1,047,164
Totals	<u>\$ 1,055,261</u>	<u>\$ 1,055,261</u>

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll and other regularly occurring charges that are primarily 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.

2. Transfers

The following is a summary of the District's internal transfers for the year ended August 31, 2025:

<u>Operating Transfers Out</u>	<u>Operating Transfers In</u>	<u>Amount</u>
General fund	Capital project fund	\$ 10,461,000
		<u>\$ 10,461,000</u>

The transfer from the general fund to capital projects fund in the amount of \$10,461,000 was to fund various capital projects around the District with local funds.

Grand Prairie Independent School District

Notes to the Financial Statements

D. Capital Assets

Capital asset activity for the year ended August 31, 2025 was as follows:

	Beginning Balance	Additions	Transfers	Retirements & Adjustments	Ending Balance
Governmental activities:					
Capital assets, not being depreciated					
Land and improvements	\$ 23,798,572	\$ -	\$ -	\$ -	\$ 23,798,572
Construction in progress	16,226,447	18,740,337	(27,306,442)	-	7,660,342
Total capital assets, not being depreciated	40,025,019	18,740,337	(27,306,442)	-	31,458,914
Capital assets, being depreciated / amortized:					
Land Improvements	-	1,484,265	-	-	1,484,265
Buildings and improvements	757,458,117	-	5,576,412	-	763,034,529
Furniture and equipment	103,325,532	5,617,131	21,730,030	(5,989,284)	124,683,409
Right-to-use (RTU) lease asset furniture and equipment	5,109,150	1,307,448	-	(1,306,201)	5,110,397
Right-to-use (RTU) SBITA asset	3,478,808	259,704	-	(1,127,792)	2,610,720
Total capital assets, being depreciated / amortized	869,371,607	8,668,548	27,306,442	(8,423,277)	896,923,320
Less accumulated depreciation / amortization for:					
Land Improvements	-	(50,239)	-	-	(50,239)
Buildings and improvements	(355,581,444)	(17,500,233)	-	-	(373,081,677)
Furniture and equipment	(73,182,781)	(7,913,505)	-	5,989,284	(75,107,002)
RTU lease asset furniture and equipment	(2,601,216)	(1,510,074)	-	1,306,201	(2,805,089)
RTU SBITA asset	(1,111,492)	(1,127,507)	-	1,077,606	(1,161,393)
Total accumulated depreciation / amortization	(432,476,933)	(28,101,558)	-	8,373,091	(452,205,400)
Total capital assets, being depreciated / amortized, net	436,894,674	(19,433,010)	27,306,442	(50,186)	444,717,920
Governmental activities capital assets, net	\$ 476,919,693	\$ (692,673)	\$ -	\$ (50,186)	\$ 476,176,834

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

Governmental activities	Capital Assets	RTU Assets	RTU SBITA Assets
11 Instruction	\$ 19,060,369	\$ 1,349,944	\$ 12,880
23 School leadership	753,353	-	-
31 Instructional leadership	3,735	-	781,465
34 Student transportation	832,996	-	-
35 Food service	460,268	-	-
36 Extracurricular activities	3,555,896	-	44,090
41 General administration	146,513	160,130	4,785
51 Facilities maintenance and operations	646,171	-	-
52 Security and monitoring services	4,676	-	182,456
53 Data processing services	-	-	101,831
Total depreciation / amortization expense	\$ 25,463,977	\$ 1,510,074	\$ 1,127,507

Grand Prairie Independent School District

Notes to the Financial Statements

Construction Commitments

The District has active construction projects as of August 31, 2025. At year-end, the District's active commitments with contractors is as follows:

Project	Remaining Commitment
HVAC Replacement	\$ 3,795,330
Campus Kitchen Renovations	76,512
Underground Storage Tank	425,487
Total	\$ 4,297,329

E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, leases payable, SBITA liability, workers' compensation claims, compensated absences, and net pension and OPEB liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Other long-term liabilities are generally liquidated with resources of the general fund.

1. Changes in Long-term Liabilities

Long-term liability activity for the year ended August 31, 2025, was as follows:

	Beginning Balance	Additions and (Provision Adjustment)	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 348,715,000	\$ -	\$ (28,320,000)	\$ 320,395,000	\$ 29,485,000
Deferred amounts:					
For issuance premiums (CIB's)	29,652,879	-	(3,090,630)	26,562,249	-
Total bonds payable, net	378,367,879	-	(31,410,630)	346,957,249	29,485,000
Leases payable	2,526,421	1,307,448	(1,498,658)	2,335,211	1,438,981
SBITA liability	320,093	259,704	(370,746)	209,051	67,767
Workers' compensation	642,231	1,073,441	(1,015,146)	700,526	700,526
Compensated absences*	463,025	12,185,128	-	12,648,153	7,877,262
Net pension liability	133,601,707	8,724,893	(36,848,554)	105,478,046	-
Net OPEB liability	53,783,177	18,653,419	(6,445,914)	65,990,682	-
Governmental activity long-term liabilities	\$ 569,704,533	\$ 42,204,033	\$ (77,589,648)	\$ 534,318,918	\$ 39,569,536

*Compensated absences are reported as a net change for the year as allowed under the provisions of GASB 101, paragraph 30. With current year including the \$11,554,230 restatement for change in accounting principle.

2. General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school buildings (BLDG) and to refund general obligation bonds (REF).

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued as 2-31-year current interest (CIB) with various amounts of principal maturing each year. Rates may be fixed or variable.

Grand Prairie Independent School District

Notes to the Financial Statements

The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
Bonded indebtedness							
2011 (BLDG)	2.00-4.00%	\$ 45,000,000	2029	\$ 8,285,000	\$ -	\$ (2,300,000)	\$ 5,985,000
2011 (REF)	2.00-5.00%	55,805,000	2026	15,295,000	-	(9,585,000)	5,710,000
2012 (BLDG)	2.00-3.00%	8,900,000	2029	3,145,000	-	(610,000)	2,535,000
2013 (BLDG)	2.00-4.00%	13,945,000	2030	4,485,000	-	(1,375,000)	3,110,000
2015 (REF)	3.00-5.25%	127,820,000	2037	100,130,000	-	(5,665,000)	94,465,000
2016 (BLDG)	2.00-5.00%	61,895,000	2041	41,040,000	-	(2,620,000)	38,420,000
2016 (REF)	2.00-4.00%	94,640,000	2033	75,615,000	-	(2,040,000)	73,575,000
2016A (REF)	4.00-5.00%	47,440,000	2041	42,600,000	-	(1,140,000)	41,460,000
2016B (REF)	2.00-5.00%	37,975,000	2031	33,515,000	-	(1,890,000)	31,625,000
2017 (BLDG)	4.00-5.00%	17,090,000	2041	16,155,000	-	(165,000)	15,990,000
2017 (MTN)	3.00-5.00%	13,705,000	2032	8,450,000	-	(930,000)	7,520,000
Total bonded indebtedness				\$ 348,715,000	\$ -	\$ (28,320,000)	\$ 320,395,000
Total obligations of district				\$ 348,715,000	\$ -	\$ (28,320,000)	\$ 320,395,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Years Ending August 31,	Principal Value	Interest	Total Requirements
2026	\$ 29,485,000	\$ 12,462,425	\$ 41,947,425
2027	28,160,000	11,519,100	39,679,100
2028	29,295,000	10,385,725	39,680,725
2029	30,280,000	9,403,225	39,683,225
2030	31,445,000	8,239,606	39,684,606
2031-2035	111,855,000	24,373,394	136,228,394
2036-2040	54,860,000	5,524,900	60,384,900
2041	5,015,000	125,375	5,140,375
Totals	\$ 320,395,000	\$ 82,033,750	\$ 402,428,750

As of August 31, 2025, the District did not have any authorized, but unissued bonds for school building or debt refunding purposes.

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, or (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 August 31, 2025.

Grand Prairie Independent School District

Notes to the Financial Statements

3. Leases payable

The District has leases for various copiers and mail equipment. There were new leases in the current fiscal year recorded in the amount of \$1,307,448. As of August 31, 2025, the value of the total lease liability was \$2,335,211. The District is required to make quarterly and/or annual principal and interest payments ranging from \$141 to \$221,445. The leases have an interest rate of 1.12% to 3.48%. The corresponding RTU assets estimated useful lives are the same as their corresponding lease terms. The value of the right-to-use assets as of the end of the current fiscal year was \$5,110,397 and had accumulated amortization of \$2,805,089. The leases had \$0 of variable payments and \$0 of other payments, not included in the lease liability, within the fiscal year.

