

OFFICIAL STATEMENT
Dated July 9, 2026

NEW ISSUE – BOOK ENTRY ONLY

Unenhanced Rating:
S&P: “AA-”

(See “OTHER PERTINENT INFORMATION – Municipal Bond Rating” herein)

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications, and continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds included in the adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. See “TAX MATTERS” herein for a description of certain other federal tax consequences of ownership of the Bonds.

THE BONDS HAVE BEEN DESIGNATED AS “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS.



\$7,500,000
LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Denton County)
UNLIMITED TAX REFUNDING BONDS, SERIES 2026

Dated Date: August 1, 2026

Due: As shown on page ii herein

Interest to Accrue from Date of Delivery (defined below)

AUTHORITY FOR ISSUANCE AND SECURITY ... The Lake Dallas Independent School District (the “District”) is issuing its Unlimited Tax Refunding Bonds, Series 2026 (the “Bonds”) pursuant to the Constitution and general laws of the State of Texas (the “State”), including Chapters 1207 and 1371 of the Texas Government Code, as amended (the “Acts”), and a bond order (the “Bond Order”) adopted by the Board of Trustees (the “Board”) of the District on May 11, 2026. As permitted by the Acts, in the Bond Order, the Board has delegated to certain District officials the ability to execute a pricing certificate (the “Pricing Certificate”) evidencing the final sale terms of the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the “Order”) which was executed on July 9, 2026. See “THE BONDS - Authority for Issuance” herein.

Payment of the Bonds WILL NOT be guaranteed by the corpus of the Permanent School Fund of the State of Texas.

PAYMENT TERMS ... Interest on the Bonds will accrue from the Date of Delivery, will be payable on February 15 and August 15 of each year, commencing August 15, 2026, until stated maturity, and will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued as fully registered obligations in principal denominations of \$5,000 or any integral multiple thereof within a stated maturity. The definitive Bonds will be registered and delivered to Cede & Co., as the nominee of The Depository Trust Company, New York, New York (“DTC”), pursuant to the Book-Entry-Only System described herein. DTC will act as the initial securities depository (the “Securities Depository”) for the Bonds. Book-entry interests in the Bonds will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. **Purchasers of the Bonds (“Beneficial Owners”) will not receive physical delivery of certificates representing their interest in the Bonds purchased.** So long as DTC or its nominee is the registered owner of the Bonds, principal of and interest on the Bonds (as applicable) will be payable by the Paying Agent/Registrar, initially BOKF, NA, Dallas, Texas, to the Securities Depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM” herein.

PURPOSE ... Proceeds from the sale of the Bonds will be used for (i) the refunding of a portion of the District’s outstanding debt, as more particularly described in “SCHEDULE I – Refunded Bonds” (the “Refunded Bonds”), in order to achieve present value debt service savings, and (ii) paying the costs of issuing the Bonds. See “PLAN OF FINANCING – Sources and Uses of Funds” herein.

**For Stated Maturities, Principal Amounts, Interest Rates, Initial Yields, CUSIP Numbers, and
Redemption Provisions for the Bonds, see page ii herein**

The Bonds are offered for delivery when, as and if issued and received by the Underwriter of the Bonds named below (the “Underwriter”) and are subject to the approving opinion of the Attorney General of the State of Texas and the opinion of Leon, Alcala, Morse & Reynolds, PLLC, Austin, Texas, Bond Counsel (see “APPENDIX D – FORM OF BOND COUNSEL’S OPINION” hereto). Certain matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. It is expected that the Bonds will be available for delivery through DTC on or about August 11, 2026 (the “Date of Delivery”).

MESIROW FINANCIAL, INC.

**STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND
REDEMPTION PROVISIONS**

\$7,500,000
LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Denton County)
UNLIMITED TAX REFUNDING BONDS, SERIES 2026

CUSIP No. Prefix 509552 ⁽¹⁾

Maturity Date	Principal (\$)	Interest Rate (%)	Initial Yield⁽²⁾ (%)	CUSIP No. Suffix⁽¹⁾
8/15/2026	1,665,000	5.00	2.58	3P8
8/15/2027	5,835,000	5.00	2.54	3Q6

(Interest to accrue from the initial Date of Delivery)

Redemption Provisions ... The Bonds are not subject to redemption prior to stated maturity.

⁽¹⁾ CUSIP numbers are included solely for the convenience of the owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. 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 Underwriter, the District, or the Municipal Advisor (or their agents or counsel) are responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers for the Bonds are subject to change after the issuance as a result of various post-issuance events, including, but not limited to, a partial defeasance of the Bonds.

⁽²⁾ Initial yields at which Bonds are priced are established by and are the sole responsibility of the Underwriter, and subject to certain hold-the-offering-price restrictions in the purchase agreement with the District, may be changed at any time at the Underwriter's discretion.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
104 Swisher Road
Lake Dallas, Texas 75065

BOARD OF TRUSTEES

<u>Name</u>	<u>Position</u>	<u>Term Expiration</u>
Lance Stacy	President	May 2029
Ginger Collier	Vice President	May 2028
Mark Tucker	Secretary	May 2029
Aaron Appleby	Trustee	May 2027
Scott Baird	Trustee	May 2028
Greg Bartley	Trustee	May 2027
Bruce Smith	Trustee	May 2028

ADMINISTRATION – FINANCE CONNECTED

<u>Name</u>	<u>Position</u>
Dr. Kristin Brown	Superintendent

CONSULTANTS AND ADVISORS

Bond Counsel	Leon, Alcala, Morse & Reynolds, PLLC, Austin, Texas
Municipal Advisor	Live Oak Public Finance, LLC, Austin, Texas
Auditor	Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC

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USE OF INFORMATION IN THE OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized by the District or the Underwriter to give any information or to make any representation with respect to the Bonds, other than as 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 either of the foregoing.

This Official Statement, including the cover page, schedule and appendices hereto, does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from sources that are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the District or the Underwriter.

The information and expressions of opinion herein 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 information or opinions set forth herein after the date of this Official Statement. See “CONTINUING DISCLOSURE” for a description of the undertakings of the District to provide certain information on a continuing basis.

The Municipal Advisor provided the following sentence for inclusion in this Official Statement. The Municipal Advisor reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SEC 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 THESE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION FOR THE PURCHASE THEREOF.

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

None of the District, Municipal Advisor or the Underwriter 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 the caption “BOOK-ENTRY-ONLY SYSTEM”.

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

NEITHER THE UNITED STATES SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS “FORWARD-LOOKING” STATEMENTS. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT THAN THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS. SEE “OTHER PERTINENT INFORMATION – FORWARD LOOKING STATEMENTS” HEREIN.

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 hyperlinks contained therein are not incorporated into, and are not part of, this Official Statement for any purpose.

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The cover page hereof, the schedules and appendices hereto, and any addenda, supplement or amendment hereto are part of this Official Statement.

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT	The Lake Dallas Independent School District (the "District") is a political subdivision of the State of Texas (the "State" or "Texas") located in Denton County. The District is governed by a seven-member Board of Trustees (the "Board"). Board trustees serve staggered three-year terms with elections being held in May of each year. 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. The District is approximately 17.28 square miles in area. The District has an estimated population of 26,433. See "INTRODUCTION – Description of the District".
AUTHORITY FOR ISSUANCE	The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including Chapters 1207 and 1371 of the Texas Government Code, as amended (the "Acts"), and a bond order (the "Bond Order") adopted by the Board of Trustees (the "Board") of the District on May 11, 2026. As permitted by the Acts, in the Bond Order, the Board has delegated to certain District officials the ability to execute a pricing certificate (the "Pricing Certificate") evidencing the final sale terms of the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the "Order") which was executed on July 9, 2026. See "THE BONDS - Authority for Issuance" herein.
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 – Description of the Bonds".
DATED DATE	August 1, 2026.
PAYMENT OF INTEREST ...	Interest on the Bonds will accrue from the Date of Delivery and will be payable on February 15 and August 15 of each year, commencing August 15, 2026, until stated maturity or prior to redemption. See "THE BONDS – Description of the Bonds".
NO REDEMPTION	The Bonds are not subject to redemption prior to stated maturity.
SECURITY FOR THE BONDS	The Bonds constitute direct and voted obligations of the District payable from a continuing direct annual ad valorem tax levied against all taxable property located therein, without legal limitation as to rate or amount. See "THE BONDS - Security and Source of Payment".
	Payment of the Bonds WILL NOT be guaranteed by the corpus of the Permanent School Fund of the State of Texas.
TAX MATTERS	In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications, and continuing compliance with certain tax covenants, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds included in the adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. See "TAX MATTERS" herein for a description of certain other federal tax consequences of ownership of the Bonds.
QUALIFIED TAX-EXEMPT OBLIGATIONS.....	The District has designated the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions.
PAYING AGENT/REGISTRAR	The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.
MUNICIPAL BOND RATING ...	S&P Global Ratings, Inc. ("S&P") has assigned an underlying, unenhanced rating of "AA-" to the Bonds.
	An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the views of such organization and the District makes no representation as to the appropriateness of the ratings. (see "OTHER PERTINENT INFORMATION – Municipal Bond Rating" herein).
USE OF PROCEEDS	Proceeds from the sale of the Bonds will be used for (i) the refunding of a portion of the District's outstanding debt, as more particularly described in "SCHEDULE I – Refunded Bonds" (the "Refunded Bonds"), in order to achieve present value debt service savings, and (ii) paying the costs of issuing the Bonds. See "PLAN OF FINANCING - Purpose" and "—Sources and Uses of Funds".
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. Principal of, premium, if any, 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.
DELIVERY	When issued, anticipated to occur on or about August 11, 2026 (the "Date of Delivery").
LEGALITY	The Bonds are subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by Leon, Alcala, Morse & Reynolds, PLLC, Austin, Texas, Bond Counsel. See "APPENDIX D – FORM OF BOND COUNSEL'S OPINION" herein.

OFFICIAL STATEMENT

Relating to

\$7,500,000
LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Denton County)
UNLIMITED TAX REFUNDING BONDS, SERIES 2026

INTRODUCTION

This Official Statement, which includes the schedule and appendices hereto, provides certain information regarding the issuance of the \$7,500,000 Lake Dallas Independent School District (the "District") Unlimited Tax Refunding Bonds, Series 2026 (the "Bonds"). The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including Chapters 1207 and 1371 of the Texas Government Code, as amended (the "Acts"), and a bond order (the "Bond Order") adopted by the Board of Trustees (the "Board") of the District on May 11, 2026. As permitted by the Acts, in the Bond Order, the Board has delegated to certain District officials the ability to execute a pricing certificate (the "Pricing Certificate") evidencing the final sale terms of the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the "Order") which was executed on July 9, 2026. See "THE BONDS - Authority for Issuance" herein.

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 "OTHER PERTINENT INFORMATION – Forward Looking Statements".

Included in this Official Statement are descriptions of the Bonds, the Order and certain other information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained upon request from the District and, during the offering period, from the District's Municipal Advisor, Live Oak Public Finance, LLC, 1515 S. Capital of Texas Hwy., Suite 206, Austin, Texas 78746 by electronic mail without charge or by standard mail upon payment of reasonable copying, mailing, and handling charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the Official Statement will be deposited with the Municipal Securities Rulemaking Board and will be available through its Electronic Municipal Market Access ("EMMA") System. See "CONTINUING DISCLOSURE" for a description of the District's undertaking to provide certain information on a continuing basis.

Description of the District

The District is a political subdivision of the State and is located in Denton County. The District is governed by a seven-member 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.

PLAN OF FINANCING

Purpose

Proceeds from the sale of the Bonds will be used for (i) the refunding of a portion of the District's outstanding debt, as more particularly described in "SCHEDULE I – Refunded Bonds" (the "Refunded Bonds"), in order to achieve present value debt service savings, and (ii) paying the costs of issuing the Bonds.

Refunded Bonds

The principal and interest due on the Refunded Bonds are to be paid on the applicable scheduled redemption date shown on Schedule I attached hereto (the "Redemption Date") from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., in its capacity as the paying agent for the Refunded Bonds (the "Refunded Bonds Paying Agent").

From the proceeds of the sale of the Bonds to the Underwriter, the District will deposit with the Refunded Bonds Paying Agent an amount, together with available funds of the District, if necessary, sufficient to accomplish the discharge and final payment of the Refunded Bonds on the applicable Redemption Date. The Refunded Bonds Paying Agent and/or the District's Municipal Advisor will certify as to the sufficiency of the amounts initially deposited therewith to pay the principal of and interest on the

Refunded Bonds when due at the applicable Redemption Date. By the deposit of the cash with the Refunded Bonds Paying Agent, the District will have effected the defeasance of the Refunded Bonds pursuant to Chapter 1207, Texas Government Code, and the order(s) and any other document(s) authorizing the Refunded Bonds. The opinion of Bond Counsel will note that, as a result of such deposit, and in reliance on the above mentioned sufficiency certificate, firm banking and financial arrangements will have been made for the discharge and final payment of the Refunded Bonds, and such Refunded Bonds will be deemed to be fully paid and no longer outstanding, except for the purpose of being paid from the funds deposited with the Refunded Bonds Paying Agent.

The District will give irrevocable instructions to provide notice to the owners of the Refunded Bonds that the Refunded Bonds will be redeemed prior to their stated maturity on the applicable Redemption Date.

Sources and Uses of Funds

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

<u>Sources of Funds:</u>	
Par Amount of Bonds	\$7,500,000.00
Reoffering Premium on the Bonds	142,806.90
Issuer Contribution	150,000.00
TOTAL SOURCES	<u>\$7,792,806.90</u>
 <u>Uses of Funds:</u>	
Deposit with Refunded Bonds Paying Agent	\$7,628,576.98
Underwriter's Discount	30,107.41
Costs of Issuance and Contingency ⁽¹⁾	134,122.51
TOTAL USES	<u>\$7,792,806.90</u>

⁽¹⁾ Includes legal fees of the District, municipal advisory fees, rating agency fees, fees of the Paying Agent/Registrar and the Refunded Bonds Paying Agent, and other costs of issuance.

THE BONDS

Description of the Bonds

The Bonds will be dated August 1, 2026 (the "Dated Date") and shall mature on the dates and in the amounts set forth on page ii. Interest on the Bonds will accrue from the Date of Delivery, will be payable on February 15 and August 15 of each year, commencing August 15, 2026, until stated maturity, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued only in fully registered form in principal denominations of \$5,000 or any integral multiple thereof within a stated maturity.

Interest on the Bonds is payable to the registered owners appearing on the bond registration books kept by the Paying Agent/Registrar relating to the Bonds (the "Bond Register") on the Record Date (detailed below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class, postage prepaid, to the address of the registered owner recorded in the Bond Register or (ii) by 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 is payable at stated maturity upon their presentation and surrender to the Paying Agent/Registrar.

The definitive Bonds will initially be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. 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 owners thereof. Debt service 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 purchasers of the Bonds ("Beneficial Owners"). See "BOOK-ENTRY-ONLY SYSTEM" herein.

Authority for Issuance

The Bonds are being issued pursuant to the Constitution and general laws of the State, including the Acts and the Order.

Security and Source of Payment

The Bonds constitute direct obligations of the District payable from a continuing and direct annual ad valorem tax levied against all taxable property located within the District, without legal limitation as to rate or amount. See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM".

Payment of the Bonds WILL NOT be guaranteed by the corpus of the Permanent School Fund of the State of Texas.

Redemption Provisions of the Bonds

The Bonds are not subject to redemption prior to stated maturity.

Defeasance

The Order provides that the Bonds may be defeased, refunded or discharged in any manner permitted by applicable law. Under current State law, such discharge may be accomplished by either (i) depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of and all interest to accrue on the Bonds to maturity or prior redemption or (ii) by depositing with a paying agent, or other authorized escrow agent, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested in (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 of the United States of America, and that are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (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 the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding obligations to refund the Bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. The foregoing obligations may be in book-entry-only form, and shall mature and/or bear interest in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Order.

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 will 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 for defeasance purposes or that for any other defeasance 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 for any purposes. After firm banking and financial arrangements for the discharge, final payment, or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, the District may reserve the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the 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.

The Order does not contractually limit defeasance investments to those described above. As a result, the holders of the Bonds may be deemed to have consented to other defeasance investments in the event that Texas law is changed to allow for such other defeasance investments.

Amendments to Order

The District may, without the consent of or notice to any holders of the Bonds, from time to time and at any time amend the Order without the consent of any Beneficial Owner in any manner not detrimental to the interests of the Beneficial Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding, amend, add to, or rescind any of the provisions of the Order; except that, without the consent of all of the beneficial owners of the Bonds then outstanding, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest thereof or in any other way modify the terms of payment of the principal or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the percentage of the aggregate principal amount of Bonds required to be held for beneficial owners for consent to any amendment, addition, or waiver, or rescission.

Default and Remedies

If the District defaults in any payment 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, 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, if there is no other available remedy at law to compel performance of the Bonds or Order 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. In so ruling, the Court declared that statutory language such as "sue and be sued", in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act covers school districts and relates to contracts entered into by school districts for providing goods or services to school districts. The District is not aware of any State court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by the Local Government Immunity Waiver Act. Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), which forms part of the authority for the issuance of the Bonds, permits the District to waive governmental immunity in the proceedings authorizing the issuance of the Bonds. However, the District has not waived the defense of governmental immunity with respect thereto. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by State courts. In general, State courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. State courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). As a result, bondholders may not be able to bring such a suit against the District for breach of the Bonds or Order covenants. 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 themselves 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 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 be qualified with respect to the customary rights of debtors relative to their creditors and may be limited by general principles of equity that permit the exercise of judicial discretion and by governmental immunity.

Payment Record

The District has never defaulted on the payment of its bonded indebtedness.

Legality

The Bonds are offered when, as, and if issued, and subject to the approval of legality by the Attorney General of the State of Texas and the opinion of the District's Bond Counsel, Leon, Alcala, Morse & Reynolds, PLLC, Austin, Texas. See "LEGAL MATTERS" and "APPENDIX D – FORM OF BOND COUNSEL'S OPINION" herein.

Delivery

When issued; anticipated to occur on or about August 11, 2026.

Future Issues

The District has no authorized but unissued ad valorem tax bonds. Aside from the Bonds and any future refunding bonds issued for debt service savings, the District does not anticipate the issuance of additional new money ad valorem tax-supported debt in the next twelve months.

The District's voters could authorize the issuance of additional new money bonds at a future election. In addition, the District may, without voter approval, incur other financial obligations payable from its collection of taxes and other sources of revenue, including maintenance tax notes payable from its collection of maintenance and operations taxes, public property finance contractual obligations payable from its collection of maintenance and operations taxes, delinquent tax notes, and leases for various purposes payable from State appropriations and surplus maintenance and operations taxes.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. The Order provides for the District's right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any changes 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.

Record Date for Interest Payment

The record date ("Record Date") for determining the person to whom the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the month next preceding such interest payment date; provided, however, that the Record Date for the August 15, 2026 interest payment shall be the close of business on the business day immediately preceding such interest payment date.

In the event of a non-payment 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. 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 (5) 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 Bond Register at the close of business on the last business day next preceding the date of mailing of such notice.

Registration, Transferability and Exchange

In the event the Book-Entry-Only System shall be discontinued, printed certificates will be issued to the registered owners of the Bonds and thereafter the Bonds may be transferred, registered, and assigned on the Bond Register 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 Bond 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 Bonds 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. 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 and having the same maturity or maturities as the Bond or Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

BOOK-ENTRY-ONLY SYSTEM

The following describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC (defined below) 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 Underwriter believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

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

The Depository Trust Company ("DTC"), New York, New York, 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 certificate will be issued for each stated maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry-only 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, tenders, 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 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 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 MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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 payment 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 (nor its nominee), the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. 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, physical bond certificates are required to be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Municipal Advisor take any responsibility for the accuracy thereof.

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.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the District, printed physical Bond certificates will be issued to the respective holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under the caption "REGISTRATION, TRANSFER AND EXCHANGE" above.

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. Prospective investors are encouraged to review 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.

Valuation of Taxable Property

The Property Tax Code provides for county-wide 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 Denton 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. See "AD VALOREM TAX PROCEDURES — District and Taxpayer Remedies."

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property, or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property. Through December 31, 2026, an appraisal district is prohibited from increasing 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 dollars (the "maximum property value") to an amount exceeding the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the "Appraisal Cap"). Absent future legislation, such limitation on the increase in the appraised value of Subjected Property will expire on December 31, 2026 and will not be effective for future tax years.

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

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the District, in establishing their tax rolls and tax rates. See "AD VALOREM TAX PROCEDURES — District and Taxpayer Remedies".

State Mandated Homestead Exemptions

State law grants, with respect to school district taxes imposed for general elementary and secondary public school purposes, (1) a \$140,000 exemption of the appraised value of all homesteads, see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Sessions" herein), (2) a \$60,000 exemption of the appraised value of the residence homesteads of persons sixty-five

(65) years of age or older and the disabled, see “CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Sessions” 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.

Local Option Homestead Exemptions

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

Cities, counties and school districts are prohibited from repealing or reducing 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 homestead of persons sixty-five (65) years of age or older or of disabled persons above the amount of tax imposed in the year such homestead qualified for such exemption. This freeze is transferable to a different homestead if a qualifying taxpayer moves, and, under certain circumstances, is also transferable to the surviving spouse of persons sixty-five (65) years of age or older, but not the disabled.

The total amount of ad valorem taxes that may be imposed for general elementary and secondary public school purposes on the residence homestead of a person who is sixty-five (65) years old or older or disabled may be adjusted to reflect any statutory reduction from the preceding tax year in the MCR 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. From and after the 2026 tax year, a person is entitled to 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.

Freeport and Goods-In-Transit Exemptions

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

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

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

Other Exempt Property

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property. Beginning with the 2026 tax year, all intangible personal property is exempt from 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 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 was amended to clarify that the temporary tax exemption applies only to property physically harmed as a result of a declared disaster. For more information on the exemption, reference is made to Section 11.35 of the Property 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. Each participating taxing unit against the Incremental Value in the TIRZ, are restricted to paying 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 (former Chapter 313, Texas Tax Code, as amended ("Chapter 313")) previously allowed school districts to grant limitations on appraised property values to certain entities to encourage economic development within the school district. Generally, during the ten-year term of a tax limitation agreement, a school district may only levy and collect M&O taxes on the agreed-to limited appraised property value. For the purposes of calculating its Tier One and Tier Two entitlements, the portion of a school district's property that is not fully taxable is excluded from the school district's taxable property values. Therefore, a school district will not be subject to a reduction in Tier One or Tier Two State funds as a result of lost M&O tax revenues due to entering into a tax limitation agreement. The 87th Texas Legislature did not vote to extend this program, which expired by its terms on December 31, 2022 (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - State Funding for School Districts").

During the regular session of the 88th Texas Legislature, House Bill 5 (codified as Chapter 403, Texas Government Code, Subchapter T. Texas Jobs, Energy, Technology and Innovation Act ("Chapter 403")) was enacted into law. Chapter 403 is intended as a replacement of former Chapter 313, but it contains significantly different provisions than the prior program under Chapter 313. The effective date of Chapter 403 was 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 taxes securing the Bonds cannot be abated under Chapter 403.** Eligible projects are limited and include manufacturing, dispatchable power generation facilities, technology research/development facilities, or critical infrastructure projects. Projects must create and maintain jobs, as well as meet certain minimum investment requirements. The District does not expect that Chapter 403 will have any material adverse effect on its ability to repay the Bonds or its finances or operations more generally.

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 small 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, commencing on February 1 and ending on August 1, and without penalty or interest. See “AD VALOREM TAX PROCEDURES – 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.

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 within the County. The Appraisal District is governed by a board of directors, with certain of such board members being appointed by members of the governing bodies of various political subdivisions within the County and certain of such board members being elected by qualified voters in the County.

Property within the District is appraised as of January 1 of each year, taxes become due October 1 of the same year (or when tax bills are mailed) and generally become delinquent on February 1 of the following year.

The District's taxes are collected by the Denton County Tax Assessor/Collector's Office (the "Tax Assessor/Collector").

The Appraisal District does not appraise personal property not used in the production of income, such as personal automobiles.

The District provides the State-mandated exemption to the market value of residence homesteads of \$140,000.

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

The District grants a State mandated residence homestead exemption for disabled veterans.

The District has not granted a local option, additional exemption for persons who are 65 years of age or older or disabled persons above the amount of the State mandated exemption.

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

The District does not tax non-business personal property.

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

The District does not exempt "freeport property" from taxation.

The District has taken action to continue taxing "goods-in-transit."

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

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

The District collects an additional 20% penalty to defray attorney costs in the collection of delinquent taxes over and above the penalty automatically assessed under the Property Tax Code.

Charges for penalties and interest on the unpaid balance of delinquent taxes are as follows:

<u>Month</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, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, State law allows that, if an account is delinquent in July, an amount up to 20% attorney's collection fee may be added to the total tax penalty and interest charge.

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 v. The Texas Taxpayer & Student Fairness Coal.*, 490 S.W.3d 826 (Tex. 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 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 funding for school districts is derived from collections of ad valorem taxes levied on property located within each school district’s boundaries. School districts are authorized to levy two types of property taxes: 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 may not increase their M&O tax rate for the purpose of creating a surplus to pay debt service on bonds. Prior to 2006, school districts were authorized to levy their M&O tax at a voter-approved rate, generally up to \$1.50 per \$100 of taxable value. Since 2006, the State Legislature has enacted various legislation that has compressed the voter-approved M&O tax rate, as described below. 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 Legislative Sessions

The regular session of the 89th Texas Legislature (the “89th Regular Session”) commenced on January 14, 2025 and concluded on June 2, 2025. The Texas Legislature (the “Legislature”) meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor may call special sessions, at the Governor’s discretion, each lasting no more than 30 days, and for which the Governor sets the agenda (such special sessions, together with the 89th Regular Session hereinafter referred to as the “2025 Legislative Sessions”).

Enacted legislation increased: (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 \$2,500 to \$125,000. Voters approved constitutional amendments authorizing the new exemptions at a statewide election held on November 4, 2025. Additionally, enacted legislation authorized roughly \$8.5 billion in funding for public schools and provided 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, enacted legislation 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 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. However, the District does intend to monitor any such legislation.

Local Funding for School Districts

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

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

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

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

Enrichment Tax Rate. The Enrichment Tax Rate is the number of cents a school district levies for M&O in excess of the Tier One Tax Rate, up to an additional \$0.17. The Enrichment Tax Rate is divided into two components: (i) “Golden Pennies” which

are the first \$0.08 of tax effort in excess of a school district's Tier One Tax Rate; and (ii) "Copper Pennies" which are the next \$0.09 in excess of a school district's Tier One Tax Rate plus Golden Pennies.

School districts may levy an Enrichment Tax Rate at a level of their choice, subject to the limitations described under "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate." However, to levy any of the Enrichment Tax Rate in a given year, a school district must levy a Tier One Tax Rate equal to the school district's MCR for such year.

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

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

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

Tier One. Tier One funding is the basic level of programmatic funding guaranteed to a school district, consisting of a State-appropriated baseline level of funding (the "Basic Allotment") for each student in "Average Daily Attendance" (being generally calculated as the sum of student attendance, 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 the unique school district characteristics, the demographics of students in ADA, and the educational programs the students are being served in, to make up most of a school district's Tier One entitlement under the Foundation School Program.

The Basic Allotment for a school district 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 a school district 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. In subsequent biennia, the TEA will calculate the GYIA, which will be determined as the estimated cost to the State to maintain the guaranteed Golden Pennies yield of State and local funds per weighted student per cent of tax effort at the 96th percentile. Effectively, the Legislature has adopted a policy change so that the Basic Allotment will automatically increase in future biennia, at a rate akin to the level of property values increases across the State.

The Basic Allotment is then supplemented for all school districts by various weights to account for differences among school districts and their student populations. Such additional allotments include, but are not limited to, increased funds for students in ADA who: (i) attend a qualified special education program, (ii) are diagnosed with dyslexia or a related disorder, (iii) are economically disadvantaged, or (iv) have limited English language proficiency. Additional allotments to mitigate differences among school districts include, but are not limited to: (i) a transportation allotment for mileage associated with transporting students who reside two miles or more from their home campus, (ii) a fast growth allotment (for school districts in the top 25% of enrollment growth relative to other school districts), (iii) a college, career and military readiness allotment to further the State's goal of increasing the number of students who attain a postsecondary education or workforce credential, and (iv) a teacher compensation incentive allotment to increase teacher retention in disadvantaged or rural school districts. A school district's total Tier One funding, divided by the Basic Allotment, is a school district's measure of students in "Weighted Average Daily Attendance" ("WADA"), which serves to calculate Tier Two funding.

The fast growth allotment weights are 0.48 for districts in the top 40% of school districts for growth, 0.33 for districts in the middle 30% of school districts for growth and 0.18 for districts in the bottom 30% of school districts for growth. The fast growth allotment is limited to \$320 million for each year of the 2026-2027 State fiscal biennium.

Beginning with the 2026-2027 fiscal biennium, school districts will also receive an annual allotment of \$106 per enrolled student. The funds under this allotment may only be used for specific operational costs related to transportation, hiring retired teachers, providing health insurance and employee benefits and paying for payroll taxes, contributions and other costs related to member contributions under the Teacher Retirement System of Texas, utilities, and property and casualty insurance.

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 the program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the 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 Legislature did not appropriate any funds for new IFA awards; however, awards previously granted in years the 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 Legislature). In general, a school district's bonds are eligible for EDA assistance if (i) the school district made payments on the bonds during the final fiscal year of the preceding State fiscal biennium, or (ii) the school district levied taxes to pay the principal of and interest on the bonds for that fiscal year. Each biennium, access to EDA funding is determined by the debt service taxes collected in the final year of the preceding biennium. A school district may not receive EDA funding for the principal and interest on a series of otherwise eligible bonds for which the school district receives IFA funding.

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

A school district may also qualify for a NIFA allotment, which provides assistance to school districts for operational expenses associated with opening new instructional facilities or a renovated portion of an instructional facility to be used for the first time to provide high-cost and undersubscribed career and technology education programs, as determined by the Education Commissioner. In the 2025 Legislative Sessions, the State 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.

