HTSContinuingDisclosureServices
A Division of Hilltop Securities.

(See "Continuing Disclosure of Information" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated January 7, 2025

Ratings:
Moody's: "Aaa"/"Aaa"
S&P: "AAA"/"AA+"
PSF Guaranteed
(See "OTHER INFORMATION – Ratings" & "APPENDIX C - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS - Tax Exemption" herein.

THE BONDS WILL **NOT** BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

Teamwork for Excellence
PLANO
Independent School District

$607,300,000*
PLANO INDEPENDENT SCHOOL DISTRICT
(Collin County, Texas)
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2025

Dated: February 19, 2025 **Due: February 15, as shown on page 2**
Interest Accrues from Delivery Date

PAYMENT TERMS . . . Interest on the $607,300,000* Plano Independent School District Unlimited Tax School Building Bonds, Series 2025 (the "Bonds") will accrue from the Delivery Date (defined below) and will be payable February 15 and August 15 of each year, commencing on February 15, 2026, until stated maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued as fully registered obligations in the denomination of $5,000 of principal amount or any integral multiple thereof for any one stated maturity. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in authorized denominations thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. The principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (identified below) 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 "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE AND SECURITY . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Sections 45.001 and 45.003(b)(1) of the Texas Education Code, as amended, and Chapter 1371, Texas Government Code, as amended, an election held in the Plano Independent School District (the "District") on November 8, 2022 and a bond order passed by the Board of Trustees of the District (the "Board") on December 10, 2024 (the "Bond Order"), in which the Board delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" which will contain the final terms of sale and will complete the sale of the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the "Order"). The Bonds are direct obligations of the District, payable from an annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property located within the District. See "THE BONDS - Authority for Issuance" and "THE BONDS – Security and Source of payment" herein. **An application has been filed and the District has received conditional approval for the payment of the Bonds to be guaranteed by the Permanent School Fund of Texas (see "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM"**

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (i) the completion of the Plano Senior High renovation, (ii) replacement of Haggard Middle School, (iii) athletic additions for Plano West and Plano East Senior Highs, (iv) construction of the new Plano ISD CTE Center, and (v) the payment of costs of issuance associated with the Bonds (see "PLAN OF FINANCING – Purpose").

MATURITY SCHEDULE

See page 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the underwriters listed below (together, the "Underwriters") and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by their co-counsel McCall, Parkhurst and Horton L.L.P., San Antonio, Texas and Cantu Harden LLP, Dallas Texas.

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on February 19, 2025 (the "Delivery Date").

RBC CAPITAL MARKETS

BOK FINANCIAL SECURITIES, INC. **FHN FINANCIAL CAPITAL MARKETS**
J.P. MORGAN **MESIROW FINANCIAL, INC.**

* Preliminary, subject to change.

MATURITY SCHEDULE* **CUSIP Prefix: 727199 (1)**

Principal Amount	Maturity (2-15)	Interest Rate	Initial Yield (2)	CUSIP Suffix (1)	Principal Amount	Maturity (2-15)	Interest Rate	Initial Yield (2)	CUSIP Suffix (1)
$ 43,200,000	2026				$ 11,110,000	2036			
60,105,000	2027				11,680,000	2037			
67,280,000	2028				12,280,000	2038			
74,265,000	2029				12,910,000	2039			
52,565,000	2030				13,570,000	2040			
70,310,000	2031				14,265,000	2041			
38,040,000	2032				15,000,000	2042			
40,145,000	2033				15,685,000	2043			
10,995,000	2034				16,330,000	2044			
10,570,000	2035				16,995,000	2045			

(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 Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Underwriters, the District, or the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein..

(2) The initial offering yield represents the initial offering yield to the public, which will be determined by the Underwriters. Subsequent to the initial offering, yields may be changed by the Underwriters without notice to the District and is the sole responsibility of the Underwriters.

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OPTIONAL REDEMPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2034, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

* Preliminary, subject to change.

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

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

No dealer, broker, salesman or other person has been authorized by the District 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. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the District and other sources which 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 Financial Advisor or the Underwriters. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. See "APPENDIX – C THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM - PSF Continuing Disclosure Undertaking" and "CONTINUING DISCLOSURE INFORMATION" for a description of the undertakings of the Texas Education Agency (the "TEA") and the District, to provide certain information on a continuing basis.

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

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

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

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

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NONE OF THE DISTRICT, ITS FINANCIAL ADVISOR, OR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

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 OFFERING DOCUMENT.

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

PRELIMINARY 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 the entire Official Statement.

THE DISTRICT............................. The Plano Independent School District (the "District") is a political subdivision located in Collin County, Texas. The District is approximately 97 square miles in area and has an enrollment of approximately 46,551 students (see "INTRODUCTION - Description of the District").

THE BONDS................................. The $607,300,000* Unlimited Tax School Building Bonds, Series 2025 are issued and shall mature on the dates and in the amounts indicated on page 2 of this Official Statement (see "THE BONDS - Description of the Bonds").

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the Delivery Date and is due semi-annually on February 15 and August 15 of each year commencing on February 15, 2026, until stated maturity or prior redemption (see "THE BONDS - Description of the Bonds" and "THE BONDS – Optional Redemption").

AUTHORITY FOR ISSUANCE .... The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, including particularly Sections 45.001 and 45.003(b)(1) of the Texas Education Code, as amended, and Chapter 1371, Texas Government Code, as amended, an election held in the District on November 8, 2022 and a bond order passed by the Board of Trustees of the District (the "Board") on December 10, 2024 (the "Bond Order"), in which the Board delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" which will contain the final terms of sale and will complete the sale of the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the "Order") (see "THE BONDS - Authority for Issuance").

SECURITY FOR THE BONDS .... The Bonds constitute direct obligations of the District, payable from a continuing direct annual ad valorem tax levied by the District, without legal limit as to rate or amount, on all taxable property within the District. See "THE BONDS - Security and Source of Payment".

PERMANENT SCHOOL FUND GUARANTEE .... The District has applied for and has received conditional approval from the Texas Education Agency for the payment of the Bonds to be guaranteed by the corpus of the Permanent School Fund of the State of Texas (see "APPENDIX C - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM").

OPTIONAL REDEMPTION .... The District reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2034 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the District may select the maturities of the Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed (see "THE BONDS - Optional Redemption").

TAX EXEMPTION........................... In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS - Tax Exemption" herein.

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used for (i) the completion of the Plano Senior High renovation, (ii) replacement of Haggard Middle School, (iii) athletic additions for Plano West and Plano East Senior Highs, (iv) construction of the new Plano ISD CTE Center, and (v) the payment of costs of issuance associated with the Bonds (see "PLAN OF FINANCING – Purpose").

RATINGS .... The Bonds have been rated "Aaa" and "AAA" by Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings, a division of S&P Global Inc. ("S&P"), respectively, by virtue of the guarantee of the Bonds by the Texas Permanent School Fund, as Moody's and S&P generally rate all bond issues guaranteed by the Permanent School Fund of the State of Texas "Aaa" and "AAA", respectively. See "APPENDIX – C THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM." The Bonds have been assigned underlying ratings of "Aaa" and "AA+" by Moody's and S&P respectively (see "OTHER INFORMATION - Ratings" herein).

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* Preliminary, subject to change.

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 principal denominations of $5,000 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 "THE BONDS - Book-Entry-Only System").

PAYMENT RECORD .... The District has never defaulted in the payment of its tax supported debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 6/30	Estimated District Population (1)	Taxable Assessed Valuation (2)	Per Capita Taxable Assessed Valuation	Tax-Supported Debt	Per Capita Tax-Supported Debt	Ratio Tax-Supported Debt to Taxable Assessed Valuation	% of Total Tax Collections
2021	361,522	$ 60,154,332,387	$ 166,392	$ 625,625,000	$ 1,731	1.04%	99.32%
2022	364,821	61,587,926,710	168,817	492,195,000	1,349	0.80%	99.27%
2023	366,202	68,000,820,028	185,692	1,021,095,000	2,788	1.50%	99.42%
2024	367,020	72,566,513,969	197,718	924,105,000	2,518	1.27%	100.13%
2025	369,012	79,362,614,940	215,068	1,378,710,000 (3)	3,736	1.74%	N/A

(1) Source: District Officials.
(2) As reported by the Collin Central Appraisal District on the District's annual State Property Taxes Report; subject to change during the ensuing year.
(3) Includes the Bonds. Preliminary, subject to change.

For additional information regarding the District, please contact:

Johnny Hill		Laura Alexander
Deputy Superintendent for Business		Steven Murray
and Employee Services		Hilltop Securities Inc.
Plano Independent School District	or	777 Main Street, Suite 1525
2700 West 15th Street		Fort Worth, Texas 76102
Plano, Texas 75075		(817) 332-9710
(469) 752-8100		

DISTRICT OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Board of Trustees	Length of Service	Term Expires	Occupation
Nancy Humphrey President	15 Years	May, 2025	Community Volunteer and Retired Accountant
Dr. Lauren Tyra Vice President	4 Years	May, 2025	Scientist
Tarrah Lantz Secretary	2 Years	May, 2027	Community Volunteer
Angela Powell Board Member	4 Years	May, 2025	Chief Executive Officer
Michael Cook Board Member	2 Years	May, 2027	Local Business Owner
Jeri Chambers Board Member	8 Years	May, 2025	Non-Profit Development Officer
Katherine Chan Goodwin Board Member	2 Years	May, 2027	Management Consultant

SELECTED ADMINISTRATIVE STAFF

Name	Position	Years of Experience
Dr. Theresa Williams	Superintendent	31 Years
Dr. Selenda Freeman	Deputy Superintendent for Leadership & Operations	36 Years
Johnny Hill	Deputy Superintendent for Business & Employee Services	30 Years
Lisa Wilson	Deputy Superintendent for Teaching, Learning and Life Readiness	35 Years

CONSULTANTS AND ADVISORS

Auditors .... Weaver & Tidwell LLP
Dallas, Texas

Bond Counsel .... Norton Rose Fulbright US LLP
Dallas, Texas

Financial Advisor .... Hilltop Securities Inc.
Fort Worth, Texas

PRELIMINARY OFFICIAL STATEMENT
RELATING TO

$607,300,000*
PLANO INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2025

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $607,300,000* Plano Independent School District Unlimited Tax School Building Bonds, Series 2025 (the "Bonds"). In the bond order authorizing the issuance of the Bonds (the "Bond Order"), the Board of Trustees (the "Board") delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who will approve a "Pricing Certificate" which will contain the final terms of sale and will complete the sale of the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the "Order"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Order, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Bonds and certain information regarding the Plano Independent School District (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 from the District's Financial Advisor, Hilltop Securities Inc. ("HilltopSecurities"), Fort Worth, Texas.

DESCRIPTION OF THE DISTRICT . . . The District is a political subdivision located in Collin County, Texas. The District is governed by a seven-member Board who serve staggered four-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. Support services are supplied by consultants and advisors. The District covers approximately 97 square miles in Collin County, encompassing the City of Plano and has an enrollment of approximately 46,551 students. Additional information with respect to the District is contained in Appendix A hereto.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (i) the completion of the Plano Senior High renovation, (ii) replacement of Haggard Middle School, (iii) athletic additions for Plano West and Plano East Senior Highs, (iv) construction of the new Plano ISD CTE Center, and (v) the payment of costs of issuance associated with the Bonds.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds will be applied approximately as follows:

Sources of Funds		
Par Amount of Bonds	$	-
Net Premium		-
Total Sources of Funds	$	-
Uses of Funds		
Deposit to Construction Fund	$	-
Costs of Issuance (1)		-
Total Uses of Funds	$	-

(1) Includes legal fees of the District, financial advisory fees, rating agency fees, paying agent/registrar fees, Underwriters' discount, and other costs of issuance.

* Preliminary, subject to change.

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds will be dated February 19, 2025 and will mature on February 15 in each of the years and in the amounts shown on page 2 of this Official Statement. Interest will accrue on the Bonds from the date of delivery (the "Delivery Date") to the underwriters listed on the cover page hereof (the "Underwriters") and will be computed on the basis of a 360-day year of twelve 30-day months. Such interest will be payable on February 15 and August 15 of each year, commencing on February 15, 2026, until stated maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. **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 initial paying agent/registrar, BOKF, NA, Dallas, Texas (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 "THE BONDS - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued and the tax levied for their payment pursuant to authority conferred by the Constitution and the general laws of the State of Texas, including particularly Sections 45.001 and 45.003(b)(1) of the Texas Education Code, as amended, and Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), an election held in the District on November 8, 2022 and the Order.

SECURITY AND SOURCE OF PAYMENT . . . All taxable property within the District is subject to a continuing direct annual ad valorem tax levied by the District, without legal limit as to rate or amount, sufficient to provide for the payment of principal of and interest on the Bonds.

PERMANENT SCHOOL FUND GUARANTEE . . . In connection with the sale of the Bonds, the District has submitted an application to the Texas Education Agency and has received conditional approval from the Commissioner of Education for guarantee of the Bonds under the Permanent School Fund Guarantee Program (Chapter 45, Subchapter C of the Texas Education Code). Subject to satisfying certain conditions discussed in "APPENDIX – C -THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein, the payment of the Bonds will be absolutely and unconditionally guaranteed by the corpus of the Permanent School Fund of the State of Texas. In the event of default by the District in the scheduled payments of the Bonds, registered owners will receive all payments due from the corpus of the Permanent School Fund.

TAX RATE LIMITATION . . . There is no limitation on the tax rate levied for payment of unlimited tax bonds (Sections 45.001 and 45.003(b)(1) Texas Education Code, as amended); provided, however, with respect to "new debt", the District must demonstrate to the Attorney General of Texas at the time of issuance of bonds that it has the ability to pay all debt service on the proposed bonds and its outstanding unlimited tax debt with a debt service tax not to exceed $0.50 per $100 assessed valuation in compliance with Section 45.0031, Texas Education Code, as amended. The Bonds are issued as "new debt" and therefore are subject to the $0.50 threshold tax rate test. For a more detailed description of the $0.50 test and "new debt", see "TAX RATE LIMITATIONS – I&S Tax Rate Limitations" herein.

OPTIONAL REDEMPTION . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2035, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2034 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the District may select the maturities of the Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN AND ANY OTHER CONDITION TO REDEMPTION SATISFIED, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

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

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

DEFEASANCE . . . The Order provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities certified by the Paying Agent/Registrar, the District's Financial Advisor, an independent certified public accounting firm or another qualified third party to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Order provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, and (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the District, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or those for any other Government Securities will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid and will cease to be outstanding obligations secured by the Order or treated as debt of the District for purposes of taxation or applying any limitation on the District's ability to issue debt or for any other purpose.

Provided, however, the District has reserved 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.

AMENDMENTS . . . The District may amend the Order without the consent of or notice to any registered owner in any manner not detrimental to the interest of the registered 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 consent of the registered owners of all of the Bonds outstanding, no such amendment, addition or rescission may (1) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by bondholders for consent to any such amendment, addition, or rescission.

BOOK-ENTRY-ONLY SYSTEM . . . *This section 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, 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 and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each stated maturity of the Bonds 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 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 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.

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC 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 on the Bonds 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, Bonds are required to be printed and delivered.

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

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

Effect of Termination of Book-Entry-Only System. In the event that the Book-Entry-Only System is discontinued, printed certificates will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. In the Order, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a bank or trust company 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 change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

In the event the Book-Entry-Only System should be discontinued, interest on the Bonds will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest will be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at the stated maturity or earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "Book-Entry-Only System" herein. If the date for any payment on the Bonds is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment was due.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed Bond certificates will be delivered to the registered owners and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar and such transfer or exchange 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, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New 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 mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS – Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the District nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond called for redemption in part.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for determining to whom the interest on the Bonds is payable on any interest payment date means the close of business on the last business day of the preceding month.

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 from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES . . . The Order does not establish specific events of default with respect to the Bonds. If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Order, 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 has 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. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or Order covenants. Chapter 1371, , which pertains to the issuance of public securities by issuers such as the District, permits the District to waive sovereign immunity in the proceedings authorizing its bonds. Although the District is using Chapter 1371 as legal authority in connection with its issuance of the Bonds, the District has not waived sovereign immunity pursuant to the legal authority provided by Chapter 1371. Because it is unclear whether the Texas Legislature has effectively waived the District's sovereign immunity from a suit for money damages beyond Chapter 1371, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or order covenants. 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 U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" below for a description of the procedures to be followed for payment of the Bonds by the Permanent School Fund in the event the District fails to make a payment on the Bonds when due. Also see "THE BONDS - Book-Entry-Only System" herein for a description of the duties of DTC with regard to ownership of Bonds. Initially, the only registered owner of the Bonds will be Cede & Co., as DTC's partnership nominee (see "THE BONDS - Book-Entry-Only System" herein).

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

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

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 "State Legislature") from time to time (i) met the requirements of article VII, section 1 of the Texas Constitution, which requires the State 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 State 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 State 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 State Legislature could enact future changes to the Finance System. Any such changes could benefit or be a detriment to the District. If the State 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 State Legislature to cure the system's unconstitutionality in a way that is consistent with the Contract Clauses of the U.S. and Texas Constitutions" (collectively, the "Contract Clauses"), which prohibit the enactment of laws that impair prior obligations of contracts.

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

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CURRENT PUBLIC SCHOOL FINANCE SYSTEM

OVERVIEW

The following language constitutes only a summary of the public school finance system as it is currently structured. For a more complete description of school finance and fiscal management in the State, reference is made to Chapters 43 through 49 of the Texas Education Code, as amended.

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

2025 REGULAR LEGISLATIVE SESSION

The 89th Texas legislative session will commence on January 14, 2025 and continue to June 2, 2025. During this time, the Texas Legislature may enact laws that materially affect the District and its finances. The District can make no prediction as to the outcome of this legislative session but intends to monitor applicable legislation related thereto.

2023 REGULAR AND SPECIAL LEGISLATIVE SESSIONS

The regular session of the 88th Texas Legislature began on January 10, 2023 and adjourned on May 29, 2023. The Texas Legislature (the "Legislature") meets in regular session in odd numbered years for 140 days. During the 88th Regular Session, the Legislature considered a general appropriations act and legislation affecting the Finance System and ad valorem taxation procedures and exemptions, and investments, among other legislation affecting school districts and the administrative agencies that oversee school districts. Legislation enacted by the Legislature fully-funded the Foundation School Program for the 2023-2024 State fiscal biennium and increased the state guaranteed yield on the first $0.08 cents of tax effort beyond a school district's Maximum Compressed Tax Rate (as defined herein) to $126.21 per penny of tax effort per student in WADA (as defined herein) in 2024 (from $98.56 in 2023) and $129.52 per penny of tax effort per student in WADA in 2025. See "– State Funding for School Districts – Tier Two." The Legislature also provided for an increase in funding for the school safety allotment to $10.00 (from $9.72 in the prior year) per ADA (as defined herein) and $15,000 per campus. The Legislature set aside approximately $4,000,000,000 in additional funding for public education contingent on certain legislation passing in future special sessions. However, the Legislature did not take action on such funding during either the first, second or third called special sessions of the 88th Texas Legislature.

When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor has called and the Legislature has concluded four special sessions during the 88th Texas Legislature (such special sessions, together with the 88th Regular Session, the "2023 Legislative Sessions"). During the second called special session, legislation was passed, and at an election held in the State on November 7, 2023, voters approved a State constitutional amendment that (i) reduced the Maximum Compressed Tax Rate for school districts by approximately $0.107 for the 2023-2024 school year; (ii) increased the amount of the mandatory school district general residential homestead exemption from ad valorem taxation from $40,000 to $100,000 and to hold districts harmless from certain M&O and I&S tax revenue losses associated with the increase in the mandatory homestead exemption; (iii) adjusted the amount of the limitation on school district ad valorem taxes imposed on the residence homesteads of the elderly or disabled to reflect increases in exemption amounts; (iv) prohibited school districts, cities and counties from repealing or reducing an optional homestead exemption that was granted in tax year 2022 (the prohibition expires on December 31, 2027); (v) established a three-year pilot program limiting growth in the taxable assessed value of non-residence homestead property valued at $5,000,000 or less to 20 percent (school districts are not held harmless for any negative revenue impacts associated with such limits); (vi) excepted certain appropriations to pay for ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations; and (vii) expanded the size of the governing body of an appraisal district in a county with a population of more than 75,000 by adding elected directors and authorizing the Legislature to provide for a four-year term of office for a member of the board of directors of certain appraisal districts. This legislation reduces the amount of property taxes paid by homeowners and businesses and increases the State's share of the cost of funding public education.

As described above, the Governor called four special sessions and may call additional special sessions. The proclamation for the fourth called special session, which has adjourned, included the consideration of (i) "legislation relating to primary and secondary education, including the establishment of an education savings account program, the certification, compensation, and health coverage of certain public school employees, the public school finance system, special education in public schools, measures to support the education of public school students that include certain educational grant programs, reading instruction, and early childhood education, the provision of virtual education, and public school accountability;" and (ii) "legislation related to school safety measures and related state funding mechanisms." During any additional called special session, the Legislature may enact laws that materially change current law as it relates to the funding of public schools, including the District. The District can make no representations or predictions regarding the scope of additional legislation that may be considered during any additional called special sessions or the potential impact of such legislation at this time.

LOCAL FUNDING FOR SCHOOL DISTRICTS

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

State Compression Percentage. The "State Compression Percentage" 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: (1) 93% or a lower percentage set by appropriation for a school year; (2) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the State Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (3) the prior year State Compression Percentage. For any year, the maximum State Compression Percentage is 93%. For the State fiscal year ending in 2024, the State Compression Percentage is set at 68.80%.

Maximum Compressed Tax Rate. The Maximum Compressed Tax Rate (the "MCR") is the tax rate per $100 of valuation of taxable property at which a school district must levy its Tier One Tax Rate to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of three alternative calculations: (1) the school district's prior year MCR; (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5%; or (3) the product of the State Compression Percentage for the current year multiplied by $1.00. 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 set to 90% of the 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 2024-2025 school year, the Legislature reduced the maximum MCR, establishing $0.6855 as the maximum rate and $0.6169 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 the given year. Additionally, a school district's levy of Copper Pennies is subject to compression if the guaranteed yield (i.e., the guaranteed level of local tax revenue and State aid generated for each cent of tax effort) of Copper Pennies is increased from one year to the next (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts – Tier Two").

STATE FUNDING FOR SCHOOL DISTRICTS

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

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

The current public school finance system also provides an Existing Debt Allotment ("EDA") to subsidize debt service on eligible outstanding school district bonds, an Instructional Facilities Allotment ("IFA") to subsidize debt service on newly issued bonds, and a New Instructional Facilities Allotment ("NIFA") to subsidize operational expenses associated with the opening of a new instructional facility. IFA primarily addresses the debt service needs of property-poor school districts. For the 2024-2025 State fiscal biennium, the State Legislature appropriated funds in the amount of $1,072,511,740 for the EDA, IFA, and NIFA.

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

Tier One. Tier One funding is the basic level of funding guaranteed to a school district, consisting of a State-appropriated baseline level of funding (the "Basic Allotment") for each student in "Average Daily Attendance" (being generally calculated as the sum of student attendance 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 (or a greater amount as may be provided by appropriation) 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 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, (iii) a college, career and military readiness allotment to further Texas' goal of increasing the number of students who attain a post-secondary 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 less the allotments that are not derived by a weighted formula, divided by $6,160, 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 $315 million for the 2023-2024 school year and $320 million for the 2024-2025 school year.

Tier Two. Tier Two supplements Tier One funding and provides two levels of enrichment with different guaranteed yields (i.e., Golden Pennies and Copper Pennies) depending on the school district's Enrichment Tax Rate. Golden Pennies generate a guaranteed yield equal to the greater of (i) the local revenue per student in WADA per cent of tax effort available to a school district at the ninety-sixth (96th) percentile of wealth per student in WADA, or (ii) the Basic Allotment (or a greater amount as may be provided by appropriation) multiplied by 0.016. For the 2024-2025 State fiscal biennium, school districts are guaranteed a yield of $126.21 per student in WADA in 2024 and $129.52 per student in WADA in 2025 for each Golden Penny levied. Copper Pennies generate a guaranteed yield per student in WADA equal to the school district's Basic Allotment (or a greater amount as may be provided by appropriation) multiplied by 0.008. For the 2024-25 State fiscal biennium, school districts are guaranteed a yield of $49.28 per student in WADA for each Copper Penny levied. For any school year in which the guaranteed yield of Copper Pennies per student in WADA exceeds the guaranteed yield of Copper Pennies per student in WADA for the preceding school year, a school district is required to reduce its Copper Pennies levied so as to generate no more revenue per student in WADA than was available to the school district for the preceding year.

*Existing Debt Allotment, Instruction Facilities Allotment, and New Instructional Facilities Allotm*ent. The Foundation School Program also includes facilities funding components consisting of the IFA and the EDA, subject to legislative appropriation each State fiscal biennium. To the extent funded for a biennium, these programs assist school districts in funding facilities by, generally, equalizing a school district's I&S tax effort. The IFA guarantees each awarded school district a specified amount per student (the "IFA Yield") in State and local funds for each cent of I&S tax levied to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate or improve instructional facilities. The IFA Yield has been $35 since this program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the State Legislature. To receive an IFA award, in years where new IFA awards are available, a school district must apply to the Commissioner in accordance with rules adopted by the TEA before issuing the bonds to be paid with IFA State assistance. The total amount of debt service assistance over a biennium for which a school district may be awarded is limited to the lesser of (1) the actual debt service payments made by the school district in the biennium in which the bonds are issued; or (2) the greater of (a) $100,000 or (b) $250 multiplied by the number of students in ADA. The IFA is also available for lease-purchase agreements and refunding bonds meeting certain prescribed conditions. Once a school district receives an IFA award for bonds, it is entitled to continue receiving State assistance for such bonds without reapplying to the Commissioner. The guaranteed level of State and local funds per student per cent of local tax effort applicable to the bonds may not be reduced below the level provided for the year in which the bonds were issued. For the 2024-2025 State fiscal biennium, the State Legislature did not appropriate any funds for new IFA awards; however, awards previously granted in years the State Legislature did appropriate funds for new IFA awards will continue to be funded.

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

Since future-year IFA awards were not funded by the State Legislature for the 2024-2025 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 2024-2025 State fiscal biennium on new bonds issued by school districts in the 2024-2025 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 from $40,000 to $100,000. See "— 2023 Regular and Special Legislative Sessions." Hold-harmless applies only to bonds authorized by voters prior to September 1, 2023.

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. During the 2023 Legislative Sessions, the Legislature appropriated funds in the amount of $100,000,000 for each fiscal year of the 2024-2025 State fiscal biennium for NIFA allotments.

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

Furthermore, "property-wealthy" school districts that received additional State funds under the Finance System prior to the enactment of certain legislation passed during the 86th Texas Legislature are entitled to an equalized wealth transition grant on an annual basis, which will be phased out in the 2023-2024 school year, in an amount equal to the amount of additional revenue such school district would have received under former Texas Education Code Sections 41.002(e) through (g), as those sections existed on January 1, 2019. Additionally, school districts and open-enrollment charter schools may be entitled to receive an allotment in the form of a formula transition grant, but they will not be entitled to an allotment beginning with the 2024-2025 school year. This grant is meant to ensure a smooth transition into the funding formulas enacted by the 86th Texas Legislature. Furthermore, if the total amount of allotments to which school districts and open enrollment charter schools are entitled for a school year exceeds $400 million, the Education Commissioner shall proportionately reduce each district's or school's allotment. The reduction in the amount to which a district or school is entitled may not result in an amount that is less than zero.

For the 2024-2025 school year, school districts will be held harmless and entitled to additional State aid to the extent that State and local revenue used to service eligible debt is less than the State and local revenue that would have been available to the district under State law providing for State aid to districts to account for increases in the general residence homestead exemption and the elderly or disabled tax ceiling as such State law existed on September 1, 2022, 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. See "AD VALOREM PROPERTY TAXATION - Local Option Homestead Exemptions" and "- State Mandated Freeze on School District Taxes."

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

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

Options for Local Revenue Levels in Excess of Entitlement. Under Chapter 49, a school district has six (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.