The future principal and interest lease payments as of August 31, 2025, were as follows:

Years Ending August 31,	Principal Value	Interest	Total Requirements
2026	\$ 1,438,981	\$ 50,162	\$ 1,489,143
2027	483,410	19,599	503,009
2028	407,565	6,901	414,466
2029	5,255	31	5,286
Totals	\$ 2,335,211	\$ 76,693	\$ 2,411,904

4. Subscription-Based Information Technology Arrangements (SBITA)

The District has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. There were new SBITAs in the current fiscal year recorded in the amount of \$259,704. The District is required to make annual payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The payments range from \$1,866 to \$87,668, and the incremental borrowing rates range from 1.89% to 3.71%. The corresponding RTU subscription assets estimated useful lives are the same as their corresponding SBITA terms. The value of the subscription assets as of the end of the current fiscal year was \$2,610,717 and had accumulated amortization of \$1,161,390. The subscriptions had \$0 of Variable Payments and \$0 of other payments, not included in the subscription liability, within the fiscal year.

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

Fiscal Year Ending	Principal	Interest	Total
2026	\$ 67,767	\$ 5,729	\$ 73,496
2027	60,704	3,874	64,578
2028	62,356	2,223	64,579
2029	18,224	526	18,750
Total	\$ 209,051	\$ 12,352	\$ 221,403

Grand Prairie Independent School District

Notes to the Financial Statements

F. Revenues from Local and Intermediate Sources

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

	General	Debt Service	Capital Project Fund	Other Governmental Funds	Totals
Property taxes	\$ 98,885,071	\$ 39,593,709	\$ -	\$ -	\$ 138,478,780
Investment income (loss)	7,286,359	2,302,825	542,720	460,187	10,592,091
Food sales	-	-	-	2,489,870	2,489,870
Extracurricular activities	256,182	-	-	16,820	273,002
Donations	-	-	-	403,103	403,103
Other	3,969,392	-	-	2,257,480	6,226,872
Totals	\$ 110,397,004	\$ 41,896,534	\$ 542,720	\$ 5,627,460	\$ 158,463,718

Note 4. Other Information

A. Risk Management

1. Property/Liability

The District is exposed to various risks of loss related to property/liability losses. The District's property and liability exposures are protected by the purchase of various policies, through our insurance consultant, McGriff, a Marsh & McLennan Agency LLC company (McGriff). Each year our consultant seeks out the best rates and coverages for all our property and liability exposures except for General and Automobile coverages. The General Liability exposure and Automobile exposures (liability and physical damage) are provided by Texas Political Subdivisions Joint Self Insurance Fund (TPS), with McGriff also acting as the agent for Grand Prairie ISD.

2. Health Care Coverage

During the year ended August 31, 2025, employees of the District were covered by a health insurance plan. The District paid premiums of \$400 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The contract between the District and the licensed insurer is renewable annually and terms of coverage and premium costs are included in the contractual provisions.

3. Workers' Compensation

The District is self-insured for workers' compensation coverage and such transactions are accounted in an 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 amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other nonincremental claims adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example for subrogation, are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of \$600,000. Settlements have not exceeded coverages for each of the past three fiscal years and there were no significant reductions in insurance coverage from the prior year. The workers' compensation claims liability is presented at a discounted rate of 3% in the amount of \$700,526.

Grand Prairie Independent School District

Notes to the Financial Statements

Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended August 31, 2025	Year Ended August 31, 2024
Unpaid claims, beginning of fiscal year	\$ 642,231	\$ 986,121
Incurred claims, including incremental provision for IBNRs	1,073,441	327,298
Claim payments	(1,015,146)	(671,188)
Unpaid claims, end of fiscal year	\$ 700,526	\$ 642,231

B. Litigation and Contingencies

The District is a defendant in various lawsuits arising principally in the normal course of operations. In the opinion of the District's management, the potential losses, after insurance coverage, on all allegations, claims, and lawsuits will not have a material effect on the District's financial position, results of operations or liquidity.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2025, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. Defined Benefit Pension Plan

1. Plan Description

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

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

2. Pension Plan Fiduciary Net Position

Detailed information about the TRS's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov/learning-resources/publications> ; by writing to TRS at P.P. Box 149676, Austin, TX, 78714-0185; or by calling 1-800-223-8778.

Grand Prairie Independent School District

Notes to the Financial Statements

3. Benefits Provided

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

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

4. Contributions

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

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

Rates for such plan fiscal years are as follows:

	2025	2024
Member	8.25%	8.25%
Non-employer contributing entity (State)	8.25%	8.25%
Employers (District)	8.25%	8.25%

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

District contributions	\$ 10,055,961
Member contributions	18,413,918
NECE on-behalf contributions (State)	11,193,490

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 and universities, medical schools and other entities including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

Grand Prairie Independent School District

Notes to the Financial Statements

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

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

In addition to the employer contributions listed above, there are two surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.8% of the member's salary beginning in fiscal year 2023, gradually increasing to 2.0% in fiscal year 2025.

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

On August 31, 2025, the District reported a liability of \$105,478,046 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 net pension liability	\$ 105,478,046
State's proportionate share of the net pension liability associated with the District	121,331,350
Total	\$ 226,809,396

The net pension liability was measured as of August 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2023 rolled forward to August 31, 2024. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2023 through August 31, 2024. The net pension liability is typically liquidated by the General Fund.

At the measurement date of August 31, 2024, the District's proportion of the collective net pension liability was 0.17267655% which was an decrease of 0.02182% from its proportion measured as of August 31, 2023.

Grand Prairie Independent School District

Notes to the Financial Statements

For the fiscal year ended August 31, 2025, the District recognized pension expense of \$13,644,336 and revenue of \$11,193,490 for support provided by the State.

On August 31, 2025, the District reported 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 actuarial experience	\$ 5,813,806	\$ (823,521)
Changes of assumptions	5,446,057	(730,130)
Difference between projected and actual investment earnings	641,164	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	7,259,249	(11,586,008)
District contribution after measurement date	10,055,961	-
Totals	\$ 29,216,237	\$ (13,139,659)

\$10,055,961 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending August 31,	
2026	\$ (966,580)
2027	10,672,872
2028	951,505
2029	(3,691,464)
2030	(945,716)
Total	\$ 6,020,617

Grand Prairie Independent School District

Notes to the Financial Statements

6. Actuarial Methods and Assumptions

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

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

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

7. Discount Rate and Long-Term Expected Rate of Return

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

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

Grand Prairie Independent School District

Notes to the Financial Statements

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

Asset Class	Target Allocation *	Long-term Expected Geometric Real Rate of Return **
Global equity		
U.S.	18.00%	4.40%
Non-U.S. developed	13.00%	4.20%
Emerging markets	9.00%	5.20%
Private equity	14.00%	6.70%
Stable value		
Government Bonds	16.00%	1.90%
Stable value hedge funds	5.00%	3.00%
Real return		
Real assets	15.00%	6.60%
Energy and natural resources	6.00%	5.60%
Risk parity	8.00%	4.00%
Inflation expectation		
Cash Allocation Leverage	2.00%	1.00%
Asset Allocation Leverage	-6.00%	1.30%
Volatility Drag ***		-0.70%
Totals	100.0%	

*Absolute Return includes Credit Sensitive Investments.

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

***Capital Market Assumptions come from Aon Hewitt (as of 6/30/2024).

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

8. Discount Rate Sensitivity Analysis

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	\$ 168,475,167	\$ 105,478,046	\$ 53,280,454

Grand Prairie Independent School District

Notes to the Financial Statements

9. Change of Assumptions Since the Prior Measurement Date

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

10. Change of Benefit Terms Since the Prior Measurement Date

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

D. Defined Other Post-Employment Benefit Plan

1. Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined benefit Other Postemployment Benefit (OPEB) plan that has a special funding situation. TRS-Care was established in 1986 by the Texas Legislature and is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees in accordance with the Texas Insurance Code, Chapter 1575. The Board may adopt rules, plans, procedures and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

2. OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov/learning-resources/publications> ; by writing to TRS at P.O. Box 149676, Austin, TX 78714-0185; or by calling 1-800-223-8778.

3. Benefits Provided

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

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

Grand Prairie Independent School District

Notes to the Financial Statements

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

TRS-Care Monthly Premium Rates

	Medicare	Non-medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

4. Contributions

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

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rates for such plan fiscal years are as follows:

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

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

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

District contributions	\$ 1,961,835
Member contributions	1,448,001
NECE on-behalf contributions (State)	2,474,574

In addition to the employer contributions listed above, there are additional surcharges that all TRS employees may be subject to (regardless of whether they participate in the TRS Care OPEB program) when hiring a TRS retiree. Employers may be required to pay TRS-Care a monthly surcharge of \$535 per retiree. TRS determines if the surcharge is due for each retiree.

The State of Texas also contributed \$1,633,711, \$1,153,493, and \$1,183,314, and in 2025, 2024, and 2023, respectively, for on-behalf payments for Medicare Part D.

Grand Prairie Independent School District

Notes to the Financial Statements

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

On August 31, 2025, the District reported a liability of \$65,990,682 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided by 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 net OPEB liability	\$	65,990,682
State's proportionate share of the net OPEB liability associated with the District		82,685,430
Total	\$	148,676,112

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

At the measurement date of August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.2174213% which was an decrease of 0.02552% from its proportion measured as of August 31, 2023.

