PRELIMINARY OFFICIAL STATEMENT

Dated January 27, 2026

NEW ISSUE – Book-Entry-Only

Ratings: Moody's: "Aaa"/ "Aa1" (Enhanced/Unenhanced)
KBRA: "AAA" (Unenhanced)
PSF Guaranteed (See "OTHER INFORMATION – Ratings" and "APPENDIX D - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein)

In the opinion of Co-Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, including information regarding potential alternative minimum tax consequences for corporations. Additionally, see "THE BONDS – Rate Period Changes" identifying circumstances when an opinion of nationally recognized bond counsel is required as a condition for an interest rate mode conversion.

$300,000,000*
DALLAS INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Dallas County)
MULTI-MODAL UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2026B

Dated Date: Delivery Date (defined below) **Due: February 15, as shown on page ii**

The Dallas Independent School District (the "District") is issuing its $300,000,000* Multi-Modal Rate Unlimited Tax School Building Bonds, Series 2026B (the "Bonds") pursuant to the Constitution and laws of the State of Texas, including Chapter 45, Texas Education Code, as amended, and Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), an election held in the District on November 3, 2020, and a bond order (the "Bond Order") passed by the Board of Trustees (the "Board") of the District on November 20, 2025, in which the Board delegated to certain officers of the District ("District Officials") authority to complete the sale of the Bonds through the execution of a pricing certificate (the "Pricing Certificate" and, collectively with the Bond Order, the "Order") (see "THE BONDS – Authority for Issuance"). Interest on the Bonds will be payable as described herein. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. The Bonds will be initially issued in denominations of $5,000. No physical delivery of the Bonds will be made to the 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 beneficial owners of the Bonds (see "THE BONDS – Book-Entry-Only System" herein). The initial Tender Agent and Paying Agent/Registrar for the Bonds is U.S. Bank Trust Company, National Association, Dallas, Texas (see "THE BONDS - General").

The "Initial Rate Period" for the Bonds shall mean the period commencing on the date of initial delivery thereof to the underwriters listed below (the "Underwriters") to and including the "Last Day of Initial Rate Period" set forth for the Bonds on page ii hereof. During the Initial Rate Period, the Bonds will bear interest at the per annum initial interest rate set forth for the Bonds on page ii hereof, which is the "Initial Rate" for the Bonds. During the Initial Rate Period, interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable on each February 15 and August 15, commencing February 15, 2027.

After the expiration of the Initial Rate Period for the Bonds, and prior to the conversion of the interest rate on the Bonds to a fixed rate, the Bonds will bear interest at a variable rate.

The Order obligates the District to use its best efforts to cause the Bonds to be converted from their Initial Rate Period to a different Rate Period (as defined herein) on the first Business Day immediately following the last day of such Initial Rate Period (such date is referred to herein as the "Conversion Date").

The Bonds will be subject to mandatory tender for purchase without the right of retention by the holders thereof on the "Last Day of Initial Rate Period" set forth on page ii hereof. During the Initial Rate Period, the Bonds <u>are not</u> subject to the benefit of a Liquidity Agreement (hereinafter defined) provided by a third party, nor is there any requirement or expectation that such a liquidity facility will be obtained. Accordingly, a failure by the Remarketing Agent (hereinafter defined) to remarket Bonds subject to mandatory tender at the end of the Initial Rate Period for the Bonds will result in the rescission of the notice of mandatory tender with respect thereto and neither the Remarketing Agent nor the District will have any obligation to purchase such Bonds at that time. The failure to remarket the Bonds will result in the owners continuing to hold the Bonds, and the unremarketed Bonds will continue in a Stepped Rate Period (hereinafter defined) until the District successfully redeems or remarkets the Bonds. The occurrence of the foregoing will not result in an event of default under the Bond Order or the Bonds. Until such time as the District remarkets Bonds that have been unsuccessfully remarketed as described above, such Bonds shall bear interest at the "Stepped Rate," which is defined herein to mean [_____%] per annum, calculated on the basis of a 365-day year or 366-day year, as applicable, for the actual number of days elapsed (see "THE BONDS – Tender Provisions").

During the Initial Rate Period the Bonds are not subject to optional tender for purchase at the election of the holders thereof. Additionally, the Bonds are not subject to optional redemption prior to the expiration of the Initial Rate Period. After the expiration of the Initial Rate Period, the Bonds are subject to mandatory tender without right of retention and optional and mandatory redemption as further described in "THE BONDS – Tender Provisions, " – Optional Redemption," and " – Mandatory Redemption." In the Order, the District has covenanted to appoint a Remarketing Agent for the Bonds prior to the expiration of the Initial Rate Period.

Proceeds from the sale of the Bonds will be used to provide funds: (i) for the construction, acquisition and equipment of school buildings and the purchase of necessary sites therefor, (ii) for the acquisition and updating of District technology equipment, and (iii) to pay the costs associated with the issuance of the Bonds.

The Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinions of West & Associates, L.L.P., Dallas, Texas, and Bracewell LLP, Dallas, Texas, as Co-Bond Counsel (see APPENDIX C - "Form of Co-Bond Counsels' Opinion"). Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Disclosure Counsel to the District. Certain legal matters will be passed upon for the Underwriters by their Co-Counsel, Cantu Harden Montoya LLP, Dallas, Texas and Winstead PC, Dallas, Texas. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about February 25, 2026 (the "Delivery Date").

STIFEL

STERN BROTHERS **BLAYLOCK VAN, LLC** **SWBC INVESTMENT SERVICES, LLC**

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* Preliminary, subject to change

INITIAL RATE PERIOD INFORMATION* AND CUSIP NUMBERS

DALLAS INDEPENDENT SCHOOL DISTRICT
(a political subdivision of the State of Texas located in Dallas County)

$_________*
MULTI-MODAL UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2026B[(1)]

Last Day of Initial Rate Period	Initial Mandatory Tender Date	Stated Maturity Date	Initial Interest Rate	Initial Yield[(2)]	Stepped Rate	CUSIP No. [(3)]
			%	%	%	

* Preliminary, subject to change. This Official Statement describes the Bonds in the Initial Rate Period only. Beginning on the Initial Mandatory Tender Date for the Bonds specified above, the Bonds are subject to conversion and mandatory tender for purchase. Upon such mandatory tender and purchase, the Bonds are expected to be remarketed unless otherwise redeemed.

(1) The Bonds are not subject to optional redemption, mandatory redemption, or optional tender for purchase at the election of the holders thereof during the Initial Rate Period. After the expiration of the Initial Rate Period, the Bonds are subject to mandatory tender without right of retention and optional and mandatory redemption as further described in "THE BONDS — Tender Provisions," "— Optional Redemption," and "— Mandatory Redemption."

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

(3) 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) 2026 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 Co-Financial Advisors are responsible for the selection or correctness of the CUSIP numbers set forth herein.

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission ("SEC"), as amended from time to time (the "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 the Rule.

This Official Statement, which includes the cover page, maturity schedule, and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriters to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriters. This Official Statement 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 such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Co-Financial Advisors or the Underwriters. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. 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 D - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM – PSF Continuing Disclosure Undertaking" and "CONTINUING DISCLOSURE OF INFORMATION" for a description of the undertakings of the Texas Education Agency (the "TEA") and the District, respectively, to provide certain information on a continuing basis.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SEC AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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.

NONE OF THE DISTRICT, ITS CO-FINANCIAL ADVISORS NOR THE UNDERWRITERS MAKES 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, OR THE AFFAIRS OF TEA DESCRIBED UNDER "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" AND IN "APPENDIX D - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC AND TEA, RESPECTIVELY. CUSIP NUMBERS HAVE BEEN ASSIGNED TO THIS ISSUE BY CUSIP SERVICE BUREAU FOR THE CONVENIENCE OF THE OWNERS OF THE BONDS.

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

NEITHER THE SEC 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.

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

References to website addresses presented herein are for informational purposes only and may be in form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or hyperlinks contained therein, are not incorporated into, and are not part of, this Official Statement for any purposes.

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

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT .... Dallas Independent School District (the "District"), a political subdivision of the State of Texas located within Dallas County, is the nation's sixteenth largest public school system according to the National Center for Education Statistics. The District encompasses approximately 384 square miles within Dallas County, has a 2025-2026 projected enrollment of approximately 134,500 students and serves a population of approximately 1,326,087 (see "APPENDIX A – GENERAL INFORMATION REGARDING THE DISTRICT").

THE BONDS .... The District is issuing its $300,000,000* Multi-Modal Unlimited Tax School Building Bonds, Series 2026B (the "Bonds"). The Bonds are being issued as a single Term Bond scheduled to mature as set forth on page ii of this Official Statement (see "THE BONDS – MANDATORY REDEMPTION").

INTEREST RATE .... The "Initial Rate Period" for the Bonds shall mean the period commencing on the date of initial delivery thereof to the underwriters listed on the cover page of this Official Statement (the "Underwriters") to and including the "Last Day of Initial Rate Period" set forth for the Bonds on page ii of this Official Statement. During the Initial Rate Period, the Bonds will bear interest at the per annum initial interest rate set forth for the Bonds on page ii of this Official Statement, which is the "Initial Rate" for the Bonds. During the Initial Rate Period, interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months and will be payable on each February 15 and August 15, commencing February 15, 2027.

PAYING AGENT/REGISTRAR AND TENDER AGENT .... The initial Paying Agent/Registrar and Tender Agent is U.S. Bank Trust Company, National Association, Dallas, Texas. All tenders of Bonds must be made to the Tender Agent at its designated office in Dallas, Texas. Bonds tendered for purchase will be purchased solely from the proceeds derived from the remarketing of the Bonds, if any, pursuant to a remarketing agreement to be entered into between the District and an entity qualified to serve as a remarketing agent prior to the expiration of the Initial Rate Period. The remarketing agent will be under no obligation to purchase Bonds under such remarketing agreement (see "THE BONDS – Tender Provisions").

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the date of their delivery to the Underwriters and is payable as described herein (see "THE BONDS – GENERAL – Interest Payment Methods").

AUTHORITY FOR ISSUANCE .... The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including Chapter 45, Texas Education Code, as amended, Chapter 1371, Texas Government Code, as amended, an election held in the District on November 3, 2020, and an order (the "Bond Order") adopted by the Board of Trustees (the "Board") of the District on November 20, 2025, in which the Board delegated to certain officers of the District authority to complete the sale of the Bonds through the execution of a pricing certificate (the "Pricing Certificate" and, together with the Bond Order, the "Order") (see "THE BONDS – AUTHORITY FOR ISSUANCE").

SECURITY FOR THE BONDS .... The Bonds are direct obligations of the District, payable from a direct and continuing ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property located within the District, as provided in the Order (see "THE BONDS – SECURITY AND SOURCE OF PAYMENT"). Also see "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" for a discussion of recent developments in State law affecting the financing of school districts in the State, "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" and APPENDIX D – "The Permanent School Fund Guarantee Program" herein.

PERMANENT SCHOOL FUND GUARANTEE .... In connection with the sale of the Bonds, the District has received conditional approval from the Commissioner of Education for the payment of the principal of and interest on the Bonds to be guaranteed by the corpus of the Permanent School Fund of the State of Texas (Chapter 45, Subchapter C of the Texas Education Code, as amended). Subject to satisfying certain conditions discussed in "APPENDIX D - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein, the payment of the principal of and interest on the Bonds will be absolutely and unconditionally guaranteed by the corpus of the Permanent School Fund of the State. In the event of default, registered owners will receive all payments due on the Bonds from the corpus of the Permanent School Fund. **The Permanent School Fund guarantee does not provide liquidity**

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* Preliminary, subject to change.

support for the Bonds and does not guarantee payment of the Purchase Price of the Bonds on the optional and mandatory tender dates.

LIQUIDITY FACILITY .... The District has <u>not</u> entered into any agreement providing liquidity support for the Bonds, nor is there any requirement or expectation that such a liquidity facility will be obtained. The Permanent School Fund Guarantee does not provide liquidity support for the Bonds.