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 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 Commissioner do not provide for assumption of any of the transferring school district's existing debt.

CURRENT PUBLIC SCHOOL FINANCE SYSTEM AS APPLIED TO THE DISTRICT

For the 2024-25 school year, the District was designated as an "excess local revenue" Chapter 49 school district by TEA. Accordingly, the District is required to exercise one of the permitted wealth equalization options. As a district with wealth per student in excess of the equalized wealth value, the District has entered into a wealth equalization agreement with the Commissioner for the purchase of attendance credits for the 2024-25 school year, for the purpose of implementing permitted wealth equalization options. Over the last five fiscal years, the District has remitted over $930.3 million of local tax revenues to the State as a result of the equalization provisions of the State system of public school finance. See "Table 12-A – Schedule of General Fund Revenues and Expenditure History". During the 2024-25 school year, the District estimates that approximately $155.6 million of local M&O tax receipts will be "recaptured" by the State. The District's wealth for purposes of the State funding laws has been generated by strong growth in the District's ad valorem tax base, which has increased from approximately $12.5 billion for the year ended August 31, 1995 to approximately $78.2 billion in the current fiscal year. During that period the District has experienced rapid growth in enrollment – from approximately 34,000 students to approximately 47,000 but the growth in tax base has outpaced the District's substantial enrollment growth. While the District has continued to achieve high rankings for educational achievement (see "Appendix A – General Information Regarding the District – District Facilities"), the recapture provisions of Texas law have challenged the District financially. Although the tax levied to pay debt service for the Bonds is not subject to recapture, the District's maintenance and operations tax is limited as discussed under "CURRENT PUBLIC SCHOOL FINANCE SYSTEM", "TAX RATE LIMITATIONS" and "Table 4 - Tax Rate, Levy and Collection History".

A district's "excess local revenues" must be tested for each future school year and, if it exceeds the equalized wealth value, the District must reduce its wealth per student by the exercise of one of the permitted wealth equalization options. Accordingly, if the District's wealth per student should exceed the maximum permitted value in future school years, it will be required to exercise one or more 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 an annexing district.

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

AD VALOREM PROPERTY TAX INFORMATION

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 countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the District is the responsibility of the Collin Central Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property. Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "subjected property") whose appraised values are not more than $5 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the subjected property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the subjected property for the preceding tax year; (b) the appraised value of the subjected property for the preceding tax year; and (c) the market value of all new improvements to the subjected property (collectively, the "appraisal cap"). After the 2024 tax year, through December 31, 2026, the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

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

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the District, in establishing their tax rolls and tax rates (see "AD VALOREM PROPERTY TAXATION – District and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS . . . State law grants, with respect to each school district in the State, (1) an exemption (as described below) of the appraised value of all homesteads, (2) a $10,000 exemption of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled, and (3) various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2023 Regular and Special Legislative Sessions" for a discussion of legislation passed during the second called special session and the November 7, 2023 State-wide election at which voters approved an amendment to the Texas Constitution to increase the general residential homestead exemption for school districts from $40,000 to $100,000..

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties, and school districts are prohibited from repealing or reducing an optional homestead exemption that was granted in tax year 2022 through December 31, 2027.

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

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.

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 without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

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

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

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGE BY A DISASTER. . . The Property Tax Code entitles the owner of certain (i) qualified 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. The Texas Legislature amended Section 11.35, Property Tax Code, to clarify that "damage" for purposes of such statute is limited to "physical damage." For more information on the exemption, reference is made to Section 11.35 of the Tax Code.

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

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

TAX LIMITATION AGREEMENTS . . . The Texas Economic Development Act Chapter 313, Texas Tax Code, as amended ("Chapter 313"), previously allowed school districts to grant limitations on appraised property values to certain corporations and limited liability companies to encourage economic development within the school district. Generally, during the last eight (8) years of the ten-year term of a tax limitation agreement, a school district may only levy and collect M&O taxes on the agreed-to limited appraised property value. For the purposes of calculating its Tier One and Tier Two entitlements, the portion of a school district's property that was not fully taxable is excluded from the school district's taxable property values. Therefore, a school district is not subject to a reduction in Tier One or Tier Two State funds as a result of lost M&O tax revenues due to entering into a tax limitation agreement The 87th Texas Legislature did not vote to extend this program, which expired by its terms, 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, Texas Tax Code (“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 services taxes securing the Bonds cannot be abated under Chapter 403. Eligible projects must relate to manufacturing, provision of utility services, dispatchable electric generation (such as non-renewable energy) development of natural resources, critical infrastructure, or research and development for high-tech equipment or technology, and projects must create and maintain jobs and meet certain minimum investment requirements. The District is currently monitoring the State’s implementation of this new economic development program and cannot make any representations as to what impact, if any, Chapter 403 will have on its finances or operations.

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount was set at $59,562,331 for the 2024 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

Levy and Collection of Taxes . . . The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the District may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

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.

TAX RATE LIMITATIONS

M&O TAX RATE LIMITATIONS . . . The District is authorized to levy an M&O tax rate pursuant to the approval of the voters of the District in accordance with the provisions of Article 2784e-1, Texas Revised Civil Statutes Annotated, 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).

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 threshold tax rate test and which is received or to be received in that year. Additionally, a school district may demonstrate its ability to comply with the 50-cent Test by applying the $0.50 tax rate to an amount equal to 90% of projected future taxable value of property in the school district, as certified by a registered professional appraiser, anticipated for the earlier of the tax year five (5) years after the current tax year or the tax year in which the final payment for the bonds is due. However, if a school district uses projected future taxable values to meet the 50-cent Test and subsequently imposes a tax at a rate greater than $0.50 per $100 of valuation to pay for bonds subject to the test, then for subsequent bond issues, the Texas Attorney General must find that the school district has the projected ability to pay principal and interest on the proposed bonds and all previously issued bonds subject to the 50-cent Test from a tax rate of $0.45 per $100 of valuation. Once the prospective ability to pay such tax has been shown and the bonds are issued, a school district may levy an unlimited tax to pay debt service. Refunding bonds issued pursuant to Chapter 1207, Texas Government Code, are not subject to the 50-cent Test; however, taxes levied to pay debt service on such bonds (other than bonds issued to refund exempt bonds) are included in maximum annual debt service for calculation of the 50-cent Test when applied to subsequent bond issues that are subject to the 50-cent Test. The Bonds are issued for school building purposes pursuant to Chapter 45, as amended, Texas Education Code as new debt and are subject to the 50-cent Test. The District has not used projected property values or State assistance (other than EDA or IFA allotment funding) to satisfy this threshold test.

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

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

The Voter-Approval Tax Rate for a school district is the sum of (i) the school district's MCR; (ii) the greater of (a) the school district's Enrichment Tax Rate for the preceding year, less any amount by which the school district is required to reduce its current year Enrichment Tax Rate pursuant to Section 48.202(f), Education Code, as amended, or (b) the rate of $0.05 per $100 of taxable value; and (iii) the school district's current I&S tax rate. For the 2020 tax year, and subsequent years, a school district's M&O tax rate may not exceed the rate equal to the sum of (i) $0.17 and (ii) the school district's MCR (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein for more information regarding the State Compression Percentage, MCR, and the Enrichment Tax Rate).

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

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

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the District is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Effective January 1, 2016, the valuation of assessment of oil and gas reserves will depend upon pricing information in either the standard edition of the Annual Energy Outlook or, if the most recently published edition of the Annual Energy Outlook was published before December 1 of the preceding calendar year, the Short-Term Energy Outlook report published in January of the current calendar year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first installment due on February 1 of each year and the final installment due on August 1.

DISTRICT'S VOTER-APPROVAL TAX RATE ELECTION . . . On November 8, 2022 the District voters approved a Voter Approval Tax Rate Election ("VATRE"). The VATRE asked voters to consider approving an increased maintenance and operation tax rate to increase revenue for student programs as well as teacher and staff salaries. The successful VATRE has generated approximately $9.0 million annually for the District. See Table 4 entitled "Tax Rate, Levy and Collection History" herein.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty[a]	Cumulative Interest[a]	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12[a]	6	18

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

DISTRICT APPLICATION OF TAX CODE . . . Except for the State mandated exemptions of $100,000 for general homestead and an additional $10,000 for persons over 65 and the disabled, the District does not grant any other exemption to the market value of the residence homestead of persons 65 years of age or older or the disabled.

The District has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of $5,000.

See Table 1 for a listing of the amounts of the exemptions described above.

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 tax nonbusiness personal property; and the Collin County Tax Office collects taxes for the District.

State law permits districts to authorize payment of taxes in two installments and to provide discounts for the early payment of taxes. The District does not permit split payments of taxes and does not provide early payment discounts.

The District does not tax freeport property.

The District does tax goods in transit.

The District has adopted a tax abatement policy.

The District has entered into a Texas Economic Development Act Participation Agreement with Texas Instruments pursuant to the provisions of the Texas Economic Development Act (Chapter 313, as amended, Texas Tax Code).

TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT

2024/25 Market Valuation Established by Collin Central Appraisal District		$ 100,071,946,836
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead Exemptions (State Mandated)	$ 6,994,566,336	
Over 65	274,261,221	
Disabled and Deceased Veterans	243,148,903	
Agricultural Productivity	803,633,630	
Freeport Property Exemption	905,846,149	
Pollution Control Exemption	5,957,374	
Economic Development	100,000,000	
Non-HS Cap Loss	109,306,979	
Solar	14,830,908	
Homestead Cap Adjustment	3,680,655,705	
Historic Site Exemptions	16,132,567	
Totally Exempt	7,238,081,431	
Other Exemptions	322,910,693	20,709,331,896
2024/25 Taxable Assessed Valuation		$ 79,362,614,940
Debt Payable from Ad Valorem Taxes		
Unlimited Tax Bonds (as of 10-31-24)		$ 886,020,000
The Bonds		607,300,000 [1]
Debt Payable from Ad Valorem Taxes		$ 1,493,320,000
Interest and Sinking Fund (as of 10-31-24)		$ 27,066,148
Ratio of Debt Payable From Ad Valorem Taxes to Taxable Assessed Valuation		1.88%

2025 Estimated Population - 369,012
Per Capita Taxable Assessed Valuation - $215,068
Per Capita Funded Debt - $4,047

(1) Preliminary, subject to change.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended June 30,					
	2025		2024		2023	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	$ 61,969,547,182	61.92%	$ 59,574,774,550	68.23%	$ 52,125,843,349	67.61%
Undeveloped/Rural Acreage	1,387,921,389	1.39%	1,362,644,735	1.56%	1,338,013,848	1.74%
Commercial and Industrial	20,413,088,521	20.40%	19,791,543,865	22.67%	18,400,885,511	23.87%
Personal	8,708,313,884	8.70%	6,582,410,098	7.54%	5,227,888,904	6.78%
Totally Exempt Property	7,593,075,860	7.59%	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	$ 100,071,946,836	100.00%	$ 87,311,373,248	100.00%	77,092,631,612	100.00%
Less: Total Exemptions/Reductions	(20,709,331,896)		(14,744,859,279)		(8,648,655,957)	
Adjustments	-		-		(443,155,627)	
Taxable Assessed Value	$ 79,362,614,940		$ 72,566,513,969		$ 68,000,820,028	

	Taxable Appraised Value for Fiscal Year Ended June 30,			
	2022		2021	
Category	Amount	% of Total	Amount	% of Total
Residential	$ 43,134,956,374	65.79%	$ 41,088,872,445	64.43%
Undeveloped/Rural Acreage	781,480,167	1.19%	828,195,720	1.30%
Commercial and Industrial	16,758,686,947	25.56%	16,236,293,905	25.46%
Personal	4,885,150,818	7.45%	5,622,658,761	8.82%
Total Appraised Value Before Exemptions	$ 65,560,274,306	100.00%	$ 63,776,020,831	100.00%
Less: Total Exemptions/Reductions	(3,541,811,988)		(3,354,057,854)	
Adjustments	(430,535,608)		(267,630,590)	
Taxable Assessed Value	$ 61,587,926,710		$ 60,154,332,387	

NOTE: As reported by the Collin Central Appraisal District on the District's annual State Property Taxes Report; subject to change during the ensuing year.

TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended 6/30	Estimated Population (1)	Taxable Assessed Valuation (2)	Taxable Assessed Valuation Per Capita	Tax Supported Debt Outstanding at End of Year	Ratio of Tax Supported Debt to Taxable Assessed Valuation	Tax Supported Debt Per Capita
2021	361,522	$ 60,154,332,387	$ 166,392	$ 625,625,000	1.04%	$ 1,731
2022	364,821	61,587,926,710	168,817	492,195,000	0.80%	1,349
2023	366,202	68,000,820,028	185,692	1,021,095,000	1.50%	2,788
2024	367,020	72,566,513,969	197,718	924,105,000	1.27%	2,518
2025	369,012	79,362,614,940	215,068	1,378,710,000 (3)	1.74%	3,736

(1) Source: District Officials.
(2) As reported by the Collin Central Appraisal District on the District's annual State Property Taxes Report; subject to change during the ensuing year.
(3) Includes the Bonds. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 6/30	Tax Rate	Local Maintenance	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2021	$ 1.32375	$ 1.05475 0	$ 0.26900	$ 786,299,819	97.17%	99.32%
2022	1.32075	1.05175	0.26900	782,016,818	99.48%	99.27%
2023	1.25975	1.02240	0.23735	825,019,308	99.17%	99.42%
2024	1.07785	0.84050	0.23735	718,283,824	99.71%	100.13%
2025	1.04245	0.80510	0.23735	743,120,713	N/A	N/A

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2024/25 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Texas Instruments Inc.	Technology	$ 3,125,736,044	3.94%
Bank of America NA	Bank	590,843,622	0.74%
Coreweave Inc.	Data Center	487,126,129	0.61%
Legacy West Investors LP	Real Estate	455,550,080	0.57%
JFSF Edgewood 1-3 LLC	Real Estate	427,854,528	0.54%
Toyota Motor North America Inc.	Auto Sales	375,871,396	0.47%
Health Care Service Corporation a Mutial Legal Reserve	Commercial	339,173,112	0.43%
CCI-D 6501 Legacy Owners LLC	Real Estate	299,219,020	0.38%
Oncor Electric Delivery Company LLC	Utility	298,816,000	0.38%
Texas Heart Hospital of the Southwest LLP	Hospital	218,600,000	0.28%
		$ 6,618,789,931	8.34%

TABLE 6 - TAX ADEQUACY (1)

2025 Principal and Interest Requirements	$ 155,036,594
$0.1974 Tax Rate at 99% Collection Produces	$ 155,095,184
Average Annual Principal and Interest Requirements, 2025 - 2045	$ 97,502,927
$0.1241 Tax Rate at 99% Collection Produces	$ 97,504,115
Maximum Principal and Interest Requirements, 2029	$ 178,868,622
$0.2277 Tax Rate at 99% Collection Produces	$ 178,901,587

(1) Includes the Bonds. Preliminary, subject to change.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the District.

Taxing Jurisdiction	2024/25 Taxable Assessed Value	2024/25 Tax Rate	Total Tax-Supported Debt	Estimated % Applicable	District's Overlapping Tax-Supported Debt As of 10-31-24	Authorized But Unissued Debt As Of 10-31-24
Plano Independent School District	$ 79,362,614,940	$ 1.07785	$ 1,493,320,000 (1)	100.00%	$ 1,493,320,000 (1)	$ 49,875,000 (2)
City of Allen	21,505,959,363	0.41800	189,715,000	3.23%	6,127,795	68,000,000
City of Carrollton	21,320,848,649	0.53900	195,050,000	0.72%	1,404,360	94,255,000
Collin County	251,108,780,615	0.14900	841,715,000	33.52%	282,142,868	485,139,864
Collin County Community College District	226,127,750,589	0.08100	459,865,000	33.52%	154,146,748	-
City of Dallas	198,272,090,573	0.70500	2,530,810,416	4.09%	103,510,146	1,256,000,000
City of Garland	26,267,553,219	0.69000	539,755,000	0.17%	917,584	435,779,611
City of Lucas	2,513,814,083	0.23900	17,210,000	10.51%	1,808,771	-
City of Murphy	3,730,950,073	0.36300	36,080,000	67.28%	24,274,624	-
City of Parker	1,957,603,524	0.31000	6,570,000	64.18%	4,216,626	1,455,000
City of Plano	57,421,497,071	0.41800	604,725,000	82.23%	497,265,368	131,660,000
City of Richardson	21,660,928,278	0.54200	415,575,000	47.63%	197,938,373	93,889,319
City of Wylie	8,617,582,222	0.53400	70,740,000	1.88%	1,329,912	27,600,000
Total Direct and Overlapping Tax-Supported Debt					$ 2,768,403,173	
Ratio of Direct and Overlapping Tax-Supported Debt to Taxable Assessed Valuation					3.49%	
Per Capita Overlapping Tax-Supported Debt					$ 7,502.20	

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(1) Includes the Bonds. Preliminary, subject to change.
(2) Remaining balance after the issuance of the Bonds. Preliminary, subject to change.

DEBT INFORMATION

TABLE 8 - PRO FORMA TAX SUPPORTED DEBT SERVICE REQUIREMENTS

Year Ending 12/31 [(1)]	Outstanding Debt [(2)] Principal	Outstanding Debt Interest	Outstanding Debt Total	The Bonds [(3)] Principal	The Bonds Interest	The Bonds Total	Total Debt Service	% of Principal Retired
2025	$ 114,610,000	$ 40,426,594	$ 155,036,594	$ -	$ -	$ -	$ 155,036,594	
2026	50,185,000	36,307,194	86,492,194	43,200,000	43,400,407	86,600,407	173,092,601	
2027	52,235,000	33,695,012	85,930,012	60,105,000	26,212,275	86,317,275	172,247,287	
2028	54,240,000	30,977,719	85,217,719	67,280,000	23,027,650	90,307,650	175,525,369	
2029	56,980,000	28,134,597	85,114,597	74,265,000	19,489,025	93,754,025	178,868,622	33.40%
2030	52,850,000	25,416,789	78,266,789	52,565,000	16,318,275	68,883,275	147,150,064	
2031	40,435,000	23,155,123	63,590,123	70,310,000	13,246,400	83,556,400	147,146,523	
2032	42,335,000	21,108,595	63,443,595	38,040,000	10,537,650	48,577,650	112,021,245	
2033	44,330,000	18,965,498	63,295,498	40,145,000	8,583,025	48,728,025	112,023,523	
2034	46,405,000	16,721,480	63,126,480	10,995,000	7,304,525	18,299,525	81,426,005	67.74%
2035	46,550,000	14,436,868	60,986,868	10,570,000	6,765,400	17,335,400	78,322,268	
2036	30,460,000	12,542,756	43,002,756	11,110,000	6,223,400	17,333,400	60,336,156	
2037	32,015,000	10,989,531	43,004,531	11,680,000	5,653,650	17,333,650	60,338,181	
2038	33,195,000	9,363,681	42,558,681	12,280,000	5,054,650	17,334,650	59,893,331	
2039	34,655,000	7,905,684	42,560,684	12,910,000	4,424,900	17,334,900	59,895,584	83.50%
2040	35,955,000	6,603,406	42,558,406	13,570,000	3,762,900	17,332,900	59,891,306	
2041	37,570,000	4,990,000	42,560,000	14,265,000	3,067,025	17,332,025	59,892,025	
2042	39,495,000	3,063,375	42,558,375	15,000,000	2,335,400	17,335,400	59,893,775	
2043	41,520,000	1,038,000	42,558,000	15,685,000	1,646,700	17,331,700	59,889,700	
2044	-	-	-	16,330,000	1,006,400	17,336,400	17,336,400	98.86%
2045	-	-	-	16,995,000	339,900	17,334,900	17,334,900	100.00%
	$ 886,020,000	$ 345,841,902	$ 1,231,861,902	$ 607,300,000	$ 208,399,557	$ 815,699,557	$ 2,047,561,459	

(1) The District's fiscal year end is June 30. Due to the timing of tax collection receipts, the District budgets for its August debt service payments in the previous fiscal year.
(2) Payable from the District's unlimited ad valorem tax.
(3) Average life of the issue – 7.170 years. Interest on the Bonds has been calculated at the rate of 3.68% for purposes of illustration. Preliminary, subject to change.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Budgeted Tax Supported Debt Service Requirements, Fiscal Year Ending 6/30/25		$ 164,507,368 [(1)]
Interest and Sinking Fund Balance, 6/30/24	$ 26,754,688	
Investment Earnings	1,200,000	
State and Federal Funding	600,000	
Debt Service Fees	50,000	
2024/25 Projected Interest and Sinking Fund Tax Levy	162,757,368	191,362,056
Projected Balance, 6/30/25		$ 26,854,688

(1) Includes August 2025 interest payment and planned defeasance.

TABLE 10 - AUTHORIZED BUT UNISSUED UNLIMITED TAX BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued (1)	Unissued Balance
School Buildings and Auditorium	5/7/2016	$ 481,000,000	$ 431,125,000	$ -	$ 49,875,000
School Building	11/8/2022	1,172,976,000	600,000,000	572,976,000	-
Technology	11/8/2022	173,450,000	100,000,000	73,450,000	-
		$ 1,827,426,000	$ 1,131,125,000	$ 646,426,000	$ 49,875,000

(1) Includes a portion of the anticipated initial issue premium generated from the sale of the Bonds expected to be deposited to the Construction Fund and allocated against voted authorization. Preliminary, subject to change.

ANTICIPATED ISSUANCE OF ADDITIONAL UNLIMITED TAX DEBT . . . The District does not anticipate the issuance of additional debt in the next 12 months.

TABLE 11 - OTHER OBLIGATIONS

The District had no unfunded debt outstanding as of October 31, 2024.

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

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

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

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

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

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

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

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2023	2024
Member	8.0%	8.3%
Non-Employer Contributing Entity (State)	8.0%	8.3%
Employers	8.0%	8.3%

2024 Employer Contributions	$ 15,765,206
2024 Member Contributions	$ 32,421,789
2024 NECE On-Behalf Contributions	$ 19,798,471

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

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

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

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

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

ACTUARIAL ASSUMPTIONS . . . The actuarial valuation of the total pension liability in the August 31, 2022. Updated procedures were used to roll forward the total pension liability to August 31, 2023 and was determined using following methods and assumptions:

Acturial method normal	Individual Entry Age Normal
Asset valuation method	Fair Value
Single-discount rate	7.00%
Long-term expected investment rate of return	7.00%
Municipal Bond Rate as of August 2022	4.13%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Lase year ending August 31 in	
Projection Period (100 years)	2122
Inflation	2.30%
Salary increases including inflation	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None
Mortality Rates	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB (2010) Mortality Tables for Teachers, below median, also with full generational mortality.

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

DISCOUNT RATE AND LONG-TERM EXPECTED RATE OF RETURN . . . A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the rates set by the legislature in the 2019 session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 gradually increasing to 9.56 percent in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term expected rate of return on pension plan investments 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 TRS's target asset allocation as of August 31, 2023, are summarized below:

Asset Class	Long-Term Expected Geometric Real Rate of Return**	Expected Contribution to Long-Term Portfolio Return
Global Equity		
U.S.	4.0%	1.0%
Non-U.S. Developed	4.5%	0.9%
Emerging Markets	4.8%	0.7%
Private Equity	7.0%	1.5%
Stable Value		
Government Bonds	2.5%	0.5%
Absolute Return	3.6%	-
Stable Value Hedge Funds	4.1%	0.2%
Real Return		
Real Estate	4.9%	1.1%
Energy, Natural Resources and Infrastructure	4.8%	0.4%
Commodities	4.4%	-
Risk Party		
Risk Party	4.5%	0.4%
Asset Allocation Leverage		
Cash	3.7%	0.0%
Asset Allocation Leverage	4.4%	-0.1%
Inflation Expectation		2.3%
Volatility Drag***		-0.9%
Total		8.0%

*Absolute Return includes Credit Sensitive Investments
**Target allocations are based on the FY 202 policy model.
**Capital market assumptions come from Aeon Hewitt (as of 6/30/2023)
***The volatility drag results from the conversion between arithmetic and geometric mean returns.

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Proportionate share of the net pension liability	$ 287,815,213	$ 192,511,406	$ 113,266,239

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions . . . On June 30, 2024, the District reported a liability of $192,511,406 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the collective net pension liability	$ 192,511,406
State's proportionate share that is associated with the District	264,572,144
Total	$ 457,083,550

The net pension liability was measured as of August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022 rolled forward to August 31, 2023. 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, 2022 thru August 31, 2023.

At August 31, 2023 the District's proportion of the collective net pension liability was 0.2802597502%, which was an increase of 0.0175670723% from its proportion measured as of August 31, 2022.

For the fiscal year ended June 30, 2024, the District recognized pension expense of $69,718,587 and revenue of $39,948,105 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	$ 6,859,247	$ 2,331,103
Changes in actuarial assumptions	18,207,808	4,455,866
Differences between projected and actual investment earnings	28,015,082	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	2,020,635	14,082,482
Contributions paid to TRS subsequent to the measurement date	13,289,308	-
Total	$ 68,392,080	$ 20,869,451

$13,289,308 reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	Pension Expense (Income)
Year ended June 30	
2025	$ 5,881,953
2026	1,693,208
2027	21,211,347
2028	5,682,347
2029	(235,534)
Thereafter	-
Total	$ 34,233,321

Change of Assumptions Since the Prior Measurement Date. . . The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

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

OTHER POST-EMPLOYMENT BENEFITS

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

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

BENEFITS PROVIDED . . . TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all 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 Medical 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. 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. There are no automatic post employments benefit changes; including automatic COLAs.

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

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

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. 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. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

	2023	2024
Active employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding	1.25%	1.25%

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

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

District Contributions	$	3,182,421
Member Contributions	$	2,497,383
NECE On-Behalf Contributions (State)	$	3,696,719

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 employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of $535 per retiree.

The State of Texas also contributed $2,186,667, $1,899,364, and $1,157,273 in 2024, 2023, and 2022, respectively, for on-behalf payments for Medicare Part D.

TRS-Care received supplement appropriations from the State of Texas as the Non-employer Contributing Entity in the amount of $21 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRSCare funds in excess of the state's actual obligation and the transferred to TRS-Care..

ACTUARIAL METHODS AND ASSUMPTIONS . . . The actuarial valuation of the total OPEB liability was performed as of August 31, 2022. Update procedures were used to roll forward the total OPEB liability to August 31, 2023.

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

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

Additional Actuarial Methods and Assumptions	
Acturial cost method	Individual Entry Age Normal
Single Discount rate	4.13%
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age adjusted claims cost
Election Rates	Normal retirement 62% participation prior to age 65 and 25% after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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

The initial medical trend rates were 7.25% for Medicare retirees and 7.00% for non-Medicare retirees. There was an initial prescription drug trend rate of 7.75% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.

DISCOUNT RATE . . . A single discount rate of 4.13% was used to measure the total OPEB liability at August 31, 2023. This was an increase of 0.22% in the discount rate since the August 31, 2022 measurement date. The plan is essentially a "pay-as-you-go" plan and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current plan members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2023.

Discount Rate Sensitivity Analysis . . . The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (4.13%) in measuring the net OPEB liability.