For the fiscal year ended August 31, 2025, the District recognized net OPEB revenue of \$8,322,713 due to recognition of deferred inflows in excess of deferred outflows and current year expense. OPEB revenue of \$2,474,574 was recognized for support provided by the State.

On August 31, 2025, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 12,648,198	\$ (32,932,928)
Changes of assumptions	8,446,028	(21,531,996)
Net difference between projected and actual earnings on pension plan investments	-	(184,796)
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	12,221,755	(18,074,219)
District contributions after measurement date	1,961,835	-
Totals	\$ 35,277,816	\$ (72,723,939)

Grand Prairie Independent School District

Notes to the Financial Statements

\$1,961,835 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending August 31,	
2026	\$ (10,040,377)
2027	(7,051,598)
2028	(8,683,742)
2029	(7,332,081)
2030	(3,985,696)
Thereafter	(2,314,464)
Total	\$ (39,407,958)

6. Actuarial Methods and Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2023. Update procedures were used to roll forward the total OPEB liability to August 31, 2024.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2023 TRS pension actuarial valuation that was rolled forward to August 31, 2024:

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

See Note 4-C for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.

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

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

Grand Prairie Independent School District

Notes to the Financial Statements

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

Actuarial cost method	Individual entry age normal
Single discount rate	3.87% as of August 31, 2024
	Based on the Society of Actuaries' 2013 Study "Health Care Costs – From Birth to Death".
Aging factors	Normal retirement: 62% participation prior to age 65 and 25% after age 65.
Election rates	Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc postemployment	None

7. Discount Rate

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

8. Sensitivity Analysis of Rates

Discount Rate

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

1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
\$ 78,400,014	\$ 65,990,682	\$ 55,963,755

Healthcare Cost Trend Rates

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 53,739,614	\$ 65,990,682	\$ 81,955,046

9. Change of Assumptions Since the Prior Measurement Date

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

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

Grand Prairie Independent School District

Notes to the Financial Statements

10. Change of Benefit Terms Since the Prior Measurement Date

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

E. Joint Ventures – Shared Service Agreement

Irving Regional School Program for the Deaf

The District participates in the Regional Day School for the Deaf with Irving Independent School District acting as the fiscal agent and the District as a member district. The District's portion of expenditures for the year ended August 31, 2025, totaled \$348,109. The District does not account for the revenues or expenditures for this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent, Irving Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal contingencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the Shared Service Arrangements.

F. Recent Accounting Pronouncements

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

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

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

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104). GASB 104 establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. GASB 10 will be implemented in the District's fiscal year 2026 financial statements and the impact has not yet been determined.

G. Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, changes in accounting principles (GASB Statement 101, *Compensated Absences*), resulted in an adjustment to and restatement of beginning net positions, as follows:

	<u>Government-Wide Governmental Activities</u>
Beginning Net Position, as Previously Reported	\$ 109,399,412
Change in accounting principle - GASB 101	<u>(11,684,867)</u>
Beginning Net Position, Restated	<u>\$ 97,714,545</u>

Required Supplementary Information

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Grand Prairie Independent School District

Exhibit E-1

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund

For the Fiscal Year Ended August 31, 2025

Data Control Codes		1	2	3	Variance with
		Budgeted Amounts		Actual	Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 112,409,150	\$ 108,914,150	\$ 110,397,004	\$ 1,482,854
5800	State program revenues	173,892,315	171,308,993	174,547,723	3,238,730
5900	Federal program revenues	2,330,000	1,840,000	2,013,886	173,886
5020	Total revenues	288,631,465	282,063,143	286,958,613	4,895,470
EXPENDITURES					
	Current:				
0011	Instruction	176,783,075	170,213,813	165,201,070	5,012,743
0012	Instructional resources and media services	3,381,558	3,272,130	3,210,201	61,929
0013	Curriculum and staff development	3,300,393	2,925,103	2,691,272	233,831
0021	Instructional leadership	5,377,921	5,392,287	5,354,281	38,006
0023	School leadership	20,331,486	20,182,380	19,967,482	214,898
0031	Guidance, counseling, and evaluation services	14,062,472	13,664,344	13,474,458	189,886
0032	Social work services	1,057,700	1,020,288	972,052	48,236
0033	Health services	3,934,927	3,983,367	3,777,331	206,036
0034	Student transportation	7,524,808	9,877,206	8,906,089	971,117
0035	Food services	76,250	107,000	27,999	79,001
0036	Extracurricular activities	7,130,022	7,497,467	7,267,189	230,278
0041	General administration	7,575,789	8,196,933	7,916,549	280,384
0051	Plant maintenance and operations	32,616,470	34,880,488	34,133,300	747,188
0052	Security and monitoring services	6,261,966	6,762,631	6,090,377	672,254
0053	Data processing services	8,152,201	8,053,736	7,584,920	468,816
0061	Community services	4,607,753	4,009,316	3,711,534	297,782
	Debt service:				
0071	Debt service - Principal on long-term debt	930,000	2,744,950	2,721,594	23,356
0072	Debt service - Interest on long-term debt	271,100	356,100	337,812	18,288
0073	Debt service - Bond issuance costs and fees	500	550	550	-
	Capital outlay:				
0081	Facilities acquisition and construction	5,965,870	7,814,811	4,246,122	3,568,689
	Intergovernmental:				
0095	Payments to Juvenile Justice Alternative Education Programs	31,450	31,450	7,902	23,548
0099	Other intergovernmental charges	420,939	477,130	477,130	-
6030	Total expenditures	309,794,650	311,463,480	298,077,214	13,386,266
1100	Excess (deficiency) of revenues over (under) expenditures	(21,163,185)	(29,400,337)	(11,118,601)	18,281,736
OTHER FINANCING SOURCES:					
7912	Sale of real property or personal property	-	700,000	748,491	48,491
7913	Proceeds from right to use lease assets	-	1,307,448	1,307,448	-
7917	Proceeds from right to use SBITA assets	-	259,704	259,704	-
8911	Operating transfers out	-	(10,461,000)	(10,461,000)	-
7080	Total other financing sources	-	(8,193,848)	(8,145,357)	48,491
1200	Net change in fund balance	(21,163,185)	(37,594,185)	(19,263,958)	18,330,227
0100	Fund balance, beginning	152,951,173	152,951,173	152,951,173	-
3000	FUND BALANCE, ending	\$ 131,787,988	\$ 115,356,988	\$ 133,687,215	\$ 18,330,227

The Notes to the Required Supplementary Information are an integral part of this statement.

Grand Prairie Independent School District

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net Pension Liability of a Cost-Sharing Multiple-Employer Pension Plan Teacher Retirement System of Texas (TRS) For the Last Ten Fiscal Years

	2025	2024	2023
District's proportion of the net pension liability	0.17267655%	0.19449851%	0.17537819%
District's proportionate share of the net pension liability	\$ 105,478,046	\$ 133,601,707	\$ 104,117,523
State's proportionate share of the net pension liability associated with the District	121,331,350	137,961,689	139,534,295
Total	\$ 226,809,396	\$ 271,563,396	\$ 243,651,818
District's covered payroll	\$ 217,697,017	\$ 218,505,010	\$ 211,710,656
District's proportionate share of the net pension liability as a percentage of its covered payroll	48.45%	61.14%	49.18%
Plan fiduciary net position as a percentage of the total pension liability	77.51%	73.15%	75.62%

Note: GASB 68, 81, 2, a, requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2024 - the period from September 1, 2023 - August 31, 2024.

2022	2021	2020	2019	2018	2017	2016
0.16794442%	0.17085985%	0.19004017%	0.18677974%	0.18294190%	0.18611450%	0.18376600%
\$ 42,769,501	\$ 91,509,049	\$ 98,788,822	\$ 102,808,104	\$ 58,494,975	\$ 70,329,904	\$ 64,958,694
61,887,564	136,525,219	136,525,219	150,437,849	89,768,017	103,609,317	95,800,077
<u>\$ 104,657,065</u>	<u>\$ 228,034,268</u>	<u>\$ 235,314,041</u>	<u>\$ 253,245,953</u>	<u>\$ 148,262,992</u>	<u>\$ 173,939,221</u>	<u>\$ 160,758,771</u>
\$ 200,043,554	\$ 202,803,780	\$ 198,439,712	\$ 196,241,863	\$ 190,689,340	\$ 182,621,265	\$ 168,938,867
21.38%	45.12%	49.78%	52.39%	30.68%	38.51%	38.45%
88.79%	75.24%	75.24%	73.74%	82.17%	78.00%	78.43%

Grand Prairie Independent School District
 Required Supplementary Information
 Schedule of the District's Contributions to the Teacher Retirement System
 Pension Plan (TRS)
 For the Last Ten Fiscal Years

	2025	2024	2023
TRS			
Contractually required contributions	\$ 10,055,961	\$ 9,730,402	\$ 9,983,047
Contributions in relation to the contractually required contributions	(10,055,961)	(9,730,402)	(9,983,047)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 223,233,167	\$ 217,697,017	\$ 218,505,010
Contributions as a percentage of covered payroll	4.50%	4.47%	4.57%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date.