OPTIONAL AND MANDATORY TENDER .... The Bonds are not subject to optional tender at the election of the holders thereof for purchase during the Initial Rate Period. The Bonds will be subject to mandatory tender for purchase without the right of retention by the holders thereof on the Initial Mandatory Tender Date set forth on page ii of this Official Statement for the Bonds. During the Initial Rate Period, the Bonds are not subject to the benefit of a Liquidity Agreement provided by a third party, nor is there any requirement or expectation that such a liquidity facility will be obtained. Accordingly, a failure by the Remarketing Agent to remarket Bonds subject to mandatory tender at the end of the Initial Rate Period for the Bonds will result in the rescission of the notice of mandatory tender with respect thereto and neither the Remarketing Agent nor the District will have any obligation to purchase such Bonds at that time. The failure to remarket the Bonds will result in the owners continuing to hold the Bonds, and the unremarketed Bonds will continue in a Stepped Rate Period until the District successfully redeems or remarkets the Bonds. The occurrence of the foregoing will not result in an event of default under the Order or the Bonds. Until such time as the District redeems or remarkets Bonds that have been unsuccessfully remarketed as described above, such Bonds shall bear interest at the "Stepped Rate," which is defined herein to mean [_____%] per annum, calculated on the basis of a 365-day year or 366-day year, as applicable, for the actual number of days elapsed (see "THE BONDS – Tender Provisions").

OPTIONAL AND MANDATORY REDEMPTION .... The Bonds are not subject to optional redemption or mandatory redemption during the Initial Rate Period (see "THE BONDS – MANDATORY REDEMPTION").

TAX EXEMPTION .... In the opinion of Co-Bond Counsel, under existing law, the interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, including information regarding potential alternative minimum tax consequences for corporations. Additionally, see "THE BONDS – Rate Period Changes" identifying circumstances when an opinion of nationally recognized bond counsel is required as a condition for an interest rate mode conversion.

USE OF PROCEEDS.......................... Proceeds from the sale of the Bonds will be used to provide funds: (i) for the construction, acquisition and equipment of school buildings and the purchase of necessary sites therefor, (ii) for the acquisition and updating of District technology equipment, and (iii) to pay the costs of issuing the Bonds.

RATINGS.................................... Moody’s Ratings ("Moody’s") has assigned its municipal bond rating of "Aaa" to the Bonds by virtue of the guarantee of the Permanent School Fund of the State of Texas. In addition, Moody’s and Kroll Bond Rating Agency, LLC ("KBRA") have assigned underlying unenhanced ratings of "Aa1" and "AAA," respectively, to the Bonds. The presently outstanding unenhanced tax-supported debt of the District is rated "Aa1" by Moody’s, "AA+" by S&P Global Ratings ("S&P"), "AA+" by Fitch Ratings ("Fitch") and "AAA" by KBRA. The District also has issues outstanding which are rated "Aaa" by Moody’s, "AAA" by S&P and "AAA" by Fitch, by virtue of the guarantee of the Permanent School Fund of the State of Texas. A rating is not a recommendation to buy, hold, or sell securities. 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 all 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, by either of them, may have an adverse effect on the market price of the Bonds (see "OTHER INFORMATION – RATINGS").

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 only be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **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 payment of its tax-supported debt.

DELIVERY DATE .... Delivery of the Bonds is anticipated to occur on or about February 25, 2026.

LEGALITY .... The Bonds are offered when, as and if issued, and subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by West & Associates, L.L.P., Dallas, Texas, and Bracewell, LLP, Dallas, Texas Co-Bond Counsel (whose legal opinions will be issued in connection with the issuance of the Bonds). Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Disclosure Counsel to the District.

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SELECTED FINANCIAL INFORMATION

Fiscal Year Ending 6/30[(1)]	District Population[(2)]	Taxable Assessed Valuation[(3)]	Taxable Assessed Valuation Per Capita	Tax Debt Outstanding at Fiscal Year End[(4)]	Ratio of Tax Debt to Taxable Assessed Valuation[(4)]	Tax Debt Per Capita[(4)]	% of Total Tax Collections
2022	1,343,266	$147,086,638,003	$ 109,499	$3,259,600,000	2.22%	2,427	99.30%
2023	1,299,544	162,911,964,185	125,361	3,794,285,000	2.33%	2,920	99.10%
2024	1,304,379	176,022,948,626	134,948	4,117,920,000	2.34%	3,157	99.10%
2025	1,326,087	194,055,575,689	146,337	4,064,130,000	2.09%	3,065	98.00%
2026	1,326,087	198,514,827,514	149,700[(5)]	5,653,355,000[(6)]	2.85%[(6)]	4,263 [(6)]	(in process of collection)

(1) The District's fiscal year end is June 30th. Due to the timing of tax collection receipts, the District budgets for debt payments on a calendar year basis.
(2) Population estimates provided by the District.
(3) Source: Dallas Central Appraisal District
(4) Includes unlimited and limited tax debt.
(5) Value includes the application of a $140,000 State-mandated general homestead exemption. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Sessions" and "AD VALOREM PROPERTY TAXATION - State Mandated Homestead Exemptions."
(6) Includes the Bonds and the Series 2026A Bonds (as defined herein). Preliminary, subject to change.

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DISTRICT OFFICIALS, STAFF AND CONSULTANTS

Elected Officials

Board of Trustees	Length of Service	Term Expires(1)	Occupation
Joe Carreón President - District 8	5 Years, 1 Month	2026	Attorney Allstate
Ed Turner 1st Vice President - District 9	1 Years, 7 Months	2027	Insurance Broker
Lance Currie 2nd Vice President – District 1	1 year, 7 months	2027	Attorney Carrington, Coleman
Prisma Y. Garcia Board Secretary – District 4	6 Months	2028	Human Resources Manager Pizza Hut US (Book It!)
Sarah Weinberg Trustee – District 2	2 Years, 7 Months	2026	Retired Community Volunteer
Dan Micciche Trustee – District 3	12 Years, 7 Months	2027	Attorney Akin Gump Strauss Hauer & Feld, LLP
Byron Sanders Trustee – District 5	6 Months	2028	Founder/Chief Executive Officer Arete Health
Joyce Foreman Trustee – District 6	11 Years, 6 Months	2026	Retired Business Owner
Ben Mackey Trustee – District 7	6 years, 7 Months	2028	Executive Director Texas Impact Network

(1) Beginning in November of 2027, for the length of trustee terms of office shall change from three-year terms to four-year terms, with elections conducted on the November uniform election date in odd-numbered years. Districts 2, 6, and 8 shall hold elections in May of 2026 and have three-year terms of office expiring in November of 2029. Districts 1, 3, and 9 will extend their terms of office until November 2027 and shall hold elections for four-year terms of office expiring in November 2031, Districts 4, 5, and 7, by agreement or drawing lots, shall have one such Trustee's term of office extended to November 2029, and two such Trustees' terms of office reduced by one year to expire in November 2027.

Selected Administrative Staff

Name	Position	Length of Service with District
Dr. Stephanie S. Elizalde	Superintendent of Schools	3 years, 6 months
Eduardo Ramos, RTSBA	Deputy Superintendent for Business Services/Chief Financial Officer	1 year, 4 months
Jordan B. Roberts, RTSBA	Executive Director of Treasury Services	22 years, 4 months
Edward Sorola	Executive Director of Financial Services	12 years, 6 months
Sarbani Majumdar	Director of Accounting Services	10 years, 6 months

Consultants and Advisors

Co-Bond Counsel .... Bracewell LLP
Dallas, Texas

West & Associates, L.L.P.
Dallas, Texas

Disclosure Counsel .... McCall, Parkhurst & Horton L.L.P.
Austin, Texas

Co-Financial Advisors .... RBC Capital Markets, LLC
San Antonio and Dallas, Texas

Nickel Hayden Advisors
Austin, Texas

For additional information regarding the District, please contact:

Mr. Eduardo Ramos Deputy Superintendent for Business Services/Chief Financial Officer Dallas Independent School District 9400 N. Central Expressway, Suite 1400 Dallas, Texas 75231 (972) 925-3700	or	Robert V. Henderson RBC Capital Markets, LLC 303 Pearl Parkway, Suite 220 San Antonio, Texas 78215 (210) 805-1118	or	Rudy Mejia Nickel Hayden Advisors 200 Congress Ave., Suite 903 Austin, Texas 78701 (512) 645-5044
Mr. Jordan B. Roberts Executive Director of Treasury Services Dallas Independent School District 9400 Central Expressway, Suite 1520 Dallas, Texas 75231 (972) 925-3700		R. Dustin Traylor RBC Capital Markets, LLC 303 Pearl Parkway, Suite 220 RBC Capital Markets, LLC San Antonio, Texas 78215 (210) 805-1117		

OFFICIAL STATEMENT

RELATING TO

$300,000,000*
DALLAS INDEPENDENT SCHOOL DISTRICT
(a political subdivision of the State of Texas located in Dallas County)
MULTI-MODAL UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2026B

INTRODUCTION

This Official Statement (the "Official Statement"), which includes the cover page, page ii, and Appendices hereto, provides certain information regarding the issuance of $300,000,000* Dallas Independent School District (the "District") Multi-Modal Unlimited Tax School Building Bonds, Series 2026B (the "Bonds"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the bond order (the "Bond Order") adopted by the Board (defined herein) on November 20, 2025, in which the Board authorized the issuance of the Bonds and delegated to certain officers of the District (each an "Authorized Officer") authority to complete the sale of the Bonds through the execution of a pricing certificate (the "Pricing Certificate" and, collectively with the Bond Order, the "Order").

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

There follows in this Official Statement descriptions of the Bonds and certain information regarding 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 Co-Financial Advisors, RBC Capital Markets, LLC, San Antonio and Dallas, Texas or Nickel Hayden Advisors, Austin, Texas, by electronic mail or upon payment of reasonable copying, handling, and delivery charges.

This Official Statement speaks only as of its date and the information contained herein is subject to change. A copy of the final Official Statement pertaining to the Bonds will be submitted to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system. For a description of the District's undertaking to provide certain information on a continuing basis, see "CONTINUING DISCLOSURE OF INFORMATION."

DESCRIPTION OF THE DISTRICT..... The District is a political subdivision of the State of Texas (the "State") located in Dallas County, Texas, comprising approximately 384 square miles. The District is governed by a nine-member Board of Trustees (the "Board") who historically have served three-year staggered terms. Beginning in November of 2027, each member of the Board shall hold office for a four-year term, with elections conducted on the November uniform election date in odd-numbered years. Districts 2, 6, and 8 shall hold elections in May of 2026 and have three-year terms of office expiring in November of 2029. Districts 1, 3, and 9 will extend their terms of office until November 2027 and shall hold elections for four-year terms of office expiring in November 2031, Districts 4, 5, and 7, by agreement or drawing lots, shall have one such Trustee's term of office extended to November 2029, and two such Trustees' terms of office reduced by one year to expire in November 2027. Board members are elected by the qualified voters within each of the nine districts comprising the District. Policy-making and supervisory functions are the responsibility of, and are vested in, the Board. The Board delegates the day-to-day administrative responsibilities of the District to the Superintendent of Schools who is the chief administrative officer of the District. Certain support services are supplied by consultants and advisors. For more information regarding the District, see "APPENDIX A – GENERAL INFORMATION REGARDING THE DISTRICT." For a discussion of the District's accounting and budgetary policies and current financial status, see "FINANCIAL POLICIES" and "APPENDIX B – THE DISTRICT'S ANNUAL COMPREHENSIVE FINANCIAL REPORT."

ISSUANCE OF OTHER OBLIGATIONS IN CLOSE PROXIMITY TO THE BONDS..... On or about February 17, 2026, the District expects to issue its $739,590,000 Unlimited Tax School Building Bonds, Series 2026A (the "Series 2026A Bonds"). The Series 2026A Bonds are being publicly offered under a separate offering document and were sold to the initial purchasers thereof on January 14, 2026. This Official Statement relates only to the sale of the Bonds and not the sale of the Series 2026B Bonds. The Bonds and the Series 2026A Bonds are separate and distinct securities offerings being issued and sold independently. While the Bonds and the Series 2026A Bonds share certain common attributes, each issue is separate from, and is not contingent on the issuance of, the other, and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of holders, and various other features. Investors interested in purchasing any of the Series 2026A Bonds should review the offering document relating thereto.