	1% Decrease in (3.13%)	Discount Rate (4.13%)	1% Increase in (5.13%)
District's Proportionate share of the net OPEB liability	$ 92,085,194	$ 78,184,613	$ 66,841,410

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate share of the net OPEB liability	$ 64,381,116	$ 78,184,613	$ 95,942,859

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs . . . On June 30, 2024, the District reported a liability of $78,184,613 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided by the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows

District's proportionate share of the net OPEB liability	$ 78,184,613
State's proportionate share of the net OPEB liability associated with the District	94,341,753
Total	$ 172,526,366

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

On August 31, 2023 the employer's proportion of the collective Net OPEB Liability was 0.3531644025% which was a decrease of 0.0283558995% from the same proportion measured as of August 31, 2022. For the year ended June 30, 2024, the District recognized OPEB revenue of $39,570,036 due to recognition of deferred inflows in excess of deferred outflows and current year expense. OPEB revenue of $20,168,275 was recognized for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	$ 3,537,261	$ 65,777,542
Changes of assumptions	10,671,630	47,874,513
Net difference between projected and actual earnings on OPEB investments	33,780	-
Changes in proportion and differences between district contributions and the proportionate share of contributions (cost sharing plan)	1,715,739	30,090,618
District contributions after measurment date	2,661,057	-
Total	$ 18,619,467	$ 143,742,673

$2,661,057 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported at deferred outflows of resources and deferred inflows of resources to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2025	$ (25,907,411)
2026	(22,321,444)
2027	(17,466,683)
2028	(19,516,598)
2029	(16,966,544)
Thereafter	(25,605,583)
Total	$ (127,784,263)

CHANGES OF ASSUMPTIONS SINCE THE PRIOR MEASUREMENT DATE . . . The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study

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

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FINANCIAL INFORMATION

TABLE 12 - SCHEDULE OF CHANGES IN NET POSITION

	Fiscal Year Ended June 30,				
Revenues:	2024	2023	2022	2021	2020
Program Revenues					
Charges for Services	$ 15,359,028	$ 15,554,499	$ 6,891,241	$ 3,571,537	$ 13,575,863
Operating Grants and Contributions	129,393,315	107,777,825	117,010,233	108,136,982	116,590,537
Capital Grants and Contributions	-	-	-	-	-
General Revenues					
Property Taxes	719,992,206	824,634,977	782,210,161	766,889,476	751,849,552
State Aid - Formula	28,917,478	36,276,178	33,857,305	41,092,008	27,621,178
Interest Income	47,065,834	30,792,010	2,312,469	589,161	9,906,157
Other	68,091	5,234,744	1,064,152	885,597	2,444,334
Total Revenues	$ 940,795,952	$ 1,020,270,233	$ 943,345,561	$ 921,164,761	$ 921,987,621
Expenses:					
Instruction and Instructional-Related Services	$ 410,749,887	$ 391,680,187	$ 388,916,872	$ 417,183,395	$ 444,553,324
Instructional and School Leadership	40,174,174	37,157,405	34,925,994	38,705,593	40,444,910
Support Services - Student	104,040,487	98,108,603	89,823,649	80,180,102	95,956,401
Administrative Support Services	14,075,557	13,091,025	11,331,875	11,487,690	12,406,886
Support Services - Nonstudent Based	72,989,168	63,417,782	58,451,014	57,551,181	57,679,791
Ancillary Services - Community Service	5,205,548	3,842,225	3,568,873	3,797,955	3,943,616
Debt Service	47,064,055	14,925,930	14,359,226	21,779,995	27,405,954
Other Facility Costs	17,222,754	16,641,173	16,537,556	11,113,484	10,448,761
Intergovernmental Charges	140,861,367	254,831,516	217,292,607	198,029,326	172,306,114
Total Expenses	$ 852,382,997	$ 893,695,846	$ 835,207,666	$ 839,828,721	$ 865,145,757
(Decrease)/Increase in Net Position	$ 88,412,955	$ 126,574,387	$ 108,137,895	$ 81,336,040	$ 56,841,864
Beginning Net Position	694,861,398	568,287,011	460,649,116	380,351,640	323,076,169
Transfers In (Out)	-	-	(500,000)	(1,038,564)	433,607
Prior Period Adjustment	-	-	-	-	-
Ending Net Position	$ 783,274,353	$ 694,861,398	$ 568,287,011	$ 460,649,116	$ 380,351,640

NOTE: The figures above exclude business type activities.

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TABLE 12-A - SCHEDULE OF GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended June 30,				
Revenues:	2024	2023	2022	2021	2020
Local and Intermediate Sources	$ 588,513,400	$ 693,054,245	$ 628,892,717	$ 616,322,350	$ 610,492,454
State Program Revenues	53,402,890	56,442,966	51,177,728	59,569,632	45,994,820
Federal Program Revenues	4,363,699	7,445,092	9,609,889	7,986,164	7,361,642
Total Revenues	$ 646,279,989	$ 756,942,303	$ 689,680,334	$ 683,878,146	$ 663,848,916
Expenditures:					
Instructional and Instructional-Related Services	$ 320,548,076	$ 320,250,034	$ 318,540,860	$ 325,786,770	$ 325,312,517
Instructional and School Leadership	45,429,985	34,740,943	33,484,202	33,577,661	32,980,456
Support Services- Student	61,537,217	58,395,464	55,960,765	49,863,207	52,540,332
Administrative Support Services	13,215,291	12,567,139	11,496,592	10,540,411	10,504,547
Support Services- NonStudent Based	69,472,747	58,250,360	50,563,846	52,226,165	52,417,478
Community Services	2,771,243	2,419,587	2,518,491	2,065,374	1,532,061
Debt Service	360,018	735,873	458,443	-	-
Capital Outlay	-	-	-	-	-
Intergovernmental Charges (1)	139,894,492	254,062,342	216,474,447	197,271,869	171,410,991
Total Expenditures	$ 653,229,069	$ 741,421,742	$ 689,497,646	$ 671,331,457	$ 646,698,382
Other Financing Sources (Uses):					
Proceeds from Sale of Assets	$ -	$ 6,179,630	$ -	$ -	$ -
Operating Transfers In		-	-	-	1,066,207
Operating Transfers Out	(431,945)	(10,488,816)	(7,391,150)	(2,820,206)	(1,112,859)
Insurance Recoveries		-	1,252	-	99,961
Total Other Financing Sources (Uses)	$ (431,945)	$ (4,309,186)	$ (7,389,898)	$ (2,820,206)	$ 53,309
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	$ (7,381,025)	$ 11,211,375	$ (7,207,210)	$ 9,726,483	$ 17,203,843
Fund Balance Beginning of Year	$ 280,394,246	$ 269,182,871	$ 276,390,081	$ 266,663,598	$ 249,459,755
Fund Balance End of Year (3)	$ 273,013,221	$ 280,394,246	$ 269,182,871	$ 276,390,081	$ 266,663,598

____

(1) Intergovernmental charges include tax receipts "recaptured" by the State under the Texas school finance funding law.

(2) The fund balances shown above include all portions of the restricted, reserved and unrestricted General Fund balance. For the fiscal years ended 2024, 2023, 2022, 2021 and 2020 the unrestricted General Fund balances were $50,924,625, $68,158,842, $17,751,662, $41,908,561, and $42,108,211 respectively.

(3) For the fiscal year end 2025, the District initially adopted a deficit budget of $35 million. In January 2025, the District plans to adopt a budget amendment to reflect a $24 million budget deficit.

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FINANCIAL POLICIES

BASIS OF ACCOUNTING . . . The District's accounting records are maintained on a modified accrual basis as prescribed by Financial Accounting Resource Guide, Texas Education Agency, except for the Expendable Trust Funds which are on accrual basis. The Fiduciary operations are recognized on the basis consistent with each fiduciary fund's accounting measurement objective. The District's accounting policies conform to generally accepted accounting principles applicable to governments. (See Appendix B - "Excerpts from the Plano Independent School District Annual Comprehensive Financial Report for the Year Ended June 30, 2024").

FUND BALANCES . . . In anticipation of a potential adverse impact from the state school finance litigation discussed earlier, the District has set goals to maintain an adequate General Fund balance to offset any decline in state revenues. In addition, a five-year plan for utilization of fund balance in the Debt Service fund is in place.

BUDGETARY PROCEDURES . . . The official school budget was prepared for adoption for all Governmental Fund Types and all Governmental Expendable Trust Funds prior to June 1, 2024. The budget was formally adopted by the Board at a duly advertised public meeting prior to the expenditure of funds, and was filed with the TEA. The budget is properly amended by the Board as needed throughout the fiscal year, and the amendments are filed with the TEA.

INVESTMENTS

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

LEGAL INVESTMENTS . . . Under State law and subject to certain limitations, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) "A" or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized United States government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an "A" or better rated state or national bank; (10) 270-day or shorter bankers' acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least "A-1" or "P-1"; (11) commercial paper rated at least "A-1" or "P-1"; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) "AAA" or "AAAm"-rated investment pools that invest solely in investments described above; and (15) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The District may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the District may not invest more than 15% of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund's total assets.

Except as stated above or inconsistent with its investment policy, the District may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the District is not required to liquidate the investment unless it no longer carries a required rating, in which case the District is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

As a school district that qualifies as an "issuer" under Chapter 1371, as amended, Texas Government Code, the District is also authorized to purchase, sell, and invest its funds in corporate bonds, but only if the District has formally amended its investment policy to authorize such investments. Texas 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 a bond that is convertible into stocks or shares in the entity issuing the bond (or an affiliate or subsidy thereof) or any unsecured debt. Corporate bonds must finally mature not later than 3 years from their date of purchase by the school district. A school district may not (1) invest more than 15% of its monthly average fund balance (excluding bond proceeds, reserves, and other funds held for the payment of debt service) in corporate bonds; or (2) invest more than 25% of the funds invested in corporate bonds in any one domestic business entity (including subsidiaries and affiliates thereof). Corporate bonds held by a school district must be sold if they are at any time downgraded below "AA-" (or the equivalent thereof) or, with respect to a corporate bond rated "AA-" (or the equivalent thereof), such corporate bond is placed on negative credit watch. Corporate bonds are not an eligible investment for a public funds investment pool.

INVESTMENT POLICIES. . . Under State law, the District is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The District is required to adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the District's investments 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." The District is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

TABLE 13 - CURRENT INVESTMENTS [(1)]

As of October 31, 2024, the District's investable funds were invested in the following categories:

Description	Allocation [(2)]	Market Value	Book Value
Agency	1.68%	$ 15,007,035	$ 15,000,857
Money Markets & Pools [(3)]	44.94%	402,568,431	402,568,431
Commercial Paper	7.15%	64,078,723	64,103,469
Bank Deposits	1.32%	11,841,864	11,841,864
U.S. Treasuries	44.91%	402,231,634	402,219,476
	100.00%	$ 895,727,687	$ 895,734,097

(1) Unaudited, preliminary information provided by District.
(2) Based on market Value.
(3) A portion of the District's investments are invested in TexSTAR and TexPool, each of which is an investment pool that has an investment objective of achieving and maintaining a stable net asset value of $1.00 per share. Daily investment or redemption of funds is allowed by the participants. TexSTAR is a local government investment pool for which Hilltop Securities Asset Management Inc., a Hilltop Holdings Company, the District's financial advisor, provides customer service and marketing.

No funds of the District are invested in derivative securities, i.e., securities whose rate of return is determined by reference to another instrument, index, or commodity.

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TAX MATTERS

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

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

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

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

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

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

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

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

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

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

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

CONTINUING DISCLOSURE INFORMATION

In the Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds pursuant to United States Securities and Exchange Commision Rule 15c2-12 (the "Rule"). The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "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 ending in and after 2025, financial information and operating data with respect to the District of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 13 and (2) if not provided as part such financial information and operating data, audited financial statements of the District, when and if available and, in any event, within 12 months after the end of each fiscal year . Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in Appendix B 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 the 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 June 30. Accordingly, the District must provide updated information included in the above-referenced tables by the last day of December in each year, and audited financial statements (or unaudited financial statements, if the audit of such financial statements is not yet available) for the preceding fiscal year must be provided by June 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this Section.

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

For these purposes, (a) any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District and (b) for the events described in (15) and (16) in the immediately preceding paragraph above, the term "Financial Obligation" 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.

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

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if (i) 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 (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment 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 holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the United States Securities and Exchange Commission (the "SEC") amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the District so amends the agreement, it has agreed to 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 financial information and operating data so provided.

FORMAT, IDENTIFYING INFORMATION, AND INCORPORATION BY REFERENCE . . . 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 under the subcaption "Annual Reports" 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.

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

OTHER INFORMATION

RATINGS

The District received conditional approval from the TEA for the Bonds to be guaranteed by the Permanent School Fund. By virtue of the guarantee, the Bonds are expected to be rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by S&P Global Ratings, a division of S&P Global, Inc. ("S&P"). The presently outstanding tax debt of the District issued without credit support is rated "Aaa" by Moody's and "AA+" by S&P. The District also has issues outstanding which are rated "Aaa" by Moody's and "AAA" by S&P by virtue of the guarantee of the Permanent School Fund of the State of Texas. **A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.** An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations, revise their rating methodologies and criteria for municipal issuers such as the District. A revision in a rating agency's rating methodology could result in a positive or negative change in a rating assigned by the agency, even if the rated entity has experienced no material change in financial condition or operation. Any of the rating agencies at any time while the Bonds remain outstanding could undertake such an evaluation process.

CYBERSECURITY

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

LITIGATION

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

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for 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 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 provisions.

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. In accordance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, the Bonds must be rated not less than "A" or its equivalent as to investment quality by a national rating agency in order for most municipalities or other political subdivisions or public agencies of the State of Texas to be authorized to invest in the Bonds, except for purchases for interest and sinking funds of such entities. See "OTHER INFORMATION -- Ratings" herein. Moreover, municipalities or other political subdivisions or public agencies of the State of Texas that have adopted investment policies and guidelines in accordance with the Public Funds Investment Act may have other, more stringent requirements for purchasing securities, including the Bonds. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value.

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.

LEGAL MATTERS

The District will furnish to the Underwriters a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas as to the Bonds to the effect that the Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel with respect to the Bonds issued in compliance with the provisions of the Order, a form of which opinion is attached to this Official Statement as Appendix D. Though it represents the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the District in connection with the issuance of the Bonds. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds which would affect the provision made for their payment or security or in any manner questioning the validity of said Bonds will also be furnished to the Underwriters. 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 herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions and subcaptions "PLAN OF FINANCING" (excluding the information under the subcaption "Sources and Uses of Proceeds"), "THE BONDS" (excluding the information under the subcaptions "Book-Entry-Only System" and "Bondholders' Remedies"), "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS", "CURRENT PUBLIC SCHOOL FINANCE SYSTEM", "TAX RATE LIMITATIONS – M&O TAX RATE LIMITATIONS" (first paragraph only), "TAX MATTERS", "CONTINUING DISCLOSURE INFORMATION" (excluding the information under the subcaptions "Compliance with Prior Undertakings" and "Availability of Information"), "OTHER INFORMATION – Registration and Qualification of Bonds for Sale," "OTHER INFORMATION – Legal Investments and Eligibility to Secure Public Funds In Texas", and "OTHER INFORMATION – Legal Matters" (excluding the last two sentences of the first paragraph thereof) in the Official Statement and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the provisions of the Order. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their co-counsel, McCall, Parkhurst and Horton L.L.P., San Antonio, Texas and Cantu Harden LLP, Dallas, Texas. McCall, Parkhurst & Horton L.L.P. also advises the TEA in connection with its disclosure obligations under the federal securities laws, but such firm has not passed upon any TEA disclosures contained in this Official Statement.

The legal opinion to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the District, at an underwriting discount of $_____________. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriters.

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

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

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

RBC Capital Markets, LLC ("RBCCM") has provided the following information for inclusion in this Official Statement. RBCCM and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBCCM may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBCCM and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. RBCCM may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District. RBCCM and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

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

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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. The District's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included 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 will prove to be accurate.

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 order 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. 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 of links contained therein are not incorporated into, and are not part of, the final official statement for purposes of, and as that term is defined in, SEC Rule.

As authorized by the Board in the Bond Order, the Pricing Officer will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Bonds by the Underwriters.

APPENDIX A

GENERAL INFORMATION REGARDING THE DISTRICT

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LOCATION . . . The Plano Independent School District, including the City of Plano (66.23 square miles of land area), is located in southern Collin County, approximately 20 miles north of downtown Dallas. Ninety-seven square miles of land are included in the District's corporate boundary. The District serves the residents of approximately 100 square miles. This area includes the City of Plano, the northern portions of the Cities of Dallas and Richardson, the City of Parker and parts of the Cities of Murphy and Allen.

DISTRICT FACILITIES . . . The Plano Independent School District has developed a progressive, all-around educational program for the children of Plano that is recognized as one of the most outstanding in the State. This excellence in education has been accompanied by an unprecedented rate of growth for the system. Plano Independent School District students' scores remain among the highest of the 50 largest Texas school districts on the state-mandated tests in math, reading and writing. The District has been recognized by the Texas Education Agency as one of eight State districts with students who demonstrate mastery of higher-level cognitive skills. The District has earned a Texas Education Agency Special Acknowledgment for student performance on college admission criteria.

The educational program throughout the 73 schools is conducted by a staff of approximately 3,921 teachers and 2,545 other employees. A recent study of the combined faculty showed that all teachers in the District had a Bachelor's degree and more than 60% of the staff earned Advanced Degrees. The staff stays abreast of the latest innovations in education by participating in an aggressive professional development program administered by the District.

Modern school facilities provided by the District house approximately 46,551 students from pre-kindergarten through twelfth grade. The physical facilities of the District include:

10	High schools
13	Middle schools
44	Elementary schools
3	Early Childhood Schools
3	Other schools
73	TOTAL SCHOOLS

Plano students attend classes in attractive, air-conditioned schools (complete with special purpose classrooms, libraries and physical education facilities), many of which received national attention for the planning and design that allow for the best educational program possible. Plano ISD has 23 campuses that have earned the prestigious National Blue Ribbon School of Excellence award over the past two decades. Plano ISD is one of six large school districts across the western part of the United States to collaborate as a member of the Western States Benchmarking Consortium. The products of the consortium's work on benchmarking effective practices have resulted in paths to excellence in student learning, organizational and human resource development, community connections and data-driven decision-making.

The pre-kindergarten programs for the District are housed in three early childhood schools and five traditional elementary schools . About 1,000 students are enrolled in early childhood programs which include students whose parents pay tuition for pre-kindergarten and those who qualify for the state-supported program because they have limited English speaking skills or qualify for free or reduced price lunches. Children enrolled in the Preschool Program for Children with Disabilities are also housed at these campuses. Kindergarten classes are conducted in all elementary schools and classes are operated on a full-day basis for students who are five on or before September 1 for any given school year. Instruction in elementary grades includes a fully integrated curriculum with strong technology support.

The Plano Middle School program provides an academically challenging and developmentally appropriate learning environment. Middle schools are organized into interdisciplinary academic teams to create small communities of learning for intellectual rigor and to provide opportunities for exploration, self-definition, and personal development in the cognitive, affective, and physical domains.

Schools housing grades 9 and 10 in the Plano system are designated as high schools. The majority of high school students will complete more than half of the 21, 22, or 24 credits required for graduation during these two years. The typical student during these two years will take two units each of English, math, science, social studies, one of physical education or health, and two elective units of his/her choice. They will continue to be assisted by parents, teachers, and counselors as they develop career goals and select a major studies area.

Plano's three senior high schools, grades 11-12, are the graduating unit for the Plano Independent School District. The senior high school campuses are designed for the final two years of the student's program. These schools offer the staff and facilities to support a wide variety of academic and career major studies programs. As juniors and seniors complete their basic or advanced graduation requirements, they are able to develop special academic and career skills as they prepare for further higher education or employment. Students are divided into sub-schools with an assistant principal supervising the activities of each sub-group, including attendance, discipline, parent conferences, and co-curricular activities. Student and staff groups help students find co-curricular activities which match their interest and abilities.

In addition to the traditional high schools and senior high schools, the District operates one Academy High School which serves students in grades 9-12 in a project based learning environment.

The District offers two programs for students whose native language is not English and who are limited in speaking and using the English language. The English for Speakers of Other Languages program is provided for students in grades pre-K-12 whose primary language is not English. Students attend classes in which they receive intensive instruction in developing English language skills. Bilingual education classes are offered for students whose primary language is Spanish. Instruction is provided in both Spanish and English for the development of basic skills.

The School District and the City of Plano have initiated a cooperative approach on new programs and projects to effect a tax savings for citizens. The cooperative effort began in 1970 with the use of two elementary schools at night to house community recreation programs. All district facilities are available for community use with restrictions. Established community organizations can use the facilities. Also, two indoor swimming pools constructed by the City on Plano Independent School District property are utilized by the School District for instructional and competitive programs.

COMPARATIVE AVERAGE COST PER PUPIL

Fiscal Year	Total Expenditures	Enrollment	Cost Per Pupil	Cost Per Pupil Excluding Recapature
2020	$748,050,925	52,629	$ 14,214	$ 11,083
2021	723,307,016	50,158	14,421	10,594
2022	781,202,187	49,400	15,814	11,542
2023	819,010,062	48,921	16,741	11,663
2024	734,324,852	47,901	15,330	12,522

Note: The above expenditures include payroll costs, contracted services costs, supplies and materials cost, and other operating costs in the General Fund, the Special Revenue Fund and the Expendable Trust Fund.

ECONOMY AND POPULATION . . . Plano's economic base consists of a wide range of services and products. Accelerated industrial and commercial development within the past 15 years in the City and immediate surrounding area has created a very sound, balanced economy. While a substantial economic base has been built on manufacturing and agriculture, retail and commercial development have made a steadily increasing contribution to the economic growth of the City. Situated in the heart of Texas, and as an integral part of the Dallas/Fort Worth Metroplex, the City enjoys easy access to major transportation and shipping hubs in air, rail and trucking to any destination in the United States.

A significant factor in the growth of the district's economic base is the addition, expansion and retention of numerous corporate and regional headquarters, including Toyota, Liberty Mutual Insurance, State Farm Insurance, Cigna, JP Morgan Chase, Bank of America, Capital One Finance, Boeing Global Services, Fed Ex, HP Systems, J.C. Penney, Frito-Lay, Pepsi Co., Keurig/Dr. Pepper, NTT Data and Ericsson. The combined effects of population, income, employment and residential growth, along with increased industrial, commercial and retail development, have ensured the continuance of steady growth during the past several years. These factors have created a more productive and diversified economic base and provided Plano ISD with the foundation for a steady transition from a suburban to urban character.

The City has enjoyed carefully planned development and, as a result, the local economy is based on research, development and manufacturing in the fields of information technology and telecommunications. Research activities, publishing, printing, banking, government employment, insurance, real estate and diverse manufacturing facilities provide a wide variety of opportunities.

In tandem with significant economic growth has been corresponding population increases, particularly during the last decade. The dramatic increases are best illustrated by examination of Census figures during the past four decades. The City's population, per the 1950 Census, was 2,126; 3,695 per the 1960 Census; 17,872 per the 1970 Census; 17,331 per the 1980 Census, 128,713 per the 1990 Census, 222,030 per the 2000 Census, 259,841 per the 2010 Census and 285,494 per the 2020 Census. The City's 2025 population is estimated to be 293,500 per City of Plano Economic Development Profile. Of equal importance is the anticipated future growth of the area in terms of both the economy and population. Positive factors contributing to this optimistic outlook include the City's proximity to the Dallas Metropolitan Area, its inclusion in the Dallas-Fort Worth CMSA, excellent transportation facilities, a mild climate, and less tangible but equally influential factors relative to social, cultural, and educational opportunities and advantages. These factors have contributed greatly to the decision of professional or "white collar" workers to choose Plano as a place of residence.

HIGHER EDUCATION . . . Collin County Community College District is a pioneer for higher learning in the North Texas region, Collin College's success has been built on quality education, diversity of programs, financial stewardship, and visionary leadership. The District's mission is a student and community-centered institution committed to developing valuable skills, strengthening character, and challenging the intellect. The District was founded when voters overwhelmingly approved its inception on April 6, 1985. Since its beginnings, the college has continued to grow exponentially, reaching an enrollment of 61,000 in 2024.

The College's official service area defined by the Texas Legislature includes all of Collin County and Rockwall County and the portions of Denton County within the cities of Frisco and The Colony and the portions included within the Celina and Prosper school districts. The College also has partnerships with 16 area independent school districts to provide dual credit opportunities to local students.

The only public college based in Collin County, Collin College is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) to award four different baccalaureate degrees, and associate degrees and certificates. Collin College currently has more than 200 degrees and certificates in a wide range of disciplines.

In the fall 2024, the College partnered with Texas A&M University College of Engineering offering students an opportunity to pursue an engineering degree while co-enrolled at Texas A&M and Collin Colleges. Students have the opportunity to save thousands of dollars by taking their first two years of engineering courses at the College before transitioning to Texas A&M.

The University of Texas at Dallas (UTD), a component of the University of Texas System, located immediately south of the Plano corporate boundary, began classes in the Fall of 1970. Present facilities include 14 major buildings. Initially only graduate degrees in Science were offered, but the college began 16 graduate programs and 30 undergraduate programs in the Fall of 1975. It has been an "upper level" University designed for graduate students and junior and senior undergraduates. However, due to legislation passed in the 1989 Texas legislative session, beginning in the Fall of 1990, UTD became a four-year institution. The University offers courses of study in eight schools with one hundred and forty Academic Degrees, including Arts and Humanities, Engineering and Computer Sciences, Human Development, Management, Natural Sciences and Mathematics, Social Sciences, and General Studies.

OTHER INSTITUTIONS OF HIGHER LEARNING . . . The following major colleges are located within a 60-mile radius of Plano.

Institution	Location
Southern Methodist University	Dallas, Texas
Texas Christian University	Fort Worth, Texas
University of North Texas	Denton, Texas
Texas A&M - Commerce	Commerce, Texas
Texas Women's University	Denton, Texas
Austin College	Sherman, Texas
University of Texas at Dallas	Dallas, Texas
University of Texas at Arlington	Arlington, Texas
Texas Wesleyan University	Fort Worth, Texas
Dallas Baptist University	Dallas, Texas
Collin County Community College District (2 campuses)	Collin County
Dallas County Community College District (8 campuses)	Dallas County
Grayson County Community College (2 campuses)	Sherman, Texas

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APPENDIX B

EXCERPTS FROM THE

PLANO INDEPENDENT SCHOOL DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2024

The information contained in this Appendix consists of excerpts from the Plano Independent School District Annual Comprehensive Financial Report for the Year Ended June 30, 2024, and is not intended to be a complete statement of the District's financial condition. Reference is made to the complete Report for further information.

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The District's 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.

Weaver and Tidwell, L.L.P.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201
Main: 972.490.1970

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, General Fund budgetary comparison information, TRS pension and other postemployment benefits schedules, and the notes to the required supplementary information on pages 23 through 35, 97, 98 through 101, 103 through 105, respectively, 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.

The Board of Trustees of
Plano Independent School District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund statements and schedules, Texas Education Agency required schedules, and schedule of expenditures of federal awards, as required by Title 2. U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund statements and schedules, Texas Education Agency required schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, Texas Education Agency required schedule, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory section, statistical section and Schedule of Required Responses to Selected School FIRST Indicators but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 19, 2024

Teamwork for Excellence

PLANO

Independent School District

Plano Independent School District
Management's Discussion and Analysis
For The Year Ended June 30, 2024
(Unaudited)

Our discussion and analysis of Plano Independent School District's (the "District") financial performance provides an overview of the District's financial activities for the year ended June 30, 2024. It should be read in conjunction with the District's financial statements.

Financial Highlights

The District's total assets and deferred outflows of resources as presented on the government-wide Statement of Net Position exceeded total liabilities and deferred inflows of resources by $783.3 million. The net position of the District increased by $89.9 million during the year ended June 30, 2024.

The District's governmental funds financial statements reported a combined ending fund balance of $1.061 billion. Of this amount, the General Fund has a total of $273.0 million, of which $1.9 million is nonspendable, $220.2 million is assigned, and $50.9 million is unassigned and available for spending at the District's discretion. Fund balance of $761.4 million is restricted for use by the Debt Service Fund and Capital Projects Fund. The Special Revenue Funds have a fund balance of $23.5 million that is either restricted, committed or nonspendable.

During fiscal year 2024 Series 2016 Unlimited Tax Refunding Bonds were partially defeased. The defeasance resulted in total debt service net present value savings of $4.0 million and decreased the District's debt estimated payments from 2024 through 2036.

As of June 30, 2024, the District had $696.3 million in authorized but unissued bonds, $49.9 million from the 2016 Bond Election, and $646.4 million from the 2022 Bond Election.

Overview of the Financial Statements

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

Government-Wide Financial Statements All of the District's services are reported in the government-wide financial statements, including instruction, student support services, student transportation, general administration, school leadership, facilities acquisition and construction, and food services. Property taxes, state and federal aid, and investment earnings finance most of the activities. Additionally, all capital and debt financing activities are reported here.