Exhibit E-3

2022	2021	2020	2019	2018	2017	2016
\$ 8,046,100	\$ 7,163,062	\$ 6,849,459	\$ 6,644,232	\$ 5,995,769	\$ 5,913,329	\$ 5,441,379
(8,046,100)	(7,163,062)	(6,849,459)	(6,644,232)	(5,995,769)	(5,913,329)	(5,441,379)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 211,710,656	\$ 200,043,554	\$ 202,803,780	\$ 198,439,712	\$ 196,241,863	\$ 190,689,340	\$ 182,621,265
3.80%	3.58%	3.38%	3.35%	3.06%	3.10%	2.98%

Grand Prairie Independent School District

Required Supplementary Information

Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan (TRS)

For the Last Eight Fiscal Years

	2025	2024	2023
District's proportion of the net OPEB liability	0.2174213%	0.2429417%	0.2276646%
District's proportionate share of net OPEB liability	\$ 65,990,682	\$ 53,783,177	\$ 54,512,015
State's proportionate share of the net OPEB liability associated with the District	82,685,430	64,897,670	66,496,094
TOTALS	\$ 148,676,112	\$ 118,680,847	\$ 121,008,109
District's covered payroll	\$ 217,697,016	\$ 218,505,010	\$ 211,710,656
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	30.31%	24.61%	25.75%
Plan fiduciary net position as a percentage of the total OPEB liability	13.70%	14.94%	11.52%

Note: GASB 75, Paragraph 97 requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2024 the period from September 1, 2023 - August 31, 2024.

Note: Ten years of data is not available.

Exhibit E-4

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
0.2174526%	0.2266403%	0.2382285%	0.2388646%	0.2281199%
\$ 83,881,201	\$ 86,156,231	\$ 112,661,180	\$ 119,267,258	\$ 99,200,795
112,382,116	115,773,322	149,701,510	166,012,813	148,372,592
<u>\$ 196,263,317</u>	<u>\$ 201,929,553</u>	<u>\$ 262,362,690</u>	<u>\$ 285,280,071</u>	<u>\$ 247,573,387</u>
\$ 200,043,554	\$ 202,803,780	\$ 198,439,712	\$ 196,241,763	\$ 190,689,340
41.93%	42.48%	56.77%	60.78%	52.02%
4.99%	4.99%	2.66%	1.57%	0.91%

The Notes to the Required Supplementary Information are an integral part of these statements.

Grand Prairie Independent School District

Required Supplementary Information

Schedule of the District's Contributions to the OPEB Plan (TRS)

For the Last Eight Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Teacher Retirement System			
Contractually required contributions	\$ 1,961,835	\$ 1,974,939	\$ 2,107,416
Contributions in relation to the contractually required contributions	<u>(1,961,835)</u>	<u>(1,974,939)</u>	<u>(2,107,416)</u>
CONTRIBUTIONS (DEFICIENCY) EXCESS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	223,233,136	217,697,016	\$ 218,505,010
Contribution as a percentage of covered payroll	0.88%	0.91%	0.96%

Note: GASB 75, Paragraph 97 requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date.

Note: Ten years of data is not available.

Exhibit E-5

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 1,738,395	\$ 1,663,775	\$ 1,699,149	\$ 1,702,723	\$ 1,729,459
<u>(1,738,395)</u>	<u>(1,663,775)</u>	<u>(1,699,149)</u>	<u>(1,702,723)</u>	<u>(1,729,459)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 211,710,656	\$ 200,043,554	\$ 202,803,780	\$ 198,439,712	\$ 196,241,763
0.82%	0.83%	0.84%	0.86%	0.88%

The Notes to the Required Supplementary Information are an integral part of these statements.

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Grand Prairie Independent School District

Notes to the Required Supplementary Information

Note 1. Budget

A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year-end.

B. Variances with Final Budget

The District's general fund budget differs from the original budget due to budget revisions that were made during the fiscal period:

1. Amendments approved shortly after the beginning of the new fiscal year period for amounts restricted, committed, or assigned in the prior year.
2. Amendments in early and late spring to revise estimates for local and state revenues based on the latest information on student attendance numbers and tax collections.
3. Amendments during the year for unexpected occurrences.

Grand Prairie Independent School District

Notes to the Required Supplementary Information

Note 2. Net Pension Liability and Net OPEB Liability

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and net OPEB liability:

Changes in Actuarial Assumptions and Inputs

Measurement Date August 31,	Net Pension Liability		Net OPEB Liability
	Discount Rate	Long-Term Expected Rate of Return	Discount Rate
2024	7.000%	7.000%	3.870%
2023	7.000%	7.000%	4.130%
2022	7.000%	7.000%	3.910%
2021	7.250%	7.250%	1.950%
2020	7.250%	7.250%	2.330%
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	

Changes in Demographic and Economic Assumptions

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

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

Changes in Benefit Terms

For measurement date August 31, 2024 – Net Pension Liability:

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

For measurement date August 31, 2018 – Net OPEB Liability:

- Changes of benefit terms were made effective September 1, 2017 by the 85th Texas Legislature.

Grand Prairie Independent School District

Notes to the Required Supplementary Information

Other Changes

For measurement date August 31, 2024 – Net OPEB Liability:

- The tables used to model impact of aging on the underlying claims were revised.

For measurement date August 31, 2022 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 65% to 62%. The participation rate for post-65 retirees was lowered from 40% to 25%.

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

- The participation rate for pre-65 retirees was lowered from 65% to 62%. The participation rate for post-65 retirees was lowered from 40% to 25%.

For measurement date August 31, 2019 – Net Pension Liability:

- With the enactment of SB3 by the 2019 Texas Legislature, an assumption was made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

For measurement date August 31, 2019 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65.
- The trend rates were reset to better reflect the plan's anticipated experience.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%.

For measurement date August 31, 2018 – Net OPEB Liability:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020.

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Supplementary Information

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Combining and Individual Fund Financial Statements

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Grand Prairie Independent School District

Fund Descriptions

Nonmajor Governmental Funds – Special Revenue Funds

The Special Revenue Funds are used to account for financial resources restricted to or committed for specific purposes by a grantor. These funds may be locally, state, or federally funded.

Programs accounted for in the Special Revenue Funds include:

ESSA, Title X, Part C – Education for the Homeless Children and Youth (TEHCY)

The purpose of this grant is to facilitate the identification, enrollment, attendance and academic success of homeless children and youth by removing barriers and promote school stability for students experiencing homelessness. Individual grant awards will provide grantees with additional capacity to serve homeless students.

ESSA, Title I, Part A – Improving Basic Programs

This fund classification is used to account, on a project basis, for funds to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

Effective Schools Framework Focused Support Grant

The ESF Focused Support Grant provides resources and support to LEAs to ensure that campuses identified for improvement reach full implementation of the Foundational Essential Actions in the ESF to significantly and sustainability improve student outcomes.

School Action Fund

The purpose of this grant is to support school actions for individual campuses. School Actions are a comprehensive and bold approach by ISDs to increase the number of students in top-rated schools and reduce the number of students in low-rated schools. By providing grant funds and technical assistant to support school actions for individual campuses, TEA supports school districts in adopting a broader continuous improvement strategy that annually evaluates school quality, parent demand, and neighborhood needs to take strategic actions that both improve schools and provide parents and families with the schools and programs they desire.

IDEA – Part B, Formula

This fund classification is used to account, on a project basis, for funds granted to operate educational programs for children with disabilities.

IDEA – Part B, Preschool

This fund classification is used to account, on a project basis, for funds granted for preschool children with disabilities.

National School Breakfast and Lunch Program

This fund classification is used for programs using federal reimbursement revenues originating from the United States Department of Agriculture (USDA). The funds are used exclusively for allowable child nutrition program purposes.

Career and Technical – Basic Grant

This fund classification is used to account, on a project basis, for funds granted to provide Career and Technical education to develop new and/or improve Career and Technical education programs for paid and unpaid employment.

Grand Prairie Independent School District

Fund Descriptions

Nonmajor Governmental Funds – Special Revenue Funds

ESSA, Title II, Part A – Teacher and Principal Training and Recruiting

This fund classification is used to provide financial assistance to increase student academic achievement through improving teacher and principal quality and increase the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools; and, to hold schools accountable for improving student academic achievement.

Principal Residency Grant

This grant program seeks to provide LEAs with an opportunity to increase the number of well-prepared instructional leaders by building sustainable leadership pipelines and growing quality principal residency programs.

ESSA, Title III, Part A – English Language Acquisition and Enhancement

This fund classification is used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.

ESSA, Title III, Part A – Immigrant

This fund classification is used to account, on a project basis, for funds granted to improve the education of immigrant students, by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.