THE BONDS

AUTHORITY FOR ISSUANCE..... The Bonds are issued and the tax levied for their payment pursuant to authority conferred by the Constitution and the laws of the State, including Chapter 45, Texas Education Code, as amended, Chapter 1371, Texas Government Code, as amended, ("Chapter 1371") an election held in the District on November 3, 2020, and by the Order.

* Preliminary, subject to change.

PURPOSE..... Proceeds from the sale of the Bonds will be used to provide funds: (i) for the construction, acquisition and equipment of school buildings and the purchase of necessary sites therefor, (ii) for the acquisition and updating of District technology equipment, and (iii) to pay the costs of issuing the Bonds.

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

Sources	
Par Amount of the Bonds	$
[Net] Premium	
Total Sources of Funds	$
Uses	
Project Fund	$
Costs of Issuance*	
Underwriters' Discount	
Total Uses of Funds	$

* Includes the District's legal fees, financial advisory fees, rating agency fees, Paying Agent/Registrar fees, and other costs of issuance.

SECURITY AND SOURCE OF PAYMENT..... All taxable property within the District is subject to a direct and continuing 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. Additionally, the District has received conditional approval from the Texas Education Agency ("TEA") for the payment of the principal of and interest on the Bonds to be guaranteed by the Permanent School Fund of Texas, which guarantee will automatically become effective when the Attorney General of the State of Texas approves the issuance of the Bonds. **The Permanent School Fund guarantee does not provide liquidity support for the Bonds and does not guarantee payment of the Purchase Price (defined herein) of the Bonds on the optional and mandatory tender dates.** See "THE BONDS – PERMANENT SCHOOL FUND GUARANTEE," "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS," "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" and "APPENDIX D – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM."

PERMANENT SCHOOL FUND GUARANTEE..... In connection with the sale of the Bonds, the District has received conditional approval from the Commissioner (defined herein) for the payment of the principal of and interest on Bonds to be guaranteed by the corpus of the Permanent School Fund of the State of Texas (Chapter 45, Subchapter C of the Texas Education Code, as amended). Subject to satisfying certain conditions discussed under the heading "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" and "APPENDIX D – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein, the payment of the principal of and interest on the Bonds will be absolutely and unconditionally guaranteed by the corpus of the Permanent School Fund of the State. In the event of default, registered owners will receive all payments due on the Bonds from the corpus of the Permanent School Fund. **The Permanent School Fund Guarantee does not provide liquidity support for the Bonds and does not guarantee payment of the Purchase Price of the Bonds on the optional and mandatory tender dates.**

In the event the District defeases any of the Bonds, the payment of such defeased Bonds will cease to be guaranteed by the Permanent School Fund. See "THE BONDS - Defeasance."

EFFECTS OF SEQUESTRATION ON CERTAIN OBLIGATIONS..... The District's $950,300,000 Unlimited Tax School Building Bonds, Taxable Series 2010C (of which $770,840,000 remains outstanding) were designated as "build America bonds" (the "Build America Bonds") pursuant to the provisions of the American Recovery and Reinvestment Act of 2009 (the "Recovery Act") and as a result the District is eligible under the Recovery Act to receive from the United States Treasury interest subsidy payments equal to approximately 35% of the interest payable on the Build America Bonds. In addition, the District's $143,340,000 Limited Maintenance Tax Qualified School Construction Notes, Taxable Series 2013 (of which $143,340,000 remains outstanding) were issued as "qualified school construction bonds" ("QSCBs") issued pursuant to sections 54A and 54F of the Internal Revenue Code of 1986, as amended (the "Code"), for which the District elected to receive a direct credit subsidy pursuant to section 6431 of the Code equal to 100% of the interest on such QSCBs.

Due to Congressionally mandated reductions to the federal budget for Fiscal Year 2013, approximately $1.2 trillion across-the-board budget cuts were made to the federal budget for Fiscal Year 2013 and such cuts currently remain in effect (commonly referred to as "Sequestration"). Under current law, Sequestration is scheduled to continue through 2030. Assuming Congress does not repeal the sequester, the percentage reduction that will be applied to payments of issuers of direct-pay bonds for Fiscal Years 2021 through 2030 will be 5.7%. The District is required to make interest and principal payments regardless of whether any federal funding is received. The reductions in the payments to be received by the District have not materially adversely affected the financial condition or operations of the District. However, the District can make no prediction as to the length or long-term effects of the Sequestration.

GENERAL.....*Initial Issuance in Initial Rate Period*. The Bonds are multi-modal variable rate bonds (convertible upon mandatory tender and remarketing into subsequent and various interest rate modes and periods as provided in the Order), initially issued bearing interest at the Initial Rate in the Initial Rate Period for the Bonds effective upon their initial delivery (anticipated to occur on or about February 25, 2026) and continuing through the "Last Day of Initial Rate Period" as set forth on page ii of this Official Statement for the Bonds (such periods referred to herein and in the Order as the "Initial Rate Period"). Upon expiration of the Initial Rate Period, the Bonds may be remarketed into successive interest rate modes and periods.

THE BONDS ARE SUBJECT TO CONVERSION AND REMARKETING INTO A SUBSEQUENT INTEREST RATE MODE AND PERIOD AT THE TIMES AND UPON THE CONDITIONS DESCRIBED IN THE ORDER AUTHORIZING SUCH CONVERSION AND REMARKETING. THIS OFFICIAL STATEMENT DESCRIBES THE BONDS ONLY IN THE INITIAL RATE PERIOD AND IS,

THEREFORE, NOT INTENDED TO PROVIDE INFORMATION WITH RESPECT TO THE BONDS AFTER CONVERSION TO ANY NEW INTEREST RATE MODE OR NEW INTEREST RATE PERIOD. PURCHASERS OF THE BONDS SHOULD NOT RELY ON THIS OFFICIAL STATEMENT FOR INFORMATION CONCERNING ANY INTEREST RATE MODE OR INTEREST RATE PERIOD FOR THE BONDS OTHER THAN IN THE INITIAL RATE PERIOD.

Authorized Denominations. During the Initial Rate Period, the Bonds will be in denominations of $5,000 and any integral multiple thereof.

Calculation of Interest. Interest on Bonds bearing interest at the Initial Rate shall be calculated on the basis of a 360-day year composed of 12 months of 30 days each. Interest on Bonds bearing interest at the Stepped Rate shall be calculated on the basis of a 365-day year or a 366-day year, as applicable, for the actual number of days elapsed.

Interest Payment Methods. Except as provided for when the Bonds are held in the Book-Entry-Only System, interest shall be paid (i) with respect to Bonds bearing interest at the Initial Rate or Stepped Rate by check, dated as of the Interest Payment Date, and sent by first class mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address shown in the Register, or by such other customary banking arrangement acceptable to the Paying Agent/Registrar at the request of and at the risk and expense of the Owner.

Book-Entry System of Registration and Payment. The Bonds will be issued as Book-Entry-Only securities through The Depository Trust Company ("DTC"). Use of the DTC Book-Entry-Only System will effect the timing and receipt of payment of interest on and principal of the Bonds. See "THE BONDS – Book-Entry-Only System."

Interest Payment Dates. Interest on the Bonds will be payable: (a) with respect to Bonds bearing interest at the Initial Rate, on each February 15 and August 15, commencing February 15, 2027, and at the expiration of the Initial Rate Period for the Bonds; and (b) with respect to Bonds purchased in the Stepped Rate Period (hereinafter defined), the date on which such amortization begins, and semiannually thereafter on each February 15 and August 15.

Payment and Performance on Business Days. In the Order, "Business Day" is defined to mean any day other than (i) a Saturday, Sunday or legal holiday, or (ii) a day on which banking institutions located in New York, New York, Dallas, Texas, or in any city in which the corporate trust office or designated payment/transfer office of the Paying Agent/Registrar, the Tender Agent or the primary office of the Remarketing Agent are located, are required or authorized by law to remain closed, or (iii) a day on which the New York Stock Exchange or DTC is closed. If the date for the scheduled payment of the principal of or interest on the Bonds is not a Business Day, the date for such payment shall be the next succeeding Business Day and payment on such date shall for all purposes be deemed to have been made on the due date thereof and no interest shall accrue on such payments in the interim. In addition, unless otherwise provided in the Order, in the event that the day on which any act or function is to be performed or done is not a Business Day, such act or function shall be performed or done on the next succeeding Business Day.

Paying Agent/Registrar. The initial Paying Agent/Registrar is U.S. Bank Trust Company, National Association, 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 commercial bank or trust company organized under the laws of the United States or any state, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any 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 that the Book-Entry-Only System herein is discontinued and registered bonds are issued, all notices and Bonds are required to be delivered to U.S. Bank Trust Company, National Association, 13737 Noel Road, Suite 800, Dallas, Texas 75240, Attn: Corporate Trust Department.

Tender Agent. U.S. Bank Trust Company, Dallas, Texas, will serve as the initial tender agent (the "Tender Agent"), for the Bonds. All notices and Bonds required to be delivered to the Tender Agent shall be delivered to U.S. Bank Trust Company, National Association, 13737 Noel Road, Suite 800, Dallas, Texas 75240, Attn: Corporate Trust Department.

Remarketing Agent and Remarketing Agreement. In the Order, the District has covenanted to appoint a remarketing agent (a "Remarketing Agent") for the Bonds prior to the expiration of the Initial Rate Period and enter into a remarketing agreement (a "Remarketing Agreement") with such Remarketing Agent for remarketing of the Bonds at the end of the Initial Rate Period. The Remarketing Agent will be under no obligation to purchase Bonds under such remarketing agreement. However, pursuant to, and subject to the terms and conditions of, the Order and the Remarketing Agreement, when entered into, it is anticipated that the Remarketing Agent will be required to use its best efforts to solicit offers to purchase, at a price of par plus accrued interest (if any) the Bonds that have been tendered by the holders thereof pursuant to the Order and to perform the other obligations of the Remarketing Agent for the Bonds as set forth in the Order.

Legality. The Bonds are offered when, as and if issued, and subject to the approval of legality by the Attorney General of the State and the opinion of West & Associates, L.L.P., Dallas, Texas, and Bracewell LLP, Dallas, Texas, Co-Bond Counsel (see "OTHER INFORMATION – LEGAL MATTERS" and "APPENDIX C – FORM OF CO-BOND COUNSELS' OPINION"). Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Disclosure Counsel to the District.

Payment Record. The District has never defaulted in payment of its tax supported debt.

DETERMINATION OF INITIAL INTEREST RATES..... The Initial Rate Period for the Bonds shall mean the period commencing on the date of initial delivery thereof to the Underwriters listed on the cover page hereof to and including the Last Day of Initial Rate Period for the Bonds listed on page ii hereof. During the Initial Rate Period, the Bonds will bear interest at the per annum rate listed on page ii hereof, which is the "Initial Rate" for the Bonds.

At the end of the Initial Rate Period, in the event that all of the Bonds are not converted into one or more Rate Periods and remarketed to new purchasers on the Conversion Date (as defined herein) for such Bonds, all such Bonds will bear interest at the Stepped Rate until such Bonds are subsequently converted into one of the several modes authorized by the Order and remarketed by the Remarketing Agent or redeemed by the District (such period, the "Stepped Rate Period"). The Stepped Rate for the Bonds is a per annum rate of [_____]%.

RATE PERIOD CHANGES..... The Order obligates the District to use its best efforts to cause the Bonds to be converted from the Initial Rate Period to a different Rate Period on the first Business Day immediately following the last day of the Initial Rate Period (such date is referred to herein as the "Conversion Date"), which shall occur on [___________________]. On the Conversion Date, the Bonds are subject to mandatory tender for purchase, without right of retention by the holders thereof, and are to be converted from the Initial Rate Period to one or more different Rate Periods established under the Order. See "THE BONDS – Tender Provisions – Mandatory Tender." The "Rate Periods" established under the Order include a weekly rate period, monthly rate period, quarterly rate period, semiannual rate period, term rate period, flexible rate period and fixed rate period. The Order does not obligate the District to obtain a liquidity facility providing liquidity support for the Bonds upon the conversion thereof from the Initial Rate Period to a term rate period or the fixed rate period. Any liquidity facility obtained by the District in connection with the conversion of the Bonds following the Initial Rate Period will not be available to pay any portion of the Purchase Price of the Bonds on the Conversion Date.