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

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

The statement of activities details how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges.

Fund Financial Statements

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

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

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the District's activities are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year end that are available. However, unlike the government-wide financial statements, governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund and the Capital Projects Fund, which are considered to be major funds. Data from all other Special Revenue funds is in the Other Funds column and is presented as a non-major governmental fund on the same statements.

Proprietary funds are used to account for operations that are financed similar to those found in the private sector. These funds provide both long-term and short-term financial information. The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses enterprise funds to account for its concession service, after school care, employee childcare and photography. Internal service funds report activities that provide services for the District's other programs and activities, i.e., health insurance, workers' compensation, property insurance, unemployment benefits and print shop. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities within the government-wide financial statements.

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as a custodian for individuals, private organizations and/or other funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Immediately following the required supplementary information, combining statements are included for the non-major special revenue funds, the enterprise funds, the internal service funds and the custodial funds.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements. Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain.

Figure A-1. Major Features of the District's Government-wide and Fund Financial Statements

		Fund Statements		
Type of Statements	**Government-wide**	**Governmental Funds**	**Proprietary Funds**	**Fiduciary Funds**
Scope	All activities of the District (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses.	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	◆ Statement of net assets ◆ Statement of activities	◆ Balance sheet ◆ Statement of revenues, expenditures & changes in fund balances	◆ Statement of net assets ◆ Statement of revenues, expenses and changes in fund net assets ◆ Statement of cash flows	◆ Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Financial Analysis of the District as A Whole

Net Position. As noted earlier, Net Position may serve as a useful indicator of the District's financial position over time. The District's Net Position was $787.7 million at June 30, 2024. The most significant portion of Net Position, $814.4 million, reflects the District's investment in capital assets (e.g., land, buildings, furniture, and equipment), less any related debt used to acquire these assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. An additional portion of the District's Net Position, $49.2 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of Unrestricted Net Position may be used to meet the government's ongoing obligations

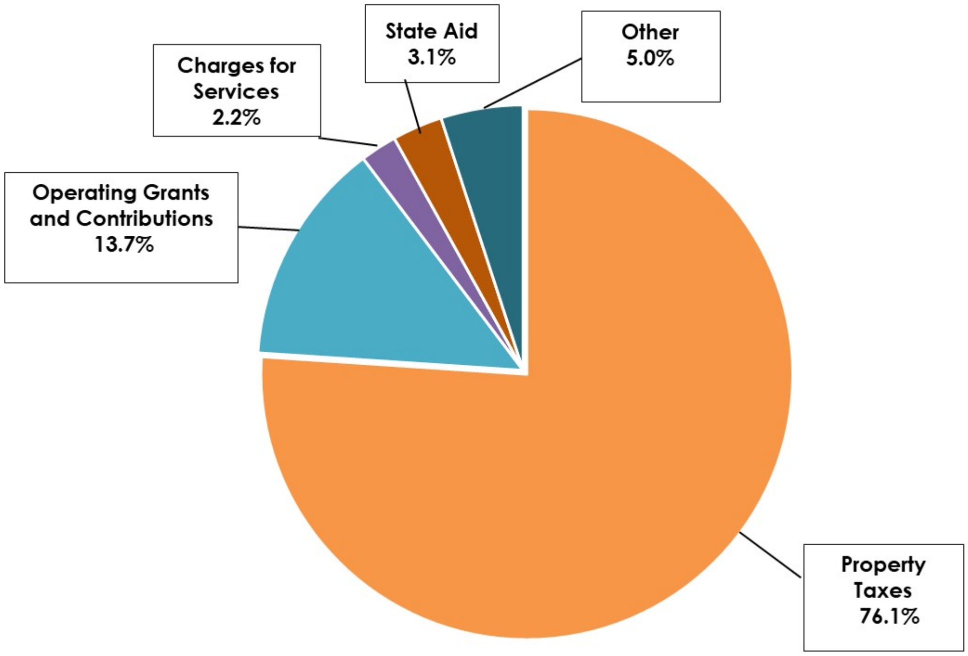
The District's Net Position

	Governmental Activities As of June 30, 2024	Governmental Activities As of June 30, 2023	Business Type Activities As of June 30, 2024	Business Type Activities As of June 30, 2023
Current and other assets	$ 1,319,548,519	$ 1,454,094,232	$ 5,237,626	$ 3,588,914
Capital assets	1,075,185,109	1,035,287,218	1,320	2,641
Total assets	2,394,733,628	2,489,381,450	5,238,946	3,591,555
Deferred outflows of resources	92,317,710	98,954,070	-	-
Current liabilities	258,130,330	329,389,601	805,924	678,662
Long term liabilities	1,272,260,841	1,373,020,308	-	-
Total liabilities	1,530,391,171	1,702,409,909	805,924	678,662
Deferred inflows of resources	173,385,814	191,064,213	-	-
Net position:				
Net investment in capital assets	814,361,281	717,175,968	1,320	2,641
Restricted	49,161,696	42,094,432	-	-
Unrestricted	(80,248,624)	(64,409,002)	4,431,702	2,910,252
Total net position	$ 783,274,353	$ 694,861,398	$ 4,433,022	$ 2,912,893

Changes in net position. The District's total revenues were $946.7 million. The most significant portion (76.1%) of the District's revenue comes from property taxes. (See Figure 1), operating grants and contributions equaled 13.7%, state aid comprised 3.1%, and charges for service equaled 2.2%. All remaining sources combined for the remaining 5.0%. The total cost of all programs and services was $856.8 million.

Figure 1 graphically depicts the sources of revenue for the fiscal year ending June 30, 2024. Property taxes and state aid are two of the District's chief sources of operating revenues. Both of these revenue streams continue to change from year to year due to changes in property values and components in the funding formulas directed by the State of Texas to calculate state aid.

Figure 1
Revenue by Source for the Fiscal Year Ended June 30, 2024



Government-Wide Activities

The total cost of all government-wide activities for the year ended June 30, 2024, was $856.8 million. Funding for these government-wide activities (including business-type activities) is by specific program revenue or through general revenues such as property taxes and investment earnings. The following is a summary of the governmental funds activities:

- The cost of all *governmental activities* (excluding business-type activities) for the year was $852.4 million.
- Some of the *governmental activities* cost was funded by program revenues directly attributable to specific activities. These program revenues amounted to $144.8 million.
- The remaining cost of *governmental activities* not directly funded by program revenues was $707.6 million which was funded from property taxes and other local sources.

The following table presents the cost of the District's largest governmental functions as well as their related *net cost* (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by local tax dollars, state revenues and other miscellaneous general revenues.

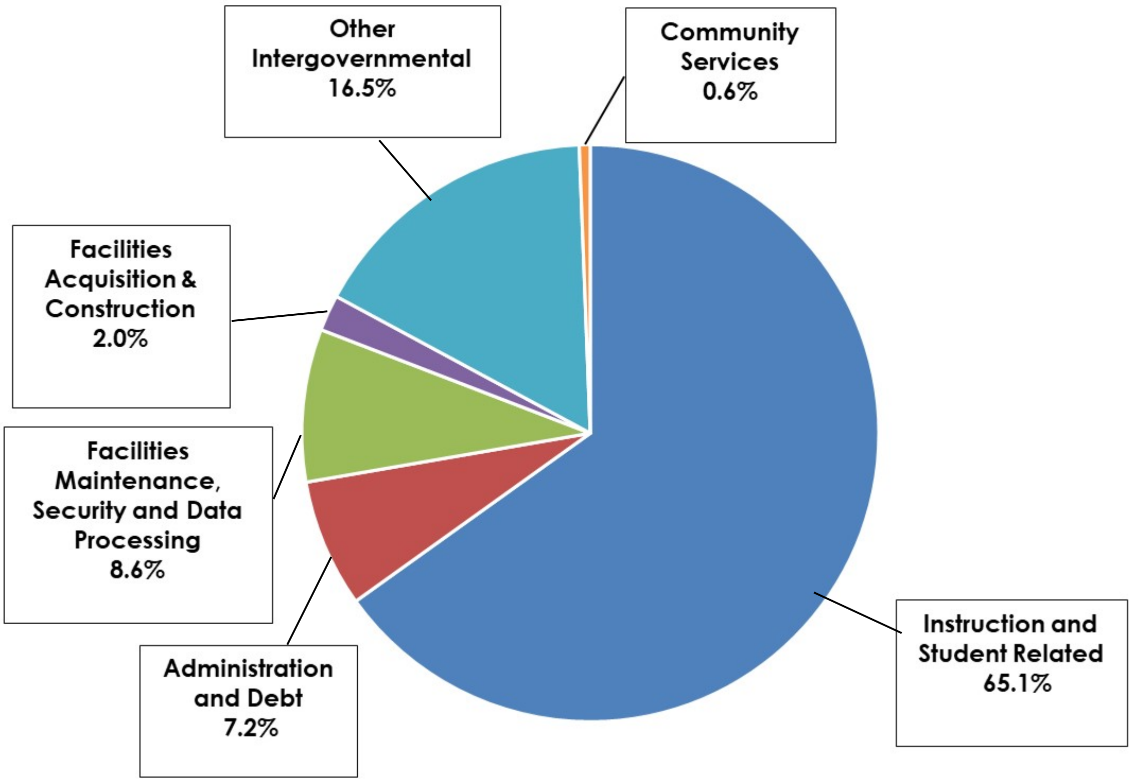
Net Cost of Selected District Functions
(in millions of dollars)

	Total Cost of Services	Net Cost of Services
Instruction	$ 387.3	$ 313.0
Contracted instructional services between schools	134.5	134.5
Facilities maintenance & operations	55.1	52.7
School leadership	33.1	28.4
Food services	28.4	3.0
Guidance, counseling and evaluation services	29.4	23.7

Change in Net Position

	Governmental Activities FY 6/30/24	Governmental Activities FY 6/30/23	Business-Type Activities FY 6/30/24	Business-Type Activities FY 6/30/23
Revenue				
Program revenues				
Charges for services	$ 15,359,028	$ 15,554,499	$ 5,697,721	$ 5,018,407
Operating grants and contributions	129,393,315	107,777,825	-	-
General revenues				
Property taxes	719,992,206	824,634,977	-	-
State aid - formula	28,917,478	36,276,178	-	-
Interest income	47,065,834	30,792,010	226,449	106,269
Other	68,091	5,234,744	-	2,170
Total revenues	940,795,952	1,020,270,233	5,924,170	5,126,846
Expenses				
Instruction and Instructional - related services	410,749,887	391,680,187	-	-
Instructional and school leadership	40,174,174	37,157,405	-	-
Support services - student	104,040,487	98,108,603	-	-
Administrative support services	14,075,557	13,091,025	-	-
Support services - nonstudent based	72,989,168	63,417,782	-	-
Ancillary services - community service	5,205,548	3,842,225	-	-
Debt service	47,064,055	14,925,930	-	-
Other facility costs	17,222,754	16,641,173	-	-
Intergovernmental charges	140,861,367	254,831,516	-	-
Concessions		-	315,035	243,785
Employee child care	-	-	1,322,411	1,150,521
After school care	-	-	2,766,595	2,242,978
Total expenses	852,382,997	893,695,846	4,404,041	3,637,284
Excess (Deficiency) before transfers	88,412,955	126,574,387	1,520,129	1,489,562
Transfers in (out)	-	-	-	-
Change in net position	88,412,955	126,574,387	1,520,129	1,489,562
Beginning net position	694,861,398	568,287,011	2,912,893	1,423,331
Ending net position	$ 783,274,353	$ 694,861,398	$ 4,433,022	$ 2,912,893

Figure 2
Governmental Activities Expenses by Source for the Fiscal Year Ended June 30, 2024



The increase in the ending net position for Governmental Activities of $88.4 million is due to a combination of several factors.

Revenue for Governmental Activities decreased by $79.5 million during fiscal year 2024.

- Property tax decreased $104.6 million due to an increase in the homestead tax exemption from $40,000 to $100,000.
- State Aid decreased by $7.4 million due to a decrease in the Per Capita (ASF) rate per ADA from $631.05 to $423.75.
- Investment earnings increased $16.3 million due to continued favorable market conditions.

Expenses are summarized by functional categories that reflect the transaction's purpose. Various operating expenses are recorded within each functional category. Total expenses reflect an overall decrease of $41.3 million, mainly due to the impact of a reduction of governmental charges due to recapture. All functional categories increased due to the change in assumptions associated with the net pension liability and Other Post Employment Benefit (OPEB) liability.

Business-Type Activities The net position of the District's business-type activities increased by $1.5 million.

- Employee Child Care Centers and PASAR After School Care enterprise funds had revenues that exceeded expenditures.
    - Employee Child Care Center had revenues that exceeded expenditures by $57,793.
    - PASAR After School Care had revenues that exceeded expenditures by $1,474,000.
- Concessions also saw an increase in net position with revenues that exceeded expenditures by $12,771.

Financial Analysis of the District's Funds

Governmental Funds The District's accounting records for general governmental operations are maintained on a modified accrual basis as prescribed by the *Financial Accountability System Resource Guide*, Texas Education Agency, with the revenues being recorded when available and measurable to finance expenditures of the fiscal period. Expenditures are recorded when services or goods are received and the fund liabilities are incurred. The unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year. The general governmental operations include the following major funds: General, Debt Service and the Capital Projects Fund.

Revenues for general governmental functions totaled $938.8 million for the year ended June 30, 2024. Property taxes were the largest source of revenue received by the District. Revenue from all sources decreased $71.8 million from prior year.

Local revenue increased by $74.3 million.

- The District's M&O tax rate was compressed from $1.02240 to $0.8405. The total property tax rate for the district was $1.07785, including the I&S rate of $0.23735, a reduction from the prior year. For fiscal year 2024, M&O tax revenue decreased by $107.9 million, and Debt Service tax revenue increased by $3.3 million, resulting in a total net decrease in tax revenue of $104.6 million.
- Investment earnings increased by $16.3 million due to improved market performance, while other local revenue decreased by $5.2 million.

State revenue increased by $6.1 million.

- State Aid, specifically the Available School Fund program, decreased by $7.4 million due to a decrease of $207.298 per daily attendance funding. In comparison, other state revenue increased by $13.5 million, mainly due to an increase in the Foundation School Fund Program.

Federal revenues decreased by $3.6 million.

- The federal revenue decrease was due to the delay in SHARS reimbursement for the 2022 SHARS Cost Report, linked to the Texas Health and Human Services Commission's funding changes. The initial anticipated 2022 SHARS Cost Report reimbursement was estimated at $5.8M.

Expenditures for general governmental operations totaled $987.4 million during fiscal year 2024 for an decrease of $26.3 million.

- Contracted Instructional Services between Schools (Recapture) decreased by $114.0 million.
- Debt Service principal and interest payments decreased by $1.7 million due to the intentional debt management guided by Board Policy.

The governmental funds reported a combined fund balance of $1.061 billion. Out of the combined fund balances, $51.1 million constitutes unassigned fund balance available for the District's general operations. The remainder of the fund balance is nonspendable, restricted, committed by board action, or assigned. Fund balance classifications as of June 30, 2024 consist of:

	As of June 30, 2024	As of June 30, 2023
Nonspendable		
Inventories	$ 1,330,831	$ 1,205,729
Prepaid items	3,660,636	807,093
Restricted		
Debt service	48,386,599	31,829,397
Capital projects	713,056,640	773,596,212
Food service	15,029,083	14,423,809
State special revenue	836,147	658,422
Committed		
Local special revenue	7,380,547	8,437,829
Assigned		
Purchases on order	2,261,295	2,866,194
Cash flow requirements	170,000,000	170,000,000
Equipment acquisitions-technology	-	-
Capital outlay - buses	-	-
Insurance deductible	10,000,000	10,000,000
Compensated absences	2,900,000	3,600,000
Budget deficit	35,000,000	24,000,000
COVID - 19 Academic Recovery	-	-
Unassigned	50,924,625	68,158,842
Total Fund Balance	$ 1,060,766,403	$ 1,109,583,527

The General Fund is the district's primary operating fund. At the end of the current fiscal year, the unassigned fund balance was $50.9 million, while the assigned funds totaled $220.2 million. The unassigned fund balance available for the district's general operations represents 7.8% of the total general fund expenditures, while the total fund balance represents 41.8%.

The Capital Project Fund has a total fund balance of $715.8 million due to the new bond issued in Fiscal Year 2023.

The Debt Service Fund has a total fund balance of $48.4 million, which has increased by $16.6 million. As of June 30, 2024, the August 2024 payment is neither expended nor accrued.

The Special Revenue Funds have a total fund balance of $23.5 million. Nonspendable fund balance of $289,475 is invested in inventory. Fund balance is restricted for food service in the amount of $15.0 million, restricted for state special revenue in the amount of $836,147, with the remaining balance of $7.4 million committed for local special revenue funds. Approximately 31.4% of the total fund balance is from activity in several local special revenue funds. Of the remaining balance, 63.9% is restricted for use by food service, and 3.6% is restricted for state grants.

Proprietary Funds — The District maintains both enterprise funds and internal service funds. Information is presented separately in the proprietary fund statement of net position and in the proprietary fund statement of revenues, expenses and changes in fund Net Position for the Enterprise Funds and the Internal Service Funds.

Net position in the Enterprise Funds as of June 30, 2024 was $4,433,022 Net position for the 2024 year increased by $1.5 million. The increase is primarily due to increases in activity for Employee Child Care, and PASAR After School Care.

Net Position in the Internal Service Funds as of June 30, 2024, was approximately $2.4 million. The majority of this amount is unrestricted to be used for future expenses in the Print Shop, Health Benefits, Unemployment and Sign Shop internal service funds. Net Position decreased by $1.5 million during fiscal year 2024. This decrease is attributable to the combination of decreases in net position for Health Benefits, Sign Shop and Insurance Claims offset by increases in the Print Shop and Workers' Compensation internal service funds.

- The Worker's Compensation Fund was funded for the entire year, which resulted in the increase in net position of $104,922.
- The Unemployment Internal Service Fund's net position increased $8,467 for 2024.
- The Insurance Claims Internal Service Fund Net Position decreased $1,321,296 for fiscal year 2024.
- The Health Benefits Internal Service Fund Net Position decreased by $533,790.
- The Print Shop Internal Service Fund Net Position increased $256,418.

Original Budget Compared to Final Budget

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

Total estimated Revenues decreased $74.2 million.

- Net decrease in state revenue of $39 million is due to changes in ASF (Available School Fund-Per Capita), which changed from $631.045 to $423.747 ADA.
- Property tax revenues were estimated to be $117.3 million lower than original due to final property value estimates.
- Investment earnings were estimated to increase $4 million.

Total estimated Appropriations decreased $78.3 million.

- The approval of Proposition 4, which increased the residential homestead exemption from $40,000 to $100,000, decreased Chapter 49 recapture cost by $79.9 million.

Final Amended Budget Compared to Actual

As of June 30, 2024, actual revenues were lower than final budgetary estimates by $33.6 million, primarily due to investment earnings of $3.1 million, local tax revenue collections of $1.1 million, TEA prior-year adjustments of $840,000, and an increase in Federal revenues of $732,000.

Actual expenditures were lower than final budgetary estimates by $45.7 million. The most significant variances are summarized below:

- Ch. 49 - Recapture at Near Final was estimated lower than expected by $38.5 million
- Overall expenses in payroll were lower by $13.9 million than the final amended budget. This is mainly due to unfilled positions.

Capital Assets and Debt Administration

Capital Assets As of June 30, 2024, the District had invested $1,075,186,429 net of depreciation in a broad range of capital assets, including land, equipment, buildings, and Construction in Progress. This amount represents a net increase (including additions, retirements, and depreciation) of $39.9 million over last year.

	As of June 30, 2024	As of June 30, 2023
Land and improvements	$ 164,805,522	$ 153,895,040
Buildings and improvements	1,573,963,743	1,546,590,214
Construction in progress	114,698,166	83,449,982
Right to use subscription asset	1,352,853	963,446.00
Furniture, equipment, & vehicles	153,890,845	139,378,962
Totals	2,008,711,129	1,924,277,644
Total accumulated depreciation	(933,524,700)	(888,987,785)
Net capital assets	$ 1,075,186,429	$ 1,035,289,859

The District had several active construction projects as of June 30, 2024. The district continued work on Phase 2 of the refurbishment at Williams High School. Renovation projects began at Plano East and Plano West Senior High Schools and Clark and Vines High Schools. Systems and compliance work is being done at Bowman Middle School, Mendenhall Elementary School, and the Administration Building. Other major projects included installing classroom door and window film at elementary and early childhood schools. Lastly, the district continued to work on minor capital project improvements at several campuses.

Completed projects included HVAC upgrades at Plano and Plano West Senior High Schools, Jasper High School, Rice Middle School, Hightower Elementary School, and Beaty and Pearson Early Childhood Schools. Roofing upgrades were completed at Plano East and Plano West Senior High Schools, Armstrong Middle School, and Sigler Elementary School. Other minor capital project improvements were completed at several campuses, including upgrading security doors at several elementary schools. More detailed information about the District's capital assets is presented in Note 5 to the financial statements.

Debt Administration and Bond Ratings

Debt-management policies seek to provide the most favorable climate for District debt projects while upholding the highest rating possible for debt instruments.

Management policies include the following points:

- All debt service obligations will be met when due.
- Long-term financing will be restricted to capital projects and capital equipment acquisition.
- Long-term bonds will not be issued to finance current operations.
- The District will cooperate and communicate with bond-rating agencies and work towards obtaining the most favorable municipal bond rating possible.
- Outstanding obligations will be reviewed frequently to ensure the most favorable funding structure for the District.
- All necessary information and material regarding the District's financial status will be provided to the appropriate parties.

As of June 30, 2024, the District's total bonded debt outstanding was $1.1 billion. The ratio of net general bonded debt to assessed valuation and the amount of net bonded debt per capita are useful indicators of the District's debt position. Net bonded debt per capita was $2,890, and the ratio of net bonded debt to assessed value was 1.17 percent.

During the fiscal year 2024, the 2016 Unlimited Tax School Building Bonds were partially defeased. The defeasance resulted in total debt service net present value savings of $4.0 million and decreased the District's debt estimated payments from 2024 through 2036. The District has authorized unissued bonds as of June 30, 2024, of $696.3 million, $49.9 million of bonds from the May 2016 election, and $646.4 of bonds from the November 2022 election. The District continues to be awarded excellent bond ratings. Moody's Investors Service, Inc. assigned an underlying rating of Aaa, while Standard and Poor's Corporation assigned an underlying rating of AA+ with a stable outlook to the District's debt obligations.

Interest earnings on proceeds from debt are subject to arbitrage regulations contained in the Federal Tax Reform Act of 1986. As of June 30, 2024, there was a liability for arbitrage rebate in the amount of $21.4 million.

Amounts included for compensated absences include accrued vacation according to the District's leave policy. Employees who terminate their employment may be paid accrued vacation not to exceed 40 days carryover plus the current-year vacation allocation. More detailed information about the District's general long-term debt is presented in Note 8 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The local economy continues to be favorable. Certified taxable property values reported in the summer of 2024 grew by $5.9 billion (8.21%) from 2023, reaching $78.1 billion. Of this growth, $996.1 million was attributed to new construction, while the remainder reflects increases in the value of existing property. Plano has established itself as a central business district in North Texas, particularly with the 255-acre Legacy West development. Several major corporations have headquarters in Plano, including Cinemark Holdings, Toyota Motor North America, Inc., Liberty Mutual Insurance, JPMorgan Chase, FedEx, Pizza Hut, and Boeing Global Service. In addition, several companies, such as Sentry Insurance, Green Brick Partners, and CSI Pharmacy, have expanded their regional offices and headquarters, further strengthening the local business environment in the City of Plano. Plano is also home to a diverse range of manufacturers, small businesses, and start-ups across industries such as telecommunications, software and information technology, digital media, financial services, health and medical, electronics, and energy.

In the Southcentral section of the District, the $1.5 billion, 186-acre CityLine mixed-use development is home to State Farm Insurance. The critical corporate anchor of the development, Raytheon Technologies, now fully occupies its new regional office and has plans for upgrades in the Plano building. CityLine has 6 million square feet of office space, almost 4,000 apartments, two hotels, and 300,000 square feet of retail space. Construction continued in 2024 on the $1 billion Centurion American Development Group's redevelopment and revitalization of Collin Creek. The development will include a hotel with event space, 500 upscale single-family homes, 2,300 multifamily units, and 300 independent-living residences. The redevelopment will also include office, restaurant, and retail spaces designed to sustain the community with 8 acres of parks and green space; Collin Creek will consist of two city-owned parks - Starlight Park and Sunrise Park and 1.6 miles of walking trails integrated with the future Chisholm Trail extension. Also, plans to redevelop the Shops at Willow Bend were released in 2023. The project will include an 18-story hotel, a 7-story office building, and three 5-story buildings with 960 apartments, 672 one-bedroom and 288 two-bedroom apartments.

The District adopted its 2024-25 budget on June 25, 2024. The 2024-25 General Fund budget was adopted with revenues and other sources of $665.7 million, appropriations, and other uses of $700.7 million, thus resulting in a $35.0 million deficit budget. Most of the increase in Local Sources is attributed to property tax increases due to property value growth. Total operating expenditures (sans recapture) and other uses reflect an increase of $19.2 million compared to the 2023-24 final amended budget. The change in total operating costs (sans recapture) is due to an increase in salary and benefits due to a 3% general pay increase for all employees, an increase to the starting salaries for teachers, nurses, and librarians, along with strategic pay adjustments that included hourly rate increases for bus drivers, bus assistants, and Special Education Structured assistants.

On August 20, 2024, the District adopted a maintenance and operations tax rate of $0.80510 per $100 of taxable assessed value and a debt service tax rate of $0.23735 per $100 of taxable assessed value for a total tax rate of $1.04245 per $100 of taxable assessed value. The debt service fund has a balanced budget of $164.6 million in revenue and appropriations for 2024-25.

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 demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer or the Director of Accounting, at 2700 W. 15th Street, Plano, Texas 75075, or call (469) 752-8118 or 8115.