Beginning with the 2025-2026 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 as it 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 of Texas Education Code, as amended ("Chapter 49"). Additionally, in years in which the amount of State funds appropriated specifically excludes the amount necessary to provide the guaranteed yield for Golden Pennies, local revenues generated on a school district's Golden Pennies in excess of the school district's respective funding entitlement are subject to the local revenue reduction provisions of Chapter 49. To reduce local revenue in excess of entitlement, Chapter 49 school districts are generally subject to a process known as "recapture," which requires a Chapter 49 school district to exercise certain options to remit local M&O tax revenues collected in excess of the Chapter 49 school district's funding entitlements to the State (for redistribution to other school districts) or otherwise expending the respective M&O tax revenues for the benefit of students in school districts that are not Chapter 49 school districts, as described in the subcaption "— Options for Local Revenue Levels in Excess of Entitlement," below. Chapter 49 school districts receive their allocable share of funds distributed from the constitutionally-prescribed Available School Fund, but are generally not eligible to receive State aid under the Foundation School Program, although they may continue to receive State funds for certain competitive grants and certain programs that remain outside the Foundation School Program.

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

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

THE SCHOOL FINANCE SYSTEM AS APPLIED TO THE DISTRICT

For the 2025-2026 school year, the District was designated as an "excess local revenue" district by the TEA. Accordingly, the District was required to exercise one of the wealth equalization options permitted under applicable State law. The District intends to reduce its wealth per student, if needed, pursuant to Option 3, an agreement to purchase attendance credits pursuant to Chapter 49, Texas Education Code, as amended.

A district's local revenue levels must be tested for each future school year and, if local revenues exceed the district's entitlements, the district must reduce its wealth per student by the exercise of one of the permitted wealth equalization options. Accordingly, if the District's local revenues should exceed its entitlements in future school years, it will be required to exercise one or more of the permitted options to reduce local revenues.

A district's status as to any excess local revenue in Tier One and its wealth per student for Copper Penny purposes in Tier Two must be tested for each future school year and, if it exceeds the maximum permitted levels, the excess must be reduced by exercising one of the permitted wealth equalization options. If the District were to consolidate (or consolidate its tax base for all purposes) with a property-poor district, the outstanding debt of each district could become payable from the consolidated district's combined property tax base, and the District's ratio of taxable property to debt could become diluted. If the District were to detach property voluntarily, a portion of its outstanding debt (including the Bonds) could be assumed by the district to which the property is annexed, in which case timely payment of the Bonds could become dependent in part on the financial performance of the annexing district.

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

TAX RATE LIMITATIONS

M&O Tax Rate Limitations

A school district is authorized to levy maintenance and operations ("M&O") taxes subject to approval of a proposition submitted to district voters. 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 succeeding paragraphs. 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 September 19, 1998, under Chapter 20, Texas Education Code (now codified at Section 45.003, Texas Education Code, as amended).

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. For any year, the highest possible MCR for a school district is \$0.93 (see "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – Local Funding for School Districts" herein).

For the State fiscal year ending in 2026 (the 2025-2026 school year), the State Compression Percentage was set at 63.22% (resulting in a maximum MCR of \$0.6322 per \$100 of taxable value). The District's Local Compressed rate was lower than the State Compressed rate, resulting in an MCR of \$0.6169 per \$100 of taxable value. For a detailed discussion of State funding for school districts, see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - State Funding for School Districts" herein.

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

I&S Tax Rate Limitations

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

Section 45.0031 of the Texas Education Code, as amended, requires a school district to demonstrate to the Texas Attorney General that it has the prospective ability to pay its maximum annual debt service on a proposed issue of bonds and all previously issued bonds, other than bonds approved by voters of a school district at an election held on or before April 1, 1991 and issued before September 1, 1992 (or debt issued to refund such bonds, collectively, "exempt bonds"), from a tax levied at a rate of \$0.50 per \$100 of assessed valuation before bonds may be issued (the "50-cent Test"). In demonstrating the ability to pay debt service at a rate of \$0.50, a school district may take into account 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 50-cent 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 50-cent 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 the 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 under Chapter 1207, Texas Government Code. As such, they 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 (as described below). 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).

Effective for the 2026 tax year and thereafter, a district's current I&S tax rate defaults to a rate that provides the minimum dollar amount required to service the school district's debt for the current year (taking into account State assistance for debt service and any excess collections from the prior year not used to service debt), unless a higher rate is approved in accordance with Section 26.05(a-1), Texas Tax Code. Under Section 26.05(a-1), Texas Tax Code, the governing body of a school district may approve an I&S tax rate that exceeds such minimum rate only if (i) the rate is proposed by a motion that states the minimum rate, the proposed rate, the difference between the two rates, and the purpose for which the excess revenue will be used, and (ii) the motion is approved by at least 60 percent of the members of the governing body. If the governing body approves a higher I&S rate under such procedure, that rate is considered the current I&S rate for the applicable tax year, and the Voter-Approval Tax Rate is recalculated to reflect the higher I&S tax rate. This procedure does not limit the District's obligation to levy taxes at a rate sufficient to pay debt service on its outstanding obligations, including the Bonds. However, this tax rate setting limitation could constrain the District's ability to create a surplus from which the Bonds could be repaid in the event of unexpected delays in the receipt of I&S taxes.

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.

Except with respect to the required procedure to exceed the default minimum I&S tax rate (as discussed above), the calculation of the Voter-Approval Tax Rate does not limit or impact the District's ability to set an I&S tax rate in each year sufficient to pay debt service on all of the District's tax-supported debt obligations, including the Bonds.

Before adopting its annual tax rate, a public meeting must be held for the purpose of adopting a budget for the succeeding year. A notice of public meeting to discuss the school district's budget and proposed tax rate must be published in the time, format and manner prescribed in Section 44.004 of the Texas Education Code. Section 44.004(e) of the Texas Education Code provides that a person who owns taxable property in a school district is entitled to an injunction restraining the collection of taxes by the school district if the school district has not complied with such notice requirements or the language and format requirements of such notice as set forth in Section 44.004(b), (c), (c-1), (c-2), and (d), and, if applicable, subsection (i), and if such failure to comply was not in good faith. Section 44.004(e) further provides the action to enjoin the collection of taxes must

be filed before the date the school district delivers substantially all of its tax bills. A school district that elects to adopt a tax rate before the adoption of a budget for the fiscal year that begins in the current tax year may adopt a tax rate for the current tax year before receipt of the certified appraisal roll, so long as the chief appraiser of the appraisal district in which the school district participates has certified to the assessor for the school district an estimate of the taxable value of property in the school district. If a school district adopts its tax rate prior to the adoption of its budget, both the no-new-revenue tax rate and the Voter-Approval Tax Rate of the school district shall be calculated based on the school district's certified estimate of taxable value. A school district that adopts a tax rate before adopting its budget must hold a public hearing on the proposed tax rate followed by another public hearing on the proposed budget rather than holding a single hearing on the two items.

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

DEBT LIMITATIONS

Under State law, there is no explicit bonded indebtedness limitation, although the tax rate limits described above under "TAX RATE LIMITATIONS" effectively impose a limit on the incurrence of debt. Such tax rate limits require school districts to demonstrate, prior to issuance, the ability to pay "new debt" from a tax rate of \$0.50. In demonstrating compliance with the requirement, a district may take into account State equalization payments and, if compliance with such requirement is contingent on receiving state assistance, a district may not adopt a tax rate for a year for purposes of paying the principal of and interest on the bonds unless the district credits to the interest and sinking fund for the bonds the amount of State assistance received or to be received in that year. The State Attorney General reviews a district's calculations showing the compliance with such test as a condition to the legal approval of the debt.

EMPLOYEE BENEFITS, RETIREMENT PLAN AND OTHER POST-EMPLOYMENT BENEFITS

The District's employees participate in a retirement plan (the "Plan") with the State of Texas. The Plan is administered by the Teacher Retirement System of Texas ("TRS"). State contributions are made to cover costs of the TRS retirement plan up to certain statutory limits. The District is obligated for a portion of TRS costs relating to employee salaries that exceed the statutory limit. In accordance with GASB Statement No. 68, the District is required to report its proportionate share of net pension liability. This requirement applies only to pension benefits and does not apply to other post-employment benefits or TRS-Care related liabilities. On August 31, 2025, the District's share of TRS's net pension liability was \$12,143,868. For more detailed information concerning the Plan, see "NOTES TO THE FINANCIAL STATEMENTS – NOTE 8. DEFINED BENEFIT PENSION PLAN" within Appendix C.

In addition to its participation in the TRS, the District contributes to the Texas Public School Retired Employees Group Insurance Program (the "TRS-Care Retired Plan"), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the System that provides health care coverage for certain persons (and their dependents) who retired under the TRS. The District has implemented GASB Statement No. 75 for accounting and financial reporting of Postemployment Benefits Other Than Pensions ("OPEB"). On August 31, 2025, the District's proportionate share of net OPEB liability was \$8,106,237. For more detailed information concerning the TRS-Care Retired Plan, see "NOTES TO THE FINANCIAL STATEMENTS – NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS" within Appendix C.

Formal collective bargaining agreements relating directly to wages and other conditions of employment are prohibited by State law, as are strikes by teachers. There are various local, state and national organized employee groups who engage in efforts to better 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.

INVESTMENT POLICIES

The District invests its funds in investments authorized by Texas law in accordance with investment policies approved by the Board. Both Texas 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 is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states,

agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the District selects from a list the governing body or designated investment committee of the District adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the District selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the District's account; (C) 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 (D) the District appoints as the District's custodian of the banking deposits issued for the District's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission (the "SEC") and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the PFIA 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) or in any other manner and provided for by law for District deposits, or (ii) certificates of deposits where (a) the funds are invested by the District through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the District as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the District, (b) the broker or the depository institution selected by the District arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the District appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above, clause (12) below, require the securities being purchased by the District or cash held by the District to 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 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 the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds registered with and regulated by the United States SEC that provide the District with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the District and deposited with the District or a third party selected and approved by the District.

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 may also 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 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 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 ten (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.

Political subdivisions such as the District are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

Under State law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the 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.

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

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

As a school district that qualifies as an issuer under Chapter 1371, the District is also authorized to purchase, sell and invest its funds in corporate bonds that, at the time of purchase, are rated by a nationally recognized investment rating firm "AA-" or the equivalent and have a stated final maturity that is not later than the third anniversary of the date the corporate bonds were purchased. State law defines "corporate bonds" as senior secured debt obligations issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include unsecured debt obligations or debt obligations that, on conversion, would result in the holder becoming a stockholder or shareholder in the entity that issued the debt obligation. The District may not (1) invest in the aggregate more than 15% of its monthly average fund balance, excluding funds held for the payment of debt service, in corporate bonds or (2) invest more than 25% of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity. The investment officer of the District must sell any corporate bonds not later than seven days after a nationally recognized investment rating firm (1) issues a release that places the corporate bonds or the entity that issued the corporate bonds on negative credit watch or the equivalent, if the corporate bonds are rated "AA-" or the equivalent at the time the release is issued; or (2) changes the rating on the corporate bonds to a rating lower than "AA-" or the equivalent. The District may invest its funds in corporate bonds only if the Board of Trustees of the District (1) amends its investment policy to authorize corporate bonds as an eligible investment; (2) adopts procedures to provide for the monitoring of rating changes in corporate bonds and liquidating the investment in corporate bonds; and (3) identifies the funds eligible to be invested in corporate bonds.

LEGAL MATTERS

The delivery of the Bonds is subject to the approval of the Attorney General of Texas, who will deliver his opinion, to the effect that the Bonds are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property in the District, and based upon examination of such

transcript of proceedings, the approval of certain legal matters by Leon, Alcala, Morse & Reynolds, PLLC, Bond Counsel, which will deliver its opinion to the effect that the Bonds are valid and legally binding obligations of the District and, subject to the qualifications set forth herein under "TAX MATTERS," Bond Counsel's opinion that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, published rulings, regulations, and court decisions. The form of Bond Counsel's opinion is attached hereto as APPENDIX D. The legal fee to be paid to Bond Counsel is contingent upon the sale and delivery of the Bonds.

Bond Counsel 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 therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions and subcaptions "PLAN OF FINANCING" (exclusive of the subcaption "Sources and Uses of Funds", as to which no opinion is expressed), "THE BONDS" (exclusive of the subcaptions "Default and Remedies," "Payment Record," and "Future Issues," as to which no opinion is expressed), "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" (except information appearing under the subcaption "Possible Effects of Changes in Law on District Bonds," as to which no opinion is expressed), "CURRENT PUBLIC SCHOOL FINANCE SYSTEM," "TAX RATE LIMITATIONS" (excluding the last sentence of the second paragraph under the subcaption "I&S Tax Rate Limitations" and the subcaption "Public Hearing and Voter-Approval Tax Rate," in each case as to which no opinion is expressed), "LEGAL MATTERS" (only insofar as such caption describes Bond Counsel's opinions and specifically excluding the fourth and fifth paragraphs thereof and the information under the subcaption "Litigation", as to which no opinion is expressed), "TAX MATTERS," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "CONTINUING DISCLOSURE" (excluding the information under the subcaption "Compliance with Prior Agreements," as to which no opinion is expressed), and "OTHER PERTINENT INFORMATION - Registration and Qualification of Bonds for Sale" in the Official Statement, excluding any material that may be treated as included under such captions or subcaptions by cross-reference or reference to other documents or sources and further excluding all information regarding DTC and its book-entry-only system and such firm is of the opinion that insofar as such statements expressly summarize certain provisions of the Bonds and the Order or set out the content of Bond Counsel's opinion, such statements are accurate in all material respects.

Though it represents purchasers of school district bonds (which includes the Underwriter) from time to time in matters unrelated to the Bonds, Bond Counsel has been engaged by and only represents the District with respect to the issuance of the Bonds.

Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The legal fee to be paid to underwriter's counsel is 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 expressly addressed therein. In rendering legal opinions, the attorneys do not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of such opinions guarantee the outcome of any legal dispute that may arise from the transaction.

Litigation

In the opinion of various officials of the District, except as disclosed in this Official Statement, there is no litigation or other proceeding pending against or, to their knowledge, threatened against the District in any court, agency, or administrative body (either state or federal) wherein an adverse decision would materially adversely affect the financial condition of the District.

At the time of the initial delivery of the Bonds, the District will provide the Underwriter with a certificate substantially 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 the Bonds.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), includes requirements which the District must continue to meet after the issuance of the Bonds in order that the interest on the Bonds be and remain excludable from gross income for federal income tax purposes. The District's failure to meet these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The District has covenanted in the Order to take the actions required by the Code in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds.

In the opinion of Bond Counsel, assuming the accuracy of certain representations and certifications of the District and continuing compliance by the District with the tax covenants referred to above, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel will express no opinion as to any other federal, state or local tax consequences under present law or any proposed legislation regarding the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any state.

Interest on the Bonds included in the adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the Bonds, or the ownership or disposition of the Bonds. The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds. Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service ("IRS") or the courts; rather, such opinions represent Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The IRS has initiated an expanded program for auditing tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. Under existing procedures relating to audits of tax-exempt obligations such as the Bonds by the IRS, owners of the Bonds would have little, if any, right to participate in the audit examination process. It is also possible that the market value of the Bonds might be adversely affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

Original Issue Premium and Discount

Certain of the Bonds ("Premium Bonds") may be offered and sold to the public at a price in excess of their stated redemption price at maturity (or earlier for certain Premium Bonds callable prior to maturity). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually (or over a shorter permitted compounding interval selected by the owner). No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity), or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that amortizes during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond.

Certain of the Bonds ("Discount Bonds") may be offered and sold to the public at an original issue discount ("OID"). OID is the excess of the stated redemption price at maturity over the "issue price" of a Discount Bond determined under Code Section 1273 or 1274 (i.e., for obligations issued for money in a public offering, the initial offering price to the public (other than to bond houses and brokers) at which a substantial amount of the obligation of the same maturity is sold pursuant to that offering). For federal income tax purposes, OID accrues to the owner of a Discount Bond over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond.

Owners of Discount and Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Bonds and as to other federal tax consequences, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

Changes in Tax Law

From time to time, there are legislative proposals suggested, debated, introduced or pending that, if enacted into law, could alter or amend one or more of the tax matters described above including, without limitation, the excludability from gross income of interest on the Bonds, adversely affect the market price or marketability of the Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such

proposal may be enacted, or whether, if enacted, any such proposal would affect the Bonds. Prospective purchasers of the Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Bonds, under certain circumstances, to “backup withholding” at the rates set forth in the Code, with respect to payments on the Bonds and proceeds from the sale of Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This withholding generally applies if the owner of Bonds (i) fails to furnish the payor such owner’s social security number or other taxpayer identification number (“TIN”), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Qualified Tax-Exempt Obligations

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer’s taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a “financial institution” allocable to tax-exempt obligations, other than “private activity bonds,” that are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any “on behalf of” and “subordinate” issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year.

Section 265(b)(5) of the Code defines the term “financial institution” as any “bank” described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person’s trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by section 265(b) of the Code, section 291 of the Code provides that the allowable deduction to a “bank,” as defined in section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.”

The District has designated the Bonds as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code. In furtherance of that designation, the District has covenanted to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as “qualified tax-exempt obligations.”

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201, as amended), the Bonds (i) are negotiable instruments, (ii) are investment securities to which Chapter 8 of the Texas Uniform Commercial 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, as amended), 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 “OTHER PERTINENT INFORMATION – Municipal Bond Rating” 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 \$2 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.

CYBERSECURITY

The District, like other school districts in the State, utilizes technology in conducting its operations. As a user of technology, the District potentially faces cybersecurity threats (e.g., hacking, phishing, viruses, malware and ransomware) on its technology systems. Accordingly, the District may be the target of a cyber-attack on its technology systems that could result in adverse consequences to the District. The District employs a multi-layered approach to combating cybersecurity threats. While the District deploys layered technologies and requires employees to receive cybersecurity training, as required by State law, among other efforts, cybersecurity breaches could cause material disruptions to the District's finances or operations. The costs of remedying such breaches or protecting against future cyber-attacks could be substantial and there is no assurance that these costs will be covered by insurance. Further, cybersecurity breaches could expose the District to litigation and other legal risks, which could cause the District to incur other costs related to such legal claims or proceedings.

WEATHER EVENTS

The District is located in North Texas. Land located in this area is susceptible to severe thunderstorms, heavy rain, hail, high winds, ice storms, and tornadic activity. If a future weather event significantly damaged all or part of the properties comprising the tax base within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase in the District's tax rate. Texas law allows school districts to increase property tax rates without voter approval upon the occurrence of certain disasters such as floods and upon a gubernatorial or presidential declaration of disaster (see "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate"). There can be no assurance that a casualty loss to taxable property within the District or the District's facilities will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District or be sufficient for such purposes. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected and any insurance recovery for damaged District facilities may be insufficient to repair or replace such facilities.

CONTINUING DISCLOSURE

The District in the Order 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 obligated to advance funds to pay the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (the "Rule"). Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available to the public free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org, as further described below under "Availability of Information from MSRB".

Annual Reports

The District shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the District, financial information and operating data with respect to the District of the general type included in APPENDIX A of this Official Statement (but excluding any tables concerning the overlapping debt of other entities), and (2) if not provided as part of such financial information and operating data, audited financial statements of the District. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in APPENDIX C hereto or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in this Official Statement, and (ii) audited, if the District commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the District shall 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.

The District's current fiscal year end is August 31. Accordingly, it must provide updated information other than the financial statements by the last day of February in each year and the financial statements by August 31 of the following 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 Internet Web site or filed with the SEC, as permitted by the Rule.

Notice of Certain Events

The District will file with the MSRB notice of any of the following events with respect to the Bonds in a timely manner (not more than 10 business days after occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material, (15) incurrence of a financial obligation of the District (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such 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 any such financial obligation of the District, any of which reflect financial difficulties.

For these purposes, any event described in clause (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" used in clauses (15) and (16) of the immediately preceding paragraph means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of either (A) or (B). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

Neither the Bonds nor the Order make any provision for debt service reserves, credit enhancement, or liquidity enhancement. 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". The District will provide each notice described in this paragraph to the MSRB.

Availability of Information from MSRB

All information and documentation filing required to be made by the District in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB via EMMA at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of 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 or beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent or (b) any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also repeal or amend these provisions if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but in either case 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 giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. 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 Agreements

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with Rule 15c2-12.

AUDITED FINANCIAL STATEMENTS

The District’s audited financial statements for the fiscal year ended August 31, 2025 are included in this Official Statement as an appendix; however, the District’s Auditor has not performed any procedures on such financial statements since the date of the Auditor’s report, and has not performed any procedures on any other financial information of the District, including without limitation any of the information contained in this Official Statement and has not been asked to consent to inclusion of its report, or otherwise be associated with this Official Statement.

OTHER PERTINENT INFORMATION

Authenticity of Financial Information

The financial data and other information contained herein have been obtained from the District’s records, audited financial statements and other sources, which are believed to be reliable. All of the summaries of the statutes, documents and orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

Registration and Qualification of Bonds for Sale

No registration statement relating to the Bonds has been filed with the SEC 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 SEC, nor has the SEC 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 act 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 Underwriter 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 Underwriter’s written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the District shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

Municipal Bond Rating

S&P Global Ratings, Inc. (“S&P”) has assigned an underlying, unenhanced rating of “AA-” to the Bonds.

An explanation of the significance of any rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. A rating is not a recommendation to buy, sell or hold securities.

Municipal Advisor

Live Oak Public Finance, LLC (the “Municipal Advisor”) is employed as the Municipal Advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor’s fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Live Oak Public Finance, LLC, in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants, and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

Underwriting

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the District at the price equal to the initial offering prices to the public, as shown on page -ii- herein, less an Underwriter's discount of \$30,107.41 (and no accrued interest). The Underwriter's obligation is subject to certain conditions precedent. The Underwriter will be obligated to purchase all of the Bonds, if any of the Bonds are purchased. Subject to certain hold-the-offering-price restrictions in the purchase agreement related to the Bonds that are of limited duration, the Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for 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 Underwriter and its 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 Underwriter and its affiliates may also communicate independent investment recommendations, market color 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.

Miscellaneous

The financial data and other information contained herein have been obtained from the District's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

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.

Information from External Sources

References to web site 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 web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

Authorization of the Official Statement

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

The Bond Order also authorized designated officials of the District to approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, which was so approved in the Pricing Certificate. The Order further authorized its use in the reoffering of the Bonds by the Underwriter.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT

/s/ Dr. Kristin Brown
Pricing Officer

SCHEDULE I
REFUNDED BONDS

Refunded Bonds

Series	Principal Amount Outstanding	Maturities	Principal Being Redeemed	Interest Rates	Redemption Date and Price
Lake Dallas Independent School District Unlimited Tax Refunding Bonds Series 2013	\$1,150,000	08/15/2028	\$1,150,000	3.000%	08/12/2026@100.00%

Series	Principal Amount Outstanding	Maturities	Principal Being Redeemed	Interest Rates	Redemption Date and Price
Lake Dallas Independent School District Unlimited Tax Refunding Bonds Series 2015	\$500,000	08/15/2033	\$500,000	3.375%	08/12/2026@100.00%
	1,540,000	08/15/2035	1,540,000	3.500%	08/12/2026@100.00%
	1,190,000	08/15/2041 ⁽¹⁾	1,190,000	3.625%	08/12/2026@100.00%
	1,235,000	08/15/2042 ⁽¹⁾	1,235,000	3.625%	08/12/2026@100.00%
	940,000	08/15/2043 ⁽¹⁾	940,000	3.625%	08/12/2026@100.00%
	945,000	08/15/2044 ⁽¹⁾	945,000	3.625%	08/12/2026@100.00%

⁽¹⁾ Represents mandatory sinking fund payment for a term bond (Term Bond 08/15/2048).

APPENDIX A

SELECTED FINANCIAL INFORMATION REGARDING THE DISTRICT

TABLE 1 - ASSESSED VALUATION ⁽¹⁾

2026 Preliminary Total Market Valuation	\$5,300,610,002
2026 Preliminary Taxable Assessed Valuation	\$3,659,856,744
2026 Exemptions	
Residential Homestead	\$883,065,056
10% Homestead Cap	65,994,150
Non-Homestead (23.231) Cap	59,326,493
Over 65	115,167,759
Disabled Persons	3,252,026
Disabled/Deceased Veterans	56,437,370
Productivity Loss	36,889,746
Pollution Control	175,674
Other Exemptions	93,582,127
Exempt Property	326,862,857
Total (% of Total Market Valuation) ⁽²⁾	\$1,640,753,258

⁽¹⁾ Source: Denton Central Appraisal District. Includes \$1,114,551,882 under review. Preliminary, subject to change.

⁽²⁾ Includes frozen property values for homesteads of taxpayers 65 years or older, their surviving spouses and disabled taxpayers.

TABLE 2 - GENERAL OBLIGATION DEBT OUTSTANDING ⁽¹⁾

Unlimited Tax Debt Outstanding (As of June 1, 2026)			\$159,000,040
Plus: The Bonds			\$7,500,000
Less: The Refunded Bonds			\$7,500,000
Total Unlimited Tax Debt Outstanding			\$159,000,040
Less: Interest & Sinking Fund Balance (As of June 1, 2026) ⁽²⁾			\$18,729,060
Net Unlimited Tax Debt Outstanding			\$140,270,980
Estimated 2026 District Population ⁽³⁾	26,433	Per Capita Net Taxable Valuation	\$138,458
2025/2026 Enrollment ⁽³⁾	3,940	Per Capita Total Market Valuation	\$200,530
Area (square miles) ⁽³⁾	18.6	Per Capita Total Unlimited Tax Debt	\$6,015

⁽¹⁾ Does not include any limited tax obligations payable from the District's Maintenance & Operations tax rate (see "Table 15 - Notes Payable").

⁽²⁾ Source: The District's records.

⁽³⁾ Source: The Municipal Advisory Council of Texas.

TABLE 3 - ESTIMATED OVERLAPPING DEBT ⁽¹⁾⁽²⁾

Taxing Jurisdiction	As Of	Total Debt	% Overlapping	Overlapping Debt
Corinth, City of	4/30/2026	\$53,780,000	48.90%	26,298,420
Denton County	4/30/2026	755,475,000	1.97%	14,882,858
Denton, City of	4/30/2026	1,456,670,000	⁽³⁾	-
Hickory Creek, Town of	4/30/2026	7,135,000	99.38%	7,090,763
Lake Dallas, City of	4/30/2026	11,350,000	98.85%	11,219,475
Lewisville, City of	4/30/2026	308,520,000	⁽³⁾	-
Shady Shores, Town of	4/30/2026	1,080,000	21.83%	235,764
Estimated (Net) Overlapping Debt				\$59,727,280
Lake Dallas ISD		\$159,000,040	100.00%	\$159,000,040 ⁽⁴⁾
Total Direct & Estimated Overlapping Debt				\$218,727,320

Total and Overlapping Debt as a % of 2026 Preliminary Total Market Valuation 4.13%

Total and Overlapping Debt as a % of 2026 Preliminary Taxable Assessed Valuation 5.98%

Total and Overlapping Debt as a Per Capita \$8,275

⁽¹⁾ Gross Debt. Source: The Municipal Advisory Council of Texas.

⁽²⁾ Does not include any limited tax obligations payable from the District's Maintenance & Operations tax rate (see "Table 15 - Notes Payable").

⁽³⁾ Less than 0.01%.

⁽⁴⁾ Includes the Bonds and excludes the Refunded Bonds.

TABLE 4 - 2025/2026 TOTAL TAX RATES OF OVERLAPPING ENTITIES ⁽¹⁾

Corinth, City of	\$0.537090
Denton County	\$0.185938
Denton, City of	\$0.595420
Hickory Creek, Town of	\$0.211205
Lake Dallas, City of	\$0.559711
Lewisville, City of	\$0.419009
Shady Shores, Town of	\$0.290476

⁽¹⁾ Source: Denton Central Appraisal District.

TABLE 5 - PROPERTY TAX RATES AND COLLECTIONS

Tax Year	Taxable Assessed Valuation ⁽²⁾	Tax Rate ⁽²⁾	Percent Collections ⁽¹⁾		Fiscal Year End
			Current	Total	
2021	2,550,381,286	\$1.5003	99.37%	100.12%	8/31/2022
2022	2,933,068,988	1.4429	99.41%	99.87%	8/31/2023
2023	3,111,782,774	1.2575	99.38%	100.15%	8/31/2024
2024	3,402,670,607	1.2552	99.17%	99.61%	8/31/2025
2025	3,443,758,390	1.2552	98.86%	98.86%	⁽³⁾ 8/31/2026

⁽¹⁾ Source: District's Audited Financial Statements.

⁽²⁾ Source: Denton Central Appraisal District.

⁽³⁾ Source: The District's records as of June 1, 2026.

TABLE 6 - TAX RATE DISTRIBUTION ⁽¹⁾

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Local Maintenance	\$0.7552	\$0.7552	\$0.7575	\$0.9429	\$1.0003
Interest & Sinking	<u>0.5000</u>	<u>0.5000</u>	<u>0.5000</u>	<u>0.5000</u>	<u>0.5000</u>
Total Tax Rate	\$1.2552	\$1.2552	\$1.2575	\$1.4429	\$1.5003

⁽¹⁾ Source: Denton Central Appraisal District.

TABLE 7 - VALUATION AND FUNDED DEBT HISTORY

Fiscal Year Ending August 31	Taxable Assessed Valuation ⁽¹⁾	Change In TAV	Principal Amount of Funded Debt Outstanding At Year End	Ratio Debt to TAV
2023	\$2,933,068,988	15.01%	\$169,696,798	5.79%
2024	3,111,782,774	6.09%	164,904,158	5.30%
2025	3,402,670,607	9.35%	159,000,040	4.67%
2026	3,443,758,390	1.21%	150,588,370 ⁽³⁾	4.37%
2027	3,659,856,744 ⁽²⁾	6.28%	140,237,380 ⁽³⁾	3.83%

⁽¹⁾ Source: Denton Central Appraisal District.

⁽²⁾ Includes \$1,114,551,882 under review. Preliminary, subject to change.

⁽³⁾ Includes the Bonds and excludes the Refunded Bonds.