The District may elect to convert the Bonds from the Initial Rate Period to one or more Rate Periods by notice given to the Paying Agent/Registrar and certain other notice parties at least 30 days prior to the Conversion Date. Such notice shall specify the proposed Conversion Date and the Rate Period to which the conversion will be made, and in the case of conversion to a term rate period, the duration of the term rate period. Such notice shall also specify the conditions, if any, to the conversion and the consequences of such conditions not being fulfilled. Not less than 20 days prior to the Conversion Date (or 15 days if the conversion is to a fixed rate), the Paying Agent/Registrar shall send a written notice of the conversion and the mandatory tender of the Bonds to the registered owners thereof. See "THE BONDS – Tender Provisions – Mandatory Tender." While the Bonds are in book-entry form, registered to DTC, such notice will be given only to DTC.

Any conversion from the Initial Rate Period to any other Rate Period will be conditioned on delivery of an opinion of nationally recognized bond counsel to the effect that the conversion is authorized or permitted by the Order and State law and will not adversely affect the excludability of interest on the Bonds from gross income of the owners thereof for federal income tax purposes. Co-Bond Counsel expresses no opinion as to the effect on excludability from gross income for federal income tax purposes of any action taken which requires the receipt of an opinion of a nationally recognized bond counsel.

Following the Initial Rate Period, the interest rate determined for the applicable Rate Period (other than the Stepped Rate Period) shall be the lowest rate of interest which in the judgment of the Remarketing Agent would cause the Bonds to have a market value equal to not less than 100% of the principal amount thereof plus accrued interest thereon under prevailing market conditions as of the date such interest rate is determined.

In no event will the interest rate borne while the Bonds are in any Rate Period exceed the "Maximum Rate," which is [_____]%, unless increased by an order adopted by the Board. Additionally, in no event may the Maximum Rate exceed the lesser of (a) 15% per annum or (b) the maximum net effective interest rate permitted under Chapter 1204, Texas Government Code, as amended (or any successor provision).

TENDER PROVISIONS

No Optional Tender during Initial Rate Period. During the Initial Rate Period, the Bonds are not subject to optional tender.

Mandatory Tender. The Bonds will be subject to mandatory tender for purchase without the right of retention by the holders thereof on [_____________] at a price equal to the par amount thereof, plus accrued but unpaid interest thereon to the date of purchase (the "Purchase Price"); provided, however, that accrued interest will not be taken into account in the computation of the Purchase Price if the applicable date of purchase is a scheduled interest payment date.

Bonds which are required to be tendered by the Owners thereof to the Tender Agent for purchase but which are not in fact delivered to the Tender Agent for purchase on the mandatory tender dates and at the times required by the Order and for which there has been deposited an amount sufficient to pay the Purchase Price thereof, shall be deemed tendered, shall cease to accrue interest on the mandatory tender date, and the Owner thereof shall not be entitled to any payment other than the Purchase Price of such Bond. Such Bond shall no longer be outstanding and entitled to the benefits of the Order, except for the payment of the Purchase Price from money held by the Tender Agent for such payment.

Remarketing and Purchase. If any Bonds become subject to mandatory tender, the Remarketing Agent will be required to use its best efforts to sell such Bonds at a price equal to 100% of the principal amount thereof plus accrued interest, if any, on the earliest reasonably practicable date on which such Bonds can be remarketed.

The Purchase Price of Bonds tendered for purchase is required to be paid by the Tender Agent from money derived from the remarketing of such Bonds by the Remarketing Agent.

Payment of the Purchase Price of Bonds to be purchased upon mandatory tender as described herein will be made by the Tender Agent by wire transfer in immediately available funds. **Payment of such Purchase Price is not guaranteed by the Permanent School Fund Guarantee.**

Effects of a Failed Remarketing at Expiration of Initial Rate Period. If the Bonds are subject to mandatory tender because of an interest rate conversion occurring at the end of the Initial Rate Period, then the Bonds shall be subject to mandatory tender on the Conversion Date without right of retention by the Owner at the Purchase Price; provided, however, that in the event that such Bonds are not converted and remarketed to new purchasers on the scheduled date of mandatory tender, the District shall have no obligation to purchase the Bonds tendered on such date, the failed conversion and remarketing shall not constitute an event of default under the Order or the Bonds, the mandatory tender will be deemed to have been rescinded for that date with respect to the Bonds subject to such failed remarketing only, and such Bonds (i) will continue to be Outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of such Bonds, (iii) will bear interest at the Stepped Rate during the Stepped Rate Period, (iv) will be subject to redemption and mandatory tender for purchase on any date during the Stepped Rate Period upon which a conversion occurs (which shall occur at the District's discretion upon delivery of at least one day's notice to the holders of Bonds bearing interest at the Stepped Rate), and (v) will be deemed to continue in the Initial Rate Period for all other purposes of the Order, though bearing interest during such time at the Stepped Rate until remarketed or redeemed in accordance with the terms of the Order. In the event of a failed conversion and remarketing as described above, the District has covenanted in the Order to use its best efforts to cause the Bonds to be converted and remarketed on the earliest reasonably practicable date on which they can be remarketed at not less than par plus accrued interest, in such interest rate mode or modes as the District directs, at a rate not exceeding the Maximum Rate.

OPTIONAL REDEMPTION.....The Bonds are not subject to optional redemption prior to the expiration of the Initial Rate Period. At the end of the Initial Rate Period, the District reserves the right to redeem the Bonds in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, before their scheduled maturity dates, on the mandatory tender date for the Bonds or on any applicable Conversion Date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption.

MANDATORY REDEMPTION

Scheduled Mandatory Redemption for the Bonds. The Bonds are subject to scheduled mandatory redemption prior to stated maturity as follows:

Mandatory Redemption	
Date (February 15)	Amount ($)

*Maturity

Prior to the scheduled mandatory redemption date for the Bonds required to be redeemed pursuant to the provisions of the Order described above in "THE BONDS – Mandatory Redemption – Scheduled Mandatory Redemption for the Bonds," the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds equal to the aggregate principal amount of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in the Order.

The principal amount of the Bonds required to be redeemed on any redemption date pursuant to the provisions of the Order described above in "THE BONDS – Mandatory Redemption – Scheduled Mandatory Redemption for the Bonds," shall be reduced, at the option of the District, by the principal amount of any Bonds of the same series and maturity which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the District, at any price determined by the Authorized Officer in his/her discretion, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions (after the Initial Rate Period or while bearing interest at the Stepped Rate) and not previously credited to a mandatory sinking fund redemption. Bonds purchased for cancellation or redeemed pursuant to the optional redemption provisions of the Order described herein that are required to be redeemed pursuant to the provisions of the Order described above in "THE BONDS – Mandatory Redemption – Scheduled Mandatory Redemption for the Bonds" shall be credited against future mandatory redemption payments in accordance with the provisions of the following sentence. In lieu of mandatorily redeeming the Bonds subject to the provisions of the Order described above in "THE BONDS – Mandatory Redemption – Scheduled Mandatory Redemption for the Bonds," the District reserves the right to purchase for cancellation such Bonds of the same maturity at a price no greater than the applicable redemption price of such Bonds.

Additional Mandatory Redemption. In each fiscal year in which any of the Bonds are outstanding and accruing interest at a flexible rate or a variable rate (including the Initial Rate) and the interest rate for all or a portion of the period for which taxes are then being assessed is not known, the District shall budget and provide for the assessment of taxes for such fiscal year assuming the payment of interest on the Bonds at a rate equal to the Maximum Rate per annum or at a rate prescribed in the then-effective Liquidity Facility, if any, for the period of time for which the interest rate on the Bonds is not known. In the event and to the extent that interest paid on the Bonds during such fiscal year is less than the amount payable at the rate prescribed in the then-effective Liquidity Facility, if any, or at the Maximum Rate, as applicable, when such rate is used by the District in calculating its tax rate (the "Max Rate Excess Interest Funds"), the District shall cause the Max Rate Excess Interest Funds to be allocated and appropriated for the payment of the mandatory redemption of Bonds on the first February 15 next following the end of such fiscal year; provided the amount of such Max Rate Excess Interest Funds is equal to or greater than $100,000. In each fiscal year when the amount of Max Rate Excess Interest Funds is equal to or greater than $100,000, the District shall cause Bonds in a principal amount equivalent to the Max Rate Excess Interest Funds to be redeemed on the February 15 next following the end of such fiscal year at the redemption price of par plus accrued interest to the date of redemption. The mandatory redemption of Bonds in accordance with the provisions of the Order described in this paragraph shall be in addition to the amount of Bonds to be mandatorily redeemed as set forth above in "THE BONDS – Mandatory Redemption – *Scheduled Mandatory Redemption for the Bonds*," as applicable. The principal amount of Bonds subject to mandatory redemption, if any, shall be reduced, in inverse chronological order of redemption dates, by the amount of Bonds redeemed pursuant to the provisions of the Order described in this paragraph.

Notwithstanding the provisions of the Order described in the immediately preceding paragraph, in addition, in each fiscal year in which the Bonds are outstanding and accruing interest at a flexible rate or a variable rate (including the Initial Rate) that includes a period longer than the period for which taxes are then being assessed, the District may, at the District's discretion, budget for such fiscal year and levy taxes for the payment of interest on the Bonds based on an interest rate on the Bonds equal to the actual rate borne thereby or any rate not to exceed the Maximum Rate per annum that is not less than the actual rate per annum. At the end of the fiscal year in which the District levies a tax based on the interest rate on the Bonds being equal to a rate exceeding the actual rate on the Bonds, the District shall cause the difference between the amount budgeted at a rate exceeding the actual rate on the Bonds and the amount paid on the Bonds (the "Excess Interest Funds") to be allocated and appropriated for the payment of the mandatory redemption of Bonds on the first February 15 next following the end of such fiscal year; provided the amount of such Excess Interest Funds is equal to or greater than $100,000. In each fiscal year when the amount of Excess Interest Funds is equal to or greater than $100,000, the District shall cause Bonds in a principal amount equivalent to the Excess Interest Funds to be redeemed on the February 15 next following the end of such fiscal year at the redemption price of par plus accrued interest to the date of redemption. The mandatory redemption of Bonds in accordance with the provision of the Order described in this paragraph shall be in addition to the amount of Bonds to be mandatorily redeemed as set forth in "THE BONDS – Mandatory Redemption – *Scheduled Mandatory Redemption for the Bonds*," as applicable.

At least 45 days prior to the mandatory redemption date, the District will notify the Paying Agent/Registrar and the Remarketing Agent in writing of the principal amount of Bonds to be mandatorily redeemed on such mandatory redemption date, and instruct the Paying Agent/Registrar to select by lot or other customary random selection method the Bonds or portions thereof to be redeemed.

Bonds to be redeemed in any year by mandatory redemption shall be redeemed at par, plus accrued interest to the date of redemption, and shall be selected by the Paying Agent/Registrar by lot or other method that results in a random selection thereof. The District, at its option, may credit against any mandatory redemption requirement, Bonds which have been purchased by the District, using funds other than remarketing proceeds or moneys drawn under a Liquidity Facility, at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase and canceled by the Paying Agent/Registrar, or have been optionally redeemed and not theretofore applied as a credit against any mandatory redemption requirement.

NOTICES OF REDEMPTION AND DTC NOTICES..... The Paying Agent/Registrar is required to cause notice of any redemption of Bonds to be mailed to each Rating Agency and Owner of Bonds to be redeemed at the address(es) appearing in the registration books for the Bonds. Notice of redemption is required to (i) to be mailed (a) with respect to Bonds bearing interest at the Stepped Rate, at least one (1) day prior to the redemption date and (ii) state that (A) on the redemption date the Bonds called for redemption will be payable at the designated office of the Paying Agent/Registrar, and (B) on and after the redemption date interest will cease to accrue (unless sufficient moneys are not available to the Paying Agent/Registrar to pay the redemption price on the redemption date).