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Basic Financial Statements

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Plano Independent School District

Exhibit A-1

Statement of Net Position
June 30, 2024

Data Control Codes		1 Primary Government Governmental Activities	2 Primary Government Business Type Activities	3 Total
	ASSETS			
1110	Cash and investments	$ 1,256,875,219	$ 5,230,782	$ 1,262,106,001
1220	Property taxes receivable (delinquent)	10,835,240	-	10,835,240
1230	Allowance for uncollectible taxes	(4,833,849)	-	(4,833,849)
1240	Due from other governments	40,685,371	-	40,685,371
1250	Accrued interest	1,013,703	-	1,013,703
1260	Internal Balances	100	(100)	-
1290	Other receivables, net	174,078	6,944	181,022
1294	Lease receivables	9,289,164	-	9,289,164
1300	Inventories	1,330,831	-	1,330,831
1410	Deferred expenses	4,178,662	-	4,178,662
	Non-current assets:			
	Capital assets:			
1510	Land	89,960,198	-	89,960,198
1520	Buildings, net	802,530,612	-	802,530,612
1530	Furniture and equipment, net	35,632,171	1,320	35,633,491
1540	Other capital assets, net	31,870,880	-	31,870,880
1553	Right-to-use subscription assets, net	493,082	-	493,082
1580	Construction in progress	114,698,166	-	114,698,166
1000	Total assets	2,394,733,628	5,238,946	2,399,972,574
	DEFERRED OUTFLOWS OF RESOURCES			
1701	Deferred charge for refunding	5,306,163	-	5,306,163
1705	Related to the TRS pension	68,392,080	-	68,392,080
1706	Related to the TRS OPEB	18,619,467	-	18,619,467
1700	Total deferred outflows of resources	92,317,710	-	92,317,710
	LIABILITIES			
2110	Accounts payable	33,959,444	619,498	34,578,942
2140	Interest payable	16,650,139	-	16,650,139
2150	Payroll deduction and withholdings	4,804,639	-	4,804,639
2160	Accrued wages payable	55,784,445	119,080	55,903,525
2180	Due to other governments	134,955,137	-	134,955,137
2200	Accrued expenses	2,752,772	-	2,752,772
2300	Unearned revenues	9,220,057	67,346	9,287,403
2440	Other Payables	3,697	-	3,697
	Non-current liabilities:			
2501	Due within one year	115,086,327	-	115,086,327
2502	Due in more than one year	886,478,495	-	886,478,495
2540	Net pension liability (District's share)	192,511,406	-	192,511,406
2545	OPEB liability (District's share)	78,184,613	-	78,184,613
2000	Total liabilities	1,530,391,171	805,924	1,531,197,095
	DEFERRED INFLOWS OF RESOURCES			
2531	Related to lease assets	8,773,690	-	8,773,690
2605	Related to the TRS pension	20,869,451	-	20,869,451
2606	Related to the TRS OPEB	143,742,673	-	143,742,673
2600	Total deferred inflows of resources	173,385,814	-	173,385,814
	NET POSITION			
3200	Net investment in capital assets	814,361,281	1,320	814,362,601
	Restricted for:			
3820	Restricted for state programs	836,147	-	836,147
3840	Restricted for food service	15,318,558	-	15,318,558
3850	Restricted for debt service	33,006,991	-	33,006,991
3900	Unrestricted net position	(80,248,624)	4,431,702	(75,816,922)
3000	**TOTAL NET POSITION**	$ 783,274,353	$ 4,433,022	$ 787,707,375

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

Plano Independent School District
Statement of Activities
Year Ended June 30, 2024

Data Control Codes		Expenses	Program Revenues 3 Charges of Services	4 Operating Grant and Contributions	5 Capital Grants and Contributions
	Primary Government				
	GOVERNMENTAL ACTIVITIES				
11	Instruction	$ 387,278,824	$ 3,008,931	$ 71,254,837	$ -
12	Instructional resources and media services	9,402,315	-	979,305	-
13	Curriculum and instructional staff development	14,068,748	14,726	5,129,215	-
21	Instructional leadership	7,097,064	-	1,426,783	-
23	School leadership	33,077,110	-	4,712,210	-
31	Guidance, counseling and evaluation services	29,399,174	-	5,702,781	-
32	Social work services	2,170,203	-	470,900	-
33	Health services	7,433,513	-	1,220,151	-
34	Student (pupil) transportation	21,143,291	-	2,376,869	-
35	Food services	28,411,706	9,575,338	15,865,230	-
36	Extracurricular activities	15,482,600	1,490,918	3,610,805	-
41	General administration	14,075,557	7,363	1,683,136	-
51	Facilities maintenance and operations	55,083,494	1,261,752	1,172,806	-
52	Security and monitoring services	8,330,798	-	766,657	-
53	Data processing services	9,574,876	-	718,144	-
61	Community services	5,205,548	-	2,665,968	-
72	Debt service - interest on long term debt	47,044,956	-	8,800,816	-
73	Debt service - bond issuance costs and fees	19,099	-	-	-
81	Other facility costs	17,222,754	-	6,964	-
91	Contracted instructional services between schools	134,497,524	-	-	-
92	Incremental costs associated with Chapter 41	20,103	-	-	-
93	Payment to fiscal agent/member districts of SSA	966,875	-	829,738	-
95	Payments to juvenile justice alternative ed. prg.	25,963	-	-	-
99	Other intergovernmental charges	5,350,902	-	-	-
TG	Total governmental activities	852,382,997	15,359,028	129,393,315	-
	BUSINESS-TYPE ACTIVITIES				
01	Employee child care	1,322,411	1,380,204	-	-
02	After school care	2,766,595	4,021,850	-	-
03	Concessions	315,035	295,667	-	-
TB	Total business-type activities	4,404,041	5,697,721	-	-
TP	**TOTAL PRIMARY GOVERNMENT**	$ 856,787,038	$ 21,056,749	$ 129,393,315	$ -
	General revenues:				
	Taxes:				
MT	Property taxes, levied for general purposes				
DT	Property taxes, levied for debt service				
GC	Grants and contributions not restricted				
IE	Investment earnings				
MI	Miscellaneous local and intermediate revenue				
TR	Total general revenues				
CN	Change in net position				
NB	Net position - beginning				
NE	**NET POSITION - ENDING**				

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

Exhibit B-1

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business Type Activities	Total
$ (313,015,056)	$ -	$ (313,015,056)
(8,423,010)	-	(8,423,010)
(8,924,807)	-	(8,924,807)
(5,670,281)	-	(5,670,281)
(28,364,900)	-	(28,364,900)
(23,696,393)	-	(23,696,393)
(1,699,303)	-	(1,699,303)
(6,213,362)	-	(6,213,362)
(18,766,422)	-	(18,766,422)
(2,971,138)	-	(2,971,138)
(10,380,877)	-	(10,380,877)
(12,385,058)	-	(12,385,058)
(52,648,936)	-	(52,648,936)
(7,564,141)	-	(7,564,141)
(8,856,732)	-	(8,856,732)
(2,539,580)	-	(2,539,580)
(38,244,140)	-	(38,244,140)
(19,099)	-	(19,099)
(17,215,790)	-	(17,215,790)
(134,497,524)	-	(134,497,524)
(20,103)	-	(20,103)
(137,137)	-	(137,137)
(25,963)	-	(25,963)
(5,350,902)	-	(5,350,902)
(707,630,654)	-	(707,630,654)
-	57,793	57,793
-	1,255,255	1,255,255
-	(19,368)	(19,368)
-	1,293,680	1,293,680
$ (707,630,654)	$ 1,293,680	$ (706,336,974)
561,550,865	-	561,550,865
158,441,341	-	158,441,341
28,917,478	-	28,917,478
47,065,834	226,449	47,292,283
68,091	-	68,091
796,043,609	226,449	796,270,058
88,412,955	1,520,129	89,933,084
694,861,398	2,912,893	697,774,291
$ 783,274,353	$ 4,433,022	$ 787,707,375

Plano Independent School District
Balance Sheet
Governmental Funds
June 30, 2024

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Project
	ASSETS			
1110	Cash and investments	$ 449,093,961	$ 42,691,800	$ 733,470,983
1220	Property taxes - delinquent	8,614,718	2,220,522	-
1230	Allowance for uncollectible taxes (credit)	(3,883,858)	(949,991)	-
1240	Due from other governments	8,384,735	5,694,515	-
1250	Accrued interest	26,130	284	987,134
1260	Due from other funds	16,834,995	-	-
1290	Other receivables	149,186	-	-
1294	Lease receivables	9,289,164	-	-
1300	Inventories	1,041,356	-	-
1410	Prepaid expenditures	885,945	-	2,774,691
1000	Total assets	$ 490,436,332	$ 49,657,130	$ 737,232,808
	LIABILITIES			
2110	Accounts payable	$ 12,913,298	$ -	$ 19,937,323
2150	Payroll deductions and withholdings payable	4,804,639	-	-
2160	Accrued wages payable	51,078,566	-	9,187
2170	Due to other funds	159,757	-	1,454,967
2180	Due to other governments	134,953,861	-	-
2300	Unearned revenues	8,440	-	-
2440	Other payables	-	-	-
2000	Total liabilities	203,918,561	-	21,401,477
	DEFERRED INFLOWS OF RESOURCES			
2531	Related to lease assets	8,773,690	-	-
2601	Unavailable revenue - property taxes	4,730,860	1,270,531	-
2600	Total deferred inflows of resources	13,504,550	1,270,531	-
	FUND BALANCES			
	Nonspendable			
3410	Investments in inventory	1,041,356	-	-
3430	Prepaid expenditures	885,945	-	2,774,691
	Restricted			
3480	Debt service	-	48,386,599	-
3470	Capital projects	-	-	713,056,640
3450	Food service	-	-	-
3450	State special revenue	-	-	-
	Committed			
3545	Local special revenue	-	-	-
	Assigned			
3590	Purchases on order	2,261,295	-	-
3590	Cash flow requirements	170,000,000	-	-
3590	Insurance deductible	10,000,000	-	-
3590	Compensated absences	2,900,000	-	-
3590	2023-2024 budget deficit	35,000,000	-	-
3600	Unassigned	50,924,625	-	-
	Total fund balances	273,013,221	48,386,599	715,831,331
	TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	$ 490,436,332	$ 49,657,130	$ 737,232,808

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

Exhibit C-1

Other Funds	Total Governmental Funds
$ 25,893,896	$ 1,251,150,640
-	10,835,240
-	(4,833,849)
26,606,121	40,685,371
116	1,013,664
-	16,834,995
20,406	169,592
-	9,289,164
289,475	1,330,831
-	3,660,636
$ 52,810,014	$ 1,330,136,284
$ 801,653	$ 33,652,274
-	4,804,639
4,641,516	55,729,269
14,615,881	16,230,605
1,276	134,955,137
9,210,739	9,219,179
3,697	3,697
29,274,762	254,594,800
-	8,773,690
-	6,001,391
-	14,775,081
289,475	1,330,831
-	3,660,636
-	48,386,599
-	713,056,640
15,029,083	15,029,083
836,147	836,147
7,380,547	7,380,547
-	2,261,295
-	170,000,000
-	10,000,000
-	2,900,000
-	35,000,000
-	50,924,625
23,535,252	1,060,766,403
$ 52,810,014	$ 1,330,136,284

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Independent School District

Plano Independent School District

Exhibit C-2

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	$ 1,060,766,403
Capital assets used in governmental activities (excluding internal service) are not financial resources and therefore are not reported in governmental funds. The cost of the capital assets is $2,008,492,579 and the accumulated depreciation and amortization associated with the capital assets is $933,394,414.	1,075,098,165
Uncollected property taxes are reported as deferred inflow of resources in the governmental funds balance sheet but are recognized as a revenue in the statement of activities.	6,001,391
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds (including net capital assets of $86,945 and current liabilities of $0) are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net position.	2,613,788
Long-term liabilities of $985,628,311 are not due and payable in the current period and therefore are not reported as liabilities in the funds. A deferred charge on an advanced refunding of bonds payable of $5,306,163 is reflected as a deferred outflow of resources on the Statement of Net Position.	(996,258,659)
Interest payable is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.	(16,650,139)
Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability in the amount of $192,511,406, a deferred inflow of resources related to TRS in the amount of $20,869,451 and a deferred outflow of resources related to TRS in the amount of $68,392,080. This resulted in a decrease in net position.	(144,988,777)
Included in the items related to debt is the recognition of the District's proportionate share of the TRS OPEB liability in the amount of $78,184,613, a deferred inflow of resources related to TRS in the amount of $143,742,673, and a deferred outflow of resources related to TRS in the amount of $18,619,467. This resulted in a decrease in net position.	(203,307,819)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 783,274,353

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

Plano Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2024

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Project
	REVENUES			
5700	Total local and intermediate sources	$ 588,513,400	$ 161,237,807	$ 40,484,638
5800	State program revenues	53,402,890	10,145,643	-
5900	Federal program revenues	4,363,699	-	-
5020	Total revenues	646,279,989	171,383,450	40,484,638
	EXPENDITURES			
	Current:			
0011	Instruction	313,609,512	-	100,436
0012	Instructional resources and media services	6,938,564	-	-
0013	Curriculum and instructional staff development	9,057,777	-	-
0021	Instructional leadership	6,159,117	-	-
0023	School leadership	30,213,091	-	-
0031	Guidance, counseling and evaluation services	25,686,435	-	-
0032	Social work services	1,832,391	-	-
0033	Health services	6,911,065	-	66,885
0034	Student (pupil) transportation	18,852,662	-	9,459,501
0035	Food services	11,551	-	-
0036	Extracurricular activities	8,243,113	-	1,231,329
0041	General administration	13,215,291	-	-
0051	Facilities maintenance and operations	53,408,590	-	129,341
0052	Security and monitoring services	7,052,194	-	214,690
0053	Data processing services	9,011,963	-	111,869
0061	Community services	2,771,243	-	125,213
	Debt service:			
0071	Debt service - principal on long term debt	343,918	106,265,000	-
0072	Debt service - interest on long term debt	16,100	48,542,149	-
0073	Debt service - bond issuance cost and fees	-	19,099	-
	Capital outlay:			
0081	Facilities acquisition and construction	-	-	86,810,255
	Intergovernmental:			
0091	Contracted instructional services between schools	134,497,524	-	-
0092	Incremental costs associated with Chapter 41	20,103	-	-
0093	Payments to fiscal agent/member districts of SSA	-	-	-
0095	Payments to juvenile justice alternative ed. prg.	25,963	-	-
0099	Other intergovernmental charges	5,350,902	-	-
6030	Total expenditures	653,229,069	154,826,248	98,249,519
1100	Excess (deficiency) of revenues over (under) expenditures	(6,949,080)	16,557,202	(57,764,881)
	OTHER FINANCING SOURCES (USES)			
7915	Transfers in	-	-	-
8911	Transfers out (use)	(431,945)	-	-
7080	Total other financing sources (uses)	(431,945)	-	-
1200	Net change in fund balances	(7,381,025)	16,557,202	(57,764,881)
0100	Fund balance - July 1 (beginning)	280,394,246	31,829,397	773,596,212
3000	**FUND BALANCE - JUNE 30 (ENDING)**	$ 273,013,221	$ 48,386,599	$ 715,831,331

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

Other Funds	Total Governmental Funds
$ 17,376,435	$ 807,612,280
9,372,877	72,921,410
53,888,895	58,252,594
80,638,207	938,786,284
35,382,619	349,092,567
114,279	7,052,843
4,477,815	13,535,592
712,023	6,871,140
827,133	31,040,224
2,770,594	28,457,029
288,291	2,120,682
399,988	7,377,938
340,570	28,652,733
26,304,331	26,315,882
3,595,261	13,069,703
308,820	13,524,111
195,632	53,733,563
360,659	7,627,543
2,048,435	11,172,267
1,884,567	4,781,023
106,385	106,715,303
3,390	48,561,639
-	19,099
8,116	86,818,371
-	134,497,524
-	20,103
966,875	966,875
-	25,963
-	5,350,902
81,095,783	987,400,619
(457,576)	(48,614,335)
229,156	229,156
-	(431,945)
229,156	(202,789)
(228,420)	(48,817,124)
23,763,672	1,109,583,527
$ 23,535,252	$ 1,060,766,403

Plano Independent School District

Exhibit C-4

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2024

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ (48,817,124)
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation. This is the amount by which depreciation of $46,429,824 exceeded the aggregate of capital outlays, donated assets, and disposals of $86,376,916 in the current period (Certain expenditures are reported in the Facilities Acquisition and Construction category which are under the capitalization threshold of $5,000 and therefore are not considered capital outlay.)		39,947,092
Repayment of principal and other long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not expensed in the current period. This amount represents the following:		
Principal payment on bonds payable	$ 106,265,000	
Amortization of premium	12,921,980	
Amortization of loss on bond refunding	(913,350)	
Modifications to subscription liability	(389,407)	
Amortization of subscription liability	637,541	
Increase in arbitrage	(15,936,510)	102,585,254
Some property taxes will not be collected for several months after the fiscal year ends, therefore they are not considered available revenues and are deferred in the governmental funds. Unearned tax revenues, net of bad debt, increased (decreased) by this amount.		(2,347,367)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrued, regardless of when it is due.		(10,002,101)
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used. This year, compensated absences earned exceeded used.		(245,243)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income of internal service funds is reported with governmental activities. The net effect of this consolidation is to increase net position.		(1,286,462)
The net change in net pension liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current financials resources and, therefore is not reported as expenditures in the governmental funds. The net change consists of an increase in the deferred outflow of resources related to TRS of $256,2542, an increase in the deferred inflow of resources related to TRS of $1,950,259, and a decrease in the net pension liability of $15,699,281.		(14,005,276)
The net change in OPEB liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current financials resources and, therefore is not reported as expenditures in the governmental funds. The net change consists of an increase in the deferred outflow of resources related to TRS-OPEB of $5,466,759, an increase in the deferred inflow of resources related to TRS-OPEB of $14,884,310, and an increase in the OPEB liability of $13,166,628.		22,584,182
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 88,412,955

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

Plano Independent School District **Exhibit D-1**

Statement of Net Position
Proprietary Funds
June 30, 2024

	Business-Type Activities		Governmental Activities	
	Total Enterprise Funds		Total Internal Service Funds	
ASSETS				
Current assets				
Cash and investments	$	5,230,782	$	5,724,579
Accrued interest		-		39
Due from other funds		-		3
Other receivables		6,944		4,486
Prepaid expenses		-		518,026
Total current assets		5,237,726		6,247,133
Noncurrent assets				
Capital assets				
Furniture and equipment		14,690		127,117
Right-to-use subscription assets		-		76,743
Depreciation and amortization on capital assets		(13,370)		(116,916)
Total noncurrent assets		1,320		86,944
TOTAL ASSETS		5,239,046		6,334,077
LIABILITIES				
Current liabilities				
Accounts payable		619,498		307,170
Accrued wages payable		119,080		55,176
Accrued expenses		-		2,752,772
Due to other funds		100		604,293
Unearned revenues		67,346		878
Total current liabilities		806,024		3,720,289
TOTAL LIABILITIES		806,024		3,720,289
NET POSITION				
Net investments in capital assets		1,320		86,944
Unrestricted net position		4,431,702		2,526,844
TOTAL NET POSITION	$	4,433,022	$	2,613,788

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

Plano Independent School District **Exhibit D-2**

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2024

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	**Total Internal Service Funds**
OPERATING REVENUES		
Local and intermediate sources	$ 5,697,721	$ 38,017,008
Total operating revenues	5,697,721	38,017,008
OPERATING EXPENSES		
Payroll costs	4,023,700	833,790
Professional and contracted services	99,615	3,016,822
Supplies and materials	193,341	389,694
Depreciation and amortization	1,321	4,682
Debt service- principal and interest	-	39,543
Other operating costs	86,064	35,689,368
Total operating expenses	4,404,041	39,973,899
Operating income (loss)	1,293,680	(1,956,891)
NON OPERATING REVENUES (EXPENSES)		
Earnings from temporary deposits and investments	226,449	294,964
Insurance recovery	-	172,676
Total non operating revenue	226,449	467,640
Income (loss) before transfers	1,520,129	(1,489,251)
Transfers in	-	202,789
Change in net position	1,520,129	(1,286,462)
Net position - July 1 (beginning)	2,912,893	3,900,250
TOTAL NET POSITION - JUNE 30 (ENDING)	$ 4,433,022	$ 2,613,788

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

Plano Independent School District **Exhibit D-3**

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024

	Business-Type Activities	Governmental Activities
	Total Enterprise Funds	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from user charges	$ 5,741,146	$ 38,015,528
Cash payments to employees for services	(3,999,070)	(788,885)
Cash payments for insurance claims	-	(3,211,970)
Cash payments for suppliers	(235,108)	(422,660)
Cash payments for other operating expenses	(86,051)	(35,234,825)
Net cash provided by (used for) operating activities	1,420,917	(1,642,812)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers out	-	-
Insurance proceeds	-	172,676
Net cash provided by (used for) non-capital financing activities	-	375,465
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of securities	-	93,284
Purchase of investment securities	(148,725)	(86,159)
Interest and dividends on investments	226,455	296,603
Net cash provided by (used for) investing activities	77,730	303,728
Net increase (decrease) in cash and cash equivalents	1,498,647	(963,619)
Cash and cash equivalents at beginning of year	3,411,046	6,322,145
Cash and cash equivalents at end of year	4,909,693	5,358,526
Temporary investment not in cash equivalents	321,089	366,053
CASH ON BALANCE SHEET	$ 5,230,782	$ 5,724,579
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income (loss)	$ 1,293,680	$ (1,956,891)
Adjustments to reconcile operating income (loss) to net		
Cash provided by (used for) operating activities:		
Depreciation/amortization	1,321	49,201
Effect of increases and decreases in current assets and liabilities:		
Decrease (increase) in receivables	(1,449)	(1,480)
Decrease (increase) in prepaid expenses	-	(10,513)
Increase (decrease) in accounts payable	57,758	(390,036)
Increase (decrease) in accrued wages payable	24,630	44,905
Increase (decrease) in noncurrent liabilities	-	604,293
Increase (decrease) in unearned revenues	44,977	-
Increase (decrease) in accrued expenses	-	17,709
Net cash provided by (used for) operating activities	$ 1,420,917	$ (1,642,812)

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

Plano Independent School District **Exhibit E-1**

Statement of Fiduciary Net Position
Custodial Fund
June 30, 2024

	Custodial Fund
ASSETS	
Cash and investments	$ 354,820
Other receivables	4
Total assets	354,824.0
LIABILITIES	
Accounts payable	1,945.0
Total liabilities	1,945
NET POSITION	
Restricted for other purposes	352,879.0
TOTAL NET POSITION	$ 352,879

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

Plano Independent School District **Exhibit E-2**

Statement of Changes in Fiduciary Net Position
Custodial Fund
Year Ended June 30, 2024

		Custodial Fund
ADDITIONS		
Earnings from investments	$	9,993
Miscellaneous revenue from student groups		728,023
Total additions		738,016
DEDUCTIONS		
Contracted services		2,746
Supplies and materials		45,275
Scholarships and awards granted		2,394
Student travel		504,160
Dues and fees		164,820
Other miscellaneous operating expenses		29,375
Total deductions		748,770
Change in net position		(10,754)
NET POSITION		
Net position, beginning		363,633
NET POSITION, ENDING	$	352,879

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

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Independent School District

Note 1. Summary of Significant Accounting Policies

Reporting Entity
The Plano Independent School District (District) is an independent school district governed by the Board of Trustees (Board), composed of seven Board Members, all of whom are elected officials. The Board is the basic level of government which has responsibility and control over all activities related to the public school education in the city of Plano and portions of the cities of Richardson, Dallas, Murphy, Parker, Carrollton, Garland, Wylie, Lucas, and Allen which lie within the District's boundaries. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity," as defined in pronouncements by the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*.

Government-Wide and Fund Financial Statements
The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. 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.

Transactions among governmental funds and between governmental funds and proprietary funds appear as due to/due from other funds on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other financing sources and uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. Interfund services provided and used are not eliminated in the consolidation of funds for the Statement of Activities. All interfund transactions that do not represent services provided and used between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as receivables and payables on the government-wide Statement of Net Position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Program revenues included in the Statement of Activities reduce the cost of the function to be financed from General Revenues. Taxes and other items not properly identified as program revenues are reported instead as general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those clearly identifiable with a function. Depreciation and amortization expense is specifically identified by function and is included in the direct expense to each function.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. In accordance with the provisions of GASB Statement No. 34, the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements
The government-wide financial statements, as well as the custodial and proprietary fund statements, are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. All interfund transactions between governmental funds are eliminated on the government-wide statements.

Fund Financial Statements
Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within 60 days of the fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded when payments are due. Proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred.

All other revenue items are considered measurable and available only when cash is received by the District.

Funds

The District reports its financial activities through the use of "fund accounting." The activities of the District are organized on the basis of funds. The operations of each fund are accounted for within a separate set of self-balancing accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to assist management in demonstrating compliance with finance-related legal and contractual provisions.

As required by the Texas Education Agency, the following fund types are included in the financial statements:

Governmental Funds
Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through the Governmental Fund Types.

The following are the District's major governmental funds:

General Fund. The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenses and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund. The Debt Service Fund is used to account for the accumulation of resources for, and the retirement of, long-term debt and related costs.

Capital Projects Fund. The Capital Projects Fund is used to account for financial resources to be used for the acquisition, renovation or construction of capital facilities. Proceeds are received through long-term debt financing and other authorized sources.

Other governmental funds include:

Special Revenue Funds. The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than private-purpose trust funds or capital projects) such as federal, state or locally financed programs. Funds are legally restricted or committed to expenditures for specified purposes.

<u>Proprietary Funds</u>
Proprietary Funds are used to account for operations that are financed in a manner similar to those found in the private sector, where the determination of net income is appropriate for sound financial administration.

Enterprise Funds. The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to a private enterprise where the District's intent is to provide services financed primarily through user charges. The District accounts for Employee Child Care, After School Care, Concessions and Photography as enterprise funds.

Internal Service Funds. The 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. The print shop, health benefits, workers' compensation self-funded, unemployment benefits self-funded, sign shop and insurance claims self-funded programs of the District are accounted for in these funds. Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims is determined by estimating the amount which will ultimately be paid to each claimant. The provision for claims incurred but not yet reported is estimated based on District experience since the inception of the programs and data provided by actuarial consultants.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

<u>Fiduciary Funds</u>
Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as a custodian for individuals, private organizations and/or other funds.

<u>Custodial Funds</u>
Custodial funds accounts for the resources held for the others in a custodial capacity. The fund is used to account for the assets held by the District as a custodian for student and other organizations.

Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents. The District's cash and cash equivalents are considered to be cash on hand, demand deposits, money market bank sweep accounts, money markets, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments. Investments with maturities exceeding twelve months at the date of purchase are stated at fair value, which is the amount at which the investment can be exchanged in a current transaction between willing parties. Investments with maturities of twelve months or less at the date of purchase are held at amortized cost and net asset value (NAV). Management of the District believes that in the areas of investment practice, management reports and the establishment of appropriate policies, the District adhered to the requirements of the State of Texas Public Funds Investment Act. Additionally, management of the District believes that investment practices of the District were in accordance with local policies.

Receivables and Payables. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

All trade and property tax receivables are shown net of allowance for uncollectible. The property tax receivable allowance is 44.6% of outstanding property taxes at June 30, 2024.

Lease Receivable – Lessor. The District is a lessee for non-cancelable leases of property and equipment. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund and proprietary fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The District has $9,289,164 remaining in lease receivables and $8,773,690 remaining in deferred inflows as of June 30, 2024. The District recorded lease revenue including interest of $843,830 in the fiscal year. Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancelable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The District monitors changes in circumstances that would require a re-measurement of its leases and will re-measure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Inventories and Prepaid Items. Inventories of supplies on the balance sheet are stated at weighted average cost. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity.

Prepaid balances are for payments made by the District for which benefits extend beyond June 30, 2024. The cost of governmental fund type prepaid balances are recorded as an expenditure when consumed rather than when purchased.

Grant Fund Accounting. The Special Revenue Funds include programs that are financed on a project grant basis. These projects have grant periods that range from less than twelve months to in excess of two years. Grants are recorded as revenues when earned. Cost reimbursement grants are considered to be earned to the extent of expenditures made under the provisions of the grants. Funds received, but not earned, are recorded as unearned revenue until earned.

Indirect costs earned from grant programs are recorded as revenues of the General Fund. These indirect costs are determined by applying approved indirect cost rates to actual expenditures of the programs.

Encumbrances. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system in order to reserve the portion of the applicable appropriation, is employed in the governmental fund financial statements. Encumbrances, which have not been liquidated, are reported as assignments of fund balance since they do not constitute expenditures or liabilities. District policy requires that such amounts be re-appropriated in the following fiscal year.

Capital Assets. Capital assets, which include land, land improvements, building, building improvements and equipment, are reported in the applicable governmental activities column in the government-wide financial statements and the proprietary fund financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold is a unit cost of $5,000. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings and building improvements of the District are depreciated using the straight-line method beginning in the year after they are placed in service. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Classification	Useful Life
Buildings and building improvements	50 years
Land improvements	20 years
Furniture/equipment & vehicles	
Vehicles and buses	10 years
Furniture	20 years
Equipment	
Computers	5 years
Kitchen equipment	10 years
Custodial equipment	15 years
Telephone equipment	10 years
Instruction and misc. equipment	10 years

Right-to-use assets. Right-to-use assets are amortized over the duration of the lease using the straight-line method.

Subscription-Based Information Technology Arrangements (SBITAs). SBITAs are amortized over the duration of the arrangement using the straight-line method.

Deferred Outflows/Inflows of Resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions after the measurement date are recognized in the subsequent year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.
- Deferred inflows from leases are adjusted over the life of the current portion of the principal received.