Title IV, Learning Centers – Nita M. Lowey 21st CCLC

This program supports the creation of community learning centers that provide academic enrichment opportunities during non-school hours for children, particularly students who attend high-poverty and low-performing schools.

Texas COVID Learning Acceleration Supports (TCLAS) Program

Texas COVID Learning Acceleration Supports (TCLAS) is a set of funding and targeted supports available to Local Education Agencies (LEAs) to accelerate student learning in the wake of COVID-19, utilizing state and federal funds. To streamline accessing supports, TCLAS is available in one streamlined application to LEAs.

School Climate Grant

The purpose of this grant is to help schools train their teachers and other school staff to implement evidence-based strategies to improve school climate. The School Climate Transformation Grants initiative builds on the development of testing of evidence-based multi-tiered decision-making frameworks, such as Positive Behavioral Interventions and Supports.

Other Federal Grants

This fund includes the following grants:

Indian Education Act Title V

This program is designed to address the unique cultural, language, and educationally related academic needs of American Indian and Alaska Native students, including preschool children. The programs funded are to meet the unique cultural, language, and educational needs of Indian students and ensure that all students meet the challenging State academic standard. The program is the Department's principal vehicle for addressing the particular needs of Indian children.

Title IV, Part A

Student Support and Academic Enrichment (SSAE) grants are designed to improve the academic achievement of all students by increasing the capacity of LEAs, schools, and communities to (1) provide all students with access to a well-rounded education, (2) improve school conditions for student learning, and (3) improve the use of technology in order to enhance academic outcomes and digital literacy of students.

Grand Prairie Independent School District

Fund Descriptions

Nonmajor Governmental Funds – Special Revenue Funds

Improving Academic Achievement (Summer School LEP)

This fund classification is used to account for funds to provide summer school instruction for limited English proficient (LEP) students.

Tri-Coaching K-5 & 6-12 Continuation

The K-5 project assists getting K-5 students to read on grade level by providing funding for Literacy coaches to support Reading Academies initiatives as well as Literacy Conferences focused on a knowledge building approach to literacy and use of high-quality instructional materials to support students' learning. The 6-12 program provides funding for literacy coaches and for regional literacy conferences. The focus for these coaches will be on helping teachers use and implement high-quality instructional materials related to literacy in grades 6-12.

Stronger Connections Grant

The purpose of this program is to support systemic change in the way that school districts address and respond to bullying, violence, and acts of hate.

State Supplemental Visually Impaired (SSVI)

This fund classification is used to account for funds to support the education needs of students who have visual impairments.

Advanced Placement Incentives

This fund classification is used to account, on a project basis, for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC, and is used to reward students, teachers, and campuses for high achievement. Campuses are awarded money for each student who scores three or above on an AP examination or four or above on an IB examination.

State Textbook Fund

This fund classification is used to account, on a project basis, for state funds awarded to school districts under the textbook allotment.

Other State Grants

This fund includes the following grants:

Grow Your Own

This program aims to elevate the teaching profession in Texas by developing high-quality Education and Training courses at the high school level and by creating teacher pipelines to increase the pool and diversity of Texas' future classroom leaders.

Academy Stipends

The Texas Legislature has appropriated funding to pay stipends to eligible teachers who successfully complete academies. A teacher who successfully completes an academy will be eligible to receive a \$350 stipend, minus applicable income taxes and payroll deductions. (Mathematics, Literacy Achievement, Reading to Learn).

School Safety Standards Formula

To assist LEAs in meeting the new school safety standards and to include other security related costs like metal detectors, cameras, and monitoring tools such as those allowed under the school safety allotment, the SB500 school safety and security grant, and the silent panic alert technology grant.

Safety and Facilities Enhancement (SAFE) Grant, Cycle 1

The purpose of this project is to assist LEAs with the implementation of the adopted safety standards applicable to Chapter 61, Sub-Chapter CC, 61.031 of Commissioner's Rules.

Grand Prairie Independent School District

Fund Descriptions

Nonmajor Governmental Funds – Special Revenue Funds

Safety and Facilities Enhancement (SAFE) Grant, Cycle 2

The purpose of this project is to assist LEAs with the implementation of the adopted safety standards applicable to Chapter 61, Sub-Chapter CC, 61.031 of Commissioner's Rules.

Technology Leading Grant

The purpose of this program is to provide students with equipment necessary to access and use digital instructional materials at school and at home.

Campus Activity Funds

This fund classification is used to account for transactions related to a campus or principals' activity funds.

Scholarship Fund

This fund classification is used to account for local donations to provide students with various scholarships.

Commit

To help cradle career network members build capacity to dramatically improve outcomes for every child, from cradle to career. Strengthen and improve financial aid completion rates through the use of results-based leadership techniques, disaggregated data, continuous improvement tools and coaching.

Fund Raisers

Funds generated from campus/departments through local community events to purchase various item for student activities, etc.

Texas Health Resources Grant

Expand the Grand Prairie ISD Counseling Center to reach students in the secondary grades and meet growing demand in grades K-5.

Communities Foundation of Texas

Texas Impact Network/Communities Foundation of Texas, through generous support from the Wallace Foundation, provided Grand Prairie ISD a grant to support the implementation of our Voluntary Summer Learning (VLS) program. The purpose of the funds is to support the design and implementation of the district's summer learning program.

HoltCat Caterpillar Foundation

A partnership between the Caterpillar Foundation and eligible secondary/post-secondary schools. To strengthen curriculum and faculty development, and to increase the pool of qualified service technicians in the industry.

Project Lead the Way Grant

This fund classification is used to account, on a project basis, for rigorous STEM and college readiness environment that promotes lifelong learning and success.

Gen YOUTH Foundation

This fund classification is used to account, on a project basis, for local instructional initiatives at the campus level; each project unique in its own creation.

Grand Prairie Independent School District

Fund Descriptions

Nonmajor Governmental Funds – Special Revenue Funds

Early Head Start Program

This fund classification is used to account, on a project basis, for services to enhance and support early learning setting; provide new, full-day, center based comprehensive services that meet the needs of working families; and prepare children for the transition into preschool.

Donations

Funds donated from various local sources/business/community to further enhance the education of our students.

Partners in Education

This fund classification is used to account for donations received by the District to be used for various expenditures not covered by local funds including, but not limited to, students in need, items needed for the district, and various incentives for students and staff.

Education Foundation Grants

A local foundation that awards financial support to various campuses that submit a proposal to support educators in Grand Prairie ISD striving to improve student achievement.

Grand Prairie Independent School District

Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds
August 31, 2025

		206	211	224	225
		ESSA Title X, Part C - Education for the Homeless Children and Youth (TEHCY)	ESSA, Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool
Data Control Codes					
	ASSETS				
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 8,789
1120	Current investments	-	-	-	-
1240	Due from other governments	1,342	673,939	544,953	-
1260	Due from other funds	-	-	-	-
1290	Other receivables, net	-	-	-	-
1000	TOTAL ASSETS	<u>\$ 1,342</u>	<u>\$ 673,939</u>	<u>\$ 544,953</u>	<u>\$ 8,789</u>
	LIABILITIES				
2110	Accounts payable	\$ -	\$ 10,279	\$ 18,648	\$ -
2160	Accrued wages payable	-	491,191	484,524	8,789
2170	Due to other funds	1,342	172,469	41,781	-
2300	Unearned revenue	-	-	-	-
2000	Total liabilities	<u>1,342</u>	<u>673,939</u>	<u>544,953</u>	<u>8,789</u>
	DEFERRED INFLOWS OF RESOURCES				
2311	Unavailable Revenue	-	-	-	-
2000a	Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$ 1,342</u>	<u>\$ 673,939</u>	<u>\$ 544,953</u>	<u>\$ 8,789</u>
	FUND BALANCES				
	Restricted:				
3450	Grant funds	-	-	-	-
	Committed:				
3545	Local special revenue	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,342</u>	<u>\$ 673,939</u>	<u>\$ 544,953</u>	<u>\$ 8,789</u>

240	244	255	263	265
National School Breakfast and Lunch Program	Career and Technical - Basic Grant	ESSA, Title II, Part A - Teacher and Principal Training and Recruiting	ESSA Title III Part A English Language Acquisition and Enhancement	Title IV, Learning Centers - Nita M. Lowey 21st CCLC
\$ 986,172	\$ -	\$ -	\$ -	\$ -
6,355,617	-	-	-	-
1,172,350	2,679	110,240	57,237	39,284
4,770	-	-	-	-
735	-	-	-	1,250
<u>\$ 8,519,644</u>	<u>\$ 2,679</u>	<u>\$ 110,240</u>	<u>\$ 57,237</u>	<u>\$ 40,534</u>
\$ 748,433	\$ -	\$ 4,200	\$ -	\$ 1,390
538,350	109	55,399	50,147	6,629
-	2,570	50,641	7,090	32,515
-	-	-	-	-
<u>1,286,783</u>	<u>2,679</u>	<u>110,240</u>	<u>57,237</u>	<u>40,534</u>
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,286,783</u>	<u>\$ 2,679</u>	<u>\$ 110,240</u>	<u>\$ 57,237</u>	<u>\$ 40,534</u>
7,232,861	-	-	-	-
-	-	-	-	-
<u>7,232,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 8,519,644</u>	<u>\$ 2,679</u>	<u>\$ 110,240</u>	<u>\$ 57,237</u>	<u>\$ 40,534</u>