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 HAVING BEEN SATISFIED, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BONDS OR PORTION THEREOF HAVE NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BONDS OR PORTION THEREOF SHALL CEASE TO ACCRUE.

In the Order the District reserves the right to give notice of its election or direction to redeem Bonds under the provisions of the Order conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the District retains the right to rescind such notice at any time prior to the scheduled redemption date if the District delivers a certificate of the District to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice of redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected registered owners of the Bonds. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding. Failure to pay the redemption price of the Bonds subject to optional redemption shall not constitute an event of default under the Order or under any Bond.

The Bonds are not subject to optional redemption, mandatory redemption, or optional tender for purchase at the election of the holders thereof during the Initial Rate Period.

TRANSFER, EXCHANGE AND REGISTRATION..... In the event the Book-Entry-Only System should be discontinued, printed Bond certificates will be delivered to registered owners and thereafter the Bonds may be transferred, assigned 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 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 of like series 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.

REPLACEMENT BONDS..... If a Bond is mutilated, destroyed, stolen or lost, a new Bond in the same principal amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon surrender and cancellation of such mutilated Bond. In the case of any Bond issued in lieu of in substitution for a Bond which has been destroyed, stolen or lost, such new Bond will be delivered only after the Owner (a) provides evidence satisfactory to the Paying Agent/Registrar proving ownership of the Bond and the circumstances of the loss, destruction, or theft thereof, (b) provides security or indemnity satisfactory to the Paying Agent/Registrar and the District, (c) pays all expenses and charges of the Paying Agent/Registrar in connection therewith, and (d) satisfies such other reasonable requirements established by the Paying Agent/Registrar and the District.

DEFEASANCE..... The Order provides that the District may discharge its obligations to the registered owners of any or all of the Bonds in any manner permitted by law. Under current Texas law, such discharge may be accomplished either: (i) by depositing with the Paying Agent/Registrar or other lawfully authorized entity a sum of money equal to the principal and all interest to accrue on the Bonds, and/or (ii) by depositing with the Paying Agent/Registrar or other lawfully authorized entity amounts sufficient, together with the investments earnings thereon, to provide for the payment of such Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding obligations to refund the Bonds, as applicable, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent; or (iii) any combination of (i) and (ii) above. Authorized District Officials may limit these eligible securities as deemed necessary in connection with the sale of the Bonds. In the event the District restricts such eligible securities, the final Official Statement will reflect the new authorized eligible securities. After such deposit has been made, the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the securities used for defeasance purposes. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of the Bonds. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Order does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other defeasance security will be maintained at any particular rating category.

The District has the right, subject to satisfying the requirements of (i) and (ii) above, to substitute other obligations described above for the obligations 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. After firm banking and financial arrangements for the defeasance of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or to take any action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the defeasance of the Bonds, 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 such banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

RECORD DATE FOR INTEREST PAYMENT..... With respect to Bonds bearing interest at an Initial Rate, the record date ("Record Date") for determining the person to whom the interest is payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month, unless otherwise provided in the Pricing Certificate.

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 registered owner 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..... 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, and the State fails to honor the Permanent School Fund Guarantee as hereinafter discussed, 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 covenants contained in the Bonds or in the Order and the District's obligations are not uncertain or disputed, as well as to enforce the rights of payment under the Permanent School Fund Guarantee as hereinafter discussed. 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. 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 the issuance of the Bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Bonds (see "THE BONDS – AUTHORITY FOR ISSUANCE" herein), the District has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Legislature (defined herein) has effectively waived the District's sovereign immunity from a suit for money damages outside of Chapter 1371, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or Order covenants in the absence of District action. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under

Chapter 9 of the United States Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. See "APPENDIX D - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein 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. The opinion of Co-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.

AMENDMENTS..... The District may amend the Order without the consent of or notice to any registered owner if necessary or desirable to carry out the purposes thereof or in connection with the approval of the Bonds by the Attorney General of Texas.

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 The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Underwriters and the Co-Financial Advisors believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The District, the Underwriters and the Co-Financial Advisors 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 Bonds 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 certificate will be issued for each stated maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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.

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 Direct or Indirect 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.

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 D – 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 D is incorporated herein and made a part hereof for all purposes.

The information in APPENDIX D concerning the Texas Permanent School Fund and the Guarantee Program has been provided by the TEA and is not guaranteed as to accuracy or completeness by, and should not be construed as a representation by, the District, the Co-Financial Advisors or the Underwriters.

STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS

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

> On May 13, 2016, the Court issued its opinion in the most recent school finance litigation, *Morath v. The Texas Taxpayer & Student Fairness Coal.*, 490 S.W.3d 826 (Tex. 2016) ("*Morath*"). The plaintiffs and intervenors in the case had alleged that the Finance System, as modified by the Legislature in part in response to prior decisions of the Court, violated Article VII, Section 1 and Article VIII, Section 1-e of the Texas Constitution. In its opinion, the Court held that "[d]espite the

imperfections of the current school funding regime, it meets minimum constitutional requirements."
The Court also noted that:

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

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

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

CURRENT PUBLIC SCHOOL FINANCE SYSTEM

Overview..... The following language constitutes only a summary of the Finance System. The information contained under the captions "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" and "TAX RATE LIMITATIONS" is subject to change, and only reflects the District's understanding based on information available to the District as of the date of this Official Statement. Voter approval of constitutional amendments submitted to the voters at an election held on November 4, 2025 are noted below. See "– 2025 Legislative Sessions," below. For a more complete description of school finance and fiscal management in the State, reference is made to Chapters 43 through 49 of the Texas Education Code, as amended. Additionally, prospective investors are encouraged to review the Property Tax Code (as defined herein) for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the defined tax rates.

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

2025 Legislative Sessions..... The regular session of the 89th Texas Legislature (the "Legislature") commenced on January 14, 2025 and concluded on June 2, 2025 (the "89th Regular Session"). The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor called a first special session, which began on July 21, 2025 and ended on August 15, 2025. The Governor called a second special session, which began on August 15, 2025 and ended on September 4, 2025.

During the 89th 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. At an election held on November 4, 2025, voters approved constitutional amendments necessary to implement legislation increasing: (1) effective January 1, 2025, the State mandated general homestead exemption from $100,000 to $140,000, (2) effective January 1, 2025, the additional exemption on the residence homesteads of those at least sixty-five (65) years of age or disabled from $10,000 to $60,000, and (3) effective January 1, 2026, the exemption for tangible personal property used in the production of income from the current $2,500 to $125,000. Additionally, the legislation signed into law authorizes roughly $8.5 billion in funding for public schools and provides districts with a $55 per-student increase to their base funding beginning September 1, 2025, as well as providing districts with additional funding for teacher and staff salaries, educator preparation, special education, safety requirements and early childhood learning. Finally, legislation passed by the Legislature and signed into law by the Governor will create an education savings account program (commonly referred to as vouchers) for students that attend private schools or home school. The legislation becomes effective September 1, 2025, when the state fiscal biennium begins, though families will not receive vouchers until the 2026-2027 school year. The amount spent for purposes of the program for the 2025-2027 biennium may not exceed $1 billion. Beginning on September 1, 2027, the legislation requires the Legislature to re-appropriate funds for the program for each subsequent State fiscal biennium. Such program could impact attendance in the District by incentivizing students to homeschool or attend private schools, which could negatively affect the District's attendance-based funding.

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

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

State Compression Percentage. The State Compression Percentage (the "SCP") is a statutorily-defined percentage of the rate of $1.00 per $100 that is used to determine a school district's Maximum Compressed Tax Rate (described below). The SCP is the lesser of three alternative calculations: (1) 93% or a lower percentage set by appropriation for a school year; (2) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the State Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (3) the prior year SCP. For any year, the maximum SCP is 93%. For the State fiscal year ending in 2026, the SCP is set at 63.22%.

Maximum Compressed Tax Rate. The Maximum Compressed Tax Rate (the "MCR") is the tax rate per $100 of valuation of taxable property at which a school district must levy its Tier One Tax Rate to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of two alternative calculations: (1) the school district's current year SCP multiplied by $1.00; or (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5% (if the increase in property value is less than 2.5%, then the MCR is equal to the prior year MCR). However, each year the TEA shall evaluate the MCR for each school district in the State, and for any given year, if a school district's MCR is calculated to be less than 90% of any other school district's MCR for the current year, then the school district's MCR is instead equal to the school district's prior year MCR, until TEA determines that the difference between the school district's MCR and any other school district's MCR is not more than 10%. These compression formulas are intended to more closely equalize local generation of Tier One funding among districts with disparate tax bases and generally reduce the Tier One Tax Rates of school districts as property values increase. During the 2025 Legislative Session, the Legislature took action to reduce the MCR for the 2025-2026 school year. The MCR for the 2025-2026 school year is $0.6322 and the floor is $0.5689.

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

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

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

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

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 increase or decrease its Enrichment Tax Rate to supplement Tier One funding at a level of the school district's own choice. While Tier One funding may be used for the payment of debt service (except for school districts subject to the recapture provisions of Chapter

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

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

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

Tier One. Tier One funding is the basic level of funding guaranteed to a school district, consisting of a State-appropriated baseline level of funding (the "Basic Allotment") for each student in "Average Daily Attendance" (being generally calculated as the sum of student attendance, other than students in average daily attendance who do not reside in the district and are enrolled in a full-time virtual program, for each State-mandated day of instruction divided by the number of State-mandated days of instruction, defined herein as "ADA"). The Basic Allotment is revised downward if a school district's Tier One Tax Rate is less than the State-determined threshold. The Basic Allotment is supplemented by additional State funds, allotted based upon unique school district characteristics and demographics of students in ADA, to make up most of a school district's Tier One entitlement under the Foundation School Program.

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

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

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

Existing Debt Allotment, Instructional Facilities Allotment, and New Instructional Facilities Allotment. The Foundation School Program also includes facilities funding components consisting of the IFA and the EDA, subject to legislative appropriation each State fiscal biennium. To the extent funded for a biennium, these programs assist school districts in funding facilities by, generally, equalizing a school district's I&S tax effort. The IFA guarantees each awarded school district a specified amount per student (the "IFA Yield") in State and local funds for each cent of I&S tax levied to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate or improve instructional facilities. The IFA Yield has been $35 since this program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the State Legislature. To receive an IFA award, in years where new IFA awards are available, a school district must apply to the 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. A school district may use additional state aid received from an IFA award only to pay the principal of and interest on the bonds for which the district received the aid. The guaranteed level of State and local funds per student percent of local tax effort applicable to the bonds may not be reduced below the level provided for the year in which the bonds were issued. For the 2026-2027 State fiscal biennium, the State Legislature did not appropriate any funds for new IFA awards; however, awards previously granted in years the State Legislature did appropriate funds for new IFA awards will continue to be funded.

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

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

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

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

Beginning with the 2025-2026 school year, school districts will be held harmless and entitled to additional state aid to the extent that state and local revenue used to service eligible debt is less than the state and local revenue that would have been available to the district under state law providing for state aid to districts to account for increases in the general residence homestead exemption and the elderly or disabled tax ceiling, if any increase in a residence homestead exemption under the Texas Constitution, and any additional limitation on tax increases under the elderly or disabled tax ceiling had not occurred.

LOCAL REVENUE LEVEL IN EXCESS OF ENTITLEMENT.....A school district that has sufficient property wealth per student in ADA to generate local revenues on the school district's Tier One Tax Rate and Copper Pennies in excess of the school district's respective funding entitlements (a "Chapter 49 school district"), is subject to the local revenue reduction provisions contained in Chapter 49 of Texas Education Code, as amended ("Chapter 49"). Additionally, in years in which the amount of State funds appropriated specifically excludes the amount necessary to provide the guaranteed yield for Golden Pennies, local revenues generated on a school district's Golden Pennies in excess of the school district's respective funding entitlement are subject to the local revenue reduction provisions of Chapter 49. To reduce local revenue, 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 now guaranteed that recapture will not reduce revenue below their statutory entitlement.

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

Alternatively, the district may pay for credit purchased with one lump sum payment made not later than August 15, 2026, provided that the district notifies the Commissioner of the district's election to pay through a lump sum not later than March 15, 2026.