TABLE 8 - HISTORICAL TOP TEN TAXPAYERS ⁽¹⁾

2025 PRINCIPAL TAXPAYERS & THEIR ASSESSED VALUATIONS

Taxpayer Name	Property Type	AV	% of Total
LG Hickory Creek LLC	Apartments	\$86,474,722	2.51%
GS Corinth Property Owner	Apartments	83,718,400	2.43%
Pecos Housing Finance	Apartments	61,036,233	1.77%
Oxford 2181 Inc.	Apartments	53,585,240	1.56%
Denton County Electric Co-Op	Electric Utility/Power Plant	48,135,123	1.40%
Mansions at Hickory Creek LP	Apartments	46,484,446	1.35%
Millenium Place LP	Apartments	41,899,785	1.22%
Oxford Boulevard II MF LLC	Apartments	37,473,455	1.09%
IRBY Company	Industrial Manufacturing	23,681,530	0.69%
AV Ashleye Village LP	Apartments	23,099,080	0.67%
Top 10 Totals:		\$505,588,014	14.68%

2024 PRINCIPAL TAXPAYERS & THEIR ASSESSED VALUATIONS

Taxpayer Name	Property Type	AV	% of Total
LG Hickory Creek LLC	Apartments	\$60,000,000	1.76%
Oxford 2181 Inc.	Apartments	43,500,000	1.28%
Mansions at Hickory Creek LP	Apartments	40,400,000	1.19%
Millenium Place LP	Apartments	35,503,859	1.04%
Denton County Electric Co-Op	Electric Utility/Power Plant	31,877,123	0.94%
Oxford Boulevard II MF LLC	Apartments	29,584,693	0.87%
Pecos Housing Finance	Apartments	25,341,594	0.74%
IRBY Company	Industrial Manufacturing	23,931,530	0.70%
AV Ashleye Village LP	Apartments	21,000,000	0.62%
Oncor Electric Delivery Co.	Electric Utility/Power Plant	18,888,145	0.56%
Top 10 Totals:		\$330,026,944	9.70%

2023 PRINCIPAL TAXPAYERS & THEIR ASSESSED VALUATIONS

Taxpayer Name	Property Type	AV	% of Total
Oxford 2181 Inc.	Apartments	\$43,200,000	1.39%
Mansions at Hickory Creek LP	Apartments	38,000,000	1.22%
Millenium Place LP	Apartments	34,503,859	1.11%
Denton County Electric Co-Op	Electric Utility/Power Plant	30,426,931	0.98%
Boulevard 2010 LLC	Apartments	26,119,441	0.84%
Irby Company	Industrial Manufacturing	22,808,910	0.73%
AV Ashleye Village LP	Apartments	21,751,767	0.70%
Tower Ridge Corinth I Ltd.	Apartments	18,900,000	0.61%
Oncor Electric Delivery Co.	Electric Utility/Power Plant	16,496,586	0.53%
Trea SP IV Corinth TX LLC	Storage Units/Warehouses	13,425,559	0.43%
Top 10 Totals:		\$265,633,053	8.54%

⁽¹⁾ Source: Denton Central Appraisal District and the Municipal Advisory Council of Texas.

TABLE 9 - CLASSIFICATION OF ASSESSED VALUATION ⁽¹⁾

<u>Property Use Category</u>	<u>2026</u> ⁽²⁾	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Real, Residential, Single-Family	\$3,537,476,832	\$3,487,728,087	\$3,398,321,903	\$3,205,497,305	\$2,661,591,858
Real, Multi-Family	534,993,960	344,591,842	208,309,812	194,917,771	182,084,863
Real, Vacant Lots/Tracts	123,883,801	103,970,233	81,698,699	82,207,655	96,533,947
Real, Acreage (Land Only)	38,204,166	39,350,977	49,550,936	58,748,426	48,200,525
Real, Farm & Ranch Improvements	73,464,353	87,876,806	80,697,148	78,723,014	56,440,715
Real, Commercial & Industrial	491,274,207	368,782,010	360,803,031	341,393,070	314,508,008
Real, Gas and Minerals	407,270	-	88,310	141,300	973,650
Real and Tangible, Utilities	46,269,895	49,649,933	45,582,945	47,839,731	41,745,408
Tangible Personal, Commercial & Industrial	93,856,003	86,542,726	77,874,199	88,236,145	49,932,419
Tangible Personal, Mobile Homes	3,583,759	3,796,080	4,079,158	2,575,483	1,880,856
Inventory, Residential / Special	30,346,469	15,173,154	20,539,001	54,222,993	20,660,573
Other Totally Exempt Property	326,849,287	257,871,424	247,053,687	244,500,871	212,766,924
Total Market Value	\$5,300,610,002	\$4,845,333,272	\$4,574,598,829	\$4,399,003,764	\$3,687,319,746
Less Exemptions:					
Residential Homestead	\$883,065,056	\$851,287,527	\$591,062,947	\$544,501,370	\$217,888,621
10% Homestead Cap	65,994,150	99,724,440	204,456,713	388,216,792	231,521,448
Non-Homestead (23.231) Cap	59,326,493	23,660,134	18,240,153	-	-
Over 65	115,167,759	18,812,458	17,753,210	16,043,876	16,234,255
Disabled Persons	3,252,026	588,929	520,000	630,000	636,059
Disabled/Deceased Veterans	56,437,370	54,293,260	47,944,711	35,680,850	28,896,160
Productivity Loss	36,889,746	38,596,237	48,457,727	57,590,176	46,240,380
Pollution Control	175,674	177,533	83,783	57,056	66,912
Other Exemptions	93,582,127	55,970,405	29,562,459	27,212,000	27,124,160
Exempt Property	326,862,857	258,463,959	213,846,519	217,288,870	185,642,763
Total Exemptions	\$1,640,753,258	\$1,401,574,882	\$1,171,928,222	\$1,287,220,990	\$754,250,758
Net Certified Taxable Value	\$3,659,856,744	\$3,443,758,390	\$3,402,670,607	\$3,111,782,774	\$2,933,068,988

⁽¹⁾ Source: Denton Central Appraisal District.

⁽²⁾ Includes \$1,114,551,882 under review. Preliminary values, subject to change.

<u>Property Use Category</u>	<u>2026</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Real, Residential, Single-Family	66.74%	71.98%	74.29%	72.87%	72.18%
Real, Multi-Family	10.09%	7.11%	4.55%	4.43%	4.94%
Real, Vacant Lots/Tracts	2.34%	2.15%	1.79%	1.87%	2.62%
Real, Acreage (Land Only)	0.72%	0.81%	1.08%	1.34%	1.31%
Real, Farm & Ranch Improvements	1.39%	1.81%	1.76%	1.79%	1.53%
Real, Commercial & Industrial	9.27%	7.61%	7.89%	7.76%	8.53%
Real, Gas and Minerals	0.01%	0.00%	0.00%	0.00%	0.03%
Real and Tangible, Utilities	0.87%	1.02%	1.00%	1.09%	1.13%
Tangible Personal, Commercial & Industrial	1.77%	1.79%	1.70%	2.01%	1.35%
Tangible Personal, Mobile Homes	0.07%	0.08%	0.09%	0.06%	0.05%
Inventory, Residential / Special	0.57%	0.31%	0.45%	1.23%	0.56%
Other Totally Exempt Property	6.17%	5.32%	5.40%	5.56%	5.77%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

TABLE 10 - PRINCIPAL REPAYMENT SCHEDULE

Fiscal Year Ending 8/31	Outstanding Bonds	Less: The Refunded Bonds	Plus: The Bonds	Total	Bonds Unpaid At Year End	Percent of Principal Retired
2026	\$6,746,670	\$ -	\$1,665,000	\$8,411,670	\$150,588,370	5.29%
2027	4,515,990	-	5,835,000	10,350,990	140,237,380	11.80%
2028	4,518,944	1,150,000	-	3,368,944	136,868,436	13.92%
2029	6,193,436	-	-	6,193,436	130,675,000	17.81%
2030	5,890,000	-	-	5,890,000	124,785,000	21.52%
2031	5,890,000	-	-	5,890,000	118,895,000	25.22%
2032	4,455,000	-	-	4,455,000	114,440,000	28.03%
2033	6,640,000	500,000	-	6,140,000	108,300,000	31.89%
2034	8,510,000	-	-	8,510,000	99,790,000	37.24%
2035	8,905,000	1,540,000	-	7,365,000	92,425,000	41.87%
2036	9,290,000	-	-	9,290,000	83,135,000	47.71%
2037	9,690,000	-	-	9,690,000	73,445,000	53.81%
2038	4,835,000	-	-	4,835,000	68,610,000	56.85%
2039	5,055,000	-	-	5,055,000	63,555,000	60.03%
2040	5,285,000	-	-	5,285,000	58,270,000	63.35%
2041	5,515,000	1,190,000	-	4,325,000	53,945,000	66.07%
2042	5,735,000	1,235,000	-	4,500,000	49,445,000	68.90%
2043	6,560,000	940,000	-	5,620,000	43,825,000	72.44%
2044	6,820,000	945,000	-	5,875,000	37,950,000	76.13%
2045	7,090,000	-	-	7,090,000	30,860,000	80.59%
2046	7,330,000	-	-	7,330,000	23,530,000	85.20%
2047	7,580,000	-	-	7,580,000	15,950,000	89.97%
2048	7,840,000	-	-	7,840,000	8,110,000	94.90%
2049	8,110,000	-	-	8,110,000	-	100.00%
Total	\$159,000,040	\$7,500,000	\$7,500,000	\$159,000,040		

TABLE 11 - OUTSTANDING UNLIMITED TAX DEBT SERVICE

Fiscal Year Ending 8/31	Outstanding Debt Service Requirements	Less: Refunded Bonds	The Bonds			Total Debt Service Requirements
			Principal	Interest	Total	
2026	\$18,333,069	\$130,756	\$1,665,000	\$4,167	\$1,669,167	\$19,871,479
2027	13,034,019	261,513	5,835,000	291,750	6,126,750	18,899,256
2028	13,035,819	1,411,513	-	-	-	11,624,306
2029	13,031,119	227,013	-	-	-	12,804,106
2030	11,459,069	227,013	-	-	-	11,232,056
2031	11,182,219	227,013	-	-	-	10,955,206
2032	9,479,619	227,013	-	-	-	9,252,606
2033	11,466,319	727,013	-	-	-	10,739,306
2034	13,037,944	210,138	-	-	-	12,827,806
2035	13,033,144	1,750,138	-	-	-	11,283,006
2036	13,031,844	156,238	-	-	-	12,875,606
2037	13,034,194	156,238	-	-	-	12,877,956
2038	7,785,894	156,238	-	-	-	7,629,656
2039	7,784,344	156,238	-	-	-	7,628,106
2040	7,782,544	156,238	-	-	-	7,626,306
2041	7,785,044	1,346,238	-	-	-	6,438,806
2042	7,783,906	1,348,100	-	-	-	6,435,806
2043	8,378,938	1,008,331	-	-	-	7,370,606
2044	8,380,063	979,256	-	-	-	7,400,806
2045	8,380,806	-	-	-	-	8,380,806
2046	8,379,806	-	-	-	-	8,379,806
2047	8,380,456	-	-	-	-	8,380,456
2048	8,378,631	-	-	-	-	8,378,631
2049	8,377,544	-	-	-	-	8,377,544
Total	\$250,736,350	\$10,862,231	\$7,500,000	\$295,917	\$7,795,917	\$247,670,036
Average Annual Debt Service Requirement						\$10,319,585
Maximum Debt Service Requirement						\$19,871,479

TABLE 12 - TAX ADEQUACY - UNLIMITED TAX DEBT SERVICE REQUIREMENTS

2026 Net Principal and Interest Requirements	\$19,871,479	(1)
\$0.5541 Tax Rate at 98% Collection Produces	\$19,873,681	(2)(3)
Average Net Annual Principal and Interest Requirements	\$10,319,585	(1)
\$0.2878 Tax Rate at 98% Collection Produces	\$10,322,406	(2)(3)
Maximum Net Principal and Interest Requirements,	\$19,871,479	(1)
\$0.5541 Tax Rate at 98% Collection Produces	\$19,873,681	(2)(3)

⁽¹⁾ Includes the Bonds and excludes the Refunded Bonds.

⁽²⁾ The District has utilized State tier one funds to pass the Attorney General's 50-cent Test with respect to bonds issued for new construction purposes. As a result, the District must credit State assistance payments (including any tier one State funding used to demonstrate the District's ability to pass the \$0.50 bond issuance test) to the District's interest and sinking fund each year in an amount equal to the amount used by the District to demonstrate its ability to comply with the \$0.50 test, and the District may not adopt its annual interest and sinking fund tax rate until such amount of State funding has been credited to the District's interest and sinking fund. Because the Bonds are issued as refunding bonds, they are not subject to the \$0.50 test. However, the debt service on the Bonds will be considered in connection with the test when applied to any new money bond issues of the District in the future. See "TAX RATE LIMITATIONS I&S Tax Rate Limitations."

⁽³⁾ Based upon 2026 Preliminary Net Taxable Assessed Valuation of \$3,659,856,744.

TABLE 13 - AUTHORIZED BUT UNISSUED BONDS

The District has no authorized but unissued bonds. Except for possible refundings for debt service savings, the District does not anticipate the issuance of additional unlimited tax bonds within the next 12 months.

TABLE 14 - CURRENT INVESTMENTS

Description	Market Value	% of Total
TexPool	\$408,688	2.22%
LoneStar	17,823,810	96.94%
LOGIC	154,710	0.84%
Total	\$18,387,207	100.00%

⁽¹⁾ Source: District's records as of June 1, 2026.

TABLE 15 - NOTES PAYABLE

As of August 31, 2025, the District has no notes payable or other obligations outstanding.

TABLE 16 - GENERAL OPERATING FUND COMPARATIVE BALANCE SHEET

For Fiscal Year ended August 31,	2025	2024	2023	2022	2021
ASSETS:					
Cash & Cash Equivalents	\$14,299,770	\$14,499,689	\$3,725,913	\$3,006,101	\$18,405,089
Current Investments	-	-	13,000,000	12,000,000	-
Property Taxes-Delinquent	569,584	486,058	535,552	506,219	537,751
Allowance for Uncollectible Taxes	(48,606)	(48,606)	(53,555)	(50,622)	(53,775)
Due from Other Governments	475,619	106,490	-	875,899	-
Accrued Interest	-	-	218,875	61,819	-
Due from Other Funds	3,289,106	3,100,290	1,593,548	1,473,415	1,470,421
Prepayments	2,123	343	24,145	46,679	672
Total Assets	\$18,587,596	\$18,144,264	\$19,044,478	\$17,919,510	\$20,360,158
LIABILITIES					
Accounts Payable	\$426,066	\$363,893	\$357,506	\$489,675	\$795,093
Payroll Deductions and Withholdings	245,800	219,433	217,882	236,226	219,742
Accrued Wages Payable	2,646,821	2,353,624	2,732,147	2,581,974	2,250,196
Due to Other Funds	1,131,778	7,474	1,504,797	668,424	1,272,183
Due to Other Governments	-	409,881	154,873	-	2,530,330
Accrued Expenditures	72,194	76,459	90,677	62,392	136,220
Unearned Revenue	-	-	-	9,150	37,567
Total Liabilities	\$4,522,659	\$3,430,764	\$5,057,882	\$4,047,841	\$7,241,331
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue - Property Taxes	\$376,865	\$420,988	\$381,176	\$458,535	\$442,227
Total Deferred Inflows of Resources	\$376,865	\$420,988	\$381,176	\$458,535	\$442,227
FUND BALANCES:					
Nonspendable Fund Balances:					
Prepaid Items	\$ -	\$343	\$24,145	\$46,679	\$672
Assigned Fund Balance:					
Budget Deficit	-	357,440	211,354	712,879	298,263
Unassigned Fund Balance	13,688,072	13,934,729	13,369,921	12,653,576	12,377,665
Total Fund Balances	\$13,688,072	\$14,292,512	\$13,605,420	\$13,413,134	\$12,676,600
Total Liabilities, Deferred Inflow of Resources and Fund Balances	\$18,587,596	\$18,144,264	\$19,044,478	\$17,919,510	\$20,360,158

Source: District's Audited Financial Statements.

TABLE 17 - COMPARATIVE STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES ⁽¹⁾

For Fiscal Year ended August 31,	2025	2024	2023	2022	2021
REVENUES:					
Total Local and Intermediate Sources	\$24,813,357	\$23,132,085	\$28,111,341	\$24,659,408	\$23,572,358
State Program Revenues	17,506,887	18,426,966	11,554,702	14,946,049	14,705,654
Federal Program Revenues	613,676	913,689	893,263	986,487	804,968
Total Revenues	\$42,933,920	\$42,472,740	\$40,559,306	\$40,591,944	\$39,082,980
EXPENDITURES:					
Instruction	\$26,525,510	\$22,743,532	\$23,110,792	\$23,229,601	\$22,218,691
Instructional Resources & Media Services	462,960	554,331	564,228	486,668	533,246
Curriculum and Instructional Staff Development	915,790	844,457	840,300	780,333	890,321
Instructional Leadership	618,990	785,845	828,555	832,055	539,416
School Leadership	2,253,358	2,170,442	2,069,032	2,300,270	2,328,104
Guidance, Counseling & Evaluation Services	1,469,273	1,596,615	1,429,072	1,353,816	1,176,194
Social Work Services	-	-	12,390	11,854	11,099
Health Services	380,834	371,958	372,083	342,529	346,065
Student Transportation	1,659,186	1,547,726	1,444,737	1,501,967	1,452,572
Food Services	15,133	8,145	8,754.00	-	2,035.00
Extracurricular Activities	1,305,389	1,287,662	1,171,124	1,103,494	1,217,974
General Administration	1,784,807	1,759,465	1,598,581	1,480,576	1,614,031
Facilities Maintenance and Operations	6,205,853	5,574,890	5,236,181	4,957,039	4,821,849
Security Monitoring and Services	664,483	1,063,719	272,941	295,523	277,631
Data Processing Services	1,207,439	1,202,898	1,133,461	951,250	921,951
Community Services	4,921.00	5,627.00	6,599.00	6,979.00	-
Capital Outlay	17,600	12,000	10,000	10,092	13,007
Payments to Fiscal Agent/Member Districts of SSA	12,000	6,000	4,500	-	-
Payments to Juvenile Justice Alt. Ed. Program	-	-	-	1,089	6,237
Intergovernmental Charges	271,506	250,335	234,042	210,275	202,684
Total Expenditures	\$45,775,032	\$41,785,647	\$40,347,372	\$39,855,410	\$38,573,107
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$2,841,112)	\$687,093	\$211,934	\$736,534	\$509,873
Other Resources and (Uses):					
Other Resources	\$2,236,672	\$ -	\$ -	\$ -	\$ -
Other Uses	-	-	(19,648)	-	-
Total Other Resources (Uses):	\$2,236,672	\$ -	(\$19,648)	\$ -	\$ -
Net Change in Fund Balances	(\$604,440)	\$687,093	\$192,286	\$736,534	\$509,873
Fund Balances - Beginning	\$14,292,512	\$13,605,419	\$13,413,134	\$12,676,600	\$12,166,727
Fund Balances - Ending ⁽²⁾	\$13,688,072	\$14,292,512	\$13,605,420	\$13,413,134	\$12,676,600

⁽¹⁾ Source: The District's Audited Financial Statements.

⁽²⁾ The Estimated General Fund Balance as of August 31, 2026 will be approximately \$13,540,532.

TABLE 18 - CHANGE IN NET POSITION ⁽¹⁾

For Fiscal Year ended August 31, REVENUES	2025	2024	2023	2022	2021
Program Revenues:					
Charges for Services	\$1,426,401	\$1,549,329	\$1,888,819	\$1,192,442	\$1,295,217
Operating Grants & Contributions	10,061,438	9,215,052	6,918,635	8,708,015	7,362,414
Total Program Revenues	\$11,487,839	\$10,764,381	\$8,807,454	\$9,900,457	\$8,657,631
General Revenues:					
Property Taxes - M&O	\$23,606,682	\$21,341,438	\$26,533,312	\$24,258,808	\$23,370,110
Property Taxes - I&S	15,592,459	14,092,068	14,071,908	12,092,099	11,121,847
State Aid-Formula Grants	14,884,928	15,941,098	9,264,664	12,799,484	12,555,449
Grants and Contributions Not Restricted	-	-	-	-	439,879
Investment Earnings	2,781,641	4,011,560	2,667,606	264,559	291,576
Miscellaneous Local and Intermediate Revenue	122,796	716,364	437,410	199,385	133,688
Miscellaneous Fed Revenue - Impact Aid	474,591	-	-	-	-
Total General Revenues	\$57,463,097	\$56,102,528	\$52,974,900	\$49,614,335	\$47,912,549
TOTAL REVENUES	\$68,950,936	\$66,866,909	\$61,782,354	\$59,514,792	\$56,570,180
EXPENSES					
Instruction	\$28,459,277	\$27,419,422	\$27,008,133	\$27,114,439	\$27,316,287
Instructional Resources & Media Services	543,752	614,893	614,718	519,935	592,635
Curriculum and Instructional Staff Development	1,113,174	1,042,685	1,099,107	1,009,634	1,068,238
Instructional Leadership	751,749	873,007	917,845	889,696	598,999
School Leadership	2,605,858	2,409,463	2,323,988	2,477,642	2,591,801
Guidance, Counseling & Evaluation Services	2,100,568	2,014,628	1,834,932	1,841,017	1,682,408
Social Work Services	-	-	13,550	12,544	12,471
Health Services	439,749	416,441	412,528	374,742	384,265
Student Transportation	1,706,777	1,704,507	1,620,709	1,644,028	1,493,553
Food Services	2,482,688	2,157,536	2,036,938	2,136,561	1,727,723
Extracurricular Activities	1,520,459	1,458,037	1,320,439	1,229,861	1,377,404
General Administration	2,059,277	1,953,780	1,760,755	1,586,015	1,784,756
Facilities Maintenance and Operations	7,369,866	6,514,883	6,603,992	6,445,037	7,066,864
Security Monitoring and Services	1,151,429	1,051,698	330,079	320,666	285,525
Data Processing Services	1,171,566	1,339,382	1,253,260	1,090,872	1,321,858
Community Services	16,245	-	-	-	11,685
Debt Service	14,092,695	7,195,028	7,251,497	6,121,330	6,749,811
Payments Related to Shared Services Arrangements	12,000	6,000	4,500	22,400	6,000
Payments to Juvenile Justice Alt. Ed. Program	-	-	-	1,089	6,237
Intergovernmental Charges	271,506	250,335	234,042	210,275	220,394
Business-Type Activities	406,100	550,821	556,840	506,926	462,354
TOTAL EXPENSES	\$68,274,735	\$58,972,546	\$57,197,852	\$55,554,709	\$56,761,268
Increase (Decrease) In Net Position	\$676,201	\$7,894,363	\$4,584,502	\$3,960,083	(\$191,088)
Beginning Net Position	(\$1,366,625)	(\$9,260,988)	(\$13,845,490)	(\$17,805,573)	(\$17,614,485)
Prior Period Adjustment ⁽²⁾	(4,229,678)	-	-	-	-
Ending Net Position ⁽³⁾	(\$4,920,102)	(\$1,366,625)	(\$9,260,988)	(\$13,845,490)	(\$17,805,573)

⁽¹⁾ Source: The District's Audited Financial Statements.

⁽²⁾ Prior period adjustment in fiscal year ended August 31, 2025 was due to implementation of GASB Statement No. 101.

⁽³⁾ The reduction in net position in prior fiscal years is primarily due to the relationship between the annual depreciation of the District's capital assets and the collective effect of the principal amortization of the District's outstanding bonds and the accretion of interest on the district's outstanding capital appreciation bonds issued to finance such assets.

APPENDIX B

GENERAL INFORMATION REGARDING THE DISTRICT AND ITS ECONOMY

The Lake Dallas Independent School District (the "District") is located approximately 30 miles from downtown Dallas on Interstate Highway 35 and encompasses 18.6 square miles (9.8 square miles of land). Located in Denton County, the District includes the cities of Lake Dallas, Corinth, Shady Shores and Hickory Creek.

The District is governed by a seven-member Board of Trustees (the "Board"). The members of the Board serve three-year staggered terms with at-large elections conducted annually. 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 owns and operates five instructional facilities which are fully accredited by the Texas Education Agency. The number and types of instructional facilities are as follows:

Elementary Schools	3
Middle Schools	1
High Schools	<u>1</u>
Total	5

DISTRICT ENROLLMENT INFORMATION

SCHOLASTIC ENROLLMENT HISTORY

<u>Year</u>	<u>Enrollment</u>	<u>Increase/(Decrease)</u>	<u>Percent Change</u>
2014/15	4,011	50	1.26%
2015/16	3,979	(32)	(0.80%)
2016/17	3,963	(16)	(0.40%)
2017/18	3,964	1	0.03%
2018/19	4,031	67	1.69%
2019/20	3,986	(45)	(1.12%)
2020/21	3,871	(115)	(2.89%)
2021/22	4,004	133	3.44%
2022/23	3,900	(104)	(2.60%)
2023/24	3,811	(89)	(2.28%)
2024/25	3,717	(94)	(2.47%)
2025/26 ⁽¹⁾	3,940	223	6.00%

⁽¹⁾ Enrollment as of June 2026.

Source: District records.

PROJECTED STUDENT ENROLLMENT

<u>Year</u>	<u>Enrollment</u>	<u>Increase/(Decrease)</u>	<u>Percent Change</u>
2026/27	4,034	94	2.39%
2027/28	4,050	16	0.40%
2028/29	4,060	10	0.25%
2029/30	4,070	10	0.25%
2030/31	4,080	10	0.25%

Source: District's projections.

STUDENT ENROLLMENT BY GRADES – YEARS 2015/16 – 2025/26

YEAR	EE	PK	K	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
2015/16	22	58	266	276	271	295	288	274	311	282	347	340	306	322	321	3,979
2016/17	16	64	251	263	288	282	299	298	287	329	286	369	317	296	318	3,963
2017/18	21	77	273	244	288	304	291	299	297	289	321	315	342	303	300	3,964
2018/19	13	77	272	272	246	302	313	303	309	306	304	351	308	343	312	4,031
2019/20	11	90	276	280	270	242	312	308	279	321	293	331	336	296	341	3,986
2020/21	9	73	238	280	274	271	249	312	303	294	318	305	345	318	282	3,871
2021/22	13	97	263	263	289	275	270	267	322	318	310	382	300	321	314	4,004
2022/23	21	96	236	268	252	285	267	280	279	306	317	349	348	279	317	3,900
2023/24	28	89	242	230	259	250	279	270	280	277	322	345	313	328	299	3,811
2024/25	19	81	242	238	224	260	245	279	278	274	290	349	315	280	339	3,713
2025/26 ⁽¹⁾	7	392	224	251	249	227	264	266	275	293	265	297	327	302	301	3,940

⁽¹⁾ Enrollment as of June 2026.

Source: District records.

STUDENT ENROLLMENT BY SCHOOL TYPE

YEAR	ELEMENTARY SCHOOL (GRADES EE-5)	MIDDLE SCHOOL (GRADES 6-8)	HIGH SCHOOL (GRADES 9-12)	TOTAL ENROLLMENT
2015/16	1,750	940	1,289	3,979
2016/17	1,761	902	1,300	3,963
2017/18	1,797	907	1,260	3,964
2018/19	1,798	919	1,314	4,031
2019/20	1,789	893	1,304	3,986
2020/21	1,706	915	1,250	3,871
2021/22	1,737	950	1,317	4,004
2022/23	1,705	902	1,293	3,900
2023/24	1,647	879	1,285	3,811
2024/25	1,591	843	1,283	3,717
2025/26 ⁽¹⁾	1,880	833	1,227	3,940

⁽¹⁾ Enrollment as of June 2026.

Source: District records.

EMPLOYMENT OF THE DISTRICT

STAFF INFORMATION	DISTRICT EMPLOYEES	
	NUMBER	PERCENTAGE
Teachers	265	47.41%
Administrators	36	6.44%
Educational Aides	85	15.21%
Auxiliary Staff	112	20.04%
Other	61	10.91%
Total Number of Employees	559	100.00%

Source: District records.

PRESENT SCHOOL FACILITIES

LOCATION	GRADES SERVED	FUNCTIONAL CAPACITY ⁽¹⁾	PRESENT ENROLLMENT ⁽²⁾	FUNCTIONAL CAPACITY LESS PRESENT ENROLLMENT
Lake Dallas High School	9 – 12	1,470	1,227	243
HIGH SCHOOL TOTAL		<u>1,470</u>	<u>1,227</u>	<u>243</u>
Lake Dallas Middle School	6 – 8	1,615	833	782
MIDDLE SCHOOL TOTAL		<u>1,615</u>	<u>833</u>	<u>782</u>
Corinth Elementary School	PK – 5	920	683	237
Lake Dallas Elementary School	PK – 5	1,050	568	482
Shady Shores Elementary School	EE – 5	1,050	629	421
ELEMENTARY SCHOOL TOTAL		<u>3,020</u>	<u>1,880</u>	<u>1,140</u>
TOTALS		<u>6,105</u>	<u>3,940</u>	<u>2,165</u>

⁽¹⁾ Includes student capacity of any portable buildings on this campus.

⁽²⁾ Enrollment as of June 2026.

Source: District records.

DENTON COUNTY, TEXAS

DEMOGRAPHIC AND ECONOMIC INFORMATION

Location

Denton County (the "County") is located in north central Texas and is a component of the Dallas-Fort Worth Metropolitan Statistical Area. Encompassing an area of 953 square miles, Denton County contains 41 towns and seventeen school districts within its borders. Major cities in the County include Denton which is the county seat, Lewisville, Flower Mound and Carrollton. The County is traversed by Interstate Highway 35, United States Highways 77, 377 and 380 and State Highways 114 and 121. The 2020 census was 906,422, increasing 36.79% since 2010. The County has an estimated 2025 population of 1,069,346, increasing 17.97% over the 2020 census.

Economy

The economy of Denton County is diversified across various industries, including agriculture, higher education, health care, manufacturing, retail, tourism and government/services. Agricultural income is primarily derived from horse, livestock and dairy products. Grains, peanuts, nursery plants, hay and turf grass are the principal crops. Minerals produced in Denton County include natural gas and clay. The County is a center for higher education, which includes two major universities, the University of North Texas and Texas Woman's University, as well as the County's community college, North Central Texas College. Fort Worth's Alliance Airport, the nation's first industrial airport designed for cargo and corporate aviation, is located in the southwest corner of the County and continues to drive growth in the regional economy. Several growing urban centers are located in the County, including the cities of Denton, Lewisville, Flower Mound, Carrollton, The Colony and Roanoke.

CORPORATE UNEMPLOYMENT RATES

Entity	2021	2022	2023	2024	2025	2026 ⁽¹⁾
Denton County	4.5%	3.3%	3.6%	3.8%	3.8%	3.6%
State of Texas	5.6	3.9	4.0	4.1	4.2	4.0
United States of America	5.3	3.6	3.6	4.0	4.3	4.0

⁽¹⁾ As of April 2026.

Source: Labor Market Information Department, Texas Workforce Commission.

MAJOR EMPLOYERS – DENTON COUNTY

COMPANY	INDUSTRY	ESTIMATED NUMBER OF EMPLOYEES
University of North Texas	Higher Education	8,891
Lewisville Independent School District	Public Education System	6,845
Denton Independent School District	Public Education System	4,593
Northwest Independent School District	Public Education System	3,000
City of Denton	City Government	2,070
Peterbilt Motors Company	Truck Manufacturing/Division Headquarters	2,000
Denton County	County Government	1,959
Medical City Hospitals	Healthcare	1,684
Orthofix Medical Inc.	Medical Devices	1,267
Denton State School	State Supported Education System	1,146

Source: Denton County's Annual Comprehensive Financial Report for the Year Ended September 30, 2024.