Grand Prairie Independent School District

Combining Balance Sheet

Nonmajor Governmental Funds

Special Revenue Funds - Continued

August 31, 2025

		279	287	288, 289	385
Data Control Codes		Texas COVID Learning Acceleration Supports (TCLAS)	School Climate Grant	Other Federal Grants	State Supplemental Visually Impaired (SSVI)
ASSETS					
1110	Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
1120	Current investments	-	-	-	-
1240	Due from other governments	31,100	14,937	44,532	-
1260	Due from other funds	-	-	-	-
1290	Other receivables, net	-	-	-	-
1000	TOTAL ASSETS	<u>\$ 31,100</u>	<u>\$ 14,937</u>	<u>\$ 44,532</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts payable	\$ -	\$ 14,706	\$ -	\$ -
2160	Accrued wages payable	-	-	8,479	-
2170	Due to other funds	31,100	231	36,053	-
2000	Total liabilities	31,100	14,937	44,532	-
DEFERRED INFLOWS OF RESOURCES					
2311	Unavailable Revenue	-	-	-	-
2000a	Total deferred inflows of resources	-	-	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		<u>\$ 31,100</u>	<u>\$ 14,937</u>	<u>\$ 44,532</u>	<u>\$ -</u>
FUND BALANCES					
Restricted:					
3450	Grant funds	-	-	-	-
Committed:					
3545	Other	-	-	-	-
3000	Total fund balances	-	-	-	-
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 31,100</u>	<u>\$ 14,937</u>	<u>\$ 44,532</u>	<u>\$ -</u>

397	410	429	461	478	481
Advanced Placement Incentives	State Textbook Fund	Other State Grants	Campus Activity Funds	Scholarship Fund	Commit
\$ 25,735	\$ -	\$ -	\$ 128,247	\$ 10,000	\$ 15,854
-	-	-	874,618	-	-
1,657	351,860	347,547	-	-	-
-	-	-	3,327	-	-
-	-	-	-	-	-
<u>\$ 27,392</u>	<u>\$ 351,860</u>	<u>\$ 347,547</u>	<u>\$ 1,006,192</u>	<u>\$ 10,000</u>	<u>\$ 15,854</u>
\$ -	\$ 13,055	\$ 72,658	\$ 3,725	\$ -	\$ 414
-	-	2,563	1,927	-	-
-	338,805	272,299	-	-	-
-	351,860	347,520	5,652	-	414
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 351,860</u>	<u>\$ 347,520</u>	<u>\$ 5,652</u>	<u>\$ -</u>	<u>\$ 414</u>
27,392	-	27	-	-	-
-	-	-	1,000,540	10,000	15,440
<u>27,392</u>	<u>-</u>	<u>27</u>	<u>1,000,540</u>	<u>10,000</u>	<u>15,440</u>
<u>\$ 27,392</u>	<u>\$ 351,860</u>	<u>\$ 347,547</u>	<u>\$ 1,006,192</u>	<u>\$ 10,000</u>	<u>\$ 15,854</u>

Grand Prairie Independent School District

Combining Balance Sheet

Nonmajor Governmental Funds

Special Revenue Funds - Continued

August 31, 2025

		482	483	485	486
Data Control Codes			Texas Health Resources Grant	Communities Foundation of Texas	HoltCat Caterpillar Foundation
	Fund Raisers				
ASSETS					
1110	Cash and cash equivalents	\$ 209,906	\$ 1,748	\$ -	\$ 34,883
1120	Current investments	-	-	-	-
1240	Due from other governments	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables, net	-	-	-	-
1000	TOTAL ASSETS	<u>\$ 209,906</u>	<u>\$ 1,748</u>	<u>\$ -</u>	<u>\$ 34,883</u>
LIABILITIES					
2110	Accounts payable	\$ 2,836	\$ -	\$ -	\$ -
2160	Accrued wages payable	3,477	1,748	-	-
2170	Due to other funds	-	-	-	-
2000	Total liabilities	<u>6,313</u>	<u>1,748</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
2311	Unavailable Revenue	-	-	-	-
2000a	Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		<u>\$ 6,313</u>	<u>\$ 1,748</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES					
Restricted:					
3450	Grant funds	-	-	-	-
Committed:					
3545	Local special revenue	<u>203,593</u>	<u>-</u>	<u>-</u>	<u>34,883</u>
3000	Total fund balances	<u>203,593</u>	<u>-</u>	<u>-</u>	<u>34,883</u>
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 209,906</u>	<u>\$ 1,748</u>	<u>\$ -</u>	<u>\$ 34,883</u>

489	491	492	495	497	499	
Project Lead the Way Grant	Gen YOUth Foundation	Early Head Start Program	Donations	Partners in Education	Education Foundation Grants	Total Nonmajor Special Revenue Funds (See Exhibit B-1)
\$ -	\$ -	\$ -	\$ 400,282	\$ 21,036	\$ 8,794	\$ 1,851,446
-	-	-	-	-	-	7,230,235
-	-	-	-	-	-	3,393,657
-	-	-	-	-	-	8,097
-	-	117,011	-	-	-	118,996
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,011</u>	<u>\$ 400,282</u>	<u>\$ 21,036</u>	<u>\$ 8,794</u>	<u>\$ 12,602,431</u>
\$ -	\$ -	\$ -	\$ 644	\$ -	\$ -	\$ 890,988
-	-	56,743	10,478	-	-	1,720,553
-	-	60,268	-	-	-	1,047,164
-	-	117,011	11,122	-	-	3,658,705
-	-	-	-	-	8,794	8,794
-	-	-	-	-	8,794	8,794
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,011</u>	<u>\$ 11,122</u>	<u>\$ -</u>	<u>\$ 8,794</u>	<u>\$ 3,667,499</u>
-	-	-	-	-	-	7,260,280
-	-	-	389,160	21,036	-	1,674,652
-	-	-	389,160	21,036	-	8,934,932
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,011</u>	<u>\$ 400,282</u>	<u>\$ 21,036</u>	<u>\$ 8,794</u>	<u>\$ 12,602,431</u>

Grand Prairie Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds
For the Fiscal Year Ended August 31, 2025

		206	211	224	225
Data Control Codes		ESSA Title X, Part C - Education for the Homeless Children and Youth (TEHCY)	ESSA, Title I, Part A - Improving Basic Programs	IDEA - Part B, Formula	IDEA - Part B, Preschool
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	134,540	8,380,681	6,066,393	71,820
5020	Total revenues	134,540	8,380,681	6,066,393	71,820
EXPENDITURES					
Current:					
0011	Instruction	-	2,724,132	2,138,916	71,820
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and staff development	-	3,899,324	461,255	-
0021	Instructional leadership	-	44,881	-	-
0023	School leadership	-	193,809	-	-
0031	Guidance, counseling, and evaluation services	43,661	4,263	2,727,456	-
0032	Social work services	67,728	572,377	-	-
0033	Health services	6,078	10,788	-	-
0034	Student transportation	-	102,636	390,657	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	2,495	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	17,073	825,976	-	-
Debt service:					
0071	Debt service - principal on long term debt	-	-	-	-
Intergovernmental:					
0093	Payments to shared services arrangements	-	-	348,109	-
6030	Total expenditures	134,540	8,380,681	6,066,393	71,820
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)					
7912	Sale of real property or personal property	-	-	-	-
	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund balances, beginning	-	-	-	-
3000	FUND BALANCES, ending	\$ -	\$ -	\$ -	\$ -

240	244	255	263	265
National School Breakfast and Lunch Program	Career and Technical - Basic Grant	ESSA, Title II, Part A - Teacher and Principal Training and Recruiting	ESSA Title III Part A English Language Acquisition and Enhancement	Nita M. Lowey 21st CCLC
\$ 2,910,585	\$ -	\$ -	\$ -	\$ -
74,372	-	-	-	-
15,923,387	353,146	1,381,455	894,946	1,533,510
18,908,344	353,146	1,381,455	894,946	1,533,510
-	247,411	-	129,016	1,295,801
-	-	-	-	-
-	-	1,240,885	758,305	2,248
-	105,735	137,234	5,932	121,619
-	-	2,647	-	-
-	-	600	593	-
-	-	-	-	6,773
-	-	-	-	-
-	-	-	-	-
22,812,336	-	-	-	-
-	-	-	-	-
-	-	89	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	1,100	107,069
-	-	-	-	-
-	-	-	-	-
22,812,336	353,146	1,381,455	894,946	1,533,510
(3,903,992)	-	-	-	-
8,214	-	-	-	-
8,214	-	-	-	-
(3,895,778)	-	-	-	-
11,128,639	-	-	-	-
\$ 7,232,861	\$ -	\$ -	\$ -	\$ -