Furthermore, a school district may not adopt a tax rate until its effective local revenue level is at or below the level that would produce its guaranteed entitlement under the Foundation School Program. If a school district fails to exercise a permitted option, the 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.

THE SCHOOL FINANCE SYSTEM AS APPLIED TO THE DALLAS INDEPENDENT SCHOOL DISTRICT

POSSIBLE EFFECTS OF WEALTH TRANSFER PROVISIONS ON THE DISTRICT'S FINANCIAL CONDITION..... For the 2025-2026 school year, the District was designated as an "excess local revenue" school district under Chapter 49 by TEA. Accordingly, the District has entered into a wealth equalization agreement with the Commissioner for the purchase of attendance credits for the 2025-26 school year. The District paid $215 million to purchase attendance credits in the 2022-23 school year, $44 million to purchase attendance credits in the 2023-24 school year, and $56 million to purchase attendance credits in the 2024-25 school year. The District estimates it will pay approximately $70 million to purchase attendance credits in the 2025-26 school year.

A district's "excess local revenues" must be tested for each future school year and, if it exceeds the maximum permitted level, 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."

AD VALOREM TAX PROCEDURES

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

VALUATION OF TAXABLE PROPERTY..... The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the District is the responsibility of the Dallas 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.

Unless extended by the Legislature, through December 31, 2026 an appraisal district is prohibited from increasing the appraised value of real property during the 2025 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5.16 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. 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 TAX PROCEDURES – District and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS..... State law grants, with respect to each school district in the State, (1) a $140,000 exemption of the appraised value of all homesteads (increased from $100,000 to $140,000 effective from and after the 2025 tax year; see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Sessions" herein), (2) a $60,000 exemption of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled (increased from $10,000 to $60,000 effective from and after the 2025 tax year; see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Sessions" herein), and (3) various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty. See "TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT" for the reduction in taxable valuation attributable to state mandated homestead exemptions.

LOCAL OPTION HOMESTEAD EXEMPTIONS..... The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon 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 described in clause (1) above that was granted in tax year 2022 through December 31, 2027. See "TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT" for the reduction in taxable valuation, if any, attributable to local option homestead exemptions.

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. See "TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT" for the reduction in taxable valuation attributable to the freeze on taxes for the elderly and 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. From and after the 2026 tax year, a person is entitled to an exemption from taxation by a taxing unit of $125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of $125,000, regardless of where the property is located in the taxing unit.

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

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or 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 retail manufactured housing inventory, or a dealer's motor vehicle, vessel and outboard motor, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property. See "TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT" for the reduction in taxable valuation, if any, attributable to Goods-in-Transit or Freeport Property exemptions.

OTHER EXEMPT PROPERTY..... Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER..... The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the Governor to be a disaster area following a disaster and is at least 15 percent physically damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

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

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

TAX LIMITATION AGREEMENTS..... The Texas Economic Development Act (Chapter 313, Texas Tax Code, as amended) 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 could only levy and collect M&O taxes on the agreed-to limited appraised property value. For the purposes of calculating its Tier One and Tier Two entitlements, the portion of a school district's property that is not fully taxable is excluded from the school district's taxable property values. Therefore, a school district will not be subject to a reduction in Tier One or Tier Two State funds as a result of lost M&O tax revenues due to entering into a tax limitation agreement (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts"). The 87th Texas Legislature did not vote to extend this program, which expired by its terms effective December 31, 2022.

For a discussion of how the various exemptions described above are applied by the District, see "THE PROPERTY TAX CODE AS APPLIED TO THE DISTRICT" and "TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT" herein.

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

In the 88th Legislative Session, House Bill 5 ("HB 5" or "The Texas Jobs, Energy, Technology, and Innovation Act") was adopted to create an economic development program, subject to state oversight, which would attract jobs and investment to Texas through school district property tax abatement agreements with businesses. HB5 was codified as Chapter 403, Subchapter T, Texas Government Code ("Chapter 403") and had an effective date of January 1, 2024. Under Chapter 403, a school district may offer a 50% abatement on taxable value for maintenance and operations property taxes for certain eligible projects, except that projects in a federally designated economic opportunity zone receive a 75% abatement. Chapter 403 also provides a 100% abatement of maintenance and operations taxes for eligible property during a project's construction period. Taxable valuation for purposes of the debt service tax securing a series of bonds cannot be abated under Chapter 403. Eligible projects must involve manufacturing, dispatchable power generation facilities, technology research/development facilities, or critical infrastructure projects and projects must create and maintain jobs, as well as meet certain minimum investment requirements. The District is 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.

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

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

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

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases (see "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate"). The Property

Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

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

DISTRICT'S RIGHTS IN THE EVENT OF TAX DELINQUENCIES..... Taxes levied by the District are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

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

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

DISTRICT APPLICATION OF PROPERTY TAX CODE….. The District grants the state mandated exemption to the market value of residence homesteads of $140,000.

Other principal categories of exempt property include tangible personal property not held or used for production of income; solar and wind-powered energy devices; most individually owned automobiles; up to $12,000 exemption for real or personal property of disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; and certain classes of intangible property.

The District grants a state mandated $60,000, plus a $35,000 optional, residence homestead exemption for persons 65 years of age or older or the disabled.

The District grants an additional exemption of 10% (not less than $5,000) of the market value of residence homesteads.

The District does not tax non-business personal property.

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

The District grants a Freeport exemption.

The District taxes Goods-in-Transit.

TAX RATE LIMITATIONS

M&O TAX RATE LIMITATIONS..... The District is authorized to levy an M&O tax rate pursuant to the approval of the voters of the District at an election held on May 5, 1956 in accordance with the provisions of Article 2784e-1, Texas Revised Civil Statutes Annotated, as amended.

The maximum maintenance tax rate per $100 of taxable value that may be adopted by an independent school district is the sum of $0.17 and the school district's MCR. A school district's MCR is, generally, inversely proportional to the change in taxable property values both within the school district and the State and is subject to recalculation annually.

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

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

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

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

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

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

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

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

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

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TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT

Calendar Year Ending 2025/Fiscal Year Ending 2026 Market Value Established by the Dallas Central Appraisal District as of July 18, 2025		$ 277,188,050,200
Capped Value Loss	$ 14,743,784,752	
Totally Exempt Property	30,267,430,204	
Prorated Totally Exempt Property	25,636,388	
$140,000 General Homestead Exemption Loss	26,374,342,664	
Over-65 Homestead Exemption Loss	3,174,431,261	
Disabled Person Exemptions	189,148,176	
Veteran Exemptions	266,131,755	
Pollution Control Loss	102,830,693	
Freeport Exemption Loss	3,145,165,165	
AG Loss	384,321,628	$ 78,673,222,686
2025/26 Certified Taxable Assessed Valuation		$ 198,514,827,514[1]
Current Outstanding Bonds (as of August 31, 2025)		$ 4,613,765,000[2]
Plus: The Series 2026A Bonds		739,590,000
Plus: The Bonds		300,000,000[3]
Total Outstanding Bonds (as of February 25, 2026)		$ 5,653,355,000
Ratio General Obligation Tax Debt to Taxable Assess Valuation		2.85%

Current Estimated Population - 1,326,087[4]

Per Capita Taxable Assessed Valuation - $149,700

Per Capita Debt Payable from Ad Valorem Taxes - $4,263

(1) Subject to Adjustment; Value includes the application of a $140,000 State-mandated general homestead exemption. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Sessions" and "AD VALOREM PROPERTY TAXATION - State Mandated Homestead Exemptions."
(2) Includes unlimited tax and limited tax debt.
(3) Preliminary, subject to change.
(4) Source: FY2025 audited financials (U.S. Census Bureau).

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY[1]

	Taxable Appraised Value for Fiscal year Ended June 30,					
	2026		2025		2024	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 119,870,523,180	43.25%	$ 116,196,512,810	43.66%	$ 99,505,774,800	41.87%
Real, Residential, Multi-Family	40,485,218,060	14.61%	40,408,944,480	15.18%	36,803,572,250	15.48%
Real, Vacant Lots/Tracts	7,966,777,580	2.87%	7,676,758,610	2.88%	7,104,503,840	2.99%
Real, Acreage (Land Only)	400,725,730	0.14%	318,061,820	0.12%	284,746,320	0.12%
Real, Farm and Ranch Improvements	135,666,850	0.05%	130,257,960	0.05%	126,628,340	0.05%
Real, Commercial	81,667,342,700	29.46%	76,302,899,850	28.67%	69,193,020,910	29.11%
Real, Industrial	1,412,338,660	0.51%	1,177,877,670	0.44%	962,443,060	0.40%
Real, Non-Producing Minerals	5,340	0.00%	5,340	0.00%	5,340	0.00%
Real & Tangible Personal, Utilities	2,412,783,210	0.87%	2,248,920,420	0.85%	2,072,814,740	0.87%
Tangible Personal, Commercial	19,145,089,560	6.91%	18,116,209,190	6.81%	18,067,103,100	7.60%
Tangible Personal, Industrial	3,093,506,340	1.12%	2,942,064,610	1.11%	2,933,045,820	1.23%
Real, Mobile Homes	42,565,330	0.02%	39,780,490	0.01%	42,005,510	0.02%
Residential, Inventory	56,278,490	0.02%	56,970,560	0.02%	60,376,440	0.03%
Special Inventory	499,229,170	0.18%	511,259,410	0.19%	523,648,950	0.22%
Total Appraised Value Before Exemptions	$ 277,188,050,200	100.00%	$ 266,126,523,220	100.00%	$ 237,679,689,420	100.00%
Less: Total Exemptions/Reductions	(78,673,222,686)		(72,070,947,531)		(61,656,740,794)	
Taxable Assessed Value	$ 198,514,827,514		$ 194,055,575,689		$ 176,022,948,626	

	Taxable Appraised Value for Fiscal year Ended June 30,			
	2023		2022	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 88,565,155,280	41.71%	$ 76,129,260,680	40.59%
Real, Residential, Multi-Family	32,415,591,170	15.27%	27,925,850,610	14.89%
Real, Vacant Lots/Tracts	6,549,689,350	3.08%	5,887,610,070	3.14%
Real, Acreage (Land Only)	309,421,200	0.15%	298,590,700	0.16%
Real, Farm and Ranch Improvements	124,852,030	0.06%	121,298,920	0.06%
Real, Commercial	62,602,624,580	29.49%	57,473,372,410	30.64%
Real, Industrial	829,047,460	0.39%	735,683,660	0.39%
Real, Non-Producing Minerals	5,440	0.00%	5,320	0.00%
Real & Tangible Personal, Utilities	2,163,710,820	1.02%	2,040,463,320	1.09%
Tangible Personal, Commercial	15,533,775,830	7.32%	14,248,599,880	7.60%
Tangible Personal, Industrial	2,654,492,280	1.25%	2,318,205,670	1.24%
Real, Mobile Homes	35,639,980	0.02%	34,185,570	0.02%
Residential, Inventory	43,425,820	0.02%	622,470	0.00%
Special Inventory	484,398,760	0.23%	349,949,840	0.19%
Total Appraised Value Before Exemptions	$ 212,311,830,000	100.00%	$ 187,563,699,120	100.00%
Less: Total Exemptions/Reductions	(49,399,865,815)		(40,477,061,117)	
Taxable Assessed Value	$ 162,911,964,185		$ 147,086,638,003	

[1] Valuations shown are certified taxable assessed values reported by the Dallas Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Dallas Central Appraisal District updates records.
[2] Value includes the application of a $140,000 State-mandated general homestead exemption. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Sessions" and "AD VALOREM PROPERTY TAXATION - State Mandated Homestead Exemptions."