APPENDIX C

AUDITED FINANCIAL STATEMENTS

The information contained in this appendix consists of the Lake Dallas Independent School District Audited Financial Statements (the "Report") for the fiscal year ended August 31, 2025.

The information presented represents only a part of the Report and does not purport to be a complete statement of the District's financial condition. Reference is made to the complete Annual Audit Report for additional information.



ANNUAL COMPREHENSIVE FINANCIAL REPORT

*FOR FISCAL YEAR ENDING
AUGUST 31, 2025*

Lake Dallas ISD
104 Swisher Road
Lake Dallas TX 75065

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

OF THE

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
LAKE DALLAS, TEXAS**

**FOR THE FISCAL YEAR ENDED
AUGUST 31, 2025**

PREPARED BY:

**ANNE HAEHN
CHIEF FINANCIAL OFFICER**

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2025

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CERTIFICATE OF BOARD

Lake Dallas Independent School District
Name of School District

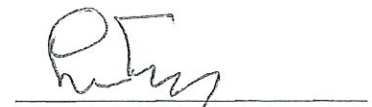
Denton
County

061-912
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2025, at a meeting of the Board of Trustees of such school district on the 19 day of January, 2026.



Signature of Board Secretary



Signature of Board President



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**INTRODUCTORY SECTION
(UNAUDITED)**



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LAKE DALLAS INDEPENDENT SCHOOL DISTRICT

104 Swisher Road | Box 548
LAKE DALLAS, TEXAS 75065
940-497-4039
Fax 940-497-3737
www.ldisd.net

December 15, 2025

Board of Trustees
Lake Dallas Independent School District
P.O. Box 548
Lake Dallas, Texas 75065

To the Board of Trustees and the Citizens of the Lake Dallas Independent School District:

The Comprehensive Annual Financial Report of the Lake Dallas Independent School District (District) for the fiscal year ended August 31, 2025, is now submitted. Responsibility for the data's accuracy and the presentation's completeness and fairness, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of the District's various funds and account groups. All disclosures necessary to enable the reader to understand the District's financial activities have been included.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. In addition, the District's MD&A can be found immediately following the independent auditor's report.

The Lake Dallas Independent School District Board of Trustees (Board), a seven-member group, is the level of government that has responsibility for the District's overall activities related to public elementary and secondary school education within the jurisdiction of the District. The District receives funding from local, state, and federal funding sources. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to influence operations, and primary accountability for fiscal matters.

Profile of the District

Lake Dallas ISD financial statements include all the funds of the District, as well as any component units for which the District is financially accountable.

Lake Dallas ISD is adjacent to Lewisville Lake in North Texas. The school district covers 9.8 square miles in Denton County, with the beauty of the lake as the backdrop. Lake Dallas, Shady Shores, Corinth, and Hickory Creek are the four towns within the boundaries of Lake Dallas ISD. With a focus on family and community, Lake Dallas ISD is excited about the achievement of its three elementary schools, one middle school, and one high school. Our mission is to inspire, educate, and empower our students.

Located approximately 30 miles from downtown Dallas on the growing I-35 corridor, the District has recorded an increased population over the past several decades. As a result, the character of the District has changed from a part-time recreational and retirement community to a year-round residential area. New home construction has been significant but has slowed in recent years.

Lake Dallas ISD is approximately twenty miles from the Dallas/Fort Worth metroplex and from DFW International Airport. The Dallas-Fort Worth area is an important center of trade, finance, and other major services. The quality of life and diversified economic base make this area one of the choice home, industrial, and manufacturing places to locate. This economic footing should allow for sustained growth in the future.

Lake Dallas ISD educates students on five campuses. The District offers programs and educational opportunities that are suited to the needs of a broad spectrum of students. Student attendance is commendable. Lake Dallas ISD schools, programs, staff, and students earn state and regional recognition regularly.

A challenging curriculum, dedicated staff, and supportive community ensure exceptional educational opportunities for all students. Lake Dallas schools continually strive for academic excellence in all areas. Lake Dallas ISD is dedicated to giving every student the best possible education through an intensive core curriculum based on the Texas Education Agency guidelines and an array of specialized, challenging instructional and career programs.

Lake Dallas ISD is committed to being one of the nation's best school systems, continually improving and refining instructional programs and organizational operations in the interest of effectiveness, productivity, and economy. Our standards for students and staff members are high, and we strive to raise them higher.

Major Initiatives

The District Curriculum is vertically aligned throughout all grade levels and based on the Texas Essential Knowledge and Skill (TEKS). The District has a vibrant, diverse student population, an excellent array of programs, a strong curriculum, access to various intellectual resources, and a progressive, innovative atmosphere. An educated School Board, a skilled administration, a professional, dedicated, and inventive staff, and an involved community make Lake Dallas ISD a leader in education.

In May 2019, Lake Dallas ISD voters approved a \$105 million bond package to update several campuses across the District. The bond package was created under the direction of a long-range planning committee led by community members.

The District has maintained its credit rating of 'AA-' as issued by Standards & Poor's. The ratings reflect that the District has very strong household income levels, a diverse and growing tax base, and a strong financial position, with management consistently maintaining strong revenues supported by conservative budgeting. The "AAA enhanced rating" assigned to the District's bonds reflects the credit enhancement provided by the Texas Permanent School Fund.

Financial Information

The Comprehensive Annual Financial Report for the year ended August 31, 2025, is prepared in accordance with generally accepted accounting principles (GAAP) and conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). This report covers all funds of the District. Presented funds are organized into three types dictated by the nature of the activities involved.

Governmental Fund Types:

- General Fund
- Debt Service Fund
- Capital Projects Fund
- Special Revenue Funds

Proprietary Fund Types:

Internal Service Funds
Enterprise Fund

Fiduciary Fund Type:

Custodial Fund

Financial Policies and Planning

The annual budget serves as the foundation for the District's financial planning and control. The objective of budgetary controls is to ensure compliance with legal provisions and provide a roadmap to meet state and local goals.

Most of the District's planning effort is focused on the District's Improvement Plan. Campus Improvement plans are analyzed to form a cohesive District Plan. This plan includes criteria for measuring and ultimately reaching success. The District Improvement Plan also has long-term goals that form the basis of long-term planning.

Budgetary Controls

The budgetary controls' objective is to ensure compliance with legal provisions in the annual appropriated budget approved by the Board of Trustees. Every school district in Texas is required by law to prepare and file a budget with the Texas Education Agency. Activities of the general fund, food service fund, and debt service fund are included in the District's budget.

Budgetary control (the level at which expenditures cannot legally exceed appropriations) is maintained at the functional category level within each fund. These functional categories are defined by the Texas Education Agency and identify the purpose of the transactions. A listing of these categories, as well as related financial information, is included herein. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control—encumbered amounts lapse at year-end.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

System of Internal Controls

The extent of internal controls a school district should establish is a judgment that management must make. Management's decision regarding the scope of internal control necessary is affected by circumstances such as the size of the organization and the number of personnel available. Consideration must be given to the relationship between costs and benefits. In addition, the nature of internal control is such that even appropriate internal control methods and systems will not guarantee that a school district's objectives will be achieved, nor will they ensure its success.

Internal control procedures are established to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Reliability of financial reporting
- Effectiveness and efficiency of operations
- Compliance with applicable laws and regulations

Relevant Financial Policy

The School Board has been instrumental in maintaining and increasing the reserves of the District. The Board recognizes that maintaining an appropriate fund balance is critical in the District's financial planning and budgeting processes. Although fund balance levels could be affected by legislative actions and the amount of available state and federal resources, the Board has been proactive in building the District's

reserves to fund unanticipated expenditures or offset future short-term revenue reductions. In addition, the Board has maintained an appropriate fund balance to avoid short-term borrowing and to demonstrate financial stability, therefore preserving or enhancing its bond rating.

State Funding

The state of Texas's current system provides public education funding via a financing formula that weighs student attendance levels, property value per student, and the District's tax effort.

Debt Administration

The District has deployed various debt management practices to lower its borrowing costs. These include refunding existing bonds at a lower rate and prepaying bonds before the scheduled maturity. Such actions have provided the District's taxpayers with over \$30 million of direct savings since 2012. These practices have helped the District maintain its credit rating of AA-.

Enrollment

The school district plans its budget based on estimated student enrollment and state aid earned based on student attendance. The district has experienced a decline in enrollment as the District matures. The lack of affordable housing also limits the number of young families moving into the area. Enrollment is projected to be stagnant over the next several years.

District Facilities

District facilities are in very good condition. The District maintains all of its facilities with internal staff. Lake Dallas Middle School and Corinth Elementary were built in the 1980s, with major additions and substantial renovations occurring in the 2000s. Lake Dallas High School was built in 1998, with additional classrooms and athletic spaces added in 2007. Shady Shores Elementary School was built in 2004. With the passing of a bond election in 2019, renovations and additions have occurred at Lake Dallas High School, Lake Dallas Middle School, Lake Dallas Elementary School, and Corinth Elementary School.

Campus	Year Built	Additions
Lake Dallas High School	1998	2007, 2024
Lake Dallas Middle School	1980	2003, 2024
Corinth Elementary School	1985	2001, 2024
Lake Dallas Elementary School	2009	
Shady Shores Elementary School	2004	

The community is one of unconditional support for the District. Lake Dallas ISD has had 5 bond elections since 1995. All five bond elections have passed with overwhelming support. The District also held a Tax Rate election in 2008 and won with an 84% passage rate. Residents continue to support the school and demand a quality education for their students.

Independent Audit

District policy and State law require an annual audit by an independent certified public accountant. Lake Dallas ISD's School Board has selected the accounting firm of Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC, to perform this audit. An audit report is generated, and the audit firm makes a presentation to the School Board each January. The audit, which is included in the financial section of this report, meets all state and federal reporting requirements.

Education

Lake Dallas ISD is a public school system whose District mission is to inspire, educate, and empower our students. Recognizing that the quality of life, both today and in the future, depends upon the quality of education provided by the public schools, the Lake Dallas Independent School District is dedicated to education and committed to meeting the needs of every individual. The District's vision is "small school atmosphere, big school opportunities."

The District is also proud to partner with North Central Texas College, enabling District students to receive college hours up to earning an associate degree while in high school.

The results of the State of Texas Assessment of Academic Readiness (STAAR) show Lake Dallas ISD students performing at or above regional and state averages in subjects of the state assessments. In addition, Lake Dallas High School students perform at state and regional averages in College Readiness Indicators.

Economic Condition and Outlook

Over the last several years, Lake Dallas ISD's local economy has experienced an upturn. The diversity of businesses located in the area and the range of housing available, combined with the transpiration grid of the metroplex and proximity to Dallas-Fort Worth and Alliance airports, provide a degree of protection from the economic cycle affecting many other school districts. The District's relationship with the local communities assures the development projects selected by the cities are also desirable for the community at large. With the expansion of I.H. 35, the community has seen economic growth and expansion of its commercial tax base.

Financial Awards Programs

This District has submitted its annual comprehensive financial report (ACFR) to the Association of School Business Officials (ASBO) for the purpose of participating in their awards program. The ASBO Certificate of Excellence in Financial Reporting recognizes school districts that have met the highest standards of excellence in school financial reporting.

The purpose of the program is to:

- A. Encourage school systems to adopt and use generally accepted accounting principles.
- B. Encourage school systems to adopt sound budgetary and financial reporting procedures
- C. Recognize excellence in school financial reporting.
- D. Contribute to enhancing the credibility of financial management of school systems by recognizing and publicizing excellence in school financial reporting.

The District has also submitted its ACFR to the Government Finance Officers Association (GFOA) for their review. The GFOA Certificate of Achievement for Excellence in Financial Reporting is awarded to easily readable and efficiently organized Annual Comprehensive Financial Reports. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. We believe that our current Annual Comprehensive Financial Report meets the GFOA's and ASBO's program requirements.

The District has received both of these prestigious awards for twenty-one consecutive years. We believe that our current report conforms to the Certificate of Excellence Program requirements.

Board of Trustees

The Board of Trustees holds its regular monthly meeting on the third Monday of each month in the Board Room in Lake Dallas ISD Central Services Building, 104 Swisher Road. Proper public notice is given for all meetings.

The Lake Dallas Board of Trustees welcomes public participation in its meetings and encourages citizens to express their views on matters affecting the students of our community.

Outstanding Staff

Highly competent, dedicated staff members work together at every level to promote high academic standards and to provide every student with educational opportunities to meet individual needs and interests. Teachers emphasize a strong curriculum, effective instructional techniques, and consistent student discipline.

Lake Dallas ISD staff members recognize the importance of personal attention. Both tutoring and enrichment programs are provided to enhance student development.

Many Lake Dallas ISD personnel pursue professional growth through university coursework, educational workshops, and staff development sessions. Many have advanced degrees. Staff commitment to personal growth ensures continuing academic excellence for Lake Dallas ISD.

Supportive Community

Community support and involvement are evident in Lake Dallas ISD. Strong PTA groups provide support for the schools and a strong link between home and school. Parent volunteers serve hundreds of hours in various capacities - from helping with extracurricular activities to assisting students and teachers in the classrooms. The community has continually shown the value it places on quality education through the financial and personal support it has given the District.

Comprehensive Safety Program

The District takes every reasonable precaution regarding the safety of students, employees, visitors, and all others with whom it conducts business. The District has developed, implemented, and promoted a comprehensive safety program. The program includes guidelines and procedures for responding to emergencies. See policy CK (Local).

Policies are in place related to:

- Use, possession, or exhibition of a firearm, an illegal knife, a club, or a prohibited weapon, as those terms are defined in the Penal Code,
- Conduct that contains the elements of the offense of aggravated assault, sexual assault, aggravated sexual assault, arson, murder, capital murder, criminal attempt to commit murder or capital murder, indecency with a child, or aggravated kidnapping, as those offenses are defined in the Penal Code;
- Drug- or alcohol-related offenses described in Education Code 37.006
- Criminal mischief
- Persistent misbehavior

Each school has effective emergency procedures that can be implemented on short notice and that will ensure optimum safety for students and school personnel. Lake Dallas ISD has five resource officers to assist with safety issues. The Superintendent has the authority to dismiss school for a part of a day or longer periods, if necessary, in case of unusual or emergencies. Campus principals have designed and implemented a

system to familiarize employees and students with evacuation procedures and ensure evacuation diagrams are appropriately posted. Principals also conduct fire, tornado, or other emergency drills to provide orderly movement to the safest areas available for students and personnel.

Acknowledgments

The preparation of this report could not have been accomplished without the services of the entire business office staff. In addition, the Board of Trustees should be commended for its continued support and leadership.

Kristin N. Brown, Ed.D. - Superintendent of Schools

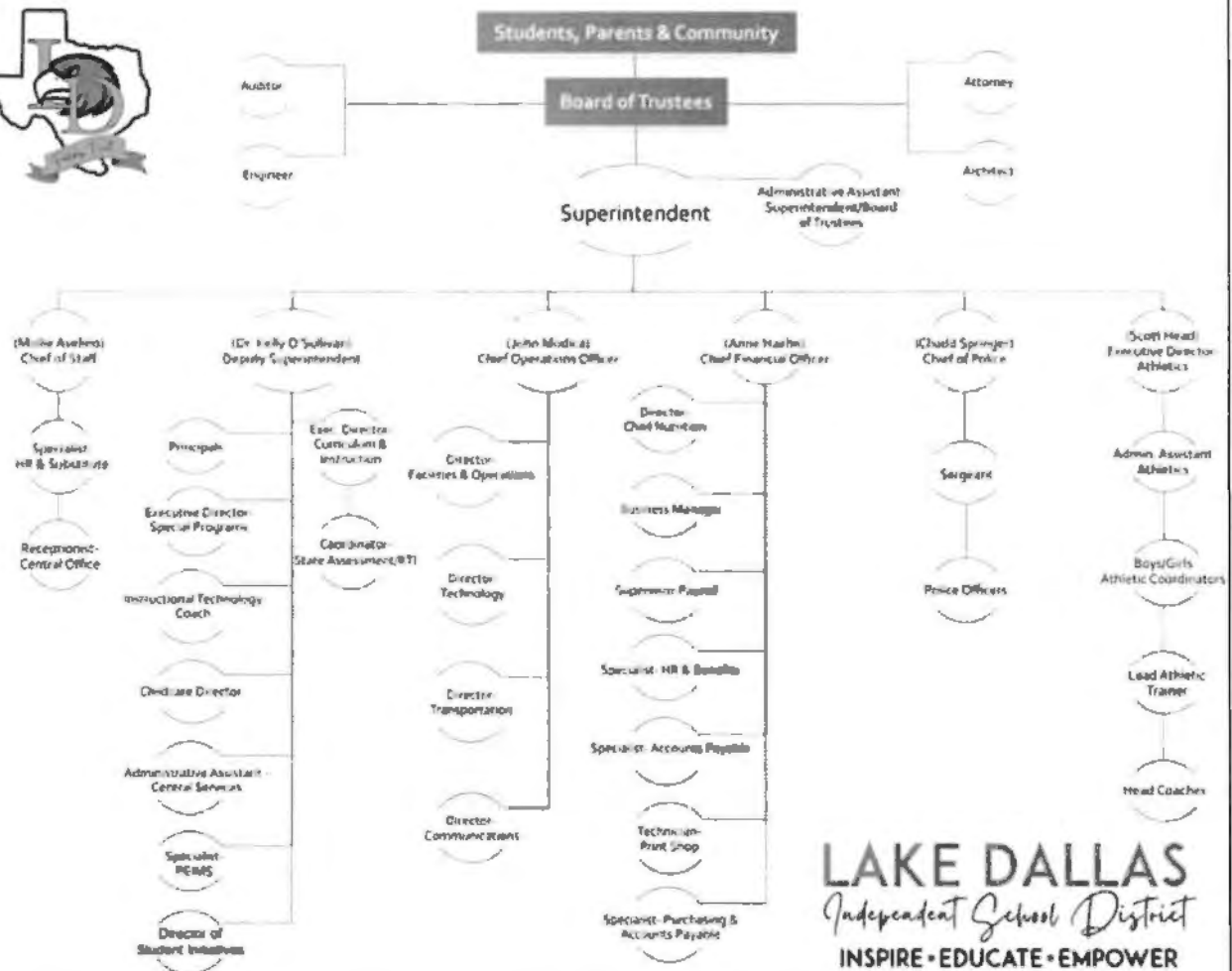
Anne Haehn - Chief Financial Officer



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Organizational Chart



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT

Consultants and Advisors

Audit Firm

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Certified Public Accountants
902 North Locust
Denton, Texas 76202-0977

Bond Attorneys

Fulbright & Jaworski L.L.P.
2200 Ross Avenue, Suite 2800
Dallas, Texas 75201-2784

Fiscal Agents

The Bank of New York Trust Company
of Florida
10161 Centurion Parkway
2nd Floor
Jacksonville, Florida 32256

General Counsel

Leon/Alcala Attorneys at Law
1114 Lost Creek Blvd. Suite 420
Austin, Texas 78746

Tax Attorney

Sawko and Burroughs
1100 Dallas Drive, Ste. 100
Denton, Texas 76201

Financial Advisors

BOK Financial Securities, Inc.
333 West Campbell Road, Suite 350
Richardson, Texas 75080

Official Depository

Point Bank
3971 FM 2181
Corinth, Texas 76210

Tax Collector

Denton County Tax Collector Assessor
P.O. Box 1249
Denton, Texas 76201

Tax Appraisal

Denton Central Appraisal District
3911 Morse St.
Denton, Texas 76208

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT

PRINCIPAL OFFICIALS

Elected Officials:

Board of Trustees:

Lance Stacy	President
Ginger Collier	Vice President
Mark Tucker	Secretary
Scott Baird	Member
Greg Bartley	Member
Bruce Smith	Member
Aaron Appleby	Member

Appointed Officials:

Kristin N. Brown	Superintendent
Anne Haehn	Chief Financial Officer
Kelly O'Sullivan	Deputy Superintendent
Karla Landrum	Executive Director of Human Resources
Jay Widenbach	Executive Director of Special Education
Trent Stinson	Director of Maintenance & Transportation
David Marroquin	Director of Facilities
Corey Ray	Director of Food Service
Gerry Hamilton	Director of Technology
Scott Head	Executive Director of Athletics
Mollie Avelino	High School Principal
Nakendrick Johnson	Middle School Principal
Jennifer Bryant	Shady Shores Elementary School Principal
Kerri Blevins	Lake Dallas Elementary School Principal
Jessica Bovan	Corinth Elementary School Principal
John Modica	Chief Operations Officer
Barbara Pitt	Director of Curriculum and Instruction



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

**Lake Dallas
Independent School District
for its Annual Comprehensive Financial Report
for the Fiscal Year Ended August 31, 2024.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



**Ryan S. Stechschulte
President**

**James M. Rowan, CAE, SFO
CEO/Executive Director**



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Lake Dallas Independent School District
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2024

Christopher P. Morill

Executive Director/CEO



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FINANCIAL SECTION



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Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN, SEAY & SCARBOROUGH**
A Limited Liability Company

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977
TEL. (940) 387-8563
FAX (940) 383-4746

Independent Auditor's Report

Board of Trustees
Lake Dallas Independent School District
Lake Dallas, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Lake Dallas Independent School District (the "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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financials 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 a Matter – Change in Accounting Principle Pertaining to Compensated Absences

As discussed in Note 19 to the financial statements, the District has changed its accounting for compensated absences, which was required by Governmental Accounting Standards Board (GASB) Statement No. 101 that became effective for fiscal years beginning after December 15, 2023. 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 Responsibility 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Lake Dallas Independent School 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 on pages 25 through 31 and the Teacher Retirement System schedules on page 82 through 90 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lake Dallas Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements, the required TEA schedules listed in the table of contents, 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, 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the required TEA schedules, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025, on our consideration of the District's internal control over financial reporting and on our tests of the 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 Lake Dallas Independent School 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.

Hankins Eastup Deaton Tonn Seay & Scarborough

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas
December 15, 2025

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2025
(UNAUDITED)**

As management of Lake Dallas Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2025. The District has implemented Government Accounting Standards Board Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." Please read this narrative in conjunction with the independent auditor's report on page 23, and the District's Basic Financial Statements that begin on page 35.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of Lake Dallas Independent School District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal period by \$4,920,102 (negative net position). Of this amount, \$(30,828,588) (negative unrestricted net position) may be used to meet the District's ongoing obligations to citizens and creditors in accordance with the District's fiscal policies.
- The District's total net position increased by \$676,201 during the fiscal year from the results of current year operations.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$32,144,418. 42.6% of this total amount, \$13,688,072, is unassigned and available for use within the District's policies.
- At the end of the current fiscal period, unassigned fund balance for the general fund was \$13,688,072 or 29.9% of the total general fund expenditures, which is a decrease of \$604,440 from the prior year. Final general fund revenues were 1.0% more than final revenue estimates.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 35 through 37). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 38) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements (starting on page 51) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 35. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting (the basis used by private sector companies).

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental activities.** Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- **Business-type activities.** The District charges a fee to "customers" to help it cover all or most of the cost of services it provides in the child care program.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 38 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

• **Governmental funds.** Most of the District's basic services are reported in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- **Proprietary funds.** The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise fund (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's print shop and computer operations.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or custodian, for money raised by student activities. The District's custodial activity is reported in a separate Statement of Custodial Net Position and Statement of Changes in Custodial Net Position on pages 48 and 49. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in this fund are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis of comparative balances and changes therein is presented for the current and prior year's operations and a discussion of significant changes in the accounts. The analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities decreased from (\$1,447,054) to (\$5,000,531). Beginning net position of the District's governmental activities was restated by (\$4,229,678) due to the implementation of a new industry-wide accounting standard pertaining to accrued compensated absences. Unrestricted net position of the District's governmental activities – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was (\$14,209,772) at August 31, 2025. Unrestricted net position of governmental activities improved during the fiscal year as compared to last year's amount, which was \$(20,619,985).

In 2025, the net position of the District business-type activities remained the same as compared to last year's amount. This activity is relatively insignificant to the overall operations of the District, but it represents significant services to the District through its Child Care program.

Table I
NET POSITION

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Assets						
Cash and other assets	\$ 38,840,646	\$ 66,339,644	\$ 80,556	\$ 82,729	\$ 38,921,202	\$ 66,422,373
Capital assets	181,719,855	157,278,819	-	-	181,719,855	157,278,819
Total assets	220,560,501	223,618,463	80,556	82,729	220,641,057	223,701,192
Deferred outflows of resources	8,619,107	9,702,849	-	-	8,619,107	9,702,849
Total assets and deferred outflows of resources	229,179,608	233,321,312	80,556	82,729	229,260,164	233,404,041
Liabilities						
Long-term liabilities	218,265,115	214,478,095	-	-	218,265,115	214,478,095
Other liabilities	6,263,253	8,303,732	127	2,300	6,263,380	8,306,032
Total liabilities	224,528,368	222,781,827	127	2,300	224,528,495	222,784,127
Deferred inflows of resources	9,651,771	11,986,539	-	-	9,651,771	11,986,539
Total liabilities and deferred inflows of resources	234,180,139	234,768,366	127	2,300	234,180,266	234,770,666
Net Position						
Net investment in capital assets	22,622,296	15,268,953	-	-	22,622,296	15,268,953
Restricted	3,205,761	3,903,978	-	-	3,205,761	3,903,978
Unrestricted	(30,828,588)	(20,619,985)	80,429	80,429	(30,748,159)	(20,539,556)
Total net position	\$ (5,000,531)	\$ (1,447,054)	\$ 80,429	\$ 80,429	\$ (4,920,102)	\$ (1,366,625)

Table II
CHANGES IN NET POSITION

	Governmental Activities		Business-type Activities		Total Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for services	\$ 928,475	\$ 957,070	\$ 497,926	\$ 592,259	\$ 1,426,401	\$ 1,549,329
Operating grants and contributions	10,061,438	9,215,052	-	-	10,061,438	9,215,052
General Revenues:						
Property taxes - M&O	23,606,682	21,341,438	-	-	23,606,682	21,341,438
Property taxes - I&S	15,592,459	14,092,068	-	-	15,592,459	14,092,068
State aid	14,884,928	15,941,098	-	-	14,884,928	15,941,098
Investment earnings	2,781,641	4,011,560	-	-	2,781,641	4,011,560
Miscellaneous	597,387	716,364	-	-	597,387	716,364
Total Revenues	68,453,010	66,274,650	497,926	592,259	68,950,936	66,866,909
Expenses:						
Instruction, curriculum and media	30,116,203	29,077,000	-	-	30,116,203	29,077,000
Instructional and school leadership	3,357,607	3,282,470	-	-	3,357,607	3,282,470
Student support services	4,247,094	4,135,576	-	-	4,247,094	4,135,576
Child nutrition	2,482,825	2,157,536	-	-	2,482,825	2,157,536
Extracurricular activities	1,520,322	1,458,037	-	-	1,520,322	1,458,037
General administration	2,059,277	1,953,780	-	-	2,059,277	1,953,780
Plant maintenance, security, and EDP	9,692,861	8,905,963	-	-	9,692,861	8,905,963
Community services	16,245	-	406,100	550,821	422,345	550,821
Debt service	14,092,695	7,195,028	-	-	14,092,695	7,195,028
Payments for shared services	12,000	6,000	-	-	12,000	6,000
Intergovernmental charges	271,506	250,335	-	-	271,506	250,335
Total Expenses	67,868,635	58,421,725	406,100	550,821	68,274,735	58,972,546
Transfers in (out)	91,826	-	(91,826)	-	-	-
Change in net position	676,201	7,852,925	-	41,438	676,201	7,894,363
Beginning net position	(1,447,054)	(9,299,979)	80,429	38,991	(1,366,625)	(9,260,988)
Restatement - new accounting standard	(4,229,678)	-	-	-	(4,229,678)	-
Ending net position	<u>\$(5,000,531)</u>	<u>\$(1,447,054)</u>	<u>\$ 80,429</u>	<u>\$ 80,429</u>	<u>\$(4,920,102)</u>	<u>\$(1,366,625)</u>

The cost of all governmental activities for the current fiscal year was \$67,868,635. However, as shown in the Statement of Activities on pages 36 and 37, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$39,199,141 because some of the costs were paid by those who directly benefited from the programs, \$957,070, or by other governments and organizations that subsidized certain programs with operating grants and contributions, \$10,061,438, or by State equalization funding, which was \$14,884,928 during the fiscal year.

THE DISTRICT'S FUNDS

As the District completed the year, the governmental funds (as presented in the balance sheet on page 38) reported a combined fund balance of \$32,144,418, which is \$25,271,803 lower than last year's total of \$57,416,221. Included in this year's total change in fund balance is a decrease of \$604,440 in the District's General Fund, a \$173,916 increase in the Debt Service Fund, and a \$24,511,032 decrease in the Capital Projects Fund.

Although State funding was less than the previous year, increases in property tax revenues offset the State funding loss. The General Fund generated \$812,895 in investment revenue. Freeze-adjusted taxable values increased by 7.9% to over \$3.4 billion, driven by the increased property values and new construction. The adopted tax rate decreased by \$.0023 to \$1.2552 per \$100 valuation. Total maintenance tax collections increased from the previous year by \$1,798,545 to \$23,089,415. As per the State of Texas school funding formula, State aid decreased by \$1,056,170 to \$14,884,928. Total actual General Fund revenue was \$42,822,430, which was \$428,357 more than originally budgeted.

As of the end of the current fiscal year, the District's General Fund balance was \$13,688,072. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance is 29.9% of this year's general fund expenditures, which totaled \$45,775,032.

The District's General Fund balance of \$13,688,072, reported on page 38, differs from the General Fund's budgetary fund balance of \$12,071,733 reported in the budgetary comparison schedule on page 81. This is principally due to cost savings in all functions except Instruction.

The Debt Service Fund also benefited from increased property tax collections. Last year's property tax collections for debt service were \$14,061,317. This year's collections were \$15,286,665. The Debt Service fund ended the year with a total fund balance of \$2,829,376, all of which is reserved for the payment of debt service.

THE DISTRICT'S BUDGET

Over the course of the year, the Board of Trustees revised the District's budget. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August 2024). The second category includes changes that the Board made during the year to reflect new information regarding revenue sources and expenditure needs. The third category involves amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2025, the District had \$181,719,855 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of \$24,441,036, or 15.5%, above last year, due primarily to capital projects funded with prior period bond proceeds.

This fiscal period's major additions consisted of furniture, equipment and building improvements paid for out of the Capital Projects Fund.