Grand Prairie Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds - Continued
For the Fiscal Year Ended August 31, 2025

		279	287	288, 289	385
Data Control Codes		Texas COVID Learning Acceleration Supports (TCLAS)	School Climate Grant	Other Federal Grants	State Supplemental Visually Impaired (SSVI)
REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	5,538
5900	Federal program revenues	44,050	361,685	1,363,139	-
5020	Total revenues	44,050	361,685	1,363,139	5,538
EXPENDITURES					
Current:					
0011	Instruction	44,050	74,064	103,677	5,538
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and staff development	-	5,416	108,077	-
0021	Instructional leadership	-	410	120,210	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling, and evaluation services	-	140,817	550,546	-
0032	Social work services	-	140,978	451,566	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	563	-
Debt service:					
0071	Debt service - Principal on long-term debt	-	-	28,500	-
Intergovernmental:					
0093	Payments to shared services arrangements	-	-	-	-
6030	Total expenditures	44,050	361,685	1,363,139	5,538
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)					
7912	Sale of real property or personal property	-	-	-	-
	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	Fund balances, beginning	-	-	-	-
3000	FUND BALANCES, ending	\$ -	\$ -	\$ -	\$ -

397	410	429	461	478	481
Advanced Placement Incentives	State Textbook Fund	Other State Grants	Campus Activity Funds	Scholarship Fund	Commit
\$ -	\$ -	\$ -	\$ 1,111,735	\$ -	\$ 30,000
1,657	2,711,835	3,110,845	-	-	-
-	-	-	-	-	-
1,657	2,711,835	3,110,845	1,111,735	-	30,000
54	2,697,975	64,067	213,618	-	4,000
-	-	-	-	-	-
24,111	10,500	45,950	29,457	-	4,075
-	-	862	-	-	1,247
-	-	816	191,005	-	1,879
-	-	-	767	-	2,438
-	-	-	-	-	-
-	-	-	98	-	36,514
-	-	-	-	-	-
-	-	-	994	-	-
-	-	17,617	817,171	-	-
-	63,930	-	11,020	-	839
-	-	2,131,725	685	-	-
-	-	862,363	-	-	-
-	-	-	-	-	-
-	-	-	7,782	-	3,464
-	-	-	-	-	-
-	-	-	-	-	-
24,165	2,772,405	3,123,400	1,272,597	-	54,456
(22,508)	(60,570)	(12,555)	(160,862)	-	(24,456)
-	-	-	-	-	-
-	-	-	-	-	-
(22,508)	(60,570)	(12,555)	(160,862)	-	(24,456)
49,900	60,570	12,582	1,161,402	10,000	39,896
\$ 27,392	\$ -	\$ 27	\$ 1,000,540	\$ 10,000	\$ 15,440

Grand Prairie Independent School District

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Special Revenue Funds - Continued
For the Fiscal Year Ended August 31, 2025

		482	483	485	486
Data Control Codes			Texas Health Resources Grant	Communities Foundation of Texas	HoltCat Caterpillar Foundation
REVENUES					
5700	Local and intermediate sources	\$ 337,760	\$ 5,000	\$ -	\$ 24,000
5800	State program revenues	-	-	-	-
5900	Federal program revenues	-	-	-	-
5020	Total revenues	337,760	5,000	-	24,000
EXPENDITURES					
Current:					
0011	Instruction	174,428	2,598	5,634	45,244
0012	Instructional resources and media services	22,501	-	-	-
0013	Curriculum and staff development	2,666	-	2,254	-
0021	Instructional leadership	-	-	-	-
0023	School leadership	5,062	-	10,324	-
0031	Guidance, counseling, and evaluation services	3,350	30,952	969	-
0032	Social work services	-	6,675	-	-
0033	Health services	497	-	-	-
0034	Student transportation	-	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	169,898	-	20	18,500
0041	General administration	-	-	-	-
0051	Plant maintenance and operations	59,421	-	-	-
0052	Security and Monitoring Services	9,835	-	-	-
0053	Data processing services	670	-	-	-
0061	Community services	7,155	-	-	-
Debt service:					
0071	Debt service - principal on long term debt	-	-	-	-
Intergovernmental:					
0093	Payments to shared services arrangements	-	-	-	-
6030	Total expenditures	455,483	40,225	19,201	63,744
1100	Excess (deficiency) of revenues over (under) expenditures	(117,723)	(35,225)	(19,201)	(39,744)
OTHER FINANCING SOURCES (USES)					
7912	Sale of real property or personal property	-	-	-	-
	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	(117,723)	(35,225)	(19,201)	(39,744)
0100	Fund balances, beginning	321,316	35,225	19,201	74,627
3000	FUND BALANCES, ending	\$ 203,593	\$ -	\$ -	\$ 34,883

489	491	492	495	497	499	Total Nonmajor Special Revenue Funds (See Exhibit B-2)
Project Lead the Way Grant	Gen YOUTH Foundation	Early Head Start Program	Donations	Partners in Education	Education Foundation Grants	
\$ 15,000	\$ -	\$ 841,908	\$ 285,351	\$ -	\$ 66,121	\$ 5,627,460
-	-	-	-	-	-	5,904,247
-	-	-	20,548	-	-	36,529,300
15,000	-	841,908	305,899	-	66,121	48,061,007
16,149	-	-	49,708	-	62,859	10,170,759
-	-	-	371	-	-	22,872
12,786	-	-	10,828	3,532	-	6,621,669
-	-	-	-	-	-	538,130
-	-	-	37,919	-	1,539	445,000
-	-	-	7,010	-	-	3,513,422
-	-	-	-	-	-	1,246,097
-	-	-	-	-	-	53,975
-	-	-	-	-	-	493,293
-	501	-	148	-	-	22,813,979
-	-	-	13,300	-	2,250	1,041,251
-	-	-	-	5,392	-	81,270
-	-	-	-	-	-	2,191,831
-	-	-	-	-	-	872,198
-	-	-	-	-	-	670
-	-	847,083	23,919	-	-	1,841,184
-	-	-	-	-	-	28,500
-	-	-	-	-	-	348,109
28,935	501	847,083	143,203	8,924	66,648	52,324,209
(13,935)	(501)	(5,175)	162,696	(8,924)	(527)	(4,263,202)
-	-	-	-	-	-	8,214
-	-	-	-	-	-	8,214
(13,935)	(501)	(5,175)	162,696	(8,924)	(527)	(4,254,988)
13,935	501	5,175	226,464	29,960	527	13,189,920
\$ -	\$ -	\$ -	\$ 389,160	\$ 21,036	\$ -	\$ 8,934,932

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Compliance Schedules

Compliance schedules are required by Texas Education Agency and are not required disclosures in the Annual Financial Report.

Grand Prairie Independent School District

Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended August 31, 2025

Years Ended August 31,	1	2	3	10
	Tax Rates		Actual Taxable Value For School Tax Purposes	Beginning Balance September 1, 2024
	Maintenance	Debt Service		
2016 or prior	Various	Various	Various	\$ 788,663
2017	1.17000	0.42500	5,901,543,746	168,538
2018	1.17000	0.42500	6,520,938,970	178,692
2019	1.17000	0.42500	7,290,227,263	248,730
2020	1.06835	0.47000	8,079,279,519	342,228
2021	1.05470	0.45500	8,795,317,496	435,487
2022	0.96030	0.41600	10,236,218,767	561,647
2023	0.94290	0.36410	11,474,595,436	970,410
2024	0.75750	0.33755	12,171,213,858	2,010,740
2025 (School year under audit)	0.75520	0.30250	13,650,207,860	-
1000 Totals				\$ 5,705,135

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

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

Exhibit J-1

20	31	32	40	50	99
Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance August 31, 2025	Total Taxes Refunded Under Section 26.1115(c)
\$ -	\$ 32,215	\$ 10,415	\$ (49,654)	\$ 696,379	
-	4,536	1,647	-	162,355	
-	8,364	3,038	-	167,290	
-	15,043	5,465	-	228,222	
-	27,603	12,144	(3,667)	298,814	
-	53,428	23,048	(9,616)	349,395	
-	113,224	49,048	15,403	414,778	
-	162,608	62,791	(99,168)	645,843	
-	(689,187)	(307,109)	(1,792,015)	1,215,021	
138,311,153	98,364,058	39,400,327	1,355,587	1,902,355	
<u>\$ 138,311,153</u>	<u>\$ 98,091,892</u>	<u>\$ 39,260,814</u>	<u>\$ (583,130)</u>	<u>\$ 6,080,452</u>	
					\$ 61,357
	\$ -				

Grand Prairie Independent School District
 Budgetary Comparison Schedule
 National School Breakfast and Lunch Program
 For the Fiscal Year Ended August 31, 2025