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TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ending 6/30 [(1)]	District Population[(2)]	Taxable Assessed Valuation[(3)]	Taxable Assessed Valuation Per Capita	Tax Debt Outstanding at Fiscal Year End[(4)]	Ratio of Tax Debt to Taxable Assessed Valuation[(4)]	Tax Debt Per Capita[(4)]
2022	1,343,266	$ 147,086,638,003	$ 109,499	$ 3,259,600,000	2.22%	2,427
2023	1,299,544	162,911,964,185	125,361	3,794,285,000	2.33%	2,920
2024	1,304,379	176,022,948,626	134,948	4,117,920,000	2.34%	3,157
2025	1,326,087	194,055,575,689	146,337	4,064,130,000	2.09%	3,065
2026	1,326,087	198,514,827,514	149,700[(5)]	5,653,355,000[(5)]	2.85%[(5)]	4,263[(5)]

(1) The District's fiscal year end is June 30th. Due to the timing of tax collection receipts, the District budgets for debt payments on a calendar year basis.
(2) Population estimates provided by the District.
(3) Source: Dallas Central Appraisal District.
(4) Includes unlimited and limited tax debt.
(5) Includes the Bonds and the Series 2026A Bonds. See "INTRODUCTION '- Issuance of Other Obligations in Close Proximity to the Bonds" herein. Preliminary; subject to change.
(5) Value includes the application of a $140,000 State-mandated general homestead exemption. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Sessions" and "AD VALOREM PROPERTY TAXATION - State Mandated Homestead Exemptions."

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ending 6/30 [(1)]	Total Tax Rate	Local Maintenance	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2022	$ 1.248235	$ 1.006200	$ 0.242035	$ 1,717,724,797	101.10%	99.30%
2023	1.184935	0.942900	0.242035	1,882,651,230	99.81%	99.10%
2024	1.013835	0.771800	0.242035	1,717,929,842	98.00%	99.10%
2025	0.997235	0.755200	0.242035	1,854,941,238	98.00%[(1)]	98.00%[(1)]
2026	0.993835	0.751800	0.242035	1,895,841,262	(in process of collection)	(in process of collection)

(1) Collections as of 6/30/2025

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2025 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation[(1)]
Oncor Electric Delivery	Electric Utility	$ 1,029,188,336	0.52%
Southwest Airlines	Airline	963,899,034	0.49%
Northpark Land Partners	Developer	902,741,565	0.45%
PCV Dakota LLC	Apartments	796,293,840	0.40%
Walmart Stores Inc.	Retail Store	777,718,420	0.39%
Post Apartment Homes	Apartments	764,786,950	0.39%
GPIF TC Owner LLC	Developer	744,053,650	0.37%
Atmos Energy	Utility	729,007,018	0.37%
Amazon LLC	Online Retail	578,402,313	0.29%
Equinix LLC	Technology	457,233,130	0.23%
		$ 7,743,324,256	3.90%

(1)Based on fiscal year 2025/26 Taxable Assessed Valuation.

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TABLE 6 - ESTIMATED OVERLAPPING DEBT[1]

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 Body	Net Debt Amount	Net Debt As of	% Overlapping	Amont Overlapping
Dallas ISD	$ 5,653,355,000	10/31/25	100.00%	$ 5,653,355,000 [1]
Addison, Town of	134,025,000	10/31/25	88.34%	118,397,685
Balch Springs, City of	21,325,000	10/31/25	29.56%	6,303,670
Carrollton, City of	202,225,000	10/31/25	8.25%	16,683,563
Cockrell Hill, City of	4,960,000	10/31/25	100.00%	4,960,000
Combine, City of	488,000	10/31/25	13.11%	63,977
Dallas County	179,530,000	10/31/25	45.67%	81,991,351
Dallas County CCD	247,115,000	10/31/25	45.67%	112,857,421
Dallas County Hospital District	511,285,000	10/31/25	45.67%	233,503,860
Dallas, City of	2,532,963,583	10/31/25	79.14%	2,004,587,379
DeSoto, City of	168,200,000	10/31/25	23.31%	39,207,420
Duncanville, City of	16,445,000	10/31/25	0.18%	29,601
Farmers Branch, City of	75,915,000	10/31/25	33.02%	25,067,133
Garland, City of	664,485,000	10/31/25	1.20%	7,973,820
Grand Prairie, City of	537,866,000	10/31/25	0.00%	--[2]
Hutchins, City of	79,820,000	10/31/25	91.33%	72,899,606
Lancaster, City of	96,972,401	10/31/25	7.69%	7,457,178
Mesquite, City of	293,660,000	10/31/25	1.93%	5,667,638
Seagoville, City of	16,875,000	10/31/25	81.00%	13,668,750
University Park, City of	11,930,000	10/31/25	0.13%	15,509
Wilmer, City of	32,028,000	10/31/25	97.00%	31,067,160
Wilmer MUD #1	8,140,000	10/31/25	100.00%	8,140,000

Total Direct and Overlapping Tax Supported Debt	$ 8,443,897,719[1]
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation	4.25%
Per Capita Direct and Overlapping Tax Supported Debt	$ 6,368

[1] Includes unlimited tax and limited tax debt. Includes the Bonds and the Series 2026A Bonds. Preliminary, subject to change.
[2] Less than 0.01%

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DEBT INFORMATION

TABLE 7 – PRO-FORMA TAX SUPPORTED DEBT SERVICE REQUIREMENTS

Calendar Year Ending [1]	Outstanding Unlimited Tax Debt [2]	Plus: Series 2026A Bonds Principal	Plus: Series 2026A Bonds Interest	Plus: Series 2026A Bonds Total	Plus: Series 2026B Bonds [3] Principal	Plus: Series 2026B Bonds [3] Interest	Plus: Series 2026B Bonds [3] Total	Estimated Unlimited Tax Debt Service	Percent of Principal
2026	$ 385,553,449	$ -	$ -	$ -	$ -	$ -	$ -	$ 385,553,449	
2027	377,985,816	-	53,935,499	53,935,499	-	22,083,333	22,083,333	454,004,649	
2028	375,494,214	-	36,090,669	36,090,669	-	15,000,000	15,000,000	426,584,883	
2029	374,217,466	-	36,090,669	36,090,669	-	15,000,000	15,000,000	425,308,135	
2030	378,294,044	-	36,090,669	36,090,669	-	15,000,000	15,000,000	429,384,713	17.13%
2031	396,983,979	-	36,090,669	36,090,669	-	15,000,000	15,000,000	448,074,648	
2032	402,021,349	12,210,000	35,785,419	47,995,419	-	15,000,000	15,000,000	465,016,768	
2033	407,207,578	18,465,000	35,018,544	53,483,544	-	15,000,000	15,000,000	475,691,121	
2034	395,504,934	19,220,000	34,076,419	53,296,419	-	15,000,000	15,000,000	463,801,353	
2035	408,483,349	25,000,000	32,970,919	57,970,919	-	15,000,000	15,000,000	481,454,268	43.05%
2036	216,958,946	25,000,000	31,720,919	56,720,919	-	15,000,000	15,000,000	288,679,865	
2037	190,206,159	26,260,000	30,439,419	56,699,419	-	15,000,000	15,000,000	261,905,578	
2038	190,193,628	27,605,000	29,092,794	56,697,794	-	15,000,000	15,000,000	261,891,421	
2039	190,187,690	29,025,000	27,677,044	56,702,044	-	15,000,000	15,000,000	261,889,734	
2040	190,185,874	30,510,000	26,188,669	56,698,669	-	15,000,000	15,000,000	261,884,543	55.71%
2041	168,321,940	32,075,000	24,624,044	56,699,044	-	15,000,000	15,000,000	240,020,984	
2042	168,326,696	33,720,000	22,979,169	56,699,169	-	15,000,000	15,000,000	240,025,865	
2043	168,317,668	35,450,000	21,249,919	56,699,919	-	15,000,000	15,000,000	240,017,587	
2044	168,316,015	37,265,000	19,432,044	56,697,044	-	15,000,000	15,000,000	240,013,059	
2045	168,317,710	39,180,000	17,520,919	56,700,919	-	15,000,000	15,000,000	240,018,629	68.57%
2046	153,286,279	25,000,000	16,010,169	41,010,169	20,975,000	14,475,625	35,450,625	229,747,073	
2047	153,292,339	25,765,000	14,931,413	40,696,413	22,050,000	13,400,000	35,450,000	229,438,751	
2048	153,291,550	26,990,000	13,709,156	40,699,156	23,185,000	12,269,125	35,454,125	229,444,831	
2049	153,292,663	28,375,000	12,325,031	40,700,031	24,370,000	11,080,250	35,450,250	229,442,944	
2050	153,284,538	29,825,000	10,870,031	40,695,031	25,620,000	9,830,500	35,450,500	229,430,069	83.64%
2051	139,920,119	31,355,000	9,340,531	40,695,531	26,935,000	8,516,625	35,451,625	216,067,275	
2052	139,923,825	32,920,000	7,779,469	40,699,469	28,315,000	7,135,375	35,450,375	216,073,669	
2053	123,562,500	34,510,000	6,187,734	40,697,734	29,770,000	5,683,250	35,453,250	199,713,484	
2054	92,923,600	36,180,000	4,519,391	40,699,391	31,295,000	4,156,625	35,451,625	169,074,616	
2055	63,800,025	37,925,000	2,770,766	40,695,766	32,900,000	2,551,750	35,451,750	139,947,541	98.65%
2056		39,760,000	937,969	40,697,969	34,585,000	864,625	35,449,625	76,147,594	100.00%
Total	$7,047,655,940	$ 739,590,000	$ 686,456,072	$1,426,046,072	$ 300,000,000	$ 382,047,083	$ 682,047,083	$9,155,749,095	

(1) The District's fiscal year end is June 30. However, due to the timing of tax collection receipts, the District calculates tax rates for debt service on a calendar year basis.
(2) Includes Unlimited Tax Debt only. For Maintenance Tax Notes, please refer to Table 7A - Limited Tax Debt Service Requirements.
(3) Does not account for the 2/15/2026 scheduled redemption of the District's Multi-Modal Unlimited Tax School Building Bonds, Subseries 2025A-1 in the outstanding principal amount of $64,365,000.
(4) Preliminary; subject to change. Interest calculated at an assumed rate for illustrative purposes only. See "INTRODUCTION - Issuance of Other Obligations in Close Proximity to the Bonds" herein.

TABLE 7-A – LIMITED TAX DEBT SERVICE REQUIREMENTS

Outstanding Limited Tax Debt[2]

Calendar Year Ending [1]	Principal	Interest	Total	Percent of Principal
2026	$ --	$ 7,237,237	$ 7,237,237	
2027	--	7,237,237	7,237,237	
2028	--	7,237,237	7,237,237	
2029	--	7,237,237	7,237,237	
2030	--	7,237,237	7,237,237	0.00%
2031	--	7,237,237	7,237,237	
2032	--	7,237,237	7,237,237	
2033	143,340,000	7,237,237	150,577,237	100.00%
Total	$ 143,340,000	$ 57,897,893	$ 201,237,893	

(1) The District's fiscal year end is June 30. However, due to the timing of tax collection receipts, the District budgets for debt payments on a calendar year basis.
(2) Includes Limited Tax Debt payable from maintenance and operations taxes only. For Unlimited Tax Debt, please refer to "Table 7 - Tax Supported Debt Service Requirements."

TABLE 8 - INTEREST AND SINKING FUND PROJECTIONS[(1)(2)(3)]

Tax Supported Debt Service Requirements, Calendar Year 2026		$ 385,553,449
Interest and Sinking Fund Balance as of 6/30/2025	$ 373,106,196	
Budgeted Interest and Sinking Fund Tax Levy Collections	461,620,085	
Budgeted Interest and Sinking Interest Income	9,000,000	$ 843,726,281
Projected Interest and Sinking Fund Balance as of 6/30/2026		$ 458,172,832

(1) This table reflects the full year's unlimited tax supported debt service requirements for calendar year 2026. Preliminary, subject to change.
(2) Previously, the table was calculated on a budget basis and is now calculated on an actual basis reflecting a more accurate statement of the District's position.
(3) Does not account for the 2/15/2026 scheduled redemption of the District's Multi-Modal Unlimited Tax School Building Bonds, Subseries 2025A-1 in the outstanding principal amount of $64,365,000.