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

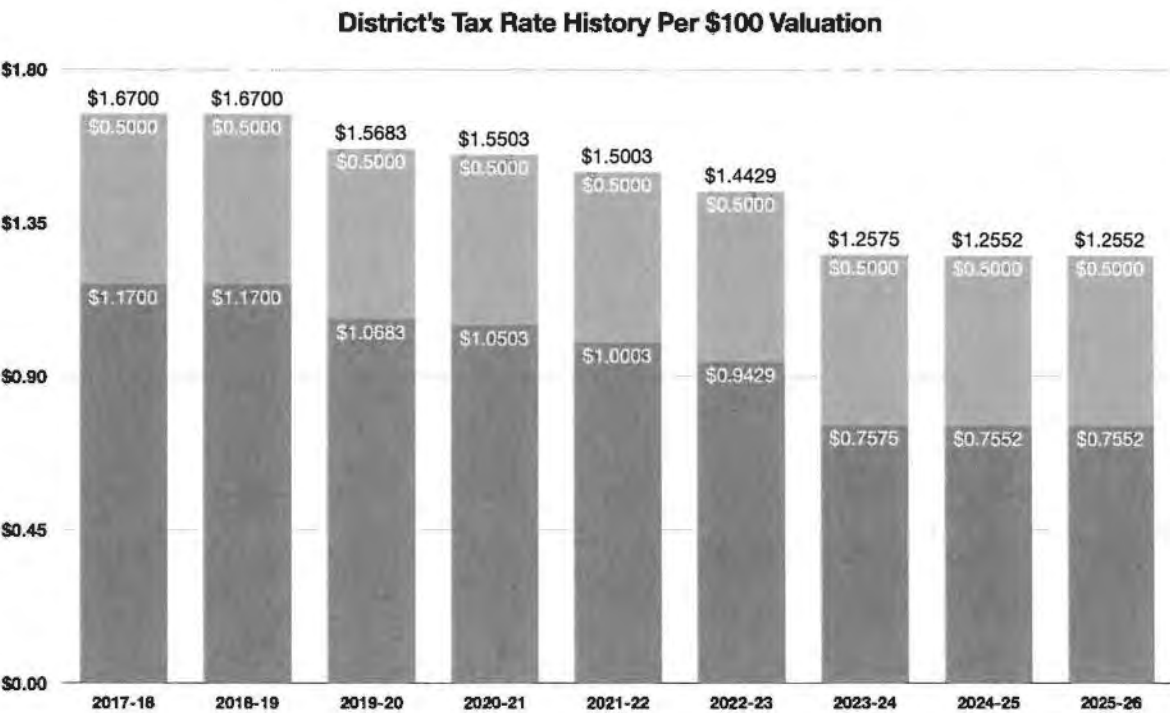
Debt Administration

At year-end, the District had \$193,079,740 in long-term debt (including bonds, accreted interest on bonds and discount/premium on debt issuance) versus \$194,303,803 last year—a decrease of 0.6%.

More detailed information about the District's long-term debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Federal, state, and local guidelines direct the budget development process. The Texas Education Agency (TEA) requires the General, Food Service, and Debt Service funds to be budgeted and adopted annually by the District's Board of Trustees. The tax rate has two components: the tax for maintenance and operations and the tax to service long-term debt. Maintenance and operations 2026 budget revenue is based on a tax rate of \$0.755/100 valuation, which is the same as the preceding year. The chart below reflects the district's tax rate history.



Budgetary issues addressed include a budget based on student attendance (the basis of state funding), striving to reach Federal, State, and local goals, maintaining current programs, and budgeting funds to adhere to all state and federal requirements.

The General Fund accounts for most of the district's day-to-day operations. Debt Service Fund expenditures account for voter-authorized debt payments. The Child Nutrition Fund supports the student food service program and is funded by user fees and reimbursements from the National School Breakfast and Lunch program.

The school district anticipates receiving 54.4% of its general fund revenue from taxes and other local sources. The District expects an increase in state funding of approximately \$2.3 million. The Texas Legislature passed a school finance and property tax reform bill (HB3) that increased public education funding and financed property tax compression. State funds account for 44.3% of the total budgeted general fund operating revenue. Federal funds account for the remaining 1.3% of operating revenue.

The Debt Service Fund accounts for the accumulation of resources and the payment of bonds approved by the voters. The debt service expenditure budget of \$18.3 million will be used to service debt liabilities during the 2024-25 school year.

The Child Nutrition budget is projected to be \$2.3 million and is financed from student/staff charges and federal funding. In addition, The National School Breakfast and Lunch Program will provide funding for students during the 2025-2026 school year.

The District has worked to maintain a competitive position in recruiting and retaining quality staff. Inflationary costs for goods and services, new program costs that result from requirements of the State and Federal accountability system, and other new requirements have all been incorporated into the 2025-26 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at Lake Dallas Independent School District, 104 Swisher, Lake Dallas, Texas 75065, (940) 497-4039.

BASIC FINANCIAL STATEMENTS



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LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2025

EXHIBIT A-1

		1	2	3
		Primary Government		
Data				
Control			Business	
Codes		Governmental	Type	Total
		Activities	Activities	
ASSETS				
1110	Cash and Cash Equivalents	\$ 35,679,249	\$ 172,382	\$ 35,851,631
1220	Property Taxes - Delinquent	886,252	-	886,252
1230	Allowance for Uncollectible Taxes	(73,494)	-	(73,494)
1240	Due from Other Governments	2,248,603	-	2,248,603
1260	Internal Balances	91,826	(91,826)	-
1290	Other Receivables, Net	2,161	-	2,161
1300	Inventories	6,049	-	6,049
	Capital Assets:			
1510	Land	7,295,038	-	7,295,038
1520	Buildings, Net	168,805,056	-	168,805,056
1530	Furniture and Equipment, Net	2,837,754	-	2,837,754
1550	Right-to-Use Leased Assets, Net	2,782,007	-	2,782,007
1000	Total Assets	220,560,501	80,556	220,641,057
DEFERRED OUTFLOWS OF RESOURCES				
1701	Deferred Charge for Refunding	2,796,654	-	2,796,654
1705	Deferred Outflow Related to TRS Pension	2,568,549	-	2,568,549
1706	Deferred Outflow Related to TRS OPEB	3,253,904	-	3,253,904
1700	Total Deferred Outflows of Resources	8,619,107	-	8,619,107
LIABILITIES				
2110	Accounts Payable	2,861,870	-	2,861,870
2140	Interest Payable	271,586	-	271,586
2150	Payroll Deductions and Withholdings	245,902	-	245,902
2160	Accrued Wages Payable	2,646,821	-	2,646,821
2180	Due to Other Governments	27,772	-	27,772
2200	Accrued Expenses	100,535	127	100,662
2300	Unearned Revenue	108,767	-	108,767
	Noncurrent Liabilities:			
2501	Due Within One Year: Loans, Note, Leases, etc.	7,383,468	-	7,383,468
	Due in More than One Year:			
2502	Bonds, Notes, Loans, Leases, etc.	190,631,542	-	190,631,542
2540	Net Pension Liability (District's Share)	12,143,868	-	12,143,868
2545	Net OPEB Liability (District's Share)	8,106,237	-	8,106,237
2000	Total Liabilities	224,528,368	127	224,528,495
DEFERRED INFLOWS OF RESOURCES				
2605	Deferred Inflow Related to TRS Pension	933,335	-	933,335
2606	Deferred Inflow Related to TRS OPEB	8,718,436	-	8,718,436
2600	Total Deferred Inflows of Resources	9,651,771	-	9,651,771
NET POSITION				
3200	Net Investment in Capital Assets and Right-to-Use Lease	22,622,296	-	22,622,296
	Restricted:			
3820	Restricted for Federal and State Programs	881,116	-	881,116
3850	Restricted for Debt Service	2,324,645	-	2,324,645
3900	Unrestricted	(30,828,588)	80,429	(30,748,159)
3000	Total Net Position	\$ (5,000,531)	\$ 80,429	\$ (4,920,102)

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	1	Program Revenues		
		3	4	
		Charges for Services	Operating Grants and Contributions	
Expenses				
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11	Instruction	\$ 28,459,277	\$ 5,400	\$ 3,466,186
12	Instructional Resources and Media Services	543,752	-	281,162
13	Curriculum and Instructional Staff Development	1,113,174	-	81,905
21	Instructional Leadership	751,749	-	55,023
23	School Leadership	2,605,858	-	196,450
31	Guidance, Counseling, and Evaluation Services	2,100,568	-	535,409
33	Health Services	439,749	-	123,703
34	Student (Pupil) Transportation	1,706,777	-	138,007
35	Food Services	2,482,688	768,833	1,687,614
36	Extracurricular Activities	1,520,459	98,491	167,465
41	General Administration	2,059,277	-	476,644
51	Facilities Maintenance and Operations	7,369,866	55,751	734,764
52	Security and Monitoring Services	1,151,429	-	70,596
53	Data Processing Services	1,171,566	-	98,974
61	Community Services	16,245	-	-
72	Debt Service - Interest on Long-Term Debt	13,709,482	-	1,947,536
73	Debt Service - Bond Issuance Cost and Fees	383,213	-	-
93	Payments Related to Shared Services Arrangements	12,000	-	-
99	Other Intergovernmental Charges	271,506	-	-
	[TG] Total Governmental Activities:	67,868,635	928,475	10,061,438
BUSINESS-TYPE ACTIVITIES:				
01	Child Care	406,100	497,926	-
	[TB] Total Business-Type Activities:	406,100	497,926	-
	[TP] TOTAL PRIMARY GOVERNMENT:	\$ 68,274,735	\$ 1,426,401	\$ 10,061,438

Data	
Control	General Revenues:
Codes	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
SI	Miscellaneous Fed Revenue - Impact Aid
FR	Transfers In (Out)
TR	Total General Revenues, Special Items, & Transfers
CN	Change in Net Position
NB	Net Position - Beginning as Previously Reported
PA	Restatement - Change in Accounting Principle
	Net Position - Beginning as Restated and Adjusted
NE	Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (24,987,691)	\$ -	\$ (24,987,691)
(262,590)	-	(262,590)
(1,031,269)	-	(1,031,269)
(696,726)	-	(696,726)
(2,409,408)	-	(2,409,408)
(1,565,159)	-	(1,565,159)
(316,046)	-	(316,046)
(1,568,770)	-	(1,568,770)
(26,241)	-	(26,241)
(1,254,503)	-	(1,254,503)
(1,582,633)	-	(1,582,633)
(6,579,351)	-	(6,579,351)
(1,080,833)	-	(1,080,833)
(1,072,592)	-	(1,072,592)
(16,245)	-	(16,245)
(11,761,946)	-	(11,761,946)
(383,213)	-	(383,213)
(12,000)	-	(12,000)
(271,506)	-	(271,506)
(56,878,722)	-	(56,878,722)
-	91,826	91,826
-	91,826	91,826
(56,878,722)	91,826	(56,786,896)
23,606,682	-	23,606,682
15,592,459	-	15,592,459
14,884,928	-	14,884,928
2,781,641	-	2,781,641
122,796	-	122,796
474,591	-	474,591
91,826	(91,826)	-
57,554,923	(91,826)	57,463,097
676,201	-	676,201
(1,447,054)	80,429	(1,366,625)
(4,229,678)	-	(4,229,678)
(5,676,732)	80,429	(5,596,303)
\$ (5,000,531)	\$ 80,429	\$ (4,920,102)

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 14,299,770	\$ 1,607,706	\$ 18,320,912
1220 Property Taxes - Delinquent	569,584	316,668	-
1230 Allowance for Uncollectible Taxes	(48,606)	(24,888)	-
1240 Due from Other Governments	475,619	6,532	-
1260 Due from Other Funds	3,289,106	1,131,778	-
1290 Other Receivables	2,123	38	-
1000 Total Assets	<u>\$ 18,587,596</u>	<u>\$ 3,037,834</u>	<u>\$ 18,320,912</u>
LIABILITIES			
2110 Accounts Payable	\$ 426,066	\$ -	\$ 2,251,431
2150 Payroll Deductions and Withholdings Payable	245,800	-	102
2160 Accrued Wages Payable	2,646,821	-	-
2170 Due to Other Funds	1,131,778	-	1,502,668
2180 Due to Other Governments	-	-	-
2200 Accrued Expenditures	72,194	-	-
2300 Unearned Revenue	-	-	-
2000 Total Liabilities	<u>4,522,659</u>	<u>-</u>	<u>3,754,201</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	376,865	208,448	-
2600 Total Deferred Inflows of Resources	<u>376,865</u>	<u>208,448</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	14,566,711
3480 Retirement of Long-Term Debt	-	2,829,386	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	13,688,072	-	-
3000 Total Fund Balances	<u>13,688,072</u>	<u>2,829,386</u>	<u>14,566,711</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 18,587,596</u>	<u>\$ 3,037,834</u>	<u>\$ 18,320,912</u>

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

Other Funds	Total Governmental Funds
\$ 1,336,234	\$ 35,564,622
-	886,252
-	(73,494)
1,766,452	2,248,603
-	4,420,884
-	2,161
<u>\$ 3,102,686</u>	<u>\$ 43,049,028</u>
\$ 183,033	\$ 2,860,530
-	245,902
-	2,646,821
1,694,612	4,329,058
27,772	27,772
28,253	100,447
108,767	108,767
<u>2,042,437</u>	<u>10,319,297</u>
-	585,313
-	585,313
881,116	881,116
-	14,566,711
-	2,829,386
179,133	179,133
-	13,688,072
<u>1,060,249</u>	<u>32,144,418</u>
<u>\$ 3,102,686</u>	<u>\$ 43,049,028</u>



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LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2025

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 32,144,418
1 The assets and liabilities of the Internal Service Funds are included in governmental activities, but are not reported in the fund financial statements.	119,248
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	253,697,051
3 Accumulated depreciation has not been included in the fund financial statements.	(71,977,196)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$12,143,868, a Deferred Resource Inflow related to TRS in the amount of \$933,335 and a Deferred Resource Outflow related to TRS in the amount of \$2,568,549. This amounted to a decrease in Net Position in the amount of \$10,508,654.	(10,508,654)
5 Bonds payable, finance leases, and accrued absences have not been included in the fund financial statements.	(165,964,139)
6 Accreted interest on capital appreciation bonds has not been included in the fund financial statements.	(16,618,816)
7 Bond discounts and premiums are not recognized in the fund financial statements.	(15,431,785)
8 Property tax revenue reported as unavailable revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	585,313
9 Deferred charge for refunding has not been included in the fund financial statements.	2,796,654
10 Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(271,856)
11 Included in the items related to government-wide long-term debt is the recognition of the District's proportionate share of the net Other Post-Employment Benefit (OPEB) liability required by GASB 75 in the amount of \$8,106,237, a Deferred Resource Inflow related to TRS OPEB in the amount of \$8,718,436, and a Deferred Resource Outflow related to TRS OPEB in the amount of \$3,253,904. This amounted to a net decrease in Net Position in the amount of \$13,570,769.	(13,570,769)
29 Net Position of Governmental Activities	\$ (5,000,531)

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 24,813,357	\$ 15,929,294	\$ 1,518,670
5800 State Program Revenues	17,506,887	1,947,536	-
5900 Federal Program Revenues	613,676	-	-
5020 Total Revenues	42,933,920	17,876,830	1,518,670
EXPENDITURES:			
Current:			
0011 Instruction	26,525,510	-	-
0012 Instructional Resources and Media Services	462,960	-	-
0013 Curriculum and Instructional Staff Development	915,790	-	-
0021 Instructional Leadership	618,990	-	-
0023 School Leadership	2,253,358	-	-
0031 Guidance, Counseling, and Evaluation Services	1,469,273	-	-
0033 Health Services	380,834	-	-
0034 Student (Pupil) Transportation	1,659,186	-	-
0035 Food Services	15,133	-	-
0036 Extracurricular Activities	1,305,389	-	-
0041 General Administration	1,784,807	-	-
0051 Facilities Maintenance and Operations	6,205,853	-	-
0052 Security and Monitoring Services	664,483	-	-
0053 Data Processing Services	1,207,439	-	-
0061 Community Services	4,921	-	-
Debt Service:			
0071 Principal on Long-Term Liabilities	-	5,949,599	-
0072 Interest on Long-Term Liabilities	-	11,751,175	-
0073 Bond Issuance Cost and Fees	-	383,213	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	17,600	-	26,029,702
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	12,000	-	-
0099 Other Intergovernmental Charges	271,506	-	-
6030 Total Expenditures	45,775,032	18,083,987	26,029,702
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,841,112)	(207,157)	(24,511,032)
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	38,005,000	-
7913 Right-to-Use Lease and SBITA Proceeds	2,029,098	-	-
7915 Transfers In	207,574	-	-
7916 Premium or Discount on Issuance of Bonds	-	5,929,424	-
8949 Other (Uses)	-	(43,553,351)	-
7080 Total Other Financing Sources (Uses)	2,236,672	381,073	-
1200 Net Change in Fund Balances	(604,440)	173,916	(24,511,032)
0100 Fund Balance - September 1 (Beginning)	14,292,512	2,655,470	39,077,743
3000 Fund Balance - August 31 (Ending)	\$ 13,688,072	\$ 2,829,386	\$ 14,566,711

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

Other Funds		Total Governmental Funds	
\$	932,443	\$	43,193,764
	850,532		20,304,955
	3,093,250		3,706,926
	4,876,225		67,205,645
	1,289,404		27,814,914
	4,632		467,592
	89,387		1,005,177
	6,177		625,167
	27,280		2,280,638
	384,368		1,853,641
	5,147		385,981
	34,486		1,693,672
	2,702,995		2,718,128
	60,312		1,365,701
	10,304		1,795,111
	371,549		6,577,402
	201,901		866,384
	7,206		1,214,645
	11,324		16,245
	-		5,949,599
	-		11,751,175
	-		383,213
	-		26,047,302
	-		12,000
	-		271,506
	5,206,472		95,095,193
	(330,247)		(27,889,548)
	-		38,005,000
	-		2,029,098
	-		207,574
	-		5,929,424
	-		(43,553,351)
	-		2,617,745
	(330,247)		(25,271,803)
	1,390,496		57,416,221
\$	1,060,249	\$	32,144,418

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ (25,271,803)
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of reclassifying the 2024 capital outlays is to increase net position.	29,547,413
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position in the government-wide financial statements.	(5,106,377)
Current year long-term debt principal payments on bonds payable, loans and payments of accreted interest on capital appreciation bonds are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	50,246,557
Current year issuances of new debt including the interest accretion on capital appreciation bonds and the accrual of compensated absences is not reflected in the fund financial statements, but is shown as an increase in long term liabilities in the government-wide financial statements.	(55,286,149)
Bond premiums and discounts are not amortized in the governmental funds but are amortized in the statement of net position.	5,623,743
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2024 caused the ending net position to increase in the amount of \$1,141,878. Contributions made before the measurement but during the 2024 FY were also de-expended and recorded as a reduction in the net pension liability for the District. These contributions were replaced with the District's pension expense for the year of \$1,610,782, which caused a net decrease in net position. The impact of all of these is to decrease net position by \$468,904.	(468,904)
Revenues from property taxes are shown as unavailable in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectible amounts, in the government-wide financial statements.	254,051
Current year amortization of the deferred charge for refundings is not reflected in the fund financial statements, but is shown as a reduction of the deferred loss in the government-wide financial statements.	(168,678)
Interest on outstanding debt is accrued in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	9,644
The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. TRS OPEB contributions made after the measurement date of 8/31/2024 but during the current fiscal year caused the ending net position to decrease in the amount of \$235,400. These contributions were replaced with the District's OPEB expense for the year, which was a \$(1,061,304) expense and also caused a increase in net position. The impact of both of these is to increase the change in net position by \$1,296,704.	1,296,704
Change in Net Position of Governmental Activities	\$ 676,201

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2025

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 172,382	\$ 114,627
Inventories	-	6,049
Total Assets	<u>172,382</u>	<u>120,676</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	1,340
Due to Other Funds	91,826	-
Accrued Expenses	127	88
Total Liabilities	<u>91,953</u>	<u>1,428</u>
NET POSITION		
Fiduciary Net Position	<u>80,429</u>	<u>119,248</u>
Total Net Position	<u><u>\$ 80,429</u></u>	<u><u>\$ 119,248</u></u>

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 497,926	\$ 96,293
Total Operating Revenues	497,926	96,293
OPERATING EXPENSES:		
Payroll Costs	388,691	33,758
Professional and Contracted Services	12,856	68,194
Supplies and Materials	3,792	28,319
Other Operating Costs	761	-
Total Operating Expenses	406,100	130,271
Income (Loss) Before Transfers	91,826	(33,978)
Transfers Out	(91,826)	(115,748)
Change in Net Position	-	(149,726)
Total Net Position - September 1 (Beginning)	80,429	268,974
Total Net Position - August 31 (Ending)	\$ 80,429	\$ 119,248

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from District	\$ -	\$ 96,293
Cash Received from Employees	497,926	-
Cash Payments for Payroll Costs	(388,691)	(33,758)
Cash Payments for Supplies and Materials	(5,965)	(26,060)
Cash Payments for Purchased Services	(12,856)	(12,230)
Cash Payments for Other Operating Expenses	(761)	-
Net Cash Provided by (Used for) Operating Activities	<u>89,653</u>	<u>24,245</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Transfers Out	-	(115,748)
Net Increase (Decrease) in Cash and Cash Equivalents	89,653	(139,993)
Cash and Cash Equivalents at Beginning of Year	82,729	254,620
Cash and Cash Equivalents at End of Year	<u>\$ 172,382</u>	<u>\$ 114,627</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss):	\$ 91,826	\$ (33,978)
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due from Other Funds	-	7,474
Decrease (increase) in Inventories	-	2,496
Increase (decrease) in Accounts Payable	(2,173)	(237)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 89,653</u>	<u>\$ (24,245)</u>

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2025

	Total Custodial Fund
ASSETS	
Cash and Cash Equivalents	\$ 899,672
Other Receivables	<u>1,819</u>
Total Assets	<u>901,491</u>
LIABILITIES	
Accounts Payable	<u>56,734</u>
Total Liabilities	<u>56,734</u>
NET POSITION	
Fiduciary Net Position	<u>901,491</u>
Total Net Position	<u><u>\$ 901,491</u></u>

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

	Total Custodial Fund
ADDITIONS:	
Received from Student Groups	\$ 581,895
Other Additions	112,919
Total Additions	<u>694,814</u>
DEDUCTIONS:	
Expenses of Student Groups	508,014
Total Deductions	<u>508,014</u>
Change in Fiduciary Net Position	186,800
Total Net Position - September 1 (Beginning)	<u>714,691</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 901,491</u></u>

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



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LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

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

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

B. BASIS OF PRESENTATION

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements however interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

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

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

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

Additionally, the District reports the following fund types:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.
2. **Enterprise Fund** - The District utilizes an enterprise fund to account for the Districts' activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities. The District uses this fund to account for its childcare program, because the childcare program is generally self-supporting and does not normally require subsidies from the general fund.
3. **Internal Service Funds** - The District utilizes Internal Service Funds to account for revenues and expenses related to services provided to parties inside the District on a cost reimbursement basis. These funds facilitate distribution of support costs to the users of support services. The District has internal service funds for its print shop and computer operations.
4. **Fiduciary Funds** - The District reports the Custodial Fund as a Fiduciary Fund. The Custodial Fund is custodial in nature and account for activities of student groups.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

Custodial Fund uses the accrual basis of accounting to recognize assets, liabilities, revenues and expenses. The Custodial Fund exists with the explicit approval of, and are subject to revocation by, the Board.

The internal service funds are proprietary fund types. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A 90-day availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

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

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

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The revenue susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. No income from investments reported in one fund is assigned to another fund. All other Governmental Fund Type revenues are recognized when received.

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

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

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

D. BUDGETARY CONTROL

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

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

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

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

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
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	August 31, 2025
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 852,043
Nonappropriated Budget Funds	<u>208,206</u>
All Special Revenue Funds	<u>\$ 1,060,249</u>

E. ENCUMBRANCE ACCOUNTING

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

F. PREPAYMENTS

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded using the consumption method in both government-wide and fund financial statements. The prepaid items have been identified as a non-spendable fund balance since it is not available for other subsequent expenditures.

G. INVENTORIES

The consumption method is used to account for inventories of printing supplies and computer equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed.

H. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as "Due to/from other funds". Interfund loans are classified as "Advances to/from other funds" and are offset by a fund balance reserve account. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances" and "internal advances".

I. CAPITAL ASSETS

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

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

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Buildings and Improvements	50 Years
Furniture and Equipment	7-10 Years

J. COMPENSATED ABSENCES

A liability for compensated absences that employees have earned and carry-forward to future fiscal years has been accrued in the government-wide financial statements in accordance with GASB Statement No. 101, "Compensated Absences," which was effective for fiscal years beginning after December 15, 2023. The measurement of the liability includes salary-related payments that are directly and incrementally associated with the leave.

K. CASH EQUIVALENTS

For purposes of the statement of cash flows, investments are considered to be cash equivalents if they are highly liquid with maturities of three months or less at the time of purchase.

L. NET POSITION

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds and the deferred charge for refunding. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is available for general governmental uses. When both restricted and unrestricted net position are available, restricted net position are expended before unrestricted net position is such use is consistent with the restricted purpose.

M. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures in the year bonds are issued.

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

The net pension and net OPEB liability are reduced through the General Fund.

N. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

Deferred outflows of resources for refunding - Reported in the government-wide statement of net position, the deferred charge on bond refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amount of deferred outflows reported in the governmental activities for the deferred charge on bond refundings at August 31, 2025 was \$2,796,654.

Deferred outflows of resources for pensions - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of differences between expected and actual actuarial experiences. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan which is currently approximately 5.6705 years.

The amount of deferred outflows reported in the governmental activities for deferred pension expenses at August 31, 2025 was \$2,568,549.

Deferred outflows of resources for OPEB- Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of differences between expected and actual investment earnings and changes in proportionate share. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The other OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plan which is currently approximately 9.2215 years. The amount of deferred outflows reported for deferred OPEB expense at August 31, 2025 was \$3,253,904.

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

Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources in the fund financial statements. The amount of deferred inflows of resources reported in the governmental funds at August 31, 2025 was \$585,313.

Deferred inflows of resources for pensions - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between projected and actual earnings on pension plan investments and other actuarial and other assumption differences. These amounts will be amortized over a closed 5-year period. In fiscal year 2025, the District reported deferred inflows of resources for pensions in the governmental activities in the amount of \$933,335.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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Deferred inflows of resources for OPEB - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual experience and from changes in assumptions. These amounts will be amortized over the average expected remaining service life (AERSL) of all members (9.2215 years for the 2024 measurement year). In fiscal year 2025, the District reported deferred inflows of resources for OPEB in the governmental activities in the amount of \$8,718,436.

O. RISK MANAGEMENT

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

During the year ended August 31, 2025, the District participated in the Texas Association of School Boards Risk Management Fund (the Fund). The Fund was created and is operated under provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The following are Funds the District participated in during the year ended August 31, 2025.

Workers' Compensation Aggregate Deductible

During the year ended August 31, 2025, the District met its statutory workers' compensation obligations through participation in the TASB Risk Management Fund (the Fund). The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The District participates in the Fund's reimbursable aggregate deductible program. As such, the member is responsible for a certain amount of claims liability as outlined on the member's Contribution and Coverage Summary document. After the member's deductible has been met, the Fund is responsible for additional claims liability.

The Fund and its members are protected against higher-than-expected claims cost through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2.0 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. The fund carries a discounted reserve for future development on reported claims and claims that have been incurred but not yet reported. For the year-ended August 31, 2025, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The Fund engages the services of independent auditors to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2024, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Unemployment Compensation Pool

During the year ended August 31, 2025, Lake Dallas ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
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authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2025, the Fund anticipates that Lake Dallas ISD has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2024, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Auto, Liability and Property Programs

During the year ended August 31, 2025, Lake Dallas ISD participated in the following TASB Risk Management Fund (the Fund) programs:

Auto Liability
Auto Physical Damage
Legal Liability
Privacy & Information Security
Property

The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2025, the Fund anticipates Lake Dallas ISD has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2024, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

P. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

NOTE 2. FUND BALANCE

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

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Federal and State grant resources are being restricted because their use is restricted pursuant to the mandates of the Federal or State grants. Capital projects resources are restricted for future capital outlay.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees have committed resources as of August 31, 2025 for campus activities.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District by Board resolution. Under the Board's adopted policy, the Superintendent has been given the authority to assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund. A negative unassigned fund balance may be reported in other governmental funds if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes. The General Fund is the only fund that reports a positive unassigned fund balance.

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

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED AUGUST 31, 2025**

The details of the fund balances are included in the Governmental Funds Balance Sheet (pages 38) and are described below:

General Fund

The General Fund has unassigned fund balance of \$13,688,072 at August 31, 2025.

Other Major Funds

The Debt Service Fund has restricted funds of \$2,829,386 at August 31, 2025, consisting primarily of property tax collections that are restricted for debt service payments on bonded debt. The Capital Projects Fund has restricted funds of \$14,566,711 at August 31, 2025 consisting primarily of unspent bond funds.

Other Funds

The fund balance of \$178,566 of the Campus Activity Fund (a special revenue fund) is shown as committed due to Board policy committing those funds to campus activities. The fund balance of \$852,043 in the Food Service Fund is shown as restricted for food service operations. The other fund balances of \$29,073 in the other special revenue funds are restricted due to grant agreements.

NOTE 3. DEPOSITS AND INVESTMENTS

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

1. **Cash Deposits:**

At August 31, 2025, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$6,867,749 and the combined bank balance was \$7,175,136. The District's cash deposits at August 31, 2025 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. **Investments:**

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The district is in substantial compliance with the requirements of the Act and with local policies.

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

- a. **Custodial Credit Risk – Deposits:** In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2025, the District's cash balances totaled \$6,867,749. This entire amount was either collateralized with securities held by the District's financial institution's agent in the District's name or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk at August 31, 2025.
- b. **Custodial Credit Risk - Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At August 31, 2025, the District held all of its investments in four public funds investment pools (TexPool, Lone Star, LOGIC and Texas Daily). Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. **Credit Risk –** This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. Credit risk is monitored and controlled by purchasing quality related instruments that have been evaluated by agencies such as Standard and Poor's or Moody's Investment Services.

The District utilizes government investment pools as part of its investment strategy.

Board policy states that investment pools must:

1. Have an average weighted maturity of less than two years;
2. Are invested exclusively in obligations approved by Government Code Chapter 2256, Subchapter A, regarding authorized investments (Public Funds Investment Act);
3. Are continuously rated by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and
4. Conform to the requirements in Government Code Section 2256.016(b) and (c) relating to the eligibility of investment pools to receive and invest funds of investing entities.