Compensated Absences. Employees of the District are granted vacation and sick leave annually. Teachers do not receive paid vacations but are paid only for the number of days they are required to work each year. Full-time employees in positions that require 12 months of service are eligible for two weeks of vacation on July 1 following the first full year of employment. Full-time employees who have not been employed one full year as of July 1 are eligible to take accrued days after July 1 of that year but shall not be eligible for the full two weeks until July 1 of the following year. Full-time employees who have completed five years of service in the District are granted three weeks of vacation per year. Employees in positions that require 12 months of service may extend accrued vacation time to September 30 each year. Vacation days not used by September 30 may be carried over, with a maximum accrual of 40 days. As of June 30, 2024, the District recorded $2,859,413 in the government-wide financial statements for accrued vacation liabilities. Employees are allowed to accrue five days of state personal leave and seven days of local sick leave each year without limit.

State personal leave and local sick leave do not vest under the District's policy and accordingly, employees can only utilize state personal and sick leave when sick, or state personal leave for personal reasons when approved by their supervisor. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements.

Long-term Liabilities. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond payables are reported inclusive of applicable bond premium or discount. Bond issuance costs are expensed when incurred. Losses on refunding are capitalized and amortized over the shorter of the life of the new issuance or the life on existing debt using the effective interest method and are reported as deferred outflows of resources in the government-wide Statement of Net Position. Premiums and discounts are amortized over the life of the related debt using the effective interest method.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs and deferred losses on refunding as expenditures during the current period. The face amount of the 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.

Leases Payable – Lessee. The District is a lessee for non-cancelable leases of property and equipment. The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset, reported with other capital assets, in the government-wide and proprietary fund financial statements. The District recognizes lease liabilities with an initial, individual value of $5,000 or more.

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

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

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancelable period of the lease.
- Lease payments included in the measurement of the liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a re-measurement of its leases and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability

Subscription-Based Information Technology Arrangements (SBITAs). The District has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The District recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of $50,000 or more.

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

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

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the District is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

Fund Balances and Net Position

<u>Government-wide Financial Statements</u>
Net position on the Statement of Net Position includes the following:

Net Investment in Capital Assets. The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt net of premiums and discounts, excluding unspent proceeds, that is directly attributable to the acquisition, construction, or improvement of these capital assets.

Restricted for Debt Service. The component of net position that reports the difference between assets and liabilities with constraints placed on their use by law.

Restricted for Food Service. The component of net position that reports the difference between assets and liabilities with constraints placed on their use by the U.S. Department of Agriculture.

Restricted for State Programs. The component of net position that reports the difference between assets and liabilities with constraints placed on their use by the State of Texas.

Unrestricted. The difference between the assets and liabilities that is not reported in Net Position Invested in Capital Assets, Net of Related Debt and restricted net position.

Governmental Fund Financial Statements

Governmental fund balances are classified as Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The District classifies governmental fund balances as follows:

Non-spendable. Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid items and long term receivables.

Restricted. Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs and other federal and state grants.

Committed. Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees. This classification includes campus activity funds, local special revenue funds and potential litigation, claims and judgments.

Assigned. Includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. As defined by the Fiscal Management Goals and Objectives Policy, fund balance can be assigned by the District's Board, the Superintendent, or the Associate Superintendent of Business Services. This classification includes insurance deductibles, encumbrances, program start-up costs, liabilities associated with compensated absences, projected budget deficit for subsequent years and other legal uses.

Unassigned. Includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Minimum Fund Balance Policy. It is the policy of the Board to maintain a fund balance in the general operating fund that is 20 percent of general operating expenditures, excluding any non-spendable fund balance; and fund balance in the interest and sinking fund that is 20 percent of the current annual debt services requirement.

Management's Use of Estimates. The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is possible that the foundation revenue estimate as of June 30, 2024 will change.

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

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

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

Note 2. Cash and Investments

Statutes of the State of Texas and policies mandated by the District's Board of Trustees authorize the District to invest in obligations of the U.S. Government or its agencies, repurchase agreements, certificates of deposit, commercial paper, public fund investment pools, mutual funds and money market accounts. All cash balances and investments are held separately in each of its funds.

As of June 30, 2024, the carrying amount of the District's cash deposits were $1,891,968 and the bank balance was $89,070.

Depository information, required to be reported to the Texas Education Agency, is as follows:

a) Name of depository bank: Wells Fargo, N.A.
b) Amount of bond or security pledged as of the date of the highest combined balance on deposit was $6,136,828.
c) Highest cash, savings and time deposits combined account balances amount was $5,383,946 and occurred on June 28, 2024.
d) Total amount of Federal Deposit Insurance Corporation (FDIC) coverage at the time of highest combined balance was $250,000.

The District also holds bank deposits as part of the District's investment portfolio. As of June 30, 2024, the carrying amount and bank balance of these deposits were $11,475,770. The District's cash deposits at June 30, 2024 were entirely covered by FDIC insurance or by pledged collateral held by the District's bank in the District's name.

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

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

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

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

U.S. Treasury Bonds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

The District has recurring fair value measurements as presented in the table below. The District's investment balances and weighted average maturity of such investments are as follows:

		Fair Value Measurements Using				
	June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Percent of Total Investments	Weighted Average Maturity (Years)
Cash and cash equivalents						
Bank deposits	$ 13,367,738	$ -	$ -	$ -		
Total cash and cash equivalents	13,367,738	-	-	-		
Investments measured at amortized cost:						
Investment pools:						
Texpool	115,691,955	-	-	-	9.26%	0.0027
Investments measured at						
Net asset value (NAV), fair value:						
Investment pools:						
Lone Star	71,788,654	-	-	-	5.75%	0.0027
TexasCLASS	273,437,515	-	-	-	21.90%	0.0027
TexStar	164,366,242	-	-	-	13.16%	0.0027
TexasDAILY	16,459,660	-	-	-	1.32%	0.0027
Investments by fair value level:						
U.S. government agency securities:						
Federal Home Loan Bank	15,001,411	-	15,001,411	-	1.20%	0.3438
Federal Farm Credit Bank	15,388,668	-	15,388,668	-	1.23%	0.3438
U.S. treasury bonds	412,412,367	412,412,367	-	-	33.03%	0.3617
Certificates of deposit	25,698,100	-	25,698,100	-	2.06%	0.0027
Commercial paper	138,493,691	-	138,493,691	-	11.09%	0.1903
Total investments	1,248,738,263	412,412,367	194,581,870	-		
Total cash and investments	$ 1,262,106,001	$ 412,412,367	$ 194,581,870	$ -		
Portfolio Weighted Average Maturity						0.0307

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

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

The *TexasCLASS*, *Lone Star* and *TexStar* investment pools are external investment pools measured at net asset value. *TexasCLASS*, *Lone Star* and *TexStar's* strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded related to the investment pools. *TexasCLASS*, *Lone Star* and *TexStar* have a redemption notice period of one day and may redeem daily. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. *TexasCLASS*, *LoneStar* and *TexStar* are subject to regulatory oversight by the State Treasurer, although the pools are not registered with the Securities and Exchange Commission.

The TexasDAILY, is Texas TERM Local Government Investment Pool "the Pool" was established in conformity with the State of Texas Interlocal Cooperation Act and is administered by PFM Asset Management, LLC. U.S. Bank serves at the Pool's custodial bank. The Pool operates two separate investment Portfolios, *TexasDAILY* and *Texas TERM*.

The primary objective of the *TexasDAILY* portfolio is to produce the highest income consistent with preserving principal and maintaining liquidity. The portfolio will maintain a dollar-weighted average maturity that does not exceed 60 days and seeks to maintain a net asset value of $1.00 per share. Texas DAILY may invest in securities including: obligations of the United States or its agencies and instrumentalities; obligations that are fully guaranteed or insured by the FDIC or the United States; repurchase agreements involving obligations of the United States or its agencies and instrumentalities; certificates of deposit issued by FDIC insured banks; and SEC-registered no-load money-market mutual funds which meet the requirements of the Public Funds Investment Act.

The *TexasDAILY* portfolio has a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Interest Rate Risk

In accordance with the District's investment policy, investments are made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during a 12-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio. The District's policy states that no individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

Credit Risk

The District's policy relating to the credit risk of investments reflects adherence to the Public Funds Investment Act, which limits investments in commercial paper to not less than A-1 or P-1 or equivalent rating by at least two nationally recognized credit rating agencies. The District's investments in public funds investment pools and money market mutual funds include those with TexPool, TexStar, *TexasCLASS*, *TexasDAILY* and *LoneStar*. *TexPool, TexStar, TexasCLASS,* and *LoneStar* are public funds investment pools operating in full compliance with the Public Funds Investment Act. *Texpool, TexStar, TexasCLASS, TexasDAILY* and *LoneStar* are rated as AAAm by Standard & Poor's. The District's investments in U.S. agencies were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. Municipal obligations were not rated.

Concentration of Credit Risk

The investment policy of the District places no limitations on the amount that can be invested in any one issuer; however, the investment portfolio is diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Nine point seventy five percent of the District's investment portfolio is held in commercial paper. Commercial paper is concentrated in the following instruments:

Commercial Paper Investment Description	Percentage of Investments	S&P Rating	Moody Rating	Fitch Rating
Toyota Motor Corp.	3.57%	A-1+	P-1	F1
Royal Bank of Canada	4.77%	A-1+	P-2	F1+
The Charlotte-Mecklenburg Hospital Authority	1.18%	A-1	P-1	F1+
University of Texas	1.57%	A-1+	P-1	F1+

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. Under the Dodd Frank Act, deposits held in noninterest-bearing transaction accounts are now aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total is insured up to $250,000.

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. Investments held by third parties were fully collateralized and held in the District's name.

Note 3. Property Taxes and State Aid Revenue

Property Taxes

The appraisal of property within the District is the responsibility of the Collin County Appraisal District (Appraisal District). The District's property taxes are levied annually in October on the basis of the Appraisal District's assessed values of property as of January 1 of that calendar year and are due and payable when assessed. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property after January 31 of the subsequent calendar year.

Delinquent taxes receivable and the related allowance for uncollectible taxes are shown on the government-wide Statement of Net Position and the fund financial Balance Sheet.

The District is permitted to levy taxes up to $1.07 per $100 of assessed valuation for general governmental maintenance and operations. The tax rate for the payment of principal and interest on general obligation long-term debt is determined by the debt service requirements of the outstanding bonds as approved by the voters prior to issuance. For the current fiscal year, the Board of Trustees set a tax rate of $1.0779 per $100 of assessed valuation. The maintenance and debt service portions of such rate are $0.8405 and $0.2374, respectively. The 2024 assessed valuation was $71,676,578,834 resulting in a tax levy of $718,283,824 for the current fiscal year. The 2024 tax levy reflects an adjustment of $54,276,185 frozen homestead exemptions for taxpayers 65 years and older as mandated by state property tax laws.

Delinquent taxes receivable and the related allowance for uncollectible taxes in the governmental fund financial statements as of June 30, 2024 are as follows:

	Delinquent Taxes Receivable, Gross	Allowance for Uncollectible Taxes	Delinquent Taxes Receivable, net
General fund	$ 8,614,718	$ 3,883,858	$ 4,730,860
Debt service fund	2,220,522	949,991	1,270,531
Total	$ 10,835,240	$ 4,833,849	$ 6,001,391

State Aid Revenue
The Texas Education Agency, through its application of state law, allocates state revenues to school districts by formula allocation. The District receives two allocations, a per capita allocation and a foundation program allocation. The District also recognizes revenues for the state's share of the contributions to the Teacher Retirement System of Texas. See Note 10 for additional information on the employee's retirement plan. Other state revenues are received through other state miscellaneous programs on an allocated basis.

State Program Revenues
The components of state program revenues as shown in the governmental fund financial statements are as follows:

Revenues	Amounts
Per capita revenues	$ 19,066,174
Foundation fund revenues	7,245,050
Instructional materials allotment	2,671,615
State aid for homestead exemption	10,145,643
TRS on behalf	27,769,846
Other state revenues	6,023,082
Total state program revenues	$ 72,921,410

Note 4. Receivables

Receivables due from other governments, as of June 30, 2024 for the District's individual major funds and non-major, internal service and fiduciary funds in the aggregate are as follows:

	General Fund	Debt Service Fund	Non-Major Other Funds	Total
Due from the State of Texas	$ 8,174,630	$ 5,637,302	$ 26,051,303	$ 39,863,235
Due from the federal government	-	-	507,318	507,318
Due from other local governments	210,105	57,213	47,500	314,818
Total receivables	$ 8,384,735	$ 5,694,515	$ 26,606,121	$ 40,685,371

Leases Receivable. The District has entered into multiple lease agreements as lessor. The leases allow the right-to-use of land, buildings, and infrastructure to other organizations over the term of the lease. The District receives annual and quarterly payments at the interest rate stated or implied within the leases. The interest rates for these leases range from 0.5% to 3.0%. The District has $9,289,164 remaining in lease receivables and $8,773,690 remaining in deferred inflows as of June 30, 2024 recorded in the General Fund.

As of June 30, 2024, expectation of lease receipts through the expiration of all leases is as follows:

	Lease Principal	Lease Interest	Totals
2025	$ 640,985	$ 196,789	$ 837,774
2026	629,857	184,930	814,787
2027	629,230	172,737	801,967
2028	642,153	160,598	802,751
2029	678,241	147,852	826,093
2030-2034	2,854,519	530,014	3,384,533
2035-2039	2,094,805	271,711	2,366,516
2040-2044	809,277	103,804	913,081
2045-2049	310,097	16,165	326,262
	$ 9,289,164	$ 1,784,600	$ 11,073,764

Plano Independent School District
Notes to the Basic Financial Statements

Note 5. Capital Assets

A summary of capital asset activity during the year ended June 30, 2024 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated or amortized:				
Land	$ 89,960,198	$ -	$ -	$ 89,960,198
Construction in progress	83,449,982	69,532,195	38,284,011	114,698,166
Total capital assets not being depreciated or amortized	173,410,180	69,532,195	38,284,011	204,658,364
Capital assets being depreciated or amortized:				
Land improvements	63,934,842	10,910,482	-	74,845,324
Buildings and improvements	1,546,590,214	27,373,529	-	1,573,963,743
Right-to-use subscription asset	886,703	389,407	-	1,276,110
Furniture, equipment and vehicles	139,237,154	16,455,314	1,943,431	153,749,037
Total capital assets being depreciated or amortized	1,750,648,913	55,128,732	1,943,431	1,803,834,214
Total capital assets	1,924,059,093	124,660,927	40,227,442	2,008,492,578
Less accumulated depreciation or amortization for:				
Land improvements	40,036,387	2,938,057	-	42,974,444
Buildings and improvements	733,397,558	38,035,573	-	771,433,131
Right-to-use subscription asset	350,424	433,379	-	783,803
Furniture, equipment and vehicles	115,123,652	5,022,815	1,943,431	118,203,036
Total accumulated depreciation or amortization	888,908,021	46,429,824	1,943,431	933,394,414
Governmental funds capital assets, net	1,035,151,072	78,231,103	38,284,011	1,075,098,164
Internal service funds:				
Furniture, equipment and vehicles	127,118	-	-	127,118
Right-to-use subscription asset	76,743	-	-	76,743
Less accumulated depreciation	29,731	11,217	-	40,948
Less accumulated amortization	37,984	37,984	-	75,968
Internal service funds capital assets, net	136,146	(49,201)	-	86,945
Governmental activities capital assets, net	$ 1,035,287,218	$ 78,181,902	$ 38,284,011	$ 1,075,185,109
Business activities:				
Furniture, equipment and vehicles	$ 14,690	$ -	$ -	$ 14,690
Less accumulated depreciation	12,049	1,321	-	13,370
Business activities capital assets, net	$ 2,641	$ (1,321)	$ -	$ 1,320
Total capital assets, net	$ 1,035,289,859	$ 78,180,581	$ 38,284,011	$ 1,075,186,429

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

Governmental activities:		
Instruction	$	30,959,747
Instructional resources and media services		2,173,738
Curriculum development and instructional staff development		262,102
Instructional leadership		34,383
School leadership		1,279,144
Guidance, counseling, and evaluation services		321,406
Social work services		1,449
Health services		128,802
Student transportation		1,382,793
Food services		2,874,093
Co-curricular/extracurricular activities		2,876,901
General administration		248,619
Plant maintenance and operations		1,892,921
Security and monitoring services		652,302
Data processing services		681,907
Community services		577,510
Facilities acquisition and construction		82,007
	$	46,429,824
Business-type activities:		
Community services	$	1,321
	$	1,321

Construction Commitments
The District had several active construction projects as of June 30, 2024. Projects included additions to buildings and renovation of existing facilities. Fiscal year 2024 expenditures and estimated future expenditures for capital projects are funded from operating capital project funds, unexpended bond proceeds and additional general obligation bonds. The following summarizes the various types of projects:

Building Purchases/New Construction. The district is building a Wraparound Services Center at the Mapleshade property and continues construction of this project. An approximately 15,000 square foot addition is being added to the Murphy Distribution Center. The district purchased property in 2024 to build a CTE Center and during 2024 was in the design phase. Haggard Middle School is being rebuilt on existing district property and during 2024 was in the design phase of this project.

Building Renovation/Upgrades. The District continues Phase 2 work on the refurbishment at Williams High School and the renovation of the Jupiter Center. Renovation projects were started at Plano Senior High School, Plano West Senior High School, and Plano East Senior High School. Systems & Compliance projects were started at Wilson and Bowman Middle Schools and Beverly Elementary School. Other major projects included a classroom door/window film project at all the elementary and early elementary schools, RTU replacements across the district, Irrigation Controls standardization across the District, and tracks at various middle schools.

Completed Projects. During fiscal year 2024, the District completed Williams High School Phase 1 refurbishment, Plano West Senior High School Baseball and Softball Turf, Plano West and Plano East Senior High Schools turf field fencing, HVAC upgrades at various campuses, and other minor capital project improvements.

Current projects include the following:

Project	Estimated Total Cost	Expenditures Incurred to June 30, 2024	Estimated Future Expenditures
Building improvement projects:			
PSHS Renovation	$ 233,361,237	$ 3,458,556	$ 229,902,681
Williams HS Refurbishment Phase 2	71,864,234	6,712,751	65,151,483
Vines Wildcat Academy	100,000	9,933	90,067
Clark HS Renovation	3,681,324	15,795	3,665,529
Plano East SHS Voice Evacuation System	740,000	540,724	199,276
Plano East SHS Renovation	54,514,056	1,525,010	52,989,046
PWSH Voice Evacuation System	860,000	423,334	436,666
Plano West SHS Renovation	94,501,431	3,285,888	91,215,543
PWSH Switchboard Replacement	141,540	9,242	132,298
Bowman System & Compliance Upgrades	2,663,245	1,092,812	1,570,433
Wilson Systems & Compliance Upgrades	4,863,635	3,611,535	1,252,100
Haggard MS Replacement	101,600,042	908,638	100,691,404
Hendrick Systems & Compliance Upgrades	1,435,645	7,956	1,427,689
Renner Roof Replacement	1,231,200	545,811	685,389
Frankford Roof Replacement	1,468,799	677,611	791,188
Mendenhall System & Compliance Upgrades	1,505,626	921,008	584,618
Sigler Systems & Compliance Upgrades	834,948	750,065	84,883
Aldridge Systems & Compliance Upgrades	5,404,325	3,708,227	1,696,098
Harrington HVAC Upgrades	1,888,528	127,095	1,761,433
Hedgcoxe Systems & Compliance	804,137	4,368	799,769
Mitchell Systems & Compliance	552,373	3,151	549,222
Bethany Systems & Compliance	446,761	3,151	443,610
Beverly HVAC Upgrades	2,504,751	1,240,881	1,263,870
Andrews HVAC Upgrades	1,869,600	812,042	1,057,558
Centennial Kitchen Renovation	3,456,635	323,267	3,133,368
Hickey Systems & Compliance Upgrades	1,438,013	733,767	704,246
Schell Systems & Compliance Upgrades	1,843,686	903,946	939,740
Beaty Kitchen Renovation	6,212,020	302,239	5,909,781
Pearson Kitchen Renovation	6,298,661	392,943	5,905,718
Isaacs Kitchen Renovation	8,415,424	510,010	7,905,414
Jupiter Center Renovation	3,259,000	2,376,588	882,412
CTE Center-New Build	98,056,219	2,437,985	95,618,234
Admin. Building Systems & Compliance Upgrades	6,533,439	331,333	6,202,106
Admin.Bldg.Safety & Security Reno	400,000	390,083	9,917
Robinson Fine Arts Center	60,788,834	58,111,681	2,677,153
ES Classroom Door/Window Film Project	524,505	312,625	211,880
Irrigation Control Standardization	1,791,190	1,534,593	256,597
RTU District Replacements	111,485	49,188	62,297
Murphy Dist. Center Renovation	3,941,263	2,972,873	968,390
Wraparound Services Ctr. Mapleshade	5,412,008	4,159,604	1,252,404
Land improvement projects:			
PESH Softball/Baseball Turf	3,096,623	2,713,787	382,836
Bowman MS Track Replacement	1,684,088	1,416,480	267,608
Wilson MS Track Replacement	2,134,273	1,770,031	364,242
Hendrick MS Track Replacement	2,272,800	36,300	2,236,500
Robinson MS Track Replacement	2,475,050	2,138,495	336,555
Frankford MS Track Replacement	1,062,138	42,170	1,019,968
Murphy MS Track Replacement	2,270,874	83,863	2,187,011
Jupiter Center Renovation	10,770	10,770	-
CTE Center Land Site Fees	21,500	5,250	16,250
Fine Arts Center Site Fees/Parking Upgrades	183,764	183,764	-
Murphy Distribution Center Renovation	11,252	11,252	-
Clark Stadium Pkg. Lot Lighting	961,889	47,695	914,194
	$ 813,504,840	$ 114,698,166	$ 698,806,674

Note 6. Interfund Receivables, Payables and Transfers

The composition of interfund balances in the fund financial statements as of June 30, 2024, is as follows:

	Receivable	Payable
General fund	$ 16,834,995	$ 159,757
Enterprise fund	-	100
Internal service fund	3	604,293
Capital projects fund	-	1,454,967
Other governmental funds	-	14,615,881
Totals	$ 16,834,998	$ 16,834,998

The primary interfund transactions at year-end included amounts due to the General Fund from Other Governmental Funds for expenditures made by the funds prior to receiving reimbursement from the federal or state sources.

The following is a summary of the District's transfers for the year ended June 30, 2024:

Transfers Out	Transfers In		Total
	Other Governmental Funds	Internal Service Funds	
General fund	$ 229,156	$ 202,789	$ 431,945
	$ 229,156	$ 202,789	$ 431,945

The transfers made during the period consisted of the following:

From	To	Amount	Description
General fund	Other governmental funds	$ 229,156	To finance costs in excess of federal allotments for Headstart.
General fund	Internal service fund	202,789	To finance claims in excess of user fees in the Unemployment and Insurance Claims Funds.
Total transfers		$ 431,945	

Note 7. Long-Term Debt

The following is a summary of the District's long-term debt for the year ended June 30, 2024:

	Obligations Outstanding July 1, 2023	New Obligations Incurred	Obligations Retired or Refunded and Accretion	Obligations Outstanding June 30, 2024	Obligations Due Within One Year
Governmental activities:					
General obligation bonds payable	$ 992,285,000	$ -	$ (106,265,000)	$ 886,020,000	$ 114,610,000
Premium on bond issuance	103,953,449	-	(12,921,981)	91,031,468	-
Subscription liability	536,279	389,407	(637,541)	288,145	110,162
Compensated absences	2,614,170	558,000	(312,756)	2,859,414	366,165
Arbitrage liability	5,429,285	15,936,510	-	21,365,795	
Total governmental activities	1,104,818,183	16,883,917	(120,137,278)	1,001,564,822	115,086,327
Internal service funds activities:					
Subscription liability	38,759	-	(38,759)	-	-
Total internal service funds activities	38,759	-	(38,759)	-	-
Total governmental activities	$ 1,104,856,942	$ 16,883,917	$ (120,176,037)	$ 1,001,564,822	$ 115,086,327

Debt Payable-Governmental Activities

Bonds payable at June 30, 2024, are composed of the following individual issues:

Description	Interest Rate Payable	Amounts Original Issue	Bonds Outstanding at July 1, 2023	Issued (Retired)	Bonds Outstanding at June 30, 2024
School Building Unlimited Tax Bonds Series 2009B	4.04% to 6.27%	$ 87,390,000	$ 71,860,000	$ (2,865,000)	$ 68,995,000
School Building Unlimited Tax Bonds Series 2009C	1.00%	31,900,000	4,560,000	(2,280,000)	2,280,000

(continued)

Description	Interest Rate Payable	Amounts Original Issue	Bonds Outstanding at July 1, 2023	Issued (Retired)	Bonds Outstanding at June 30, 2024
School Building Refunding Bonds Series 2016A	2.00% to 5.00%	199,950,000	118,995,000	(15,320,000)	103,675,000
School Building Unlimited Tax Bonds Series 2016	3.00% to 5.00%	257,210,000	142,815,000	(30,695,000)	112,120,000
School Building Unlimited Tax Bonds Series 2017	3.00% to 5.00%	108,020,000	21,235,000	(7,605,000)	13,630,000
Unlimited Tax Refunding Bonds Series 2019	4.00% to 5.00%	10,325,000	1,370,000	(200,000)	1,170,000
Unlimited Tax Unlimited Tax Bonds Series 2023	5.00%	631,450,000	631,450,000	(47,300,000)	584,150,000
Totals			$ 992,285,000	$ (106,265,000)	$ 886,020,000

The following table summarizes the annual debt service requirements of the outstanding debt issues at June 30, 2024, to maturity:

	Bond Principal	Bond Interest	Totals
2025	$ 114,610,000	$ 43,263,823	$ 157,873,823
2026	50,185,000	37,589,364	87,774,364
2027	52,235,000	35,025,024	87,260,024
2028	54,240,000	32,365,001	86,605,001
2029	56,980,000	29,590,437	86,570,437
2030-2034	226,355,000	110,919,997	337,274,997
2035-2039	176,875,000	59,386,605	236,261,605
2040-2044	154,540,000	19,333,563	173,873,563
	$ 886,020,000	$ 367,473,814	$ 1,253,493,814

On June 21, 2024, the District established a defeasance escrow to defease all or a portion of the District's outstanding bonds, Plano Independent School District Unlimited Tax Refunding Bonds, Series 2016, in the current year for a total of $12,015,000, prior to their scheduled maturities and Plano Independent School District Unlimited Tax School Building Bonds, Series 2016, in the current year for a total of $18,680,000. The District deposited directly with a paying agent for the Defeased Bonds available funds of the District into an escrow fund in an amount of approximately $12,387,098 sufficient to provide the payment, redemption, or defeasance of all or a portion of the Defeased Bonds and such deposit shall continue the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Defeased Bonds. The Defeased Bonds are no longer regarded as being outstanding, except for the purpose of being paid from funds on deposit in the escrow fund. The escrow proceeds were recorded as debt service expenditures and no other financing uses.

As of June 30, 2024, original losses on refunding were $13 million of which $5.3 million is unamortized and reported in the Statement of Net Position as a deferred outflow of resources. Unamortized bond premiums of $91 million are reported in the Statement of Net Position as an increase in the long-term debt.

As of June 30, 2024, $49,875,000 of bonds from the May 2016 election and $649,426,000 of bonds from the November 2022 election were authorized by bond election and not issued.

Other Long-term Debt

Arbitrage. The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment for each issue every five years. Arbitrage liability for tax-exempt debt subject to the Tax Reform Act issued through June 30, 2024, amounted to $21,365,795.

The estimated liability is updated annually for any tax-exempt issuances or changes in yields until such time payment of the calculated liability is due.

Compensated Absences. Certain employees are entitled to receive accrued vacation pay in a lump-sum cash payment upon termination of employment with the District. The net increase of $245,243 over the prior fiscal year represents the recorded decrease in the liability due to employees' using accumulated vacation pay and not allowing days to accumulate. The general fund and special revenue funds are used to liquidate compensated absences.

Subscription Based Information Technology Agreements (SBITAs). The District has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The District is required to make annual payments at its incremental borrowing rate or the interest rate stated or implied within the SBITA. The SBITA rate, term and ending subscription liability are as follows:

	Interest Rate(s)	Liability at Commencement	Lease Term in Years	Ending Balance June 30, 2024
Governmental activities				
Subscription agreements	0.73 - 1.06%	$ 963,446	2023-2024	$ 288,145
Total governmental activities				$ 288,145

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

Fiscal Year Ending	Principal	Interest	Total
2025	$ 110,162	$ 6,175	$ 116,337
2026	171,243	2,502	173,745
2027	6,740	-	6,740
Total governmental activities	$ 288,145	$ 8,677	$ 296,822

The value of the subscription based assets as of the end of the current fiscal year was $1,352,853 and had accumulated amortization of $471,363.