Exhibit J-2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 2,952,182	\$ 2,752,182	\$ 2,910,585	\$ 158,403
5800	State program revenues	76,425	73,925	74,372	447
5900	Federal program revenues	15,654,274	15,604,274	15,923,387	319,113
5020	Total revenues	18,682,881	18,430,381	18,908,344	477,963
EXPENDITURES					
	Current:				
0035	Food service	20,974,340	23,508,307	22,812,336	695,971
6030	Total expenditures	20,974,340	23,508,307	22,812,336	695,971
1100	Excess (deficiency) of revenues over (under) expenditures	(2,291,459)	(5,077,926)	(3,903,992)	1,173,934
Other Financing Sources					
7912	Proceeds from sale of assets	-	-	8,214	8,214
	Total Other Financing Sources	-	-	8,214	8,214
1200	Net change in fund balance	(2,291,459)	(5,077,926)	(3,895,778)	1,182,148
0100	Fund balance, beginning	11,128,639	11,128,639	11,128,639	-
3000	FUND BALANCE, ending	\$ 8,837,180	\$ 6,050,713	\$ 7,232,861	\$ 1,182,148

Grand Prairie Independent School District

Exhibit J-3

Budgetary Comparison Schedule

Debt Service Fund

For the Fiscal Year Ended August 31, 2025

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 41,000,000	\$ 40,800,000	\$ 41,896,534	\$ 1,096,534
5800	State program revenues	-	3,000,000	3,857,690	857,690
5020	Total revenues	41,000,000	43,800,000	45,754,224	1,954,224
EXPENDITURES					
	Debt service:				
0071	Principal on long-term debt	27,390,000	27,390,000	27,390,000	-
0072	Interest on long-term debt	13,360,382	13,360,382	13,360,381	1
0073	Issuance costs and fees	249,618	249,618	17,650	231,968
6030	Total expenditures	41,000,000	41,000,000	40,768,031	231,969
1100	Excess (deficiency) of revenues over (under) expenditures	-	2,800,000	4,986,193	2,186,193
1200	Net change in fund balance	-	2,800,000	4,986,193	2,186,193
0100	Fund balance, beginning	38,857,144	38,857,144	38,857,144	-
3000	FUND BALANCE, ending	\$ 38,857,144	\$ 41,657,144	\$ 43,843,337	\$ 2,186,193

Grand Prairie Independent School District

Use of Funds Report – Select State Allotment

For the Fiscal Year Ended August 31, 2025

Exhibit J-4

Data Codes		Responses
Section A: Compensatory Education Programs		
AP1	Did your District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 29,697,762
AP4	Actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 18,212,246
Section B: Bilingual Education Programs		
AP5	Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the District's fiscal year.	\$ 6,148,571
AP8	Actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25)	\$ 4,142,135

Federal Awards Section

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

To the Board of Trustees of
Grand Prairie 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grand Prairie Independent School District (District), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
December 18, 2025

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

To the Board of Trustees of
Grand Prairie Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Grand Prairie Independent School District's (District) compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of finding and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
December 18, 2025

Grand Prairie Independent School District

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended August 31, 2025

Section 1. Summary of Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X _____ None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____ No

Federal Awards

Internal controls over major federal programs:

Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X _____ None reported

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ X _____ No
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Identification of major federal programs:

Title I:	
Title I, Part A - Improving Basic Programs	84.010A
2022-2024 School Action Fund - Planning & Implementation	84.010A
2023-2024 School Action Fund - Planning & Implementation	84.010A
2025-2026 School Action Fund - Planning & Implementation	84.010A
2024-2026 Title I, 1003 ESF Focused Support Grant	84.010A
 Title IV:	
Title IV, Part A	84.424A
Stronger Connections Grant	84.424F

Dollar threshold used to distinguish between Type A and Type B programs?	\$ 1,123,618
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Auditee qualified as low-risk auditee?	_____ X _____ Yes	_____ _____ No
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Grand Prairie Independent School District

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended August 31, 2025

Section 2. Financial Statement Findings

None

Section 3. Federal Awards Findings

None

Grand Prairie Independent School District

Summary of Prior Year Audit Findings

For the Fiscal Year Ended August 31, 2025

Section 4. Schedule of Prior Audit Findings and Questioned Costs

None

Grand Prairie Independent School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2025

Exhibit K-1

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct programs			
School Climate Grant	84.184G	S184G190175	\$ 376,367
Indian Education Act, Title V	84.060A	S060A241185	6,539
Indian Education Act, Title V	84.060A	S060A251185	89
Total Indian Education Act, Title V			6,628
Total Direct Programs			382,995
Passed through Texas Education Agency			
Texas Education Homeless Children & Youth	84.196A	254600057110008	139,966
ESSA Title I, Part A - Improving Basic Programs	84.010A	25610101057910	8,352,362
2024-2025 School Action Fund-Planning & Implementation	84.010A	24610113057910	179,458
School Action Fund Planning & Implementation	84.010A	246101647110007	117,205
2025-2026 School Action Fund Planning & Implementation Continuation	84.010A	266101137110009	24,110
2024-2026 TITLE I, 1003 ESF Focused Support Grant	84.010A	25610139057910	53,071
Total Title I, Part A*			8,726,206
Special Education Cluster (IDEA)			
IDEA - Part B, Formula	84.027A	246600010579106600	129,750
IDEA - Part B, Formula	84.027A	256600010579106600	6,201,871
IDEA - Part B, Preschool	84.173A	256610010579106610	71,820
Total Special Education Cluster (IDEA)			6,403,441
24-25 Perkins V: Strengthening	84.048A	25420006057910	366,213
25-26 Perkins V: Strengthening	84.048A	26420006057910	109
Total Assistance Listing Number 84.048A			366,322
Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	25671001057910	891,301
Title III, Part A - Immigrant	84.365A	25671003057910	43,291
Total Title III, Part A			934,592
Title II, Part A - Supporting Effective Instruction	84.367A	25694501057910	1,157,234
2024-2025 Principal Residency Cycle 7	84.367A	246945677110004	287,580
Total Title II, Part A			1,444,814
Nita M. Lowey 21st CCLC Cycle 11, Year 4	84.287C	256950307110023	1,502,101
Nita M. Lowey 21st CCLC Cycle 11, Year 5	84.287C	266950307110022	93,275
Total Assistance Listing Number 84.287C			1,595,376
COVID-19 TCLAS - ESSER III	84.425U	21528042057910	44,050
Title IV, Part A	84.424A	25680101057910	663,618
Stronger Connections Grant	84.424F	236811017110051	560,820
Total Assistance Listing Number 84.424*			1,224,438
LEP Summer School	84.369A	69552402	10,908
2022-2023 TRI- Coaching and K-5-Continuation	84.371C	236470027110008	66,748
2022-2023 TRI- Coaching and 6-12-Continuation	84.371C	236470037110008	107,951
Total Assistance Listing Number 84.371C			174,699
Total U.S. Department of Education			21,447,807

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

Grand Prairie Independent School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2025

Exhibit K-1

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Texas Department of Agriculture Child and Adult Care Food Program	10.558	NT4XL1YGLGC5	825,076
Passed through the Texas Department of Agriculture National School Lunch Program - Non-Cash Assistance	10.555	00280	1,181,718
Passed through the Texas Education Agency - Cash Assistance National School Lunch Program	10.555	NT4XL1YGLGC5	10,096,062
School Breakfast Program	10.553	NT4XL1YGLGC5	3,658,696
Summer Seamless Option Lunch Program	10.555	NT4XL1YGLGC5	112,727
Summer Seamless Option Breakfast Program	10.553	NT4XL1YGLGC5	49,109
Total Child Nutrition Cluster			15,098,312
Total U.S. Department of Agriculture			15,923,388
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Texas Health and Human Services Commission Medicaid Administrative Claiming Program - MAC Cluster	93.778	HHS000537900123	82,746
Total Medicaid Cluster			82,746
Total U.S. Department of Health and Human Services			82,746
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 37,453,941

* Denotes major federal program

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

Grand Prairie Independent School District

Notes to the Schedule of Expenditures of Federal Awards For the Fiscal Year Ended August 31, 2025

The District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Federal and state financial assistance is accounted for in the General Fund and certain Special Revenue Funds. Generally, unused balances are returned to the grantor at the close of specified project periods.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2025, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

The following table reconciles total expenditures per the schedule of expenditures of federal awards (Exhibit K-1) to the federal program revenues per Exhibit B-2:

Total expenditures of federal awards per Exhibit K-1	\$ 37,453,941
General fund - federal revenue	
SHARS	909,727
ROTC	158,970
Work Based Learning	20,548
Total federal revenues per Exhibit B-2	<u>\$ 38,543,186</u>

The District has elected not to use the 10% de minimis indirect cost rate.

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Other Information

Grand Prairie Independent School District
Schedule of Required Responses to Selected
School FIRST Indicators (Unaudited)
For the Fiscal Year Ended August 31, 2025

Exhibit L-1

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	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 capital appreciation bonds included in government-wide financial statements at fiscal year-end.	\$ -