The credit quality rating for the four investment pools range from AAA (Standard and Poor's) to AAAM (Standard and Poor's)

- d. **Interest Rate Risk -** This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for each of the four investment pools is less than 120 days. The District follows its investment policy to limit investments only in government investments pools with average maturities of less than 120 days.
- e. **Foreign Currency Risk -** This is the risk that exchange rates will adversely affect the fair value of an investment. At August 31, 2025, the District was not exposed to foreign currency risk.

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- f. **Concentration of Credit Risk** - This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement.

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

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

The District's investments at August 31, 2025, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Maturity Date</u>
TexPool	\$ 418,599	\$ 418,599	N/A
Texas Daily	19,985,366	19,985,366	N/A
LoneStar	9,329,383	9,329,383	N/A
LOGIC	150,206	150,206	N/A
Total	<u>\$29,883,554</u>	<u>\$29,883,554</u>	

Fair Value Measurements

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

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

The District's investment in Texpool, Texas Daily, Lone Star, and Logic (statewide 2a7-like external investment pools) are not required to be measured at fair value but are measured at amortized cost.

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
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FOR THE YEAR ENDED AUGUST 31, 2025**

NOTE 4. CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental Activities:				
Land	\$ 7,295,038	-	-	\$ 7,295,038
Construction in progress	7,753,099	-	(7,753,099)	-
Capital assets not being depreciated	15,048,137	-	(7,753,099)	7,295,038
Buildings and improvements	196,665,830	26,616,370	7,753,099	231,035,299
Furniture and equipment	12,435,671	2,931,043	-	15,366,714
Capital assets being depreciated	209,101,501	29,547,413	7,753,099	246,402,013
Less accumulated depreciation:				
Buildings and improvements	(57,820,001)	(4,410,242)	-	(62,230,243)
Furniture and equipment	(9,050,818)	(696,135)	-	(9,746,953)
Accumulated depreciation	(66,870,819)	(5,106,377)	-	(71,977,196)
Total capital assets being depreciated, net	142,230,682	24,441,036	7,753,099	174,424,817
Total capital assets, net	\$ 157,278,819	\$ 24,441,036	\$ -	\$ 181,719,855

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

Instruction	\$ 2,811,041
Instructional resources and media services	67,774
Curriculum development and instructional staff	103,246
Instructional leadership	96,080
School leadership	265,364
Guidance, counseling, and evaluation services	195,206
Health services	45,476
Student transportation	174,725
Food services	996
Extracurricular activities	156,489
General administration	215,118
Facilities maintenance and operations	697,051
Security and monitoring services	277,123
Data processing services	688
Total	<u>\$ 5,106,377</u>

NOTE 5. LONG-TERM DEBT

Long-term debt includes par bond and capital appreciation (deep discount) serial bonds. All long-term debt represents transactions in the District's governmental activities. No long-term debt exists in the District's business-type activities.

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

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
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The following is a summary of the changes in the District's Long-term Debt for the year ended August 31, 2025:

	Original Issue	Interest Rate	Beginning Balance	Additions	Retired/ Refunded	Ending Balance	Due Within One Year
Bonded Indebtedness							
2001 Building and Refunding	\$ 13,264,891	4.00% - 5.70%	\$ 3,019,730	\$ -	\$ 789,690	\$ 2,230,040	\$ 746,670
2013 Refunding	8,955,000	2.00% - 4.00%	8,855,000	-	7,705,000	1,150,000	-
2014 Refunding	9,295,000	2.00% - 4.00%	4,310,000	-	4,310,000	-	-
2015 Refunding	19,063,027	0.47% - 5.00%	12,931,727	-	6,581,727	6,350,000	-
2016 Refunding	24,877,700	2.00% - 4.00%	21,552,700	-	21,552,700	-	-
2019 Building	16,130,000	4.00% - 5.00%	12,595,000	-	695,000	11,900,000	670,000
2019-A Building	63,900,000	3.00% - 5.00%	63,035,000	-	880,000	62,155,000	925,000
2021 Refunding	6,540,000	3.00%	4,565,000	-	105,000	4,460,000	110,000
2023 Building	34,875,000	4.00% - 5.00%	34,040,000	-	510,000	33,530,000	535,000
2025 Refunding	38,005,000	2.65% - 4.64%	-	38,005,000	780,000	37,225,000	3,760,000
Total bonded indebtedness			164,904,157	38,005,000	43,909,117	159,000,040	6,746,670
Bond Premiums			18,632,693	5,929,424	9,130,332	15,431,785	-
Accreted Interest			10,766,953	8,485,609	2,633,746	16,618,816	-
Finance Lease			-	2,789,529	760,430	2,029,099	636,798
Compensated Absences (after restatement)			4,229,678	705,592	-	4,935,270	-
Total			<u>\$ 198,533,481</u>	<u>\$ 55,915,154</u>	<u>\$ 56,433,625</u>	<u>\$ 198,015,010</u>	<u>\$ 7,383,468</u>

Note: The addition to compensated absences is presented as a net change.

The 2001, 2015, and 2016 bond series include outstanding capital appreciation bonds. The bonds mature variously through 2033. Interest accrues on these bonds each February 15 and August 15, even though the interest is not paid until maturity. The accreted interest of \$16,618,816 is accounted for as Accreted Interest payable.

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

During the fiscal year, the District signed a finance lease with Wells Fargo Vendor Financial Services, LLC, to lease Apple computer equipment for instructional purposes.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2025.

Presented below is a summary of general obligation bond requirements to maturity:

<i>Bonded Indebtedness</i>			
	Principal	Interest	Total
2026			
2027	\$ 6,746,670	\$ 11,586,399	\$ 18,333,069
2028	4,515,990	8,518,029	13,034,019
2029	4,518,944	8,516,875	13,035,819
2030	6,193,436	6,837,683	13,031,119
2031 - 2035	5,890,000	5,569,069	11,459,069
2036 - 2040	34,400,000	23,799,245	58,199,245
2041 - 2045	34,155,000	15,263,820	49,418,820
2046 - 2050	31,720,000	8,988,757	40,708,757
2046-2050	30,860,000	2,656,433	33,516,433
2051-2052	<u>\$ 159,000,040</u>	<u>\$ 91,736,310</u>	<u>\$ 250,736,350</u>

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NOTE 6. DEBT REFUNDING

In July 2025, the District issued \$38,005,000 of unlimited tax refunding bonds to fund the repayment of bond 2013, 2014, 2015, and 2016 outstanding bond principal. The redemption date on refunding bonds was September 9, 2025.

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

Balance - August 31, 2024	\$ 2,449,241
Refunding of unamortized losses	(563,325)
Deferred loss - current year refunding	1,079,416
Current year amortization	(168,678)
Balance - August 31, 2025	<u>\$ 2,796,654</u>

NOTE 7. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2023-24 fiscal year was based was \$3,358,559,201. Taxes are delinquent if not paid by August 31. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2025, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$0.75520 and \$0.50 per \$100 valuation, respectively, for a total of \$1.25520 per \$ 100 valuation.

Current tax collections for the year ended August 31, 2025 were 99.17% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of August 31, 2025, property taxes receivable, net of estimated uncollectible taxes, totaled \$376,865 and \$208,448 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and unavailable revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

NOTE 8. DEFINED BENEFIT PENSION PLAN

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

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

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

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes including automatic COLAs. Ad hoc post-employment benefit changes including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above. Accordingly, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc cost-of-living-adjustment (COLA).

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

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

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

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

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

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

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
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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. Contribution Rates can be found in the TRS 2024 ACFR, Note 11, on page 87.

<u>Contribution Rates</u>	
Member	8.25%
Non-Employer Contributing Entity (State)	8.25%
Employers	8.25%
Lake Dallas ISD FY 2025 Employer Contributions	\$ 1,142,332
Lake Dallas ISD FY 2025 Member Contributions	2,500,269
Lake Dallas ISD FY 2025 NECE On-Behalf	1,818,339

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all an employee's salary is paid by federal funding source or a privately sponsored source, from non-educational and general, or local funds.

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

- All public schools must contribute 1.9 percent of the member's salary beginning in fiscal year 2025, increasing to 2 percent in fiscal year 2026.
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions. The total pension liability in the August 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2023	3.87%
Inflation	2.30%
Salary Increases Including Inflation	2.95% to 8.95%
Ad hoc Post Employment Benefit Changes	None

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
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The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2023. For a full description of these assumptions please see the actuarial valuation report dated November 21, 2023.

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 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 those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2024, (see page 56 of the 2024 TRS ACFR) are summarized below:

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Asset Class	Target Allocation ¹	Long-Term Expected Arithmetic Real Rate of Return ²	Expected Contribution To Long-Term Portfolio Returns
Global Equity			
U.S.	18%	4.0%	1.00%
Non-U.S. Developed	13%	4.5%	0.90%
Emerging Markets	9%	4.8%	0.70%
Private Equity	14%	7.0%	1.50%
Stable Value			
Government Bonds	16%	2.5%	0.50%
Absolute Return ⁴	0%	3.6%	0.00%
Stable Value Hedge Funds	5%	4.1%	0.20%
Real Return			
Real Estate	15%	4.9%	1.10%
Energy, Natural Resources	6%	4.8%	0.40%
Commodities	0%	4.4%	0.00%
Risk Parity			
Risk Parity	8%	4.5%	0.40%
Leverage			
Cash	2%	3.7%	0.00%
Asset Allocation Leverage	-6%	4.4%	-0.10%
Inflation Expectation	-		2.30%
Volatility Drag ³	-		-0.90%
Total	<u>100%</u>		<u>8.00%</u>

Discount Rate Sensitivity Analysis. The following schedule shows the impact on the net pension liability if the discount rate used was 1 percentage point lower than and 1 percentage point higher than the discount rate that was used (7.00%) in measuring the net pension liability:

	1% Decrease in Discount Rate 6.00%	Discount Rate 7.00%	1% Increase in Discount Rate 8.00%
Lake Dallas ISD's proportionate share of the net pension liability:	\$19,396,834	\$12,143,868	\$6,134,270

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. On August 31, 2025, the District reported a liability of \$13,041,690 for its proportionate share of the TRS's net pension liability (based on a measurement year ended August 31, 2024). This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 12,143,868
State's proportionate share that is associated with the District	<u>19,662,647</u>
Total	<u>\$ 31,806,515</u>

¹ Target allocations are based on the FY23 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023).

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

⁴ Absolute Return includes credit sensitive investments.

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

On August 31, 2024, the employer's proportion of the collective net pension liability was 0.0198805465%, a decrease of 3.12% from its proportionate share of 0.0205216660% as of August 31, 2023.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation.

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

The 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.

The amount of pension expense recognized by the District in the reporting period was \$1,610,782.

For the year ended August 31, 2025, the District recognized pension expense of \$2,350,015 and revenue of \$2,350,015 for support by the State (based on a measurement year ended August 31, 2024).

On August 31, 2025, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (the amounts shown below will be the cumulative layers from the current and prior years combined):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 669,353	\$ 94,813
Changes in actuarial assumptions	627,014	84,061
Difference between projected and actual investment earnings	73,819	
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	56,031	754,461
Contributions paid to TRS subsequent to the measurement date	1,142,332	-
Total	\$ 2,568,549	\$ 933,335

The District recognized \$1,142,332 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
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Year ended August 31:	Pension Expense Amount	Balance of Deferred Deferred Outflows (Deferred Inflows)
2026	\$ (222,741)	\$ 715,624
2027	1,122,136	(406,512)
2028	7,830	(414,342)
2029	(417,025)	2,683
2030	2,683	-
Thereafter	-	-

NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

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

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

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

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

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

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

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

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.

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Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon active employee compensation. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of salary. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2024. The following table shows contributions to the TRS-Care plan by type of contributor.

<u>Contribution Rates</u>	
Active Employee	0.65%
Non-Employer Contributing Entity (State)	1.25%
Employers	0.75%
Federal/private Funding remitted by Employers	1.25%
Lake Dallas ISD FY 2025 Employer Contributions	\$235,371
Lake Dallas ISD FY 2025 Member Contributions	196,557
Lake Dallas ISD FY 2025 NECE On-Behalf Contributions	582,651

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2024. Actuarial Assumptions can be found in the 2024 TRS ACFR, Note 9, page 78.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2023, TRS pension actuarial valuation that was rolled forward to August 31, 2024:

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

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

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.87%
Aging Factors	Based the Society of Actuaries' 2013 Study, Health Care

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	Costs – From Birth to Death”
Expenses	Third-party administrative expenses related to the delivery care benefits are included in the age-adjusted claim cost
Projected Salary Increases	2.95% to 8.95%, including inflation
Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% participation after age 65
Ad hoc post-employment benefit changes	None

Discount Rate. A single discount rate of 3.87% was used to measure the total OPEB liability. There was a decrease of 0.26 percent in the discount rate since the previous year. Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the single discount rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Bond Buyer’s “20-Bond GO Index” as of August 31, 2024, using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% lower than and 1% higher than the discount rate that was used (3.87%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate 2.87%	Current Single Discount Rate 3.87%	1% Increase in Discount Rate 4.87%
Lake Dallas ISD’s proportionate share of the net OPEB liability:	\$9,630,588	\$8,106,237	\$6,874,538

Healthcare Cost Trend Rates Sensitivity Analysis - The following schedule shows the impact on the net OPEB liability if a healthcare trend rate that is 1% less than or 1% greater than the health trend rates assumed.

	1% Decrease in Discount Rate	Current Single Healthcare Trend Rate	1% Increase in Discount Rate
Lake Dallas ISD’s proportionate share of the net OPEB liability:	\$6,601,326	\$8,106,237	\$10,067,285

OPEB Liabilities, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. On August 31, 2025, the District reported a liability of \$8,656,398 for its proportionate share of the TRS’s Net OPEB Liability (based on a measurement year ended August 31, 2024). This liability reflects a reduction for State OPEB support provided to the District.

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

District’s proportionate share of the collective net OPEB liability	\$ 8,106,237
State’s proportionate share that is associated with the District	<u>10,157,005</u>
Total	<u>\$18,263,242</u>

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

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

On August 31, 2024, the employer's proportion of the collective Net OPEB Liability was 0.0267078340%, a decrease of 2.72% compared to the August 31, 2023, proportionate share of 0.0274541710%.

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

- The single discount rate changed from 4.13 percent as of August 31, 2023, to 3.87 percent as of August 31, 2024, accompanied by revised demographic and economic assumptions based on the TRS experience study.
- The tables used to model the impact of aging on the underlying claims were revised.

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

The amount of OPEB expense recognized by the District in the reporting period was \$(1,061,305).

For the year ended August 31, 2025, the District recognized OPEB expense of \$1,320,223 and revenue of \$1,320,223 for support provided by the State (based on a measurement year ended August 31, 2024).

On August 31, 2025, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits related to OPEB from the following sources (the amounts shown below will be the cumulative layers for the current and prior years combined):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,553,693	\$ 4,045,452
Changes in actuarial assumptions	1,037,503	2,644,971
Difference between projected and actual investment earnings	-	22,700
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	427,337	2,005,313
Contributions paid to TRS subsequent to the measurement date	235,371	-
Total	\$ 3,253,904	\$ 8,718,436

The District recognized \$235,371 as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2025. The other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	Pension Expense Amount	Balance of Deferred Deferred Outflows (Deferred Inflows)
2026	\$ (1,272,302)	\$ (4,427,601)
2027	(905,162)	(3,522,439)
2028	(1,220,650)	(2,301,789)
2029	(1,048,221)	(1,253,568)
2030	(707,249)	(546,319)
Thereafter	(546,319)	-

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

NOTE 10. SCHOOL DISTRICT RETIREE HEALTH PLAN

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended August 31, 2025, the contribution made on behalf of the District was \$216,080.

NOTE 11. HEALTH CARE

During the year ended August 31, 2025, employees of Lake Dallas Independent School District were covered by the TRS-Active Care health insurance plan (the Plan). The District contributed \$245 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a self-funded pool. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

NOTE 12. INTERFUND TRANSFERS AND BALANCES

Virtually all of the interfund balances below are short-term loans due to the fact that checking account balances for most governmental funds are pooled into one demand account. There are no interfund balances that are not expected to be repaid within one year. Interfund balances at August 31, 2025, consisted of the following individual fund receivables and payables:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Funds:		
General Fund	3,289,106	1,131,778
Debt Service Fund	1,131,778	-
Capital Projects Fund	-	1,502,668
Total Major Funds	<u>4,420,884</u>	<u>2,634,446</u>
Non-Major Funds:		
Special Revenue Funds:	-	1,694,612
Enterprise Fund:	-	91,826
Total Non-Major Funds	<u>-</u>	<u>1,786,438</u>
	<u>4,420,884</u>	<u>4,420,884</u>

NOTE 13. RECEIVABLES FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2024, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>Local</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>Total</u>
General Fund	\$ -	\$ 475,619	\$ -	\$ 475,619
Debt Service Fund	6,532	-	-	6,532
Special Revenue Fund	-	773,182	993,270	1,766,452
Total	<u>\$ 6,532</u>	<u>\$ 1,248,801</u>	<u>\$ 993,270</u>	<u>\$ 2,248,603</u>

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025**

Funds were transferred from enterprise and internal service funds in the amounts of \$91,826 and \$115,748, respectively, to the general fund at the end of the fiscal year to fund future general fund activities.

NOTE 14. CONTINGENT LIABILITIES

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments which exceed bond issue stated interest rates. The exact amount of liability, if any, will not be known until as long as five years from the bond issuance date. At August 31, 2025, there was no estimated rebate liability.

NOTE 15. LITIGATION AND CONTINGENCIES

The District is not a party to any legal actions, accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such contingencies.

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

NOTE 16. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 23,464,031	\$ -	\$ 15,406,276	\$ -	\$ 38,870,307
Food Sales	-	696,888	-	-	696,888
Investment Income	812,895	-	438,036	1,518,670	2,769,601
Penalties, interest and other tax related income	151,761	-	84,982	-	236,743
Co-curricular student activities	117,361	-	-	-	117,361
Tuition and fees	5,440	-	-	-	5,440
Rent	55,751	-	-	-	55,751
Gifts and bequests	58,883	-	-	-	58,883
Other	147,235	235,555	-	-	382,790
Total	<u>\$ 24,813,357</u>	<u>\$ 932,443</u>	<u>\$ 15,929,294</u>	<u>\$ 1,518,670</u>	<u>\$ 43,193,764</u>

NOTE 17. UNEARNED REVENUE

Unearned revenue at year-end consisted of the following:

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2025

	General Fund	Special Revenue Funds	Total
Unearned grants	\$ -	\$ 108,767	\$ 108,767

NOTE 18. SUBSEQUENT EVENTS

Management evaluates subsequent events through the date of the report, which is the date the financial statements were available to be issued.

NOTE 19. CHANGE IN ACCOUNTING PRINCIPLE – COMPENSATED ABSENCES

In June 2022, GASB issued new accounting pronouncement, GASB Statement No. 101, "Compensated Absences," which was effective for fiscal years beginning after December 15, 2023. In compliance with this new accounting pronouncement, a liability has been recognized in the District's statements of net position for carry-forward compensated absences more likely than not (a likelihood of more than 50%) to be used by or paid to employees in future periods. The measurement of the liability includes salary-related payments that are directly and incrementally associated with the leave. Texas state law provides a state minimum personal leave program consisting of five days per year personal leave with no limit on accumulation and transferability among Texas school districts; school districts can provide additional personal leave beyond this minimum. The liability for compensated absences in governmental fund financial statements is the amount, if material, that is to be liquidated with expendable available financial resources. This new accounting pronouncement does not apply to holiday leave or projected effects on defined benefit postemployment liabilities. Under previous accounting rules, a liability for compensated absences would have been recorded only if accumulated benefits were to be paid upon employee termination or retirement.

The implementation of this new accounting standard resulted in restating beginning net position in the District's governmental activities as follows:

Governmental Activities

Net Position as of 8/31/24 as previously reported	\$ (1,447,054)
Restatement due to change in accounting principle to record a liability for compensated absences	(4,229,678)
Net position as of 8/31/24 as restated	<u>(5,676,732)</u>

NOTE 20. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION

The District exceeded its general fund budget in one functional expenditure categories: instruction by \$2,695,013 due to the lease-purchase of Apple products during the fiscal year (see Note 5). Overall, there was an unfavorable expenditure variance of \$620,333.

REQUIRED SUPPLEMENTARY INFORMATION



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LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 24,476,483	\$ 24,476,483	\$ 24,813,357	\$ 336,874
5800 State Program Revenues	16,848,363	17,276,571	17,506,887	230,316
5900 Federal Program Revenues	641,019	641,019	613,676	(27,343)
5020 Total Revenues	41,965,865	42,394,073	42,933,920	539,847
EXPENDITURES:				
Current:				
0011 Instruction	23,426,370	23,830,497	26,525,510	(2,695,013)
0012 Instructional Resources and Media Services	464,550	473,232	462,960	10,272
0013 Curriculum and Instructional Staff Development	781,431	919,782	915,790	3,992
0021 Instructional Leadership	677,367	633,338	618,990	14,348
0023 School Leadership	2,269,025	2,295,558	2,253,358	42,200
0031 Guidance, Counseling, and Evaluation Services	1,344,332	1,506,900	1,469,273	37,627
0033 Health Services	366,863	382,238	380,834	1,404
0034 Student (Pupil) Transportation	1,714,191	1,766,325	1,659,186	107,139
0035 Food Services	-	15,134	15,133	1
0036 Extracurricular Activities	1,173,280	1,320,222	1,305,389	14,833
0041 General Administration	1,781,338	1,793,801	1,784,807	8,994
0051 Facilities Maintenance and Operations	5,737,573	6,267,265	6,205,853	61,412
0052 Security and Monitoring Services	977,325	1,077,168	664,483	412,685
0053 Data Processing Services	1,268,960	1,245,240	1,207,439	37,801
0061 Community Services	-	4,922	4,921	1
Debt Service:				
0071 Principal on Long-Term Liabilities	-	760,430	-	760,430
Capital Outlay:				
0081 Facilities Acquisition and Construction	14,000	18,600	17,600	1,000
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	4,500	12,000	12,000	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	2,000	2,000	-	2,000
0099 Other Intergovernmental Charges	320,000	290,200	271,506	18,694
6030 Total Expenditures	42,323,105	44,614,852	45,775,032	(1,160,180)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(357,240)	(2,220,779)	(2,841,112)	(620,333)
OTHER FINANCING SOURCES (USES):				
7913 Right-to-Use Lease and SBITA Proceeds	-	-	2,029,099	2,029,099
7915 Transfers In	-	-	207,573	207,573
7080 Total Other Financing Sources (Uses)	-	-	2,236,672	2,236,672
1200 Net Change in Fund Balances	(357,240)	(2,220,779)	(604,440)	1,616,339
0100 Fund Balance - September 1 (Beginning)	14,292,512	14,292,512	14,292,512	-
3000 Fund Balance - August 31 (Ending)	\$ 13,935,272	\$ 12,071,733	\$ 13,688,072	\$ 1,616,339

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Pension Liability (Asset)	0.1988055%	0.020521666%	0.021377726%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 12,143,868	\$ 14,096,404	\$ 12,691,406
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	19,662,646	23,347,004	21,970,498
Total	<u>\$ 31,806,514</u>	<u>\$ 37,443,408</u>	<u>\$ 34,661,904</u>
District's Covered Payroll	\$ 30,810,544	\$ 30,193,286	\$ 30,329,867
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	39.41%	46.69%	41.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%

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

<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>	<u>FY 2017</u> <u>Plan Year 2016</u>	<u>FY 2016</u> <u>Plan Year 2015</u>
0.021126608%	0.021292927%	0.0235027%	0.02334693%	0.018264875%	0.018637105%	0.0198897%
\$ 5,380,199	\$ 11,404,058	\$ 12,217,441	\$ 12,850,717	\$ 5,840,123	\$ 7,042,685	\$ 7,030,744
10,199,685	22,293,719	20,460,211	22,529,858	15,271,643	18,223,942	17,229,897
<u>\$ 15,579,884</u>	<u>\$ 33,697,777</u>	<u>\$ 32,677,652</u>	<u>\$ 35,380,575</u>	<u>\$ 21,111,766</u>	<u>\$ 25,266,627</u>	<u>\$ 24,260,641</u>
\$ 29,720,288	\$ 29,863,870	\$ 28,111,928	\$ 27,397,418	\$ 26,574,196	\$ 25,849,885	\$ 24,956,220
18.10%	38.19%	43.46%	46.90%	21.98%	27.24%	28.17%
88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 1,142,332	\$ 1,120,793	\$ 1,034,494
Contribution in Relation to the Contractually Required Contribution	(1,142,332)	(1,120,793)	(1,034,494)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 30,306,295	\$ 30,810,544	\$ 30,193,286
Contributions as a Percentage of Covered Payroll	3.77%	3.64%	3.43%

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

	2022	2021	2020	2019	2018	2017	2016
\$	998,754	\$ 892,510	\$ 878,546	\$ 824,909	\$ 786,464	\$ 598,616	\$ 592,480
	(998,754)	(892,510)	(878,546)	(824,909)	(786,464)	(598,616)	(592,480)
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	30,329,867	\$ 29,720,288	\$ 29,863,870	\$ 28,111,928	\$ 27,397,418	\$ 26,574,196	\$ 25,849,885
	3.29%	3.00%	2.94%	2.93%	2.87%	2.25%	2.29%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.026708%	0.027454171%	0.029813202%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 8,106,237	\$ 6,077,888	\$ 7,138,475
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	10,157,005	7,333,906	8,707,818
Total	<u>\$ 18,263,242</u>	<u>\$ 13,411,794</u>	<u>\$ 15,846,293</u>
District's Covered Payroll	\$ 30,810,544	\$ 30,193,286	\$ 30,329,867
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	26.31%	20.13%	23.54%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. For example, the amounts for FY 2025 are for the measurement date of August 31, 2024, etc.

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

<u>FY 2022</u> <u>Plan Year 2021</u>	<u>FY 2021</u> <u>Plan Year 2020</u>	<u>FY 2020</u> <u>Plan Year 2019</u>	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
0.030265463%	0.031226603%	0.031504959%	0.031748606%	0.028767545%
\$ 11,674,741	\$ 11,870,642	\$ 14,899,080	\$ 15,852,369	\$ 12,469,879
15,641,552	15,951,297	19,797,546	23,874,982	21,870,140
<u>\$ 27,316,293</u>	<u>\$ 27,821,939</u>	<u>\$ 34,696,626</u>	<u>\$ 39,727,351</u>	<u>\$ 34,340,019</u>
 \$ 29,720,288	 \$ 29,863,870	 \$ 28,111,928	 \$ 27,397,418	 \$ 26,574,196
39.29%	39.75%	53.00%	57.87%	46.92%
6.18%	4.99%	2.66%	1.57%	0.91%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2025

	2025	2024	2023
Contractually Required Contribution	\$ 235,371	\$ 242,572	\$ 239,420
Contribution in Relation to the Contractually Required Contribution	(235,371)	(242,572)	(239,420)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 30,306,295	\$ 30,810,544	\$ 30,193,286
Contributions as a Percentage of Covered Payroll	0.78%	0.79%	0.79%

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

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

	2022		2021		2020		2019		2018
\$	247,313	\$	236,442	\$	237,123	\$	223,600	\$	218,925
	(247,313)		(236,442)		(237,123)		(223,600)		(218,925)
\$	-	\$	-	\$	-	\$	-	\$	-
\$	30,329,867	\$	29,720,288	\$	29,863,870	\$	28,111,928	\$	27,397,418
	0.82%		0.80%		0.79%		0.80%		0.80%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2025

PENSION LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

OPEB LIABILITY:

Changes of benefit terms:

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

Changes of assumptions:

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

- The discount rate changed from 4.13 percent as of August 31, 2023, to 3.87 percent as of August 31, 2024.
- Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

OTHER SUPPLEMENTARY INFORMATION
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Activities accounted for in the Special Revenue Funds are:

Federal Programs:

ESEA Title I, Part A, Improving Basic Program
IDEA-Part B, Formula
IDEA-Part B, Preschool
National Breakfast and Lunch Program
Career and Technical - Basic Grant
ESEA, Title II, A Training and Recruiting
Title III, A English Lang. Acquisition
ESSER III ARP Act
Summer School LEP
Other Federal Special Revenue Funds

State Programs:

Advanced Placement Incentives
State Instructional Material
Other State Special Revenue Funds

Local Programs:

Campus Activity Funds
Athletic Camps

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2025

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 1,014,503
1240 Due from Other Governments	173,329	533,533	6,954	104,327
1000 Total Assets	<u>\$ 173,329</u>	<u>\$ 533,533</u>	<u>\$ 6,954</u>	<u>\$ 1,118,830</u>
LIABILITIES				
2110 Accounts Payable	\$ -	\$ -	\$ -	\$ 139,223
2170 Due to Other Funds	173,329	533,533	6,954	-
2180 Due to Other Governments	-	-	-	-
2200 Accrued Expenditures	-	-	-	28,253
2300 Unearned Revenue	-	-	-	99,311
2000 Total Liabilities	<u>173,329</u>	<u>533,533</u>	<u>6,954</u>	<u>266,787</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	852,043
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>852,043</u>
4000 Total Liabilities and Fund Balances	<u>\$ 173,329</u>	<u>\$ 533,533</u>	<u>\$ 6,954</u>	<u>\$ 1,118,830</u>

EXHIBIT H-1 (Cont'd)

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	282 ESSER III ARP Act	288 Summer School LEP	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials
\$ - 3,200	\$ - 30,217	\$ - 8,687	\$ 27,772 -	\$ - -	\$ - 10,442	\$ 9,456 -	\$ - 122,581
\$ 3,200	\$ 30,217	\$ 8,687	\$ 27,772	\$ -	\$ 10,442	\$ 9,456	\$ 122,581
\$ - 3,200	\$ 16,346 13,871	\$ - 8,687	\$ - -	\$ - -	\$ - 10,442	\$ - -	\$ - 93,508
-	-	-	27,772	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	9,456	-
3,200	30,217	8,687	27,772	-	10,442	9,456	93,508
-	-	-	-	-	-	-	29,073
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	29,073
\$ 3,200	\$ 30,217	\$ 8,687	\$ 27,772	\$ -	\$ 10,442	\$ 9,456	\$ 122,581