Note 8. Encumbrances

At June 30, 2024, the District had encumbrances which are classified as restricted, committed or assigned in accordance with purpose constraints. Encumbrances reported in the Governmental Funds were as follows:

Function	General Fund	Capital Projects	Food Service	Federal Special Revenue	State Special Revenue	Local Special Revenue	Total
Instruction	$ 195,942	$ 260,341	$ -	$ 284,785	$ 2,860,989	$ 21,164	$ 3,623,221
Instructional resources	60,001	-	-	-	-	-	60,001
Curriculum and instructional staff development	16,089	-	-	595,282	160	4,139	615,670
Technology	500	-	-	-	-	-	500
Instructional leadership	-	-	-	-	-	-	-
School leadership	20,476	-	-	-	-	41,698	62,174
Guidance, counseling and evaluation services	60,692	-	-	2,917	-	1,221	64,830
Social work services	-	-	-	-		10,000	10,000
Health services	301	-	-	-	5,476	-	5,777
Student transportation	182,903	12,443,879	-	-	-	-	12,626,782
Food services	-	-	103,719	-	-	-	103,719
Co-curricular/ extracurricular activities	131,442	396,965	-	-	-	182,399	710,806
General administration	27,278	-	-	375	-	6,881	34,534
Plant maintenance and operations	1,278,104	440,422	-	-	-	13,671	1,732,197
Security and monitoring services	81,677	25,860	-	-	-	-	107,537
Data processing services	160,314	110,463	-	-	-	797,417	1,068,194
Community services	1,541	-	-	-	-	2,511	4,052
Facilities acquisition and construction	-	175,743,159	-	-	-	-	175,743,159
Payment to juvenile justice alternative ed	44,037	-	-	-	-	-	44,037
Total encumbrances by fund type	$ 2,261,297	$ 189,421,089	$ 103,719	$ 883,359	$ 2,866,625	$ 1,081,101	$ 196,617,190

Note 9. Risk Management

The District is exposed to various risks related to the theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District's risk management program encompasses various means of protecting the District against losses through policies with commercial insurance carriers or through self-insurance. Settled claims have not exceeded insurance coverage in any of the previous five fiscal years.

Workers' Compensation
The District maintains a self-insurance program for workers' compensation. Contributions are paid from all governmental and proprietary funds to the Workers' Compensation Internal Service Fund from which all claims and administrative expenses are paid. The District maintains a catastrophic loss insurance policy for catastrophic losses exceeding $400,000 per occurrence up to statutory limit of liability.

An accrual for incurred but not reported claims in the amount of $2,330,000 has been recorded in the fund as of June 30, 2024. Claims payable, including an estimate of claims incurred but not reported, was actuarially determined based on the District's historical claims experience and an estimate of the remaining liability on known claims.

Workers' Compensation Fund changes in claims payable for the years ended 2024 and 2023:

	June 30, 2024	June 30, 2023
Account balance, beginning of fiscal year	$ 2,266,000	$ 2,246,000
Incurred claims and claim adjustment expenses	1,803,178	1,478,460
Claim payments during the year	(1,739,178)	(1,458,460)
Account balance, end of fiscal year	$ 2,330,000	$ 2,266,000

Health Benefits
The District employees are eligible to purchase health insurance through TRS-Active Care which is the statewide health plan for public education employees established by the 77th Texas Legislature and is a fully insured plan administered by Blue Cross and Blue Shield of Texas.

During the year ended June 30, 2024, the District funded benefit credits of $315 per month per participating employee to the health insurance internal service fund.

The District contribution, along with the employee contribution made through payroll deduction was used to pay the premiums for the insurance plans chosen by the employee. The District also offers a flexible spending option that is administered by Flexible Benefit Administrators.

Property, Casualty, General Liability and Professional Liability
The District purchases commercial policies which include general liability, property and auto insurance. However, the District has established a self-funded internal service fund to pay the cost of deductibles associated with these insurance policies. There have been no significant reductions in insurance coverage from coverage in the prior year for any category of risk.

The deductible for property insurance is $250,000 with no deductible on auto insurance. In addition, the District purchases professional legal liability insurance and must pay the first $100,000 on each liability claim. The amount of claims settlements did not exceed the insurance coverage in each of the past three years.

An accrual for incurred but not reported claims in the amount of $50,000 has been recorded as of June 30, 2024. Property and Liability changes in claims payable for the years ended June 30, 2024 and 2023:

	June 30, 2024	June 30, 2023
Account balance, beginning of fiscal year	$ 50,000	$ 50,000
Incurred claims and claim adjustment expenses	1,447,827	1,237,882
Claim payments during the year	(1,447,827)	(1,237,882)
Account balance, end of fiscal year	$ 50,000	$ 50,000

Unemployment
The District utilizes a separate internal service fund to account for unemployment benefits. TASB Risk Management Fund bills the District quarterly for the unemployment benefits paid out by the Texas Workforce Commission.

The District maintains the self-insurance program for unemployment benefits, which is funded by premiums charged to the general and special revenue funds. An accrual for incurred but not reported claims in the amount of $300,000 has been recorded as of June 30, 2024.

Changes in unemployment claims payable for the years ended June 30, 2024 and 2023:

	June 30, 2024	June 30, 2023
Account balance, beginning of fiscal year	$ 300,000	$ 432,459
Incurred claims and claim adjustment expenses	16,658	8,000
Claim payments during the year	(16,658)	(140,459)
Account balance, end of fiscal year	$ 300,000	$ 300,000

The liabilities for each type of claims payable described above are expected to be liquidated within the next twelve months, and are, therefore, recorded as current liabilities.

Medicare Part D
The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2024 and 2023, these on-behalf payments were $2,186,667 and $1,899,364, respectively, and were recorded as equal revenues and expenditures in the General Fund.

Note 10. Employees' Retirement Plan and Retiree Health Plan

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

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

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

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

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

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

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

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2023	2024
Member	8.00%	8.25%
Non-employer Contributing Entity (State)	8.00%	8.25%
Employers	8.00%	8.25%

2024 Employer Contributions	$ 15,765,206
2024 Member Contributions	32,421,789
2024 NECE On-behalf Contributions	19,798,471

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

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

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

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

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

Actuarial Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2022. Updated procedures were used to rollforward the total pension liability to August 31, 2023 and was determined using following methods and assumptions:

Actuarial method normal	Individual Entry Age Normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected investment rate of return	7.00%
Municipal Bond Rate as of August 2022	4.13% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2122
Inflation	2.30%
Salary increases including inflation	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None
Mortality rates	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

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

Discount Rate and Long-Term Expected Rate of Return

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

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

The long-term expected rate of return on pension plan investments 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 TRS's target asset allocation as of August 31, 2023, are summarized below:

Asset Class	Long-Term Expected Geometric Real Rate of Return**	Expected Contribution to Long-Term Portfolio Returns
Global Equity		
U.S.	4.0%	1.0%
Non-U.S. Developed	4.5%	0.9%
Emerging Markets	4.8%	0.7%
Private Equity	7.0%	1.5%
Stable Value		
Government Bonds	2.5%	0.5%
Absolute Return	3.6%	-
Stable Value Hedge Funds	4.1%	0.2%
Real Return		
Real Estate	4.9%	1.1%
Energy, Natural Resources and Infrastructure	4.8%	0.4%
Commodities	4.4%	-
Risk Party		
Risk Party	4.5%	0.4%
Asset Allocation Leverage		
Cash	3.7%	0.0%
Asset Allocation Leverage	4.4%	-0.1%
Inflation Expectation		2.3%
Volatility drag***		-0.9%
Total		8.0%

** Absolute Return Includes Credit Sensitive Investments*
*** Target allocations are based on the FY 2023 policy model.*
**** Capital market assumptions come from Aon Hewitt (as of 6/30/2023).*
***** The volatility drag results from the conversion between arithmetic and geometric mean returns.*

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

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Proportionate share of the net pension liability:	$ 287,815,213	$ 192,511,406	$ 113,266,239

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
On June 30, 2024, the District reported a liability of $192,511,406 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the collective net pension liability	$ 192,511,406
State's proportionate share that is associated with the District	264,572,144
Total	$ 457,083,550

The net pension liability was measured as of August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2022 rolled forward to August 31, 2023. 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, 2022 thru August 31, 2023.

At August 31, 2023 the District's proportion of the collective net pension liability was 0.2802597502%, which was an increase of 0.0175670723% from its proportion measured as of August 31, 2022.

For the fiscal year ended June 30, 2024, the District recognized pension expense of $69,718,587 and revenue of $39,948,105 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	$ 6,859,247	$ 2,331,103
Changes in actuarial assumptions	18,207,808	4,455,866
Differences between projected and actual investment earnings	28,015,082	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	2,020,635	14,082,482
Contributions paid to TRS subsequent to the measurement date	13,289,308	-
Total	$ 68,392,080	$ 20,869,451

$13,289,308 reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Pension Expense (Income)
2025	$ 5,881,953
2026	1,693,208
2027	21,211,347
2028	5,682,347
2029	(235,534)
Thereafter	-
Total	$ 34,233,321

Change of Assumptions Since the Prior Measurement Date

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

Change of Benefit Terms Since the Prior Measurement Date

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

Note 11. Defined Other Post-Employment Benefit Plan

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all 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 Medical 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. 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. There are no automatic post employments benefit changes; including automatic COLAs.

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

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

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of pay. 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. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rates for such plan fiscal years are as follows:

	2023	2024
Active employee	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding	1.25%	1.25%

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

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

District contributions	$ 3,182,421
Member contributions	2,497,383
NECE on-behalf contributions (state)	3,696,719

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 employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of $535 per retiree.

The State of Texas also contributed $2,186,667, $1,899,364, and $1,157,273 in 2024, 2023, and 2022, respectively, for on-behalf payments for Medicare Part D.

TRS-Care received supplement appropriations from the State of Texas as the Non-employer Contributing Entity in the amount of $21 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and the transferred to TRS-Care.

Actuarial Methods and Assumptions

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

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

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

Additional Actuarial Methods and Assumptions:	
Actuarial cost method	Individual entry age normal
Single discount rate	4.13%
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Election rates	Normal retirement: 62% participation prior to age 65 and 25% after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

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

The initial medical trend rates were 7.25% for Medicare retirees and 7.00% for non-Medicare retirees. There was an initial prescription drug trend rate of 7.75% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.

Discount Rate
A single discount rate of 4.13% was used to measure the total OPEB liability at August 31, 2023. This was an increase of 0.22% in the discount rate since the August 31, 2022 measurement date. The plan is essentially a "pay-as-you-go" plan and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current plan members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2023.

Discount Rate Sensitivity Analysis The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (4.13%) in measuring the net OPEB liability.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the net OPEB liability	$ 92,085,194	$ 78,184,613	$ 66,841,410

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 64,381,116	$ 78,184,613	$ 95,942,859

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

On June 30, 2024, the District reported a liability of $78,184,613 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided by the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the net OPEB liability	$ 78,184,613
State's proportionate share of the net OPEB liability associated with the District	94,341,753
Total	$ 172,526,366

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

On August 31, 2023 the employer's proportion of the collective Net OPEB Liability was 0.3531644025% which was a decrease of 0.0283558995% from the same proportion measured as of August 31, 2022.
For the year ended June 30, 2024, the District recognized OPEB revenue of $39,570,036 due to recognition of deferred inflows in excess of deferred outflows and current year expense. OPEB revenue of $20,168,275 was recognized for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 3,537,261	$ 65,777,542
Changes of assumptions	10,671,630	47,874,513
Net difference between projected and actual earnings on OPEB investments	33,780	-
Changes in proportion and differences between district contributions and proportionate share of contributions (cost-sharing plan)	1,715,739	30,090,618
District contributions after measurement date	2,661,057	-
Totals	$ 18,619,467	$ 143,742,673

$2,661,057 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported at deferred outflows of resources and deferred inflows of resources to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	
2025	$ (25,907,411)
2026	(22,321,444)
2027	(17,466,683)
2028	(19,516,598)
2029	(16,966,544)
Thereafter	(25,605,583)
	$ (127,784,263)

Change of Assumptions Since the Prior Measurement Date
The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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

Note 12. Recapture Payment

Intergovernmental Charges include an amount of $134,497,524 representing recapture payments made in accordance with the state school finance law.

House Bill (HB) 3, passed during the 86th Texas legislative session, made substantial changes to the District's recapture payment. Under HB 3, districts must reduce local revenue in excess of entitlement. The Texas Education Code, Chapter 49 provision recaptures revenue from districts whose taxable property values yield more revenue and redistributes these funds to districts with lower taxable property values.

In FY2024, 23.97 percent of all local revenue collected from property taxes will be subject to recapture. The District's recapture payment for 2023-2024 of $134.5 million decreased $114 million due to an decrease in property values.

Note 13. Commitments and Contingencies

The District received financial resources from numerous federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, subject to audit by the grantor agencies and the Texas Education Agency. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, any such disallowed claims, if any, will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2024.

The District is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements. A provision for losses has been recorded in the self-funded internal service fund to pay the cost of deductibles associated with the District's professional legal liability insurance

Note 14. Shared Service Arrangements

The District is the fiscal agent for a Shared Service Arrangement (SSA) which provides deaf education services to member districts whose students are enrolled in the Regional Day School Program for the Deaf (RDSPD). In addition to the District, other member districts include Allen ISD, Anna ISD, Blue Ridge ISD, Celina ISD, Community ISD, Coppell ISD, Farmersville ISD, Frisco ISD, Imagine International, Lovejoy ISD, McKinney ISD, Melissa ISD, Princeton ISD, Prosper ISD, Richardson ISD and Wylie ISD. The District, acting as the fiscal agent, receives monies from the granting agencies and administers the program. The fiscal agent is responsible for employment of personnel, budgeting, accounting, reporting and ensuring funds are used in accordance with the grant provisions. The District reports the activities of the SSA in the appropriate special revenue funds provided in the TEA Financial Accounting Resource Guide, Version 19.0.

Pursuant to the SSA agreement, costs incurred by the RDSPD in excess of the total state and federal funds are allocated among the member districts using a weighted formula based on student services, staff time and distance to a school.

Expenditures billed to the SSA members as of June 30, 2024 are summarized below:

Allen ISD	$	127,647
Anna ISD		112,756
Blue Ridge ISD		2,627
Celina ISD		-
Community ISD		189,013
Coppell ISD		-
Farmersville ISD		6,527
Frisco ISD		403,014
Imagine International		677
Lovejoy ISD		4,020
McKinney ISD		255,461
Melissa ISD		17,313
Plano ISD		966,875
Princeton ISD		132,486
Prosper ISD		183,392
Richardson ISD		364,022
Wylie ISD		117,448
Total	$	2,883,278

Note 15. Evaluation of Subsequent Events

The District's management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2024 through November 19, 2024, the date the financial statements were issued. Management is not aware of any subsequent events, other than those described above, that would require recognition or disclosure in the accompanying financial statements.

Note 16. New Accounting Pronouncements

GASB Pronouncements implemented by the District

GASB Statement No. 99, Omnibus 2022. Statement 99 (GASB 99), enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB statements and 2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases were implemented in the District's fiscal year 2022 financial statements in conjunction with GASB 87. The requirements related to PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. These requirements for GASB 99 were implemented in the District's fiscal year 2023 financial statements in conjunction with GASB 94 and GASB 96 as described in Note 1. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. GASB 99 was implemented in the District's fiscal year 2024 financial statements with no impact to amounts previously reported.

GASB Statement No. 100, Accounting Changes and Error Corrections. Statement 100, (GASB 100), enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement 1) defines accounting changes and corrections of errors; 2) prescribes the accounting and financial reporting for each type of accounting change and error corrections; and 3) clarifies required note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2023, with earlier application encouraged. GASB 100 will be implemented in the District's fiscal year 2024. GASB was implemented in the District's fiscal year 2024 financial statements with no impact to amounts previously reported.

GASB Pronouncements to be implemented by the District

GASB Statement No. 101, Compensated Absences. Statement 101, (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the District's fiscal year 2025 financial statements and the impact has not yet been determined.

GASB Statement No. 102, Certain Risk Disclosures, (GASB 102), establishes financial reporting requirements for risk related to vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for reporting periods beginning after June 15, 2024. GASB 102 will be implemented in the District's fiscal year 2025 financial statements and the impact has not yet been determined.

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

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

The requirements of this statement are effective for reporting periods beginning after June 15, 2025. GASB 103 will be implemented in the District's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 104, Disclosures of Certain Capital Assets, (GASB 104), establishes new disclosure requirements related to certain capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025. GASB 104 will be implemented in the District's fiscal year 2026 financial statements and the impact has not yet been determined.

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Required Supplementary Information

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Exhibit G-1

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget And Actual – General Fund
Year Ended June 30, 2024

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES				
5700	Total local and intermediate sources	$ 699,955,723	$ 586,654,904	$ 588,513,400	$ 1,858,496
5800	State program revenues	47,673,944	86,719,975	53,402,890	(33,317,085)
5900	Federal program revenues	6,465,000	6,465,000	4,363,699	(2,101,301)
5020	Total revenues	754,094,667	679,839,879	646,279,989	(33,559,890)
	EXPENDITURES				
	Current:				
0011	Instruction	321,109,108	315,333,360	313,609,512	1,723,848
0012	Instructional resources and media services	7,371,563	7,242,721	6,938,564	304,157
0013	Curriculum and instructional staff development	9,286,371	9,354,615	9,057,777	296,838
0021	Instructional leadership	5,660,086	6,327,642	6,159,117	168,525
0023	School leadership	29,818,174	30,489,418	30,213,091	276,327
0031	Guidance, counseling and evaluation services	26,238,044	26,059,226	25,686,435	372,791
0032	Social work services	1,854,656	1,967,056	1,832,391	134,665
0033	Health services	6,558,890	7,035,641	6,911,065	124,576
0034	Student (pupil) transportation	20,801,826	19,543,216	18,852,662	690,554
0035	Food services	11,856	86,856	11,551	75,305
0036	Extracurricular activities	8,463,754	8,527,601	8,243,113	284,488
0041	General administration	12,323,393	13,281,716	13,215,291	66,425
0051	Facilities maintenance and operations	50,869,013	53,918,629	53,408,590	510,039
0052	Security and monitoring services	5,736,640	8,209,158	7,052,194	1,156,964
0053	Data processing services	6,650,859	9,544,879	9,011,963	532,916
0061	Community services	2,801,386	2,973,089	2,771,243	201,846
	Debt Services:				
0071	Debt service - principal on long term debt	2,983,900	483,900	343,918	139,982
0072	Debt service - interest on long term debt	16,100	16,100	16,100	-
	Intergovernmental:				
0091	Contracted instructional services between schools	252,861,570	173,000,000	134,497,524	38,502,476
0092	Incremental costs associated with Chapter 41	35,000	35,000	20,103	14,897
0093	Payments to fiscal agent/member district of SSA	55,000	55,000	-	55,000
0095	Payments to juvenile justice alternative ed. prg.	70,000	70,000	25,963	44,037
0099	Other intergovernmental charges	5,600,000	5,360,000	5,350,902	9,098
6030	Total expenditures	777,177,189	698,914,823	653,229,069	45,685,754
1100	Excess (deficiency) of revenues over (under) expenditures	(23,082,522)	(19,074,944)	(6,949,080)	12,125,864
	OTHER FINANCING SOURCES (USES)				
8911	Transfers out (use)	(917,000)	(917,000)	(431,945)	485,055
7080	Total other financing sources (uses)	(917,000)	(917,000)	(431,945)	485,055
1200	Net change in fund balances	(23,999,522)	(19,991,944)	(7,381,025)	12,610,919
0100	Fund balance - July 1 (beginning)	280,394,246	280,394,246	280,394,246	-
3000	**FUND BALANCE - JUNE 30 (ENDING)**	$ 256,394,724	$ 260,402,302	$ 273,013,221	$ 12,610,919

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

Plano Independent School District

Exhibit G-2

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

Year	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.2802598%	$ 192,511,406	$ 264,572,144	$ 457,083,550	$ 384,212,835	50.11%	75.15%
2023	0.2978268%	$ 176,812,125	$ 249,413,802	$ 426,225,927	$ 372,628,678	47.45%	75.62%
2022	0.2924965%	$ 74,488,392	$ 119,126,606	$ 193,614,998	$ 371,846,289	20.03%	88.79%
2021	0.2957952%	$ 158,421,891	$ 260,980,020	$ 419,401,911	$ 374,857,643	42.26%	75.54%
2020	0.3352453%	$ 174,271,009	$ 252,952,531	$ 427,223,540	$ 369,522,881	47.16%	75.24%
2019	0.3402698%	$ 187,292,777	$ 277,739,751	$ 465,032,528	$ 362,360,271	51.69%	73.74%
2018	0.2561200%	$ 104,113,028	$ 169,779,642	$ 273,892,670	$ 352,238,059	29.56%	82.17%
2017	0.3105818%	$ 117,364,255	$ 209,131,676	$ 326,495,931	$ 341,031,000	34.41%	78.00%
2016	0.3282305%	$ 116,025,113	$ 198,641,457	$ 314,666,570	$ 329,056,036	35.26%	78.43%
2015	0.2089994%	$ 55,826,630	$ 173,123,406	$ 228,950,036	$ 316,362,498	17.65%	83.25%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.

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

Plano Independent School District **Exhibit G-3**

Schedule of the District Contributions
Teacher Retirement System
Last Ten Fiscal Years*

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 15,765,206	$ (15,765,206)	$ -	$ 392,991,377	4.01%
2023	$ 14,266,483	$ (14,266,483)	$ -	$ 377,201,728	3.78%
2022	$ 13,543,050	$ (13,543,050)	$ -	$ 381,338,152	3.55%
2021	$ 12,653,695	$ (12,653,695)	$ -	$ 372,789,113	3.39%
2020	$ 8,030,901	$ (8,030,901)	$ -	$ 376,190,182	2.13%
2019	$ 7,737,725	$ (7,737,725)	$ -	$ 368,266,313	2.10%
2018	$ 7,234,141	$ (7,234,141)	$ -	$ 360,911,191	2.00%
2017	$ 6,762,839	$ (6,762,839)	$ -	$ 350,278,666	1.93%
2016	$ 5,992,793	$ (5,992,793)	$ -	$ 339,263,215	1.77%
2015	$ 5,822,171	$ (5,822,171)	$ -	$ 327,053,718	1.78%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end.

Plano Independent School District **Exhibit G-4**

Schedule of the District's Proportionate Share of the Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan
Teacher Retirement System
Last Seven Fiscal Years*

Year	District's Proportion of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportionate Share of the Net OPEB Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.3531644%	$ 78,184,613	$ 94,341,753	$ 172,526,366	$ 384,212,835	20.35%	14.94%
2023	0.3815203%	$ 91,351,241	$ 111,434,162	$ 202,785,403	$ 372,628,678	24.52%	11.52%
2022	0.3832958%	$ 147,854,332	$ 198,091,855	$ 345,946,187	$ 371,846,289	39.76%	6.18%
2021	0.3969207%	$ 150,887,500	$ 202,756,631	$ 353,644,131	$ 374,857,643	40.25%	4.99%
2020	0.4194300%	$ 198,353,587	$ 263,567,548	$ 461,921,135	$ 369,522,881	53.68%	2.66%
2019	0.4254291%	$ 212,420,665	$ 314,273,430	$ 526,694,095	$ 362,360,271	58.62%	1.57%
2018	0.4171418%	$ 181,399,331	$ 274,107,669	$ 455,507,000	$ 352,238,059	51.50%	0.91%

* The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.
Ten years of data is not available.

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

Plano Independent School District **Exhibit G-5**

Schedule of the District's Contributions to the
Teacher Retirement System OPEB Plan
Last Seven Fiscal Years*

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 3,182,421	$ (3,182,421)	$ -	$ 392,991,377	0.81%
2023	$ 3,066,753	$ (3,066,753)	$ -	$ 377,201,728	0.81%
2022	$ 3,101,066	$ (3,101,066)	$ -	$ 381,338,152	0.81%
2021	$ 3,016,875	$ (3,016,875)	$ -	$ 372,789,113	0.81%
2020	$ 2,976,792	$ (2,976,792)	$ -	$ 376,190,182	0.79%
2019	$ 2,934,853	$ (2,934,853)	$ -	$ 368,266,313	0.80%
2018	$ 2,522,542	$ (2,522,542)	$ -	$ 360,911,191	0.70%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end.
Ten years of data is not available.

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Note 1. Budgets

The District is required by state law to adopt an annual budget for the General Fund, presented on the modified accrual basis of accounting, which is consistent with GAAP. Annual budgets are also adopted for the Child Nutrition Program and the Debt Service Fund.

The following procedures are used in establishing the budgetary data reflected in the financial statements:

A. Prior to June 30 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.

B. A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget after giving at least ten days and up to 30 days public notice of the meeting.

C. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board of Trustees.

D. Budget data is filed with the Texas Education Agency as a part of the District's annual fall submission to the TEA Public Education Information Management System (PEIMS).

Once a budget is approved, it can be amended at the function and fund level only by approval of a majority of the members of the Board of Trustees. The function level is the legal level of budgetary control and the object level is the administrative level of control. Amendments are presented to the Board at its regular meetings. Each amendment crossing the function level must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year-end, as dictated by law.

Each budget is controlled by the budget director at the revenue and expenditure function/object level. Board approval is not required for amendments by department heads that move monies within a function. Budgeted amounts are as amended by the Board of Trustees. All budget appropriations lapse at year-end.

Note 2. Significant Items

Budget Amendments
During the year, numerous budget amendments are approved by the Board in order to redistribute the budget to align specific amounts to meet projected actual expenditures.

The Board also approves appropriations of fund balance to meet budgetary needs that may arise after the original budget is approved.

Significant changes between the original and final budgets in the General Fund include the following:

Type of Revenue/Expenditure	Original Budget	Final Budget	Budget Amendments
Local revenues	$ 699,955,723	$ 586,654,904	$ (113,300,819)
Contracted Instructional Services Between Schools	252,861,570	173,000,000	(79,861,570)
Instruction	321,109,108	315,333,360	(5,775,748)
Debt Service - Principal on Long Term Debt	2,983,900	483,900	(2,500,000)
Investment Earning	12,000,000	16,000,000	4,000,000
State Revenue	47,673,944	86,719,975	39,046,031

Local property tax decreased due to the difference between certified estimated property values and actual certified property values.

The contracted instructional services between schools (recapture) amount decreased due to the approval of Proposition 4 in November 2023 to increase the residential homestead exemption from $40,000 to $100,000.

Instruction decrease due to efficiencies in vacant positions.

The preliminary calculations for GASB 87 and GASB 96 were lower than expected, which resulted in a decrease to Debt service. A portion of the funds were reallocated to Function 53 – Data Processing Services.

Increase in investment interest rates.

State program revenue budget increased due to TEA Hold Harmless Provision for the loss due to the compression of the frozen levy – SB2 (88th Legislature).

Note 3. Net Pension Liability and Net OPEB Liability

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

Changes in actuarial assumptions and inputs

	Net Pension Liability		Net OPEB Liability
Measurement Date August 31,	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2023	7.000%	7.000%	4.130%
2022	7.000%	7.000%	3.910%
2021	7.250%	7.250%	1.950%
2020	7.250%	7.250%	2.330%
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	2.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	
2014	8.000%	8.000%	

Changes in demographic and economic assumptions
For Measurement Date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

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

Changes in benefit terms

For Measurement Date August 31, 2018 – Net OPEB Liability:

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

Other changes

For Measurement Date August 31, 2022 – Net OPEB Liability:

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

For Measurement Date August 31, 2020 – Net OPEB Liability:

- The participation rate for post-65 retirees was lowered from 50% to 40%.
- The ultimate health care trend rate assumption decreased to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

For Measurement Date August 31, 2019 – Net Pension Liability:

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

For Measurement Date August 31, 2019 – Net OPEB Liability:

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

For Measurement Date August 31, 2018 – Net OPEB Liability:

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

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APPENDIX C

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

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(Dated: February 28, 2024)

The following is to be included in the main body of all offering documents for debt guaranteed by the Permanent School Fund:

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

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

The following is to be included as an appendix to all offering documents on debt guaranteed by the Permanent School Fund:

APPENDIX _____

The following is incorporated into the offering document to which it is attached.