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2025

Data Control Codes		429 Other State Special Revenue Funds	461 Campus Activity Funds	462 Athletic Camps	Total Nonmajor Governmental Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 188,379	\$ 96,124	\$ 1,336,234
1240	Due from Other Governments	773,182	-	-	1,766,452
1000	Total Assets	<u>\$ 773,182</u>	<u>\$ 188,379</u>	<u>\$ 96,124</u>	<u>\$ 3,102,686</u>
LIABILITIES					
2110	Accounts Payable	\$ 22,484	\$ 4,980	\$ -	\$ 183,033
2170	Due to Other Funds	750,698	4,833	95,557	1,694,612
2180	Due to Other Governments	-	-	-	27,772
2200	Accrued Expenditures	-	-	-	28,253
2300	Unearned Revenue	-	-	-	108,767
2000	Total Liabilities	<u>773,182</u>	<u>9,813</u>	<u>95,557</u>	<u>2,042,437</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	881,116
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	178,566	567	179,133
3000	Total Fund Balances	<u>-</u>	<u>178,566</u>	<u>567</u>	<u>1,060,249</u>
4000	Total Liabilities and Fund Balances	<u>\$ 773,182</u>	<u>\$ 188,379</u>	<u>\$ 96,124</u>	<u>\$ 3,102,686</u>



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LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 768,833
5800 State Program Revenues	-	-	-	50,735
5900 Federal Program Revenues	336,082	701,984	10,869	1,415,396
5020 Total Revenues	336,082	701,984	10,869	2,234,964
EXPENDITURES:				
Current:				
0011 Instruction	262,357	344,631	10,869	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	64,725	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	9,000	357,353	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	2,672,627
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	336,082	701,984	10,869	2,672,627
1200 Net Change in Fund Balance	-	-	-	(437,663)
0100 Fund Balance - September 1 (Beginning)	-	-	-	1,289,706
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 852,043

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	282 ESSER III ARP Act	288 Summer School LEP	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Instructional Materials
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	243,061
17,129	31,356	49,647	494,058	2,727	34,002	-	-
17,129	31,356	49,647	494,058	2,727	34,002	-	243,061
16,534	15,010	49,647	283,015	2,727	34,002	-	243,061
-	-	-	4,632	-	-	-	-
595	16,346	-	7,721	-	-	-	-
-	-	-	6,177	-	-	-	-
-	-	-	27,280	-	-	-	-
-	-	-	18,015	-	-	-	-
-	-	-	5,147	-	-	-	-
-	-	-	34,486	-	-	-	-
-	-	-	30,368	-	-	-	-
-	-	-	4,118	-	-	-	-
-	-	-	10,304	-	-	-	-
-	-	-	41,177	-	-	-	-
-	-	-	3,088	-	-	-	-
-	-	-	7,206	-	-	-	-
-	-	-	11,324	-	-	-	-
17,129	31,356	49,647	494,058	2,727	34,002	-	243,061
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	29,073
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,073

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	429 Other State Special Revenue Funds	461 Campus Activity Funds	462 Athletic Camps	Total Nonmajor Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 158,621	\$ 4,989	\$ 932,443
5800 State Program Revenues	556,736	-	-	850,532
5900 Federal Program Revenues	-	-	-	3,093,250
5020 Total Revenues	556,736	158,621	4,989	4,876,225
EXPENDITURES:				
Current:				
0011 Instruction	27,551	-	-	1,289,404
0012 Instructional Resources and Media Services	-	-	-	4,632
0013 Curriculum and Instructional Staff Development	-	-	-	89,387
0021 Instructional Leadership	-	-	-	6,177
0023 School Leadership	-	-	-	27,280
0031 Guidance, Counseling, and Evaluation Services	-	-	-	384,368
0033 Health Services	-	-	-	5,147
0034 Student (Pupil) Transportation	-	-	-	34,486
0035 Food Services	-	-	-	2,702,995
0036 Extracurricular Activities	-	51,290	4,904	60,312
0041 General Administration	-	-	-	10,304
0051 Facilities Maintenance and Operations	330,372	-	-	371,549
0052 Security and Monitoring Services	198,813	-	-	201,901
0053 Data Processing Services	-	-	-	7,206
0061 Community Services	-	-	-	11,324
6030 Total Expenditures	556,736	51,290	4,904	5,206,472
1200 Net Change in Fund Balance	-	107,331	85	(330,247)
0100 Fund Balance - September 1 (Beginning)	-	71,235	482	1,390,496
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 178,566	\$ 567	\$ 1,060,249

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 610,067	\$ 610,067	\$ 768,833	\$ 158,766
5800 State Program Revenues	43,128	43,128	50,735	7,607
5900 Federal Program Revenues	1,814,446	1,814,446	1,415,396	(399,050)
5020 Total Revenues	2,467,641	2,467,641	2,234,964	(232,677)
EXPENDITURES:				
Current:				
0035 Food Services	2,947,833	2,947,833	2,672,627	275,206
6030 Total Expenditures	2,947,833	2,947,833	2,672,627	275,206
1200 Net Change in Fund Balances	(480,192)	(480,192)	(437,663)	42,529
0100 Fund Balance - September 1 (Beginning)	1,289,706	1,289,706	1,289,706	-
3000 Fund Balance - August 31 (Ending)	\$ 809,514	\$ 809,514	\$ 852,043	\$ 42,529

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2025

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 16,040,494	\$ 16,040,494	\$ 15,929,294	\$ (111,200)
5800	State Program Revenues	1,672,918	1,672,918	1,947,536	274,618
5020	Total Revenues	17,713,412	17,713,412	17,876,830	163,418
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Liabilities	5,119,600	5,899,601	5,949,599	(49,998)
0072	Interest on Long-Term Liabilities	12,568,956	11,801,178	11,751,175	50,003
0073	Bond Issuance Cost and Fees	8,000	21,000	383,213	(362,213)
6030	Total Expenditures	17,696,556	17,721,779	18,083,987	(362,208)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	16,856	(8,367)	(207,157)	(198,790)
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued	-	-	38,005,000	38,005,000
7916	Premium or Discount on Issuance of Bonds	-	-	5,929,424	5,929,424
8949	Other (Uses)	-	-	(43,553,351)	(43,553,351)
7080	Total Other Financing Sources (Uses)	-	-	381,073	381,073
1200	Net Change in Fund Balances	16,856	(8,367)	173,916	182,283
0100	Fund Balance - September 1 (Beginning)	2,655,470	2,655,470	2,655,470	-
3000	Fund Balance - August 31 (Ending)	\$ 2,672,326	\$ 2,647,103	\$ 2,829,386	\$ 182,283

OTHER SUPPLEMENTARY INFORMATION:

INTERNAL SERVICE FUNDS



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INTERNAL SERVICE

FUNDS

Internal Service Funds are used to account for the financing of services provided by one department to other departments of the District on a cost reimbursement basis.

Print Shop - This fund accounts for printing services provided by the District Print Shop.

Computer Operations - This fund accounts for technology services provided to other departments.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2025

	752	754	Total
	Print Shop	Computer Operations	Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 114,627	\$ -	\$ 114,627
Inventories	6,049	-	6,049
Total Assets	<u>120,676</u>	<u>-</u>	<u>120,676</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,340	-	1,340
Accrued Expenses	88	-	88
Total Liabilities	<u>1,428</u>	<u>-</u>	<u>1,428</u>
NET POSITION			
Fiduciary Net Position	<u>119,248</u>	<u>-</u>	<u>119,248</u>
Total Net Position	<u>\$ 119,248</u>	<u>\$ -</u>	<u>\$ 119,248</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2025

	752	754	Total
	Print Shop	Computer Operations	Internal Service Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 96,293	\$ -	\$ 96,293
Total Operating Revenues	96,293	-	96,293
OPERATING EXPENSES:			
Payroll Costs	33,758	-	33,758
Professional and Contracted Services	68,194	-	68,194
Supplies and Materials	28,319	-	28,319
Total Operating Expenses	130,271	-	130,271
Income (Loss) Before Transfers	(33,978)	-	(33,978)
Transfers Out	-	(115,748)	(115,748)
Change in Net Position	(33,978)	(115,748)	(149,726)
Total Net Position - Sept. 1 (Beginning)	153,226	115,748	268,974
Total Net Position - August 31 (Ending)	\$ 119,248	\$ -	\$ 119,248

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2025

	752	754	Total
	Print Shop	Computer Operations	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from District	\$ 96,293	\$ -	\$ 96,293
Cash Payments for Payroll Costs	(33,758)	-	(33,758)
Cash Payments for Supplies and Materials	(26,060)	-	(26,060)
Cash Payments for Purchased Services	(12,230)	-	(12,230)
Net Cash Provided by (Used for) Operating Activities	24,245	-	24,245
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Transfers Out	-	(115,748)	(115,748)
Net Decrease in Cash and Cash Equivalents	(29,469)	(110,524)	(139,993)
Cash and Cash Equivalents at Beginning of Year	144,096	110,524	254,620
Cash and Cash Equivalents at End of Year	<u>\$ 114,627</u>	<u>\$ -</u>	<u>\$ 114,627</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss):	\$ (33,978)	\$ -	\$ (33,978)
Effect of Increases and Decreases in Current			
Assets and Liabilities:			
Decrease (increase) in Due from Other Funds	3,222	4,252	7,474
Decrease (increase) in Inventories	1,524	972	2,496
Increase (decrease) in Accounts Payable	(237)	-	(237)
Net Cash Provided by (Used for)			
Operating Activities	<u>\$ (29,469)</u>	<u>\$ 5,224</u>	<u>\$ (24,245)</u>

OTHER SUPPLEMENTARY INFORMATION:
REQUIRED TEA SCHEDULES

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2025

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2016 and prior years	Various	Various	\$ 1,422,319,042
2017	1.170000	0.500000	1,601,010,736
2018	1.170000	0.500000	1,748,779,669
2019	1.170000	0.500000	1,953,569,778
2020	1.068300	0.500000	2,194,318,562
2021	1.050300	0.500000	2,269,182,443
2022	1.000300	0.500000	2,477,456,305
2023	0.942900	0.500000	2,887,504,774
2024	0.757500	0.500000	3,111,782,774
2025 (School year under audit)	0.755200	0.500000	3,358,559,201
1000 TOTALS			
8000 Total Taxes Refunded Under Section 26.1115, Tax Code			

EXHIBIT J-1

(10) Beginning Balance 9/1/2024	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2025	(99) Taxes Refunded Under Section 26.1115c
\$ 156,020	\$	\$ 8,603	\$ 3,676	\$ (5,809)	\$ 137,932	
32,622		1,227	524	-	30,871	
32,288		2,128	909	-	29,251	
35,363		2,807	1,199	-	31,357	
46,575		2,719	1,272	(157)	42,427	
51,311		4,338	2,065	(1,054)	43,854	
99,841		1,482	741	(55,679)	41,939	
60,011		(33,565)	(17,799)	(31,351)	80,024	
220,906		(164,684)	(108,702)	(370,160)	124,132	
-	39,671,649	23,264,360	15,402,780	(680,044)	324,465	
<u>\$ 734,937</u>	<u>\$ 39,671,649</u>	<u>\$ 23,089,415</u>	<u>\$ 15,286,665</u>	<u>\$ (1,144,254)</u>	<u>\$ 886,252</u>	

\$ 65,438

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2025

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.	\$2,234,155
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30)	\$1,328,688

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.	\$295,644
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	\$142,247

**STATISTICAL
SECTION
(UNAUDITED)**



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Statistical Section

This part of the Lake Dallas Independent School District's annual comprehensive financial report presents detailed information as context for understanding the information in the District's financial statements, note disclosures, and required supplementary information.

Contents	Page
Financial Trends	114
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	123
These schedules contain information to help the reader assess the government's most significant local revenue source, property taxes.	
Debt Capacity	130
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	136
These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.	
Operating Information	142
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for relevant years.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT ^(1,2)
LAST TEN FISCAL YEARS

Fiscal Year	2016	2017	2018	2019
Governmental Activities:				
Net Investment in Capital Assets	\$ 10,532,295	\$ 999,254	\$ (1,011,015)	\$ 4,729,315
Restricted for Federal and State Programs	289,104	276,416	387,245	380,420
Restricted for Debt Service	552,093	548,129	1,016,462	1,458,801
Restricted for Campus Activities	-	-	-	-
Unrestricted Net Position	(18,901,486)	(7,925,164)	(20,469,736)	(25,263,626)
Total Governmental Activities Net Position (1,2)	<u>\$ (7,527,994)</u>	<u>\$ (6,101,365)</u>	<u>\$ (20,077,044)</u>	<u>\$ (18,695,090)</u>
Business-Type Activities:				
Unrestricted Net Position	\$ 2,019	\$ 2,019	\$ 2,019	\$ 2,019
Total Business-Type Activities	<u>\$ 2,019</u>	<u>\$ 2,019</u>	<u>\$ 2,019</u>	<u>\$ 2,019</u>
Primary Government:				
Net Investment in Capital Assets	\$ 10,532,295	\$ 999,254	\$ (1,011,015)	\$ 4,729,315
Restricted for Federal and State Programs	289,104	276,416	387,245	380,420
Restricted for Debt Service	552,093	548,129	1,016,462	1,458,801
Restricted for Campus Activities	-	-	-	-
Unrestricted Net Position	(18,899,467)	(7,923,145)	(20,467,717)	(25,261,607)
Total Primary Government Net Position (1,2)	<u>\$ (7,525,975)</u>	<u>\$ (6,099,346)</u>	<u>\$ (20,075,025)</u>	<u>\$ (18,693,071)</u>

Source: The Statement of Net Position for the Lake Dallas Independent School District.

Notes: (1) Effective for the fiscal year ended August 31, 2013, the District implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. With the implementation of this standard, balances previously reported as "Net Assets" are now reported as "Net Position".

(2) Fiscal years prior to 2013 included in this schedule are shown as adjusted for changes required by GASB Statement No. 65, Items Previously Reported as Assets and Liabilities.

2020	2021	2022	2023	2024	2025
\$ 6,731,610	\$ 6,077,517	\$ 7,008,559	\$ 9,892,553	\$ 15,268,953	\$ 6,003,480
422,779	548,830	1,353,083	1,350,996	1,318,779	881,116
1,655,330	2,086,514	2,066,817	2,638,116	2,585,199	2,324,645
-	-	-	-	-	-
(26,426,223)	(26,535,782)	(24,312,940)	(23,066,123)	(20,619,985)	(14,209,772)
<u>\$ (17,616,504)</u>	<u>\$ (17,822,921)</u>	<u>\$ (13,884,481)</u>	<u>\$ (9,184,458)</u>	<u>\$ (1,447,054)</u>	<u>\$ (5,000,531)</u>
\$ 2,019	\$ 17,348	\$ 38,991	\$ 38,991	\$ 80,429	\$ 80,429
<u>\$ 2,019</u>	<u>\$ 17,348</u>	<u>\$ 38,991</u>	<u>\$ 38,991</u>	<u>\$ 80,429</u>	<u>\$ 80,429</u>
\$ 6,731,610	\$ 6,077,517	\$ 7,008,559	\$ 9,892,553	\$ 15,268,953	\$ 6,003,480
422,779	548,830	1,353,083	1,350,996	1,318,779	881,116
1,655,330	2,086,514	2,066,817	2,638,116	2,585,199	2,585,199
-	-	-	-	-	-
(26,424,204)	(26,518,434)	(24,273,949)	(23,027,132)	(20,700,414)	(20,700,414)
<u>\$ (17,614,485)</u>	<u>\$ (17,805,573)</u>	<u>\$ (13,845,490)</u>	<u>\$ (9,145,467)</u>	<u>\$ (1,366,625)</u>	<u>\$ (4,920,102)</u>

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

Fiscal Year	2016	2017	2018	2019
Expenses				
Governmental Activities:				
Instruction	\$ 23,420,949	\$ 23,396,271	\$ 16,521,116	\$ 25,381,434
Instructional Resources & Media Services	615,380	608,202	435,713	648,672
Curriculum & Staff Development	1,062,067	1,146,177	824,663	1,195,322
Instructional Leadership	537,969	544,277	382,487	607,779
School Leadership	2,221,927	2,239,641	1,523,744	2,448,663
Guidance, Counseling & Evaluation Services	1,479,360	1,534,056	1,094,629	1,654,565
Social Work Services	19,264	21,085	11,942	21,759
Health Services	349,952	348,539	233,779	368,200
Student (Pupil) Transportation	1,027,448	1,131,794	716,565	1,185,733
Food Services	2,040,332	1,869,615	1,767,424	1,957,297
Cocurricular/Extracurricular Activities	1,650,080	1,484,754	1,215,238	1,705,455
General Administration	1,431,261	1,422,654	1,072,859	1,629,207
Plant Maintenance & Operations	4,641,156	4,860,641	3,956,372	5,948,185
Security Monitoring Services	142,798	157,201	226,556	215,223
Data Processing Services	1,169,096	804,769	602,488	863,888
Community Services	-	10,691	4,023	6,793
Debt Service - Interest and Fees	2,903,668	4,206,670	3,730,281	4,576,171
Facilities Furnishings - Noncapital	-	63,123	1,780,675	211,776
Shared Services Special Education	-	50,205	56,200	39,800
Juvenile Justice Alternative Education Program	-	-	2,403	-
Tax Appraisal Fees	154,181	172,488	179,701	198,865
Total Expenses	44,866,888	46,072,853	36,338,858	50,864,787
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	9,285	151,386	10,680	11,315
Food Services	698,891	777,262	705,650	707,946
Cocurricular/Extracurricular Activities	137,602	88,174	92,362	109,408
Plant Maintenance & Operations	3,443	3,315	4,425	6,021
Operating Grants and Contributions	6,008,342	4,997,486	(1,901,848)	5,316,853
Total Governmental Program Revenues	6,857,563	6,017,623	(1,088,731)	6,151,543
Total Governmental Net (Expense) Revenue	\$ (38,009,325)	\$ (40,055,230)	\$ (37,427,589)	\$ (44,713,244)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes - General Purposes	\$ 16,810,170	\$ 18,523,586	\$ 20,182,739	\$ 22,439,330
Property Taxes - Debt Service	7,182,779	7,903,046	8,622,478	9,577,335
State Aid-Formula Grants	15,552,620	14,292,335	13,456,486	12,850,386
Grants and Contributions not Restricted	606,466	388,692	388,721	433,858
Investment Earnings	77,326	163,067	339,170	678,764
Miscellaneous	221,434	227,052	2,348,060	118,352
Transfers Out	(18,680)	(15,919)	(19,861)	(2,827)
Gain on Sale of Assets	-	-	-	-
Total General Revenues and Other Changes in Net Position Governmental Activities	40,432,115	41,481,859	45,317,793	46,095,198
Change in Net Position Governmental Activities	2,422,790	1,426,629	7,890,204	1,381,954
Business-Type Activities:				
Revenue-Charge for Service	340,628	303,073	336,824	387,544
Expense-Day Care Service	359,308	338,986	356,685	390,371
Operating Grants and Contributions	-	19,994	-	-
Transfer In	18,680	15,919	19,861	2,827
Change in Net Position-Business-Type Activities	-	-	-	-
Total Primary Government Change in Net Position	\$ 2,422,790	\$ 1,426,629	\$ 7,890,204	\$ 1,381,954

Source: The Statement of Activities for the Lake Dallas Independent School District.

Note: Fiscal years prior to 2013 are restated for GASB No. 63 and No. 65.

2020	2021	2022	2023	2024	2025
\$ 27,443,101	\$ 27,316,287	\$ 27,114,439	\$ 27,008,133	\$ 27,419,422	\$ 28,459,277
663,803	592,635	519,935	614,718	614,893	543,752
1,183,979	1,068,238	1,009,634	1,099,107	1,042,685	1,113,174
613,427	598,999	889,696	917,845	873,007	751,749
2,632,845	2,591,801	2,477,642	2,323,988	2,409,463	2,605,858
1,741,491	1,682,408	1,841,017	1,834,932	2,014,628	2,100,568
23,649	12,471	12,544	13,550	-	-
385,271	384,265	374,742	412,528	416,441	439,749
1,432,506	1,493,553	1,644,028	1,620,709	1,704,507	1,706,777
1,833,588	1,727,723	2,136,561	2,036,938	2,157,536	2,482,825
1,050,970	1,377,404	1,229,861	1,320,439	1,458,037	1,520,322
1,691,746	1,784,756	1,586,015	1,760,755	1,953,780	2,059,277
5,239,630	7,066,864	6,445,037	6,603,992	6,514,883	7,369,866
263,154	285,525	320,666	330,079	1,051,698	1,151,429
886,554	1,321,858	1,090,872	1,253,260	1,339,382	1,171,566
21,310	11,685	-	-	-	16,245
7,214,780	6,749,811	6,121,330	7,251,497	7,195,028	14,092,695
-	-	-	-	-	-
22,400	6,000	22,400	4,500	6,000	12,000
-	6,237	1,089	-	-	-
215,144	220,394	210,275	234,042	250,335	271,506
<u>54,559,348</u>	<u>56,298,914</u>	<u>55,047,783</u>	<u>56,641,012</u>	<u>58,421,725</u>	<u>67,868,635</u>
40	10,490	7,080	5,920	6,960	5,400
590,316	161,380	291,461	800,521	821,436	768,833
88,483	98,518	116,346	99,504	128,674	98,491
1,580	547,146	248,986	445,682	-	55,751
5,641,076	7,362,414	8,708,015	6,918,635	9,215,052	10,061,438
6,321,495	8,179,948	9,371,888	8,270,262	10,172,122	10,989,913
<u>\$ (48,237,853)</u>	<u>\$ (48,118,966)</u>	<u>\$ (45,675,895)</u>	<u>\$ (48,370,750)</u>	<u>\$ (48,249,603)</u>	<u>\$ (56,878,722)</u>
\$ 22,787,658	\$ 23,370,110	\$ 24,258,808	\$ 26,533,312	\$ 21,341,438	\$ 23,606,682
10,656,269	11,121,847	12,092,099	14,071,908	14,092,068	15,592,459
14,070,295	12,555,449	12,799,484	9,264,664	15,941,098	14,884,928
423,744	439,879	-	-	-	-
1,216,971	291,576	264,559	2,667,606	4,011,560	2,781,641
238,138	133,688	199,385	437,410	716,364	597,387
(76,636)	-	-	(19,648)	-	-
-	-	-	-	-	-
49,316,439	47,912,549	49,614,335	52,955,252	56,102,528	57,463,097
<u>1,078,586</u>	<u>(206,417)</u>	<u>3,938,440</u>	<u>4,584,502</u>	<u>7,852,925</u>	<u>584,375</u>
311,086	477,683	528,569	537,192	592,259	497,926
387,722	462,354	506,926	556,840	550,821	406,100
-	-	-	-	-	-
76,636	-	-	(19,648)	-	-
-	15,329	21,643	(39,296)	41,438	91,826
<u>\$ 1,078,586</u>	<u>\$ (191,088)</u>	<u>\$ 3,960,083</u>	<u>\$ 4,545,206</u>	<u>\$ 7,894,363</u>	<u>\$ 676,201</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Fiscal Year	2016	2017	2018	2019	2020
General Fund					
Nonspendable Fund Balance:					
Prepayments	\$ 3,042	\$ 3,782	\$ 11,272	\$ 24,286	\$ 45,113
Assigned Fund Balance:					
Future Fiscal Year Budget Deficit	-	169,826	-	-	-
Unassigned	10,055,011	10,148,627	10,455,894	11,339,328	12,121,614
Total General Fund	<u>\$ 10,058,053</u>	<u>\$ 10,322,235</u>	<u>\$ 10,467,166</u>	<u>\$ 11,363,614</u>	<u>\$ 12,166,727</u>
All Other Governmental Funds					
Restricted Fund Balance:					
Retirement of Long-Term Debt	\$ 588,223	\$ 860,722	\$ 980,605	\$ 1,604,558	\$ 1,900,470
Federal or State Grants	289,104	276,416	387,245	380,420	422,779
Capital Acquisition and					
Contractual Obligation	842,019	848,353	663,394	8,184,344	63,553,302
Committed Fund Balance:					
Campus Activities	91,739	88,063	73,977	89,646	74,864
Total All Other Governmental Funds	<u>\$ 1,811,085</u>	<u>\$ 2,073,554</u>	<u>\$ 2,105,221</u>	<u>\$ 10,258,968</u>	<u>\$ 65,951,415</u>

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 672	\$ 46,679	\$ 24,145	\$ 343	\$ -
298,263	712,879	211,354	357,440	-
<u>12,377,665</u>	<u>12,653,576</u>	<u>13,369,921</u>	<u>13,934,729</u>	<u>13,688,072</u>
<u>\$ 12,676,600</u>	<u>\$ 13,413,134</u>	<u>\$ 13,605,420</u>	<u>\$ 14,292,512</u>	<u>\$ 13,688,072</u>
\$ 2,086,514	\$ 2,103,773	\$ 2,638,116	\$ 2,655,470	\$ 2,829,386
548,830	1,353,083	1,350,996	1,318,779	881,116
21,457,858	11,621,007	44,976,800	39,077,743	14,566,711
<u>61,949</u>	<u>58,627</u>	<u>58,402</u>	<u>71,717</u>	<u>179,133</u>
<u>\$ 24,155,151</u>	<u>\$ 15,136,490</u>	<u>\$ 49,024,314</u>	<u>\$ 43,123,709</u>	<u>\$ 18,456,346</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Fiscal Year	2016	2017	2018	2019
REVENUES:				
Total Local and Intermediate Sources	\$ 25,277,027	\$ 27,807,379	\$ 31,912,030	\$ 33,683,573
State Program Revenues	18,247,506	16,783,305	16,041,408	15,315,210
Federal Program Revenues	2,967,718	2,672,292	3,045,203	3,334,167
Total Revenues	<u>46,492,251</u>	<u>47,262,976</u>	<u>50,998,641</u>	<u>52,332,950</u>
EXPENDITURES:				
Current:				
Instruction	21,148,185	21,377,389	22,130,354	24,204,385
Instructional Resources & Media Services	546,198	551,588	575,768	579,452
Curriculum & Instructional Staff Development	959,912	1,042,807	1,097,393	1,112,733
Instructional Leadership	482,176	493,726	520,584	562,148
School Leadership	1,940,524	2,025,767	2,117,988	2,153,750
Guidance, Counseling & Evaluation Services	1,316,630	1,386,036	1,476,687	1,495,284
Social Work Services	18,518	18,948	19,625	20,124
Health Services	303,370	315,015	319,824	320,673
Student (Pupil) Transportation	1,084,652	1,110,579	1,243,785	1,148,052
Food Services	1,845,766	1,869,405	1,767,424	1,906,464
Cocurricular/Extracurricular Activities	1,491,906	1,359,900	1,498,981	1,509,780
General Administration	1,240,379	1,292,688	1,342,275	1,402,526
Plant Maintenance and Operations	4,201,445	4,490,946	4,498,155	4,895,183
Security and Monitoring Services	132,113	146,372	211,013	618,408
Data Processing Services	1,093,345	805,850	768,398	1,716,417
Community Services	-	-	250	6,793
Debt Service:				
Debt Service - Principal on long-term debt	2,541,705	2,555,323	2,027,213	4,521,360
Debt Service - Interest on long-term debt	4,680,862	4,979,100	5,068,512	5,218,593
Debt Service - Bond Issuance Cost and Fees	316,954	10,345	3,511	211,776
Capital Outlay:				
Facilities Acquisition and Construction	395,440	215,652	2,239,637	7,532,315
Intergovernmental:				
Payments to Fiscal Agent/Member Districts of SSA	-	-	56,200	-
Payments to Juvenile Justice Alternative Ed. Prg.	-	50,205	2,403	39,800
Other Intergovernmental Charges	154,181	160,658	166,646	183,921
Total Expenditures	<u>45,894,261</u>	<u>46,258,299</u>	<u>49,152,626</u>	<u>61,359,937</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>597,990</u>	<u>1,004,677</u>	<u>1,846,015</u>	<u>(9,026,987)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	100,000	-	299,698	-
Transfers Out	(118,680)	(15,919)	(319,559)	(2,827)
Bonds Issued	24,877,700	-	-	16,130,000
Premium or discount on Issuance of Bonds	6,013,881	-	-	1,950,010
Capital Related Debt Issued	-	-	-	-
Other (uses)	-	-	-	-
Non-current Loan	-	-	-	-
Payments to Bond Refunding Escrow Agent	(30,578,534)	(462,105)	(1,649,558)	-
Right-to-Use Lease and SBITA Proceeds	-	-	-	-
Total Other Financing Sources (Uses)	<u>294,367</u>	<u>(478,024)</u>	<u>(1,669,419)</u>	<u>18,077,183</u>
Net Change in Fund Balances	<u>\$ 892,357</u>	<u>\$ 526,653</u>	<u>\$ 176,596</u>	<u>\$ 9,050,196</u>
Debt service as a percentage of noncapital expenditures	15.87%	16.36%	15.13%	18.09%

2020	2021	2022	2023	2024	2025
\$ 35,566,555	\$ 35,592,391	\$ 37,464,806	\$ 45,160,999	\$ 41,040,983	\$ 41,193,764
17,235,191	15,125,145	15,320,568	12,108,945	21,439,426	20,304,955
3,309,816	5,275,271	6,212,805	4,221,268	3,927,869	3,706,926
<u>56,111,562</u>	<u>55,992,807</u>	<u>58,998,179</u>	<u>61,491,212</u>	<u>66,408,278</u>	<u>65,205,645</u>
24,371,058	24,919,947	25,701,485	24,591,168	24,904,140	27,814,914
589,331	533,246	488,727	564,228	554,331	467,592
1,050,896	968,105	961,199	1,016,915	950,486	1,005,177
540,208	540,040	837,575	828,555	785,845	625,167
2,330,747	2,328,104	2,336,042	2,079,346	2,174,191	2,280,638
1,583,845	1,549,680	1,771,500	1,694,676	1,839,156	1,853,641
20,605	11,099	11,854	12,390	-	-
342,147	346,065	353,786	376,220	375,690	385,981
1,377,204	1,452,572	1,538,997	1,457,849	1,547,726	1,693,672
1,823,640	1,753,177	2,238,010	2,364,236	2,448,966	2,718,128
1,260,749	1,265,188	1,159,818	1,207,750	1,315,438	1,365,701
1,518,179	1,614,031	1,491,900	1,598,581	1,759,465	1,795,111
5,099,588	4,836,418	4,998,216	5,287,485	5,672,709	6,577,402
247,019	277,631	295,523	293,264	1,320,477	866,384
794,668	1,227,779	1,019,262	1,181,332	1,202,898	1,214,645
-	-	8,008	6,599	5,627	16,245
3,167,988	3,205,324	4,553,244	3,271,825	4,792,640	5,949,599
7,601,141	7,963,710	7,732,806	8,245,038	11,393,298	11,751,175
591,455	6,350	14,980	363,208	5,975	383,213
15,748,286	42,391,664	9,533,610	3,270,589	8,316,397	26,047,302
-	6,000	22,400	4,500	6,000	12,000
22,400	6,237	1,089	-	-	-
200,200	202,684	210,275	234,042	250,335	271,506
<u>70,281,354</u>	<u>97,405,051</u>	<u>67,280,306</u>	<u>59,949,796</u>	<u>71,621,790</u>	<u>95,095,193</u>
<u>(14,169,792)</u>	<u>(41,412,244)</u>	<u>(8,282,127)</u>	<u>1,541,416</u>	<u>(5,213,512)</u>	<u>(29,889,548)</u>
65,226	-	-	-	-	207,573
(141,862)	-	-	(19,648)	-	-
63,900,000	6,540,000	-	34,875,000	-	-
6,841,988	733,242	-	1,103,342	-	5,929,424
-	-	-	-	-	38,005,000
-	(7,147,389)	-	(3,420,000)	-	(43,553,351)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,029,099
<u>70,665,352</u>	<u>125,853</u>	<u>-</u>	<u>32,538,694</u>	<u>-</u>	<u>2,617,745</u>
<u>\$ 56,495,560</u>	<u>\$(41,286,391)</u>	<u>\$ (8,282,127)</u>	<u>\$ 34,080,110</u>	<u>\$ (5,213,512)</u>	<u>\$ (27,271,803)</u>
20.07%	19.77%	20.92%	20.22%	25.77%	23.48%



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LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (UNAUDITED)

ASSESSED VALUE					
Fiscal Year	Residential or Real Property	Personal Property	Less Exemptions	Total Estimated Taxable Value	Total Direct Rate
2016	\$ 1,873,062,576	\$ 80,632,887	\$ 531,376,421	\$ 1,422,319,042	1.670
2017	1,901,567,473	67,846,198	368,402,935	1,601,010,736	1.670
2018	2,116,051,150	69,116,832	436,388,313	1,748,779,669	1.670
2019	2,351,916,735	89,156,031	487,502,988	1,953,569,778	1.670
2020	2,426,406,345	89,722,983	321,810,766	2,194,318,562	1.568
2021	2,804,734,991	92,189,425	627,741,973	2,269,182,443	1.5503
2022	3,360,486,931	94,240,568	977,271,194	2,477,456,305	1.5003
2023	3,892,086,144	142,671,168	1,147,252,538	2,887,504,774	1.4429
2024	4,293,350,995	131,258,315	1,312,826,536	3,111,782,774	1.2575
2025	4,683,352,461	143,666,951	1,204,568,956	3,358,559,201	1.2552

Source: Denton County Tax Collector

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS (UNAUDITED)

Lake Dallas Independent School District Direct Rates				
Fiscal Year	Maintenance and Operations	Debt Service	Total	
2016	\$ 1.170	\$ 0.500	\$	1.670
2017	1.170	0.500		1.670
2018	1.170	0.500		1.670
2019	1.170	0.500		1.670
2020	1.068	0.500		1.568
2021	1.0503	0.500		1.5503
2022	1.0003	0.500		1.5003
2023	0.9429	0.500		1.4429
2024	0.7575	0.500		1.2575
2025	0.7552	0.500		1.2552

Source: Appropriate government entities' tax departments.

Notes:

(1) Includes levies for operating and debt service costs.

 Overlapping Rates (1)

County of Denton	City of Lake Dallas	City of Corinth	Town of Hickory Creek	Corinth MUD #1
\$ 0.24841	\$ 0.668068	\$ 0.58193	\$ 0.387319	\$ -
0.23781	0.661750	0.53686	0.366933	-
0.22557	0.661750	0.53000	0.347535	-
0.22528	0.644970	0.54500	0.330402	-
0.22499	0.642060	0.57817	0.319943	-
0.233086	0.614123	0.56700	0.307280	-
0.217543	0.567252	0.54000	0.270317	-
0.189485	0.528023	0.52000	0.236686	-
0.187869	0.518852	0.51400	0.223060	-
0.185938	0.559711	0.53709	0.211205	-

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Description	2025		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
LG Hickory Creek LLC	Real Estate	\$ 60,000,000	1	17.55%
Oxford 2181 Inc.	Real Estate	43,500,000	2	12.72%
Mansions at Hickory Creek LP	Real Estate	40,400,000	2	11.81%
Millennium Place LP	Real Estate	35,503,859	3	10.38%
Denton County Electric Coop	Utility	31,877,123	4	9.32%
Oxford Boulevard II MF LLC	Real Estate	29,584,693	5	8.65%
Pecos Housing Finance	Real Estate	25,341,594	6	7.41%
IRBY Company	Utility	23,931,530	7	7.00%
AV Ashleye Village LP	Real Estate	21,000,000	8	6.14%
Oncor Electric Delivery Co.	Utility	18,888,145	9	5.52%
Blue Door 3701 FM RD 2181	Real Estate	11,950,000	10	3.49%
Boulevard 2010 LLC	Real Estate			
Anixter, Inc.	Wholesale Ind. Supplies			
Wal-mart Stores Real Estate	Real Estate			
T Hickory Creek LLC	Real Estate			
CTMGT Turbeville, LLC	Real Estate			
Tower Ridge Corinth I, Ltd.	Real Estate			
TOTAL		<u>\$ 341,976,944</u>		<u>100.00%</u>

The 2025 taxable valuation is based on the 2024-2025 tax roll with a total assessed value of
\$ 341,976,944

Source of information: Denton Central Appraisal District

2016		
Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
\$ 23,030,000	1	1.62%
21,030,718	3	1.48%
9,084,700	9	0.64%
9,807,730	7	0.69%
22,426,418	2	1.58%
15,192,324	4	1.07%
13,227,219	5	0.93%
11,410,322	6	0.80%
9,592,016	8	0.67%
8,401,782	10	0.59%
<u>\$ 143,203,229</u>		<u>10.07%</u>

The 2016 taxable valuation is based on the 2015-2016 tax roll with a total assessed value of \$1,422,319,042

Source of information: Denton Central Appraisal District

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Tax Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections
		Amount	Percentage of Levy		Amount
2016	\$ 23,682,610	\$ 23,532,301	99.37%	\$ 155,916	\$ 23,688,217
2017	26,042,409	25,842,333	99.23%	191,345	26,033,678
2018	28,577,451	28,415,273	99.23%	117,771	28,533,044
2019	31,698,749	31,523,220	99.45%	101,071	31,624,291
2020	33,137,389	33,152,643	98.93%	7,527	33,160,170
2021	34,521,381	34,162,724	98.96%	164,940	34,327,664
2022	36,525,967	36,297,237	99.37%	117,741	36,414,978
2023	40,426,247	40,367,556	99.90%	(195,793)	40,171,763
2024	35,702,832	35,481,926	99.38%	(129,739)	35,352,187
2025	39,671,649	38,667,140	97.47%	(291,060)	38,376,080

Source of information: Annual Financial Report.

<u>to Date</u>		Outstanding Delinquent Taxes as % of Tax Levy
<u>Percentage of Levy</u>	<u>Outstanding Delinquent Taxes</u>	
100.02%	\$ 34,048	0.14%
99.97%	32,622	0.13%
99.84%	32,288	0.11%
99.77%	35,363	0.11%
100.07%	46,575	0.14%
99.44%	51,311	0.15%
99.70%	99,841	0.27%
99.37%	60,011	0.15%
99.02%	220,906	0.62%
96.73%	324,465	0.82%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Accreted Interest on Bonds	Finance Leases	Unamortized Bond Premium	Loan	Total Primary Government	Percentage of Personal Income *	Total Outstanding Debt Per Capita *
2016	\$ 82,931,615	\$ 26,180,674	\$ -	\$ 7,379,975	\$326,377	\$116,818,641	14.09%	\$ 4,810
2017	80,182,514	25,875,328	-	6,371,993	251,121	112,680,956	13.37%	4,627
2018	77,342,787	14,273,805	-	15,791,678	173,753	107,582,023	12.55%	4,348
2019	89,125,180	14,099,203	-	17,093,490	-	120,317,873	13.81%	4,812
2020	149,857,191	13,804,995	-	23,001,646	-	186,663,832	21.07%	7,437
2021	146,066,867	13,406,230	-	22,531,200	-	182,004,297	19.77%	7,040
2022	141,513,623	12,857,372	-	21,322,333	-	175,693,328	18.76%	6,543
2023	169,696,798	12,285,025	-	21,447,903	-	203,429,726	21.44%	7,573
2024	164,904,157	10,766,953	-	18,632,693	-	194,303,803	19.96%	7,459
2025	159,000,040	16,618,816	2,029,099	15,431,785	-	193,079,740	19.64%	7,346

Source: District Records

* See Exhibit S-13 for personal income and population data

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF AUGUST 31, 2025
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Corinth, City of	\$ 58,240,000	48.56%	\$ 28,281,344
Denton, City of	1,534,630,000	0.00%	-
Denton County	734,040,000	1.98%	14,533,992
Hickory Creek, Town of	7,135,000	99.41%	7,092,904
Lake Dallas, City of	11,350,000	98.90%	11,225,150
Shady Shores, Town of	1,290,000	18.31%	236,199
Lewisville, City of	333,040,000	0.00%	-
Subtotal, overlapping bonded debt			61,369,589
Lake Dallas ISD	159,000,040	100.000%	159,000,040
Total direct and overlapping debt			<u>\$ 220,369,629</u>

Source: Taxable value data used to estimate applicable percentages provided by the Municipal Advisory Council. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lake Dallas Independent School District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of each entity's taxable assessed value that is within the District's boundaries and dividing it by each entity's total taxable assessed value.



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LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED
 DEBT PER CAPITA
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2016	24,289	\$ 1,422,319,042	\$ 116,818,641	\$ 588,223	\$ 116,230,418	8.17%	\$ 4,785
2017	24,352	1,601,010,736	112,680,956	860,722	111,573,113	6.97%	4,582
2018	24,743	1,748,779,669	107,582,023	980,605	106,427,665	6.09%	4,301
2019	25,002	1,953,569,778	120,317,873	1,604,558	118,713,315	6.08%	4,748
2020	25,100	2,194,318,562	186,663,832	1,655,330	185,008,502	8.43%	7,371
2021	25,253	2,269,182,443	182,004,297	2,086,514	179,917,783	7.93%	7,125
2022	25,305	2,477,456,305	175,693,328	2,066,817	173,626,511	7.00%	6,861
2023	25,416	2,887,504,774	203,429,726	2,522,595	200,907,131	6.96%	7,905
2024	26,049	3,111,782,774	194,303,803	2,585,199	191,718,604	6.16%	7,360
2025	26,284	3,358,559,201	193,079,740	2,324,645	190,755,095	5.68%	7,346

and Denton Central Appraisal District.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	2016	2017	2018	2019
Total Assessed Value	\$ 1,422,319,042	\$ 1,601,010,736	\$ 1,748,779,669	\$ 1,953,569,778
Debt Limit (10% of Total Assessed Value)	\$ 142,231,904	\$ 160,101,073	\$ 174,877,967	\$ 195,359,978
Debt Applicable to Limit:				
General Obligation Bonds	\$ 82,931,615	\$ 80,182,514	\$ 77,342,787	\$ 89,125,180
Less Net Position in Debt Service Fund	588,223	860,722	1,016,462	1,458,801
Total Amount of Debt Applicable to Debt Limit	82,343,392	79,321,792	76,326,325	87,666,379
Legal Debt Margin	\$ 59,888,512	\$ 80,779,281	\$ 98,551,642	\$ 107,693,599
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	57.89%	50.46%	43.65%	44.87%

Source of Information: Denton Central Appraisal District and District Financial Information

Note: Under state finance law, Lake Dallas Independent School District's outstanding general obligation debt should not exceed 10 percent of the total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

2020	2021	2022	2023	2024	2025
\$ 2,194,318,562	\$ 2,269,182,443	\$ 2,477,456,305	\$ 2,887,504,774	\$ 3,111,782,774	\$ 3,358,559,201
\$ 219,431,856	\$ 226,918,244	\$ 247,745,631	\$ 288,750,477	\$ 311,178,277	\$ 335,855,920
\$ 149,857,191	\$ 146,066,867	\$ 141,513,623	\$ 169,696,798	\$ 164,904,157	\$ 159,000,040
1,655,330	1,849,214	1,834,830	2,522,595	2,585,199	2,829,368
148,201,861	144,217,653	139,678,793	167,174,203	162,318,958	156,170,672
\$ 71,229,995	\$ 82,700,591	\$ 108,066,838	\$ 121,576,274	\$ 148,859,319	\$ 179,685,248
67.54%	63.55%	56.38%	57.90%	52.16%	53.50%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate *</u>
2016	24,289	\$ 829,267,538	\$ 34,142	3.4%
2017	24,352	842,978,647	34,616	3.5%
2018	24,743	857,000,458	34,636	3.3%
2019	25,002	871,078,962	34,840	2.8%
2020	25,100	885,962,431	35,297	5.7%
2021	25,253	920,712,000	36,460	4.1%
2022	25,305	936,219,653	36,997	3.0%
2023	25,416	949,018,653	37,339	3.7%
2024	26,049	973,529,279	37,373	4.0%
2025	26,284	983,047,884	37,401	4.2%

Source: North Central Texas Council of Governments

* Texas Workforce Commission

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHIC STATISTICS
 (UNAUDITED)
 AUGUST 31, 2025

Student Data

Student Ethnicity:	
White	42.91%
Hispanic	37.96%
Black	12.83%
Other	6.29%
Attendance Rate:	94.5%
Dropout Rate:	0.1%
Number of Students per Campus:	
Lake Dallas	
Elementary	500
Middle School	843
High School	1,283
Corinth	
Elementary	537
Shady Shores	
Elementary	554
Total Students	3,717

Faculty Data

Teachers	267.8
Counselors	10.0
Administrators	17.0
Educational Aides	56.2
Advance Degrees/Certifications:	
Master Degrees	66.9
Doctoral Degrees	3
Average Experience of Teachers	12.6 Years
Student/Teacher Ratio	13.9 to 1
Cost per Student based on expenses reported in the governmental financial statements	
Percentage of Student population who received free or reduced meals	40.41%

Source of Information: District enrollment and financial records



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LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
ENROLLMENT AND ATTENDANCE DATA
LAST TEN FISCAL YEARS
(UNAUDITED)

	<u>Enrollment</u>	<u>Average Daily Attendance</u>		
		<u>Average Daily Attendance</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Percent of Enrollment</u>
2015/16	3,978	3,768	-1.00%	94.72%
2016/17	3,963	3,751	-0.50%	94.65%
2017/18	3,964	3,752	0.03%	94.65%
2018/19	4,031	3,802	1.33%	94.32%
2019/20	3,986	3,770	-0.85%	94.58%
2020/21	3,871	3,648	-3.24%	94.24%
2021/22	4,004	3,679	0.84%	91.88%
2022/23	3,900	3,610	-1.91%	92.56%
2023/24	3,811	3,525	-2.41%	92.50%
2024/25	3,717	3,450	-2.17%	92.82%

Source of information: Superintendent's Annual Report.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	Description	2025		Percentage of Total City Employment
		Employees	Rank	
Lake Dallas ISD	School District	537	1	23.36%
Coserve	Electric Utility	612	2	26.62%
Wal-Mart	Retail	294	3	12.79%
North Central Texas College	College	230	4	10.00%
DDM Construction	Construction	178	5	7.74%
City of Corinth	Government	136	5	5.92%
Albertsons	Grocery	120	6	5.22%
Huffines Kia/Subaru	Car Dealership	110	7	4.78%
Lake Cities Fire Dept.	Fire Protection	57	8	2.48%
United Rentals	Rental Equipment	25	10	1.09%
Success Partners	Media/Marketing Comm			
Anixter, Inc.	Wholesale Distribution			
City of Lake Dallas	Utility			
Best Western Motel	Motel			
TOTAL		2,299		100.00%

Source of Information: Lake Cities Chamber of Commerce

Note: Total employment of 4,220 gathered from third party accumulation of Federal government information.

2016		
Employees	Rank	Percentage of Total City Employment
566	1	30.56%
480	2	25.92%
300	3	16.20%
152	4	8.21%
115	5	6.21%
40	8	2.16%
85	6	4.59%
60	7	3.24%
39	9	2.11%
15	10	0.80%
<u>1,852</u>		<u>100.00%</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/ Teacher Ratio</u>
2015-2016	3,978	\$ 34,634,615	\$ 8,707	5.62%	275	14.5
2016-2017	3,963	35,487,172	8,955	2.77%	277	14.2
2017-2018	3,964	36,482,451	9,203	2.77%	282	14.0
2018-2019	4,031	37,885,546	9,399	1.03%	284	14.2
2019-2020	3,986	39,356,588	9,873	5.04%	296	13.4
2020-2021	3,871	38,573,107	9,965	0.93%	291	13.3
2021-2022	4,004	39,855,410	9,954	-0.11%	290	13.8
2022-2023	3,900	40,347,372	10,345	3.93%	289	13.5
2023-2024	3,811	41,785,647	10,964	5.98%	278	13.7
2024-2025	3,717	45,775,032	12,315	12.32%	267	13.9

Source of Information: AEIS Report

<u>Economically Disadvantaged</u>	<u>Limited English Proficient</u>
1514	338
1572	362
1786	362
1798	380
1620	381
1783	396
1763	470
1675	498
1635	544
1502	554

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STAFF INFORMATION
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Teachers</u>	<u>Professional Support</u>	<u>Campus Administration</u>	<u>Central Administration</u>	<u>Total Professional Staff</u>	<u>Educational Aides</u>
2015-2016	274.9	63.7	16.0	4.0	358.6	64.5
2016-2017	278.2	64.4	16.0	4.0	362.6	67.3
2017-2018	282.4	58.4	17.0	5.0	362.8	71.9
2018-2019	284.2	58.4	18.0	5.0	365.6	68.9
2019-2020	296.4	56.1	19.8	5.0	377.3	74.4
2020-2021	291.6	55.1	20.5	5.0	372.2	72.7
2021-2022	289.9	63.1	18.5	5.0	376.5	67.2
2022-2023	288.7	55.5	18.0	6.0	368.2	61.5
2023-2024	278.9	52.7	19.0	5.0	355.6	61.9
2024-2025	267.8	47.8	17.0	6.0	338.6	56.2

Source of Information: AEIS Report

Auxiliary Staff	Total Staff	% Change
142.9	566.0	-1.03%
146.9	576.8	1.91%
155.0	589.7	2.24%
140.8	575.3	-2.44%
143.3	595.1	3.44%
137.3	582.3	-2.15%
137.8	581.5	-0.14%
138.7	568.4	-2.30%
141.0	558.5	-1.77%
141.9	536.6	-4.08%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
TEACHERS SALARY DATA
2024-25 SCHOOL YEAR

<u>Years of Experience</u>	<u>Bachelor's Degree</u>	<u>Master's Degree</u>	<u>Doctorate Degree</u>
0	\$ 59,190	\$ 60,690	\$ 61,690
1	59,490	60,990	61,990
2	59,805	61,305	62,305
3	60,105	61,605	62,605
4	60,405	61,905	62,905
5	60,705	62,205	63,205
6	61,005	62,505	63,505
7	61,305	62,805	63,805
8	61,605	63,105	64,105
9	61,905	63,405	64,405
10	62,205	63,705	64,705
11	62,505	64,005	65,005
12	62,805	64,305	65,305
13	63,105	64,605	65,605
14	63,405	64,905	65,905
15	63,705	65,205	66,205
16	64,005	65,505	66,505
17	64,305	65,805	66,805
18	64,605	66,105	67,105
19	64,905	66,405	67,405
20	65,205	66,705	67,705
21	65,505	67,005	68,005
22	65,805	67,305	68,305
23	66,105	67,605	68,605
24	66,405	67,905	68,905
25	66,705	68,205	69,205
26	67,005	68,505	69,505
27	67,370	68,870	69,870
28	68,370	69,870	70,870
29	69,370	70,870	71,870
30	70,370	71,870	72,870
31	71,370	72,870	73,870
32	72,370	73,870	74,870
33	73,370	74,870	75,870
34	74,370	75,870	76,870
35	75,370	76,870	77,870
36	76,370	77,870	78,870
37	77,370	78,870	79,870
38	78,070	79,570	80,570
39	78,570	80,070	81,070
40	78,920	80,420	81,420

Average Salary by Years of Experience

Beginning Teachers	\$ 61,594
1-5 Years of Experience	\$ 61,213
6-10 Years of Experience	\$ 64,080
11-20 Years of Experience	\$ 66,384
Over -20 Years of Experience	\$ 72,019

Average Actual Salaries

Teachers	\$ 65,880
Professional Staff	\$ 72,591
Campus Administration	\$ 91,194
Central Administration	\$ 142,889
Educational Aides	\$ 26,587
Auxiliary Staff	\$ 30,545



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LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSET INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Schools	2016	2017	2018	2019	2020
Elementary *					
Buildings	3	3	3	3	3
Square Feet	351,486	351,486	351,486	351,486	351,486
Capacity	2,100	2,100	2,100	2,100	2,100
Enrollment	1,750	1,761	1,797	1,798	1,789
Middle **					
Buildings	1	1	1	1	1
Square Feet	205,360	205,360	205,360	205,360	205,360
Capacity	1,150	1,150	1,150	1,150	1,150
Enrollment	940	902	907	919	893
High ***					
Buildings	1	1	1	1	1
Square Feet	272,048	272,048	272,048	272,048	272,048
Capacity	1,300	1,300	1,300	1,300	1,300
Enrollment	1,288	1,300	1,260	1,314	1,303
Non - instructional					
Buildings	5	5	5	5	5
Square Feet	116,246	116,246	116,246	116,246	116,246
Portable Buildings					
Buildings	2	2	2	2	2
Square Feet	2,400	2,400	2,400	2,400	2,400
Total Square Feet	947,540	947,540	947,540	947,540	947,540
Athletics					
Stadiums	1	1	1	1	1
Football/Soccer Practice Fields	4	4	4	4	4
Running Tracks	2	2	2	2	2
Baseball/Softball Fields	2	2	2	2	2
Playgrounds	4	4	4	4	4
Concession Stands	3	3	3	3	3
Multipurpose Indoor Practice Fac					

Source: District Records

* Elementary Grades K-6 for year 2005 K-5 years 2006-2017

** Middle School Grades 7-8 for year 2005 6-8 years 2006-2017

*** High School Grades 9-12

2021	2022	2023	2024	2025
3	3	3	3	3
351,486	351,486	351,486	351,486	351,486
2,100	2,100	2,100	2,100	2,100
1,706	1,737	1,705	1,649	1,591
1	1	1	1	1
205,360	205,360	205,360	205,360	205,360
1,150	1,150	1,150	1,150	1,150
915	950	902	879	843
1	1	1	1	1
272,048	272,048	272,048	272,048	272,048
1,300	1,300	1,300	1,300	1,300
1,250	1,317	1,293	1,285	1,283
10	10	10	10	10
144,919	144,919	144,919	144,919	144,919
1	1	1	1	1
1,200	1,200	1,200	1,200	1,200
975,013	975,013	975,013	975,013	975,013
1	1	1	1	1
4	4	4	4	4
2	2	2	2	2
2	2	2	2	2
4	4	4	4	4
3	3	3	3	3
		1	1	1



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**COMPLIANCE AND
FEDERAL AWARDS SECTION**



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**HANKINS, EASTUP, DEATON,
TONN, SEAY & SCARBOROUGH**
A Limited Liability Company

CERTIFIED PUBLIC ACCOUNTANTS

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

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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*

Board of Trustees
Lake Dallas Independent School District
Lake Dallas, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Dallas Independent School District, as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise Lake Dallas Independent School District's basic financial statements, and have issued our report dated December 15, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of 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.

Hankins Eastup Deaton Tonn Seay & Scarborough

Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

December 15, 2025

Members:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN, SEAY & SCARBOROUGH**
A Limited Liability Company

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TX 76202-0977
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Lake Dallas Independent School District
Lake Dallas, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lake Dallas Independent School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Lake Dallas Independent School District's major federal programs for the year ended August 31, 2025. Lake Dallas Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lake Dallas Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Lake Dallas Independent School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lake Dallas Independent School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lake Dallas Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 Lake Dallas Independent School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Lake Dallas Independent School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lake Dallas Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lake Dallas Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

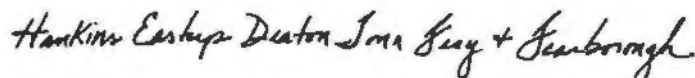
Report on Internal Control over Compliance

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

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

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

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



Hankins, Eastup, Deaton, Tonn, Seay & Scarborough, LLC
Denton, Texas

December 15, 2025

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2025

I. Summary of Auditor's Results

- | | | |
|----|--|------------|
| 1. | Type of auditor's report issued on the financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| | Material weaknesses identified: | None |
| | Significant deficiencies identified: | None |
| 3. | Noncompliance that is material to the financial statements: | None |
| 4. | Internal controls over major federal programs: | |
| | Material weaknesses identified: | None |
| | Significant deficiencies identified: | None |
| 5. | Type of auditor's report on compliance for each major federal program: | Unmodified |
| 6. | Findings that are required to be reported in accordance with 2 CFR 200.516(a): | None |
| 7. | Major programs: | |
| | Child Nutrition Cluster: | |
| | School Breakfast Program (ALN 10.553) | |
| | National School Lunch Program (ALN 10.555) | |
| 8. | Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 9. | Low risk auditee: | Yes |

II. Findings Relating to the Financial Statements

None

III. Findings and Questioned Costs for Federal Award Programs

None

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2025

PRIOR YEAR FINDING/NONCOMPLIANCE

None

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2025

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing No.	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L.81.874 (Note A)	84.041	S041A-201-5019	\$ 474,591
Total Direct Programs			474,591
<u>Passed Through Texas Education Agency</u>			
*IDEA - Part B, Formula	84.027	256600010619126600	735,083
*IDEA - Part B, Preschool	84.173	256610010619126610	11,381
Total Special Education Cluster (IDEA)			746,464
ESEA, Title I, Part A - Improving Basic Programs	84.010A	25610139061912	349,494
Career and Technical - Basic Grant	84.048	25420006061912	17,129
Title III, Part A - English Language Acquisition	84.365A	25671001061912	49,647
ESEA, Title II, Part A, Teacher Principal Training	84.367A	25694501061912	32,834
Summer School LEP	84.369A	69552402	2,727
ESEA, Title IV, Part A	84.424A	25680101061912	34,002
COVID 19 - ESSER III - School Emergency Relief	84.425D	21528001061912	494,058
Total Passed Through Texas Education Agency			1,726,355
TOTAL U.S. DEPARTMENT OF EDUCATION			2,200,946
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the Texas Department of Agriculture</u>			
*School Breakfast Program	10.553	71402501	328,891
*National School Lunch Program - Cash Assistance	10.555	71302501	971,348
*National School Lunch Prog. - Non-Cash Assistance	10.555	71302501	115,157
Total Assistance Listing Number 10.555			1,086,505
Total Child Nutrition Cluster			1,415,396
Watershed Protection & Flood Prevention	10.904	9K200811	55,846
Total Passed Through the Texas Department of Agriculture			1,471,242
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,471,242
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,672,188
*Clustered Programs			

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2025

1. The District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund 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 and Agency Funds. 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.

3. 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 has been recorded in the accompanying combined financial statements for such contingencies.
4. The period of availability for federal grant funds for the purposes of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in the Uniform Guidance.
5. During the current year, the District received the following funds which are not included in the Schedule of Expenditures of Federal Awards.

Total Expenditures of Federal Awards	\$3,198,966
Impact Aid	474,591
Medicaid Reimbursement (SHARS)	<u>33,369</u>
Federal Revenues per Financial Statements	<u>\$3,706,926</u>

APPENDIX D
FORM OF BOND COUNSEL'S OPINION



August 11, 2026

Re: Lake Dallas Independent School District
Unlimited Tax Refunding Bonds, Series 2026 (the “Bonds”)

Ladies and Gentlemen:

We have acted as Bond Counsel to the captioned issuer (the “District”) in connection with the issuance of the Bonds, which are being issued in the aggregate original principal amount of \$7,500,000. The Bonds are authorized by an order adopted by the Board of Trustees of the District on May 11, 2026, and a pricing certificate executed pursuant thereto (collectively, the “Order”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Order.

We have acted as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and the excludability of interest on the Bonds from gross income for federal income tax purposes. In such capacity, we have reviewed a transcript of certain certified proceedings pertaining to the issuance of the Bonds, including the Order and the federal tax certificate of the District related to the Bonds (the “Tax Certificate”); certain proceedings pertaining to the issuance of the bonds that are being refunded (the “Refunded Bonds”) with the proceeds of the Bonds; that certain Certificate of Paying Agent/Registrar for the Refunded Bonds (the “Certificate”) executed by The Bank of New York Mellon Trust Company, N.A. (the “Refunded Bonds Paying Agent”), which verifies the sufficiency of the deposit made with the Refunded Bonds Paying Agent for the defeasance of the Refunded Bonds; certain certifications and representations and other material facts within the knowledge and control of the District, upon which we rely; the provisions of the Internal Revenue Code of 1986, as amended, and the regulations, rulings, and judicial decisions relevant to the opinions set forth in paragraph (4) below; certain other customary documents and instruments authorizing and relating to the issuance of the Bonds; and the firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or

certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Order and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Order and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against issuers in the State of Texas. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents. Our services did not include financial or other non-legal advice. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Bonds. Finally, our role in connection with the District's Official Statement, if any, prepared for use in connection with the sale of the Bonds has been limited as described therein.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

- (1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently in effect. The Bonds constitute valid and legally binding obligations of the District, and the Bonds have been authorized and delivered in accordance with law.
- (2) The Bonds are payable, both as to principal and interest, from the receipts of an annual ad valorem tax levied, without legal limit as to rate or amount, upon taxable property located within the District, which taxes have been pledged irrevocably to pay the principal of and interest on the Bonds.
- (3) The deposit with the Refunded Bonds Paying Agent pursuant to the Order and the order(s) and other instruments, if any, authorizing the issuance of the Refunded Bonds (collectively, the "Refunded Bond Documents") constitutes the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Bonds; in reliance upon the accuracy of the Certificate, the Refunded Bonds, having been discharged and paid, are no longer outstanding and the lien on and pledge of revenues as set forth in the Refunded Bond Documents will be appropriately and legally defeased; the holder(s) of the Refunded Bonds may obtain payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds only out of the funds provided therefor now held for that purpose by the Refunded Bonds Paying Agent; and therefore the Refunded Bonds are deemed to be fully paid and no longer

outstanding, except for the purpose of being paid from the funds on deposit with the Refunded Bonds Paying Agent provided therefor.

- (4) Under existing laws, regulations, rulings, and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Respectfully submitted,

Leon, Alcala, Morse & Reynolds, PLLC