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

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

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

During the 87th Regular Session of the Texas Legislature (the "87th Regular Session"), which concluded on May 31, 2021, Senate Bill 1232 ("SB 1232") was enacted and became effective on

September 1, 2021. SB 1232 provided for a variety of changes to the operations and management of the Fund, including the creation of the Permanent School Fund Corporation (the "PSF Corporation"), and the delegation of responsibility to manage the portion of the Fund previously under the management supervision of the State Board of Education (the "SBOE") to the PSF Corporation. SB 1232 also required changes with respect to the management of certain investments previously made at the discretion of the Texas School Land Board (the "SLB"), including limiting the types of investments that may be made by the SLB and mandating the transfer of cash and certain other investment properties from the SLB to the PSF Corporation.

The regular session of the 88th Texas Legislature (the "Legislature") was held from January 10, 2023, to May 29, 2023. As of the date of this disclosure, there have been four special sessions held, with the fourth special session ending December 5, 2023. The Texas Governor may call one or more additional special sessions. During this time, the Legislature may enact laws that materially change current law as it relates to the Guarantee Program, the TEA, the SBOE, the Act, the PSF Corporation, and Texas school finance generally. No representation is made regarding any actions the Legislature has taken or may take, but the TEA, SBOE, and PSF Corporation monitor and analyze legislation for any developments applicable thereto.

History and Purpose

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

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

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

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

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

Audited financial information for the PSF is provided annually through the PSF Corporation's Annual Comprehensive Financial Report (the "Annual Report"), which is filed with the Municipal Securities Rulemaking Board ("MSRB"). Due to the establishment of the PSF Corporation, the most recent financial statements include several restatements related thereto. The SLB's land and real assets investment operations, which are part of the PSF as described below, are also included in the annual financial report of the Texas General Land Office (the "GLO") that is included in the annual comprehensive report of the State of Texas. The Annual Report includes the Message of the Chief Executive Officer of the PSF Corporation (the "Message") and the Management's Discussion and Analysis ("MD&A"). The Annual Report for the year ended August 31, 2023, as filed with the MSRB in accordance with the PSF undertaking and agreement made in accordance with Rule 15c2-12 ("Rule 15c2-12") of the United States Securities and Exchange Commission (the "SEC"), as described below, is hereby incorporated by reference into this disclosure. Information included herein for the year ended August 31, 2023, is derived from the audited financial statements of the PSF, which are included in the Annual Report as it is filed and posted. Reference is made to the Annual Report for the complete Message and MD&A for the year ended August 31, 2023, and for a description of the financial results of the PSF for the year ended August

31, 2023, the most recent year for which audited financial information regarding the Fund is available. The 2023 Annual Report speaks only as of its date and the TEA has not obligated itself to update the 2023 Annual Report or any other Annual Report. The PSF Corporation posts (i) each Annual Report, which includes statistical data regarding the Fund as of the close of each fiscal year, (ii) the most recent disclosure for the Guarantee Program, (iii) the PSF Corporation's Investment Policy Statement (the "IPS"), and (iv) monthly updates with respect to the capacity of the Guarantee Program (collectively, the "Web Site Materials") on the PSF Corporation's web site at https://texaspsf.org/bond-guarantee-program/ and with the MSRB at www.emma.msrb.org. Such monthly updates regarding the Guarantee Program are also incorporated herein and made a part hereof for all purposes. In addition to the Web Site Materials, the Fund is required to make quarterly filings with the SEC under Section 13(f) of the Securities Exchange Act of 1934. Such filings, which consist of a list of the Fund's holdings of securities specified in Section 13(f), including exchange-traded (*e.g.*, NYSE) or NASDAQ-quoted stocks, equity options and warrants, shares of closed-end investment companies and certain convertible debt securities, are available from the SEC at www.sec.gov/edgar. A list of the Fund's equity and fixed income holdings as of August 31 of each year is posted to the PSF Corporation's web site and filed with the MSRB. Such list excludes holdings in the Fund's securities lending program. Such list, as filed, is incorporated herein and made a part hereof for all purposes.

Management and Administration of the Fund

The Texas Constitution and applicable statutes delegate to the SBOE and the PSF Corporation the authority and responsibility for investment of the PSF's financial assets. The SBOE consists of 15 members who are elected by territorial districts in the State to four-year terms of office. The PSF Corporation is a special-purpose governmental corporation and instrumentality of the State entitled to sovereign immunity, and is governed by a nine-member board of directors (the "PSFC Board"), which consists of five members of the SBOE, the Land Commissioner, and three appointed members who have substantial background and expertise in investments and asset management, with one member being appointed by the Land Commissioner and the other two appointed by the Governor with confirmation by the Senate.

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

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

PSFC's roles and responsibilities in managing and administering the fund, see the IPS (available on the PSF Corporation's website).

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

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

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

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

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

The Total Return Constitutional Amendment

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

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

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

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

Annual Distributions to the Available School Fund[1]

Fiscal Year Ending	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023[2]
PSF(CORP) Distribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,076
PSF(SBOE) Distribution	839	839	1,056	1,056	1,236	1,236	1,102	1,102	1,731	-
PSF(SLB) Distribution	0	0	0	0	0	300	600	600[3]	415	115
Per Student Distribution	175	173	215	212	247	306	347	341	432	440

[1] In millions of dollars. Source: Annual Report for year ended August 31, 2023.
[2] Reflects the first fiscal year in which distributions were made by the PSF Corporation.
[3] In September 2020, the SBOE approved a special, one-time transfer of $300 million from the portion of the PSF managed by the SBOE to the portion of the PSF managed by the SLB, which amount is to be transferred to the ASF by the SLB in fiscal year 2021. In approving the special transfer, the SBOE determined that the transfer was in the best interest of the PSF due to the historic nature of the public health and economic circumstances resulting from the COVID-19 pandemic and its impact on the school children of Texas.

In November 2022, the SBOE approved a $3.1 billion distribution to the ASF for State fiscal biennium 2024-2025. In making its determination of the 2024-2025 Distribution Rate, the SBOE took into account the announced planned distribution to the ASF by the SLB of $1.2 billion for the biennium.

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

State Fiscal Biennium	2008-09	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21	2022-23	2024-25
SBOE Distribution Rate[1]	3.5%	2.5%	4.2%	3.3%	3.5%	3.7%	2.974%	4.18%	3.32%[2]

[1] Includes only distributions made to the ASF by the SBOE; see the immediately preceding table for amounts of direct SLB distributions to the ASF. In addition, the SLB approved transfers of $600 million per year directly to the ASF for fiscal biennium 2024-25.
[2] The distribution rate approved by the SBOE for fiscal biennium 2024-25 was based on a number of assumptions, including a mid- to long-term expected return rate for the Fund of 6.35% and a rate of inflation measured by the consumer price index of 2.70% according to the policy adopted by the SBOE in June 2022.

PSF Corporation Strategic Asset Allocation

The PSFC Board sets the asset allocation policy for the Fund, including determining the available asset classes for investment and approving target percentages and ranges for allocation to each asset class, with the goal of delivering a long-term risk adjusted return through all economic and market environments. Effective January 1, 2023, the IPS includes a combined asset allocation for all Fund assets (consisting of assets transferred for management to the PSF Corporation from the SBOE and the SLB). The IPS provides that the Fund's investment objectives are as follows:

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

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

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

The table below sets forth the comparative investments of the PSF for the fiscal years ending August 31, 2022 and 2023, as set forth in the Annual Report for the 2023 fiscal year. As of January 1, 2023, the assets of the PSF(SBOE) and the PSF (SLB) were generally combined (referred to herein as the PSF(CORP)) for investment management and accounting purposes.

Comparative Investment Schedule – PSF(CORP)

Fair Value (in millions) August 31, 2023 and 2022

ASSET CLASS	August 31, 2023	August 31, 2022	Amount of Increase (Decrease)	Percent Change
EQUITY				
Domestic Small Cap	$ 2,975.1	$ 2,858.4	$ 116.7	4.1%
Domestic Large Cap	7,896.5	6,402.1	1,494.4	23.3%
Total Domestic Equity	10,871.6	9,260.5	1,611.1	17.4%
International Equity	7,945.5	7,197.9	747.6	10.4%
TOTAL EQUITY	18,817.1	16,458.4	2,358.7	14.3%
FIXED INCOME				
Domestic Fixed Income	5,563.7	5,867.5	(303.8)	-5.2%
U.S. Treasuries	937.5	1,140.2	(202.7)	-17.8%
High Yield Bonds	1,231.6	1,142.5	89.1	7.8%
Emerging Market Debt	869.7	1,190.9	(321.2)	-27.0%
TOTAL FIXED INCOME	8,602.5	9,341.1	(738.6)	-7.9%
ALTERNATIVE INVESTMENTS				
Absolute Return	3,175.8	2,932.3	243.5	8.3%
Real Estate	6,525.2	6,286.9	238.3	3.8%
Private Equity	8,400.7	7,933.1	467.6	5.9%
Emerging Manager Program	134.5	29.9	104.6	349.8%
Real Return	1,663.7	1,620.3	43.4	2.7%
Real Assets	4,712.1	4,341.3	370.8	8.5%
TOT ALT INVESTMENTS	24,612.0	23,143.8	1,468.2	6.3%
UNALLOCATED CASH	348.2	231.7	116.5	50.3%
TOTAL PSF(CORP) INVESTMENTS	$ 52,379.8	$ 49,175.0	$ 3,204.8	6.5%

Source: Annual Report for year ended August 31, 2023.

The table below sets forth the investments of the PSF(SLB) for the year ended August 31, 2023.

Investment Schedule - PSF(SLB)[1]

Fair Value (in millions) August 31, 2023

	As of 8-31-23		
Investment Type			
Investments in Real Assets			
Sovereign Lands	$ 276.14		
Discretionary Internal Investments	264.32		
Other Lands	167.97		
Minerals (2), (3)		5,435.62	(6)
Total Investments(4)		6,144.05	
Cash in State Treasury (5)		508.38	
Total Investments & Cash in State Treasury	$ 6,652.44		

[1] Unaudited figures from Table 5 in the FY 2023 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.

[2] Historical Cost of investments at August 31, 2023 was: Sovereign Lands $838,776.71; Discretionary Internal Investments $129,728,504.04; Other Lands $38,241,863.70; and Minerals $13,437,063.73.
[3] Includes an estimated 1,000,000.00 acres in freshwater rivers.
[4] Includes an estimated 1,747,600.00 in excess acreage.
[5] Cash in State Treasury is managed by the Treasury Operations Division of the Comptroller of Public Accounts of the State of Texas.
[6] Future Net Revenues discounted at 10% and then adjusted for risk factors. A mineral reserve report is prepared annually by external third-party petroleum engineers.

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

The School District Bond Guarantee Program

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

In the event of default, holders of guaranteed school district bonds will receive all payments due from the corpus of the PSF. Following a determination that a school district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires the school district to notify the Education Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment. Immediately following receipt of such notice, the Education Commissioner must cause to be transferred from the appropriate account in the PSF to the Paying Agent/Registrar an amount necessary to pay the maturing or matured principal and interest. Upon receipt of funds for payment of such principal or interest, the Paying Agent/Registrar must pay the amount due and forward the canceled bond or evidence of payment of the interest to the State Comptroller of Public Accounts (the "Comptroller"). The Education Commissioner will instruct the Comptroller to withhold the amount paid, plus interest, from the first State money payable to the school district. The amount withheld pursuant to this funding "intercept" feature will be deposited to the credit of the PSF. The Comptroller must hold such canceled bond or evidence of payment of the interest on behalf of the PSF. Following full reimbursement of such payment by the school district to the PSF with interest, the Comptroller will cancel the bond or evidence of payment of the interest and forward it to the school district. The Act permits the Education Commissioner to order a school district to set a tax rate sufficient to reimburse the PSF for any payments made with respect to guaranteed bonds, and also sufficient to pay future payments on guaranteed bonds, and provides certain enforcement mechanisms to the Education Commissioner, including the appointment of a board of managers or annexation of a defaulting school district to another school district.

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

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

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

The Charter District Bond Guarantee Program

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

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

Pursuant to the CDBGP Rules, the Education Commissioner annually determines the ratio of charter district students to total public school students, for the 2024 fiscal year, the ratio is 7.69%. At February 26, 2024, there were 186 active open-enrollment charter schools in the State and there were 1,128 charter school campuses authorized under such charters, though as of such date, 212 of such campuses are not currently serving students for various reasons; therefore, there are 916 charter school campuses actively serving students in Texas. Section 12.101, Texas Education Code, limits the number of charters that the Education Commissioner may grant to a total number of 305 charters. While legislation limits the number of charters that may be granted, it does not limit the number of campuses that may operate under a particular charter. For information regarding the capacity of the Guarantee Program, see "Capacity Limits for the Guarantee Program." The Act provides that the Education Commissioner may not approve the guarantee of refunding or refinanced bonds under the Charter District Bond Guarantee Program in a total amount that exceeds one-half of the total amount available for the guarantee of charter district bonds under the Charter District Bond Guarantee Program.

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

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

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

The CDBGP Rules provide that the PSF may be used to guarantee bonds issued for the acquisition, construction, repair, or renovation of an educational facility for an open-enrollment charter holder and equipping real property of an open-enrollment charter school and/or to refinance promissory notes executed by an open-enrollment charter school, each in an amount in excess of $500,000 the proceeds of which loans were used for a purpose described above (so-called new money bonds) or for refinancing bonds previously issued for the charter school that were approved by the Attorney General (so-called refunding bonds). Refunding bonds may not be guaranteed under the Charter District Bond Guarantee Program if they do not result in a present value savings to the charter holder.

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

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

Capacity Limits for the Guarantee Program

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

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

Such modified regulations, including the revised capacity rule, became effective on July 1, 2010. The SDBGP Rules provide that the Education Commissioner will estimate the available capacity of the PSF each month and may increase or reduce the State Capacity Limit multiplier to prudently manage fund capacity and maintain the AAA credit rating of the Guarantee Program but also provide that any changes to the multiplier made by the Education Commissioner are to be ratified or rejected by the SBOE at the next meeting following the change. See "Valuation of the PSF and Guaranteed Bonds" below.

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

Changes in SBOE-determined multiplier for State Capacity Limit

Date	Multiplier
Prior to May 2010	2.50
May 2010	3.00
September 2015	3.25
February 2017	3.50
September 2017	3.75
February 2018 (current)	3.50

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

The IRS Notice changed the IRS Limit from a static limit to a dynamic limit for the Guarantee Program based upon the cost value of Fund assets, multiplied by five. As of December 31, 2023 the cost value of the Guarantee Program was $44,034,322,531 (unaudited), thereby producing an IRS Limit of $220,171,612,655 in principal amount of guaranteed bonds outstanding.

As of December 31, 2023, the estimated State Capacity Limit is $154,120,128,859, which is lower than the IRS Limit, making the State Capacity Limit the current Capacity Limit for the Fund.

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

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

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

2017 Legislative Changes to the Charter District Bond Guarantee Program

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

The percentage of the charter district scholastic population to the overall public school scholastic population has grown from 3.53% in September 2012 to 7.69% in February 2024. TEA is unable to predict how the ratio of charter district students to the total State scholastic population will change over time.

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

Since the initial authorization of the Charter District Bond Guarantee Program, the Act has established a bond guarantee reserve fund in the State treasury (the "Charter District Reserve Fund"). Formerly, the Act provided that each charter district that has a bond guaranteed must annually remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 10% of the savings to the charter district that is a result of the lower interest rate on its bonds due to the guarantee by the PSF. SB 1480 modified the Act insofar as it pertains to the Charter District Reserve Fund. Effective September 1, 2017, the Act provides that a charter district that has a bond guaranteed must remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 20% of the savings to the charter district that is a result of the lower interest rate on the bond due to the guarantee by the PSF. The amount due shall be paid on receipt by the charter district of the bond proceeds. However, the deposit requirement will not apply if the balance of the Charter District Reserve Fund is at least equal to 3.00% of the total amount of outstanding guaranteed bonds issued by charter districts. At January 31, 2024, the Charter District Reserve Fund contained $97,636,048, which represented approximately 2.32% of the guaranteed charter district bonds. The Reserve Fund is held and invested as a non-commingled fund under the administration of the PSF Corporation staff.

Charter District Risk Factors

Open-enrollment charter schools in the State may not charge tuition and, unlike school districts, charter districts have no taxing power. Funding for charter district operations is largely from amounts appropriated by the Legislature. Additionally, the amount of State payments a charter district receives is based on a variety of factors, including the enrollment at the schools operated by a charter district, and may be affected by the State's economic performance and other budgetary considerations and various political considerations.

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

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

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

Infectious Disease Outbreak

Since the onset of the COVID-19 pandemic in March 2020, TEA and TEA investment management for the PSF have continued to operate and function pursuant to the TEA continuity of operations plan developed as mandated in accordance with Texas Labor Code Section 412.054. That plan was designed to ensure performance of the Agency's essential missions and functions under such threats and conditions in the event of, among other emergencies, a pandemic event.

Circumstances regarding the COVID-19 pandemic continue to evolve; for additional information on these events in the State, reference is made to the website of the Governor, https://gov.texas.gov/, and, with respect to public school events, the website of TEA, https://tea.texas.gov/texas-schools/safe-and-healthy-schools/coronavirus-covid-19-support-and-guidance.

TEA cannot predict whether any school or charter district may experience short- or longer-term cash flow emergencies as a direct or indirect effect of COVID-19 that would require a payment from the PSF to be made to a paying agent for a guaranteed bond. However, through the end of January 2024, no school district or charter district had failed to perform with respect to making required payments on their guaranteed bonds. Information regarding the respective financial operations of the issuer of bonds guaranteed, or to be guaranteed, by the PSF is provided by such issuers in their respective bond offering documents and the TEA takes no responsibility for the respective information, as it is provided by the respective issuers.

Ratings of Bonds Guaranteed Under the Guarantee Program

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

Valuation of the PSF and Guaranteed Bonds

Permanent School Fund Valuations

Fiscal Year Ended 8/31	Book Value[(1)]	Market Value[(1)]
2019	$35,288,344,219	$46,464,447,981
2020	36,642,000,738	46,764,059,745
2021	38,699,895,545	55,582,252,097
2022	42,511,350,050	56,754,515,757
2023[(2)]	43,915,792,841	59,020,536,667

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

values of these assets, and, in particular, the valuation of mineral holdings administered by the SLB, can be volatile and subject to material changes from period to period.
(2) At August 31, 2023, mineral assets, sovereign and other lands and discretionary internal investments, and cash managed by the SLB had book values of approximately $13.4 million, $168.8 million, and $708.4 million, respectively, and market values of approximately $5,435.6 million, $678.4 million, and $508.4 million, respectively.

Permanent School Fund Guaranteed Bonds

At 8/31	Principal Amount[1]
2019	$84,397,900,203
2020	90,336,680,245
2021	95,259,161,922
2022	103,239,495,929
2023	115,730,826,682[2]

(1) Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program. The TEA does not maintain records of the accreted value of capital appreciation bonds that are guaranteed under the Guarantee Program.
(2) At August 31, 2023 (the most recent date for which such data is available), the TEA expected that the principal and interest to be paid by school districts and charter districts over the remaining life of the bonds guaranteed by the Guarantee Program was $178,520,723,868, of which $62,789,897,186 represents interest to be paid. As shown in the table above, at August 31, 2023, there were $115,730,826,682 in principal amount of bonds guaranteed under the Guarantee Program. Using the State Capacity Limit of $154,120,128,859 (the State Capacity Limit is currently the Capacity Limit), net of the Capacity Reserve, as of December 31, 2023, 7.36% of the Guarantee Program's capacity was available to the Charter District Bond Guarantee Program. As of December 31, 2023, the amount of outstanding bond guarantees represented 76.36% of the Capacity Limit (which is currently the State Capacity Limit). December 31, 2023 values are based on unaudited data, which is subject to adjustment.

Permanent School Fund Guaranteed Bonds by Category[1]

	School District Bonds		Charter District Bonds		Totals	
Fiscal Year Ended 8/31	No. of Issues	Principal Amount ($)	No. of Issues	Principal Amount ($)	No. of Issues	Principal Amount ($)
2019	3,297	82,537,755,203	49	1,860,145,000	3,346	84,397,900,203
2020	3,296	87,800,478,245	64	2,536,202,000	3,360	90,336,680,245
2021	3,346	91,951,175,922	83	3,307,986,000	3,429	95,259,161,922
2022	3,348	99,528,099,929	94	3,711,396,000	3,442	103,239,495,929
2023[2]	3,339	111,647,914,682	102	4,082,912,000	3,441	115,730,826,682

(1) Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program.
(2) At December 31, 2023 (based on unaudited data, which is subject to adjustment), there were $117,374,697,034 in principal amount of bonds guaranteed under the Guarantee Program, representing 3,369 school district issues, aggregating $113,174,765,034 in principal amount and 105 charter district issues, aggregating $4,199,932,000 in principal amount. At December 31, 2023 the projected guarantee capacity available was $26,935,589,587(based on unaudited data, which is subject to adjustment).

Discussion and Analysis Pertaining to Fiscal Year Ended August 31, 2023

The following discussion is derived from the Annual Report for the year ended August 31, 2023, including the Message from the Chief Executive Officer of the Fund, the Management's Discussion and Analysis, and other schedules contained therein. Reference is made to the Annual Report, as filed with the MSRB, for the complete Message and MD&A. Investment assets managed by the PSFC Board are referred to throughout this MD&A as the PSF(CORP). The Fund's non-financial real assets are managed by the SLB and these assets are referred to throughout as the PSF(SLB) assets.

At the end of fiscal year 2023, the PSF(CORP) net position was $52.3 billion. During the year, the PSF(CORP) continued implementing the long-term strategic asset allocation, diversifying the investment mix to strengthen the Fund. The asset allocation is projected to increase returns over the long run while reducing risk and portfolio return volatility. The PSF(CORP) is invested in global markets and liquid assets experience volatility commensurate with the related indices. The PSF(CORP) is broadly diversified and benefits from the cost structure of its investment program. Changes continue to be researched, crafted, and implemented to make the cost structure more effective and efficient. The PSF(CORP) annual rates of return for the one-year, five-year, and ten-year periods ending August 31, 2023, net of fees, were 6.14%, 6.19%, and 6.78%, respectively (total return takes into consideration the change in the market value of the Fund during the year as well as the interest and dividend income generated by the Fund's investments). See "Comparative Investment Schedule - PSF(CORP)" for the PSF(CORP) holdings as of August 31, 2023.

Beginning January 1, 2023, Texas PSF transitioned into the PSF Corporation combining all PSF financial investment assets under the singular management of the PSF Corporation. The new structure of the PSF Corporation updated the strategic asset allocation among public equities, fixed income, and alternative assets, as discussed herein. Alternative assets now include absolute return, private equity, real estate, natural resources, infrastructure, and real return (TIPS and commodities). The inauguration of the PSF Corporation as a discretely presented component unit of the State of Texas for fiscal year 2023 required a change in the basis of accounting to full accrual. For a description of the full accrual basis of accounting and more information about performance, including comparisons to established benchmarks for certain periods, please see the 2023 Annual Report which is included by reference herein.

PSF Returns Fiscal Year Ended 8-31-2023[1]

		Benchmark

Portfolio	Return	Return[2]
Total PSF(CORP) Portfolio	6.14	4.38
Domestic Large Cap Equities	16.09	15.94
Domestic Small/Mid Cap Equities	9.31	9.14
International Equities	12.38	11.89
Emerging Market Equity	2.48	1.25
Fixed Income	(1.30)	(1.19)
U.S. Treasuries	(9.21)	(9.69)
Absolute Return	7.59	3.58
Real Estate	(1.96)	(3.13)
Private Equity	4.55	0.20
Real Return	(5.51)	(5.88)
Emerging Market Debt	12.68	11.34
High Yield	7.80	7.19
Emerging Manager Program	33.35	0.97
Natural Resources	5.70	3.67
Infrastructure	14.22	3.67

[1] Time weighted rates of return adjusted for cash flows for the PSF(CORP) investment assets. Does not include SLB managed real estate or real assets. Returns are net of fees. Source: Annual Report for year ended August 31, 2023.
[2] Benchmarks are as set forth in the Annual Report for year ended August 31, 2023.

The SLB is responsible for the investment of money in the Real Estate Special Fund Account (RESFA) of the PSF (also referred to herein as the PSF(SLB)). Pursuant to applicable law, money in the PSF(SLB) may be invested in land, interest in real estate, mineral and royalty interest, and real property holdings. For more information regarding the investments of the PSF(SLB), please see the 2023 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.

The Fund directly supports the public school system in the State by distributing a predetermined percentage of its asset value to the ASF. In fiscal year 2023, $2.1 billion was distributed to the ASF, $345 million of which was distributed by the PSF(CORP) on behalf of the SLB.

Other Events and Disclosures

State ethics laws govern the ethics and disclosure requirements for financial advisors and other service providers who advise certain State governmental entities, including the PSF. The SBOE code of ethics provides ethical standards for SBOE members, the Education Commissioner, TEA staff, and persons who provide services to the SBOE relating to the Fund. The PSF Corporation developed its own ethics policy that provides basic ethical principles, guidelines, and standards of conduct relating to the management and investment of the Fund in accordance with the requirements of §43.058 of the Texas Education Code, as amended. The SBOE code of ethics is codified in the Texas Administrative Code at 19 TAC sections 33.4 et seq. and is available on the

TEA web site at https://tea.texas.gov/sites/default/files/ch033a.pdf. The PSF Corporation's ethics policy is posted to the PSF Corporation's website at texaspsf.org.

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

As of August 31, 2023, certain lawsuits were pending against the State and/or the GLO, which challenge the Fund's title to certain real property and/or past or future mineral income from that property, and other litigation arising in the normal course of the investment activities of the PSF. Reference is made to the Annual Report, when filed, for a description of such lawsuits that are pending, which may represent contingent liabilities of the Fund.

PSF Continuing Disclosure Undertaking

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

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

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

Annual Reports

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

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

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

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

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

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

Event Notices

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

Availability of Information

The TEA and the PSF Corporation have agreed to provide the foregoing information only to the MSRB and to transmit such information electronically to the MSRB in such format and accompanied by such identifying information as prescribed by the MSRB. The information is available from the MSRB to the public without charge at www.emma.msrb.org.

Limitations and Amendments

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

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

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

Compliance with Prior Undertakings

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

SEC Exemptive Relief

On February 9, 1996, the TEA received a letter from the Chief Counsel of the SEC that pertains to the availability of the "small issuer exemption" set forth in paragraph (d)(2) of Rule 15c2-12. The letter provides that Texas school districts which offer municipal securities that are guaranteed under the Guarantee Program may undertake to comply with the provisions of paragraph (d)(2) of Rule 15c2-12 if their offerings otherwise qualify for such exemption, notwithstanding the guarantee of the school district securities under the Guarantee Program. Among other requirements established by Rule 15c2-12, a school district offering may qualify for the small issuer exemption if, upon issuance of the proposed series of securities, the school district will have no more than $10 million of outstanding municipal securities.

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APPENDIX D

FORM OF BOND COUNSEL'S OPINION

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[CLOSING DATE]

IN REGARD to the authorization and issuance of the "Plano Independent School District Unlimited Tax School Building Bonds, Series 2025", dated February 19, 2025, in the aggregate principal amount of $____________ (the "Bonds"), we have examined into their issuance by the Plano Independent School District (the "District"), solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the District, the disclosure of any financial or statistical information or data pertaining to the District and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

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

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Bonds, including the Order, and an examination of the initial Bond executed and delivered by the District (which we found to be in due form and properly executed), (ii) certifications of officers of the District relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the District and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

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

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

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

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

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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