TABLE 9 - AUTHORIZED BUT UNISSUED UNLIMITED TAX BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued[(2)]	Commercial Paper Previously Issued	Unissued Balance
Buses	11/6/2018	$ 75,000,000	$ 75,000,000[(1)]	$ - -	$ --	$ --
School Building	11/3/2020	3,271,600,000	2,220,000,000[(1)]	1,050,375,000[(2)]	1,225,000[(4)]	--
Technology	11/3/2020	270,000,000	100,000,000[(1)]	40,000,000[(3)]	130,000,000[(5)]	--
Total		$ 3,616,600,000	$ 2,395,000,000	$ 1,090,375,000	$ 131,225,000	$ --

(1) Includes premium allocated against voted authorization.
(2) Includes $750,375,000 of voted authorization being utilized by issuance of the Series 2026A Bonds and $300,000,000 of voted authorization expected to be utilized by issuance of the Bonds. Includes premium allocated against voted authorization. Preliminary, subject to change.
(3) Includes the Series 2026A Bonds and premium allocated against voted authorization.
(4) Issued through the Series IB Notes on July 28, 2021 and paid off on February 17, 2022. As of the date of this Official Statement, the District does not have any Series IB Notes outstanding.
(5) Issued through the Series IA Notes on March 3, 2022 ($50 million), October 6, 2022 ($50 million) and August 15, 2023 ($30 million), and since paid off. As of the date of this Official Statement, the District does not have any Series IA Notes outstanding.

ANTICIPATED ISSUANCE OF ADDITIONAL TAX DEBT..... On or about February 17, 2026, the District expects to issue its Series 2026A Bonds in the principal amount of $739,590,000. See "INTRODUCTION – Issuance of Other Obligations in Close Proximity to the Bonds." It is expected that, upon the issuance of the Series 2026A Bonds and the Bonds, the District will have no remaining authorized but unissued voter approved tax-supported debt. Additionally, the District has commercial paper programs authorizing the issuance of commercial paper notes in the maximum aggregate principal amount of $800 million. See "DEBT INFORMATION – Commercial Paper Program" herein. However, the utilization of such programs is conditioned on remaining voted authorization.

TABLE 10 - OTHER OBLIGATIONS

Operating Lease Agreements

The District has entered into multiple lease agreements as a lessee. The leases allow the District the right to use copy machines, buildings, and other equipment over the term of the lease. The District is required to make monthly, quarterly, or annual payments. The future principal and interest lease payments as of fiscal year-end are as follows:

FYE 30-June	Minimum Future Lease Commitments
2026	$ 261,921
2027	265,322
2028	146,564
2029	132,116
2030	134,357
2031 - 2035	251,340
TOTAL	$ 1,191,620

Source: The District.

Maintenance Tax Notes
On December 1, 2013 the District issued $143,340,000 in Limited Maintenance Tax Qualified School Construction Notes, Taxable Series 2013 (Direct Pay Subsidy Notes) (the "Maintenance Tax Notes"). The Maintenance Tax Notes are paid from the revenues from the District's General Fund. See "Table 7-A Limited Tax Debt Service Requirements." The amount outstanding for Maintenance Tax Notes as of June 30, 2025 was as follows:

Series	Maintenance Tax Notes Maturity or Mandatory Redemption Date	Yield Rates	Total Outstanding Principal Amount (in thousands)
2013	Principal due at maturity – interest due each February 15 and August 15 from August 15, 2014 to August 15, 2033	5.049%	$143,340
		Total	$143,340

Commercial Paper Programs
The District established $500 million commercial paper programs in July 2021 consisting of the (i) Dallas Independent School District Unlimited Tax Commercial Paper Program, Series I, which comprises of the (x) Dallas Independent School District Unlimited Tax Commercial Paper Notes, Series IA (the "Series IA Notes") and (y) Dallas Independent School District Unlimited Tax Commercial Paper Notes, Series IB (the "Series IB Notes" and, collectively with the Series IA Notes, the "Series I Notes"), and (ii) Dallas Independent School District Unlimited Tax Extendible Commercial Paper Program, Series II (the "Series II Notes"). Pursuant to the order establishing the Series I Notes, multiple series of commercial paper may be issued in an aggregate principal amount at any one time outstanding not to exceed $300,000,000. The District entered into a revolving credit agreement dated as of July 28, 2021 with Bank of America, N.A. under which Bank of America, N.A. has agreed to provide a revolving credit agreement (the "Credit Agreement") to the District as liquidity support for the Series IA Notes. The Credit Agreement shall expire on July 28, 2026. The Series IB Notes are to be directly placed with Bank of America N.A. pursuant to the terms of a separate purchase agreement and are not currently eligible to be publicly marketed and sold.

In a separate order, the District authorized its $200,000,000 Series II Notes. On November 21, 2024, the District amended the order for the Series II Notes to increase the authorized aggregate principal amount at any one time outstanding not to exceed $500,000,000. The Series II Notes do not have liquidity support from a bank.

As of the date of this Official Statement, the District does not have any outstanding Series IA Notes, Series IB Notes, or Series II Notes. Drawing on the District's commercial paper programs to fund its capital improvement program requires the utilization of voted authorization.

PENSION FUND AND OTHER BENEFITS….. Pension funds for employees of Texas school districts, and any employee in public education in Texas, are administered by the Teacher Retirement System of Texas (the "System"). By statute, plan members must contribute 6.4% of their annual covered salary into the System, and the State of Texas contributes an amount equal to 6.000% of the District's covered payroll. The District, on behalf of the State, contributes a portion of the State's contribution on the portion member's salary that exceeds the statutory minimum (For more detailed information concerning the retirement plan, see "APPENDIX B - THE DISTRICT'S ANNUAL COMPREHENSIVE FINANCIAL REPORT" - Note M).

In addition to participation in the System, the District provides health care coverage for its employees. For a discussion of the District's medical benefit plan (see "APPENDIX B - THE DISTRICT'S ANNUAL COMPREHENSIVE FINANCIAL REPORT" - Note N).

As a result of its participation in the System and having no other post-retirement benefit plans, the District has no obligations for other post-employment benefits within the meaning of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions* ("GASB 75").

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

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FINANCIAL INFORMATION

TABLE 11 - SCHEDULE OF CHANGES IN NET POSITION

	Fiscal Years Ended June 30,				
Program Revenues	2025	2024	2023	2022	2021
Operating Grants & Contributions	$ 315,215,781	$ 547,346,837	$ 515,141,790	$ 443,338,242	$ 348,776,116
Charges for Services	5,583,389	5,482,619	6,643,734	4,152,364	3,110,467
Investment Earnings	101,909,761	116,332,306	75,437,598	(5,377,815)	30,332,983
Property Taxes	1,816,376,285	1,664,402,534	1,887,592,069	1,741,150,454	1,716,972,446
State Aid - Formula Grants	83,079,555	162,262,715	16,868,519	42,919,472	41,246,541
Grants and Contributions, Unrestricted	221,805,459	242,400,652	193,261,011	91,164,628	6,291,780
Other [1]	7,718,411	28,933,583	41,005,343	28,659,058	188,987,283
Total Revenues	$2,551,688,641	$2,767,161,246	$2,735,950,064	$2,346,006,403	$2,335,717,616
Expenses					
Instruction	$1,134,962,095	$1,285,888,531	$1,173,638,465	$1,004,236,979	$1,078,164,284
Instructional Resource and Media Services	24,281,080	19,021,818	16,021,342	14,585,509	18,401,935
Curriculum & Staff Development	64,556,529	86,864,152	59,095,929	59,799,697	64,995,553
Instructional Leadership	52,617,875	78,186,618	78,525,664	57,458,311	55,389,836
School Leadership	130,184,914	141,432,491	131,484,080	114,857,081	123,102,392
Guidance, Counseling & Evaluation Services	104,589,590	113,261,886	101,004,233	79,002,173	84,734,280
Social Work Services	5,663,768	1,622,729	1,762,529	1,704,888	1,925,327
Health Services	26,640,422	26,845,395	28,806,645	26,203,296	24,595,412
Student Transportation	77,275,181	81,747,295	72,310,672	62,721,267	58,353,284
Food Services	121,903,897	130,468,798	115,960,364	100,553,734	97,710,527
Co-curricular/Extracurricular Activities	56,220,292	58,593,618	50,234,747	43,306,251	42,795,172
General Administration	79,431,141	64,360,076	61,736,428	54,554,227	53,824,592
Plant Maintenance and Operations	209,289,634	229,034,992	211,041,315	171,641,924	205,824,400
Security & Monitoring Services	70,737,932	49,705,825	32,950,334	25,695,932	23,674,507
Data Processing Services	50,685,297	42,935,621	46,857,085	51,927,176	45,694,626
Community Services	19,135,049	20,745,848	15,430,692	12,526,284	12,011,566
Interest and Fiscal Charges	150,479,111	170,110,150	119,432,667	128,022,484	134,496,183
Facilities Acquisition and Construction	25,615,503	39,805,463	34,149,909	14,455,158	8,339,925
Contracted Instructional Services Between Schools	52,538,602	44,498,625	216,689,569	97,987,095	85,377,533
Payments to Juvenile Justice Alt. Ed. Prg.	27,852	15,654	14,058	9,726	14,628
Other Intergovernmental Charges[2]	6,843,089	6,756,961	6,201,018	5,930,560	5,928,126
Total Expenses	$2,463,678,853	$2,691,902,546	$2,573,347,745	$2,127,179,752	$2,225,354,088
Excess (Deficiency) before Extraordinary Items	$ 88,009,788	$ 75,258,700	$ 162,602,319	$ 218,826,651	$ 110,363,528
Extraordinary Item - Resource	$ -	$ -	$ 5,362,281	$41,310,834	$19,897,264
Extraordinary Item - (Use)	-	-	-	(9,287,259)	(12,544,156)
Increase (decrease) in net assets before transfer and special items	$ 88,009,788	$ 75,258,700	$ 167,964,600	$ 250,850,226	$ 117,716,636
Beginning Net Assets	768,108,624	692,849,924	524,885,324	274,035,098	156,296,299
Prior Period Adjustments	(33,491,758)	-	-	-	22,163
Ending Net Assets	$ 822,626,654	$ 768,108,624	$ 692,849,924	$ 524,885,324	$ 274,035,098

[1] Loss on sale of personal property and legal settlements.
[2] Cost of tax collecting and property valuation paid to Dallas County Tax Office and Dallas Central Appraisal District, respectively. New account code was created in 2009 by Texas Education Agency for this expense.

TABLE 11-A – SCHEDULE OF GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Years Ended June 30,				
Revenues	2025	2024	2023	2022	2021
Local and Intermediate Sources	$1,441,810,212	$1,355,205,145	$1,579,683,758	$1,416,979,977	$1,424,510,628
State Sources	247,734,868	296,685,061	176,676,437	185,524,432	207,947,329
Federal Sources	39,359,804	107,110,709	124,651,489	106,678,451	81,486,628
Total Revenues	$1,728,904,884	$1,759,000,915	$1,881,011,684	$1,709,182,860	$1,713,944,585
Expenditures					
Instruction	$ 933,767,452	$ 905,070,799	$ 884,671,447	$ 844,192,613	$ 840,971,379
Instructional Resource and Media Services	21,687,604	14,457,874	12,853,118	13,228,831	16,004,544
Curriculum & Staff Development	28,231,982	24,775,990	24,975,945	25,600,569	22,052,054
Instructional Leadership	45,980,836	48,668,763	54,834,819	49,030,186	45,597,599
School Leadership	117,318,034	118,505,082	122,042,552	115,324,848	112,218,358
Guidance, Counseling & Evaluation Services	82,589,398	66,917,348	65,848,943	62,848,168	61,742,596
Social Work Services	5,383,589	1,093,837	1,239,355	1,240,776	1,202,115
Health Services	24,607,820	22,761,006	21,335,456	24,934,237	21,620,237
Student Transportation	72,101,253	72,215,397	66,461,499	61,470,739	50,520,493
Food Services	101,725	7,799	20,997	78,299	1,151,408
Co-curricular/Extracurricular Activities	52,340,440	50,694,457	45,159,102	39,787,617	37,510,017
General Administration	55,405,235	56,684,954	57,399,790	50,093,226	50,390,094
Plant Maintenance and Operations	189,928,413	197,371,828	190,431,612	174,877,966	200,906,571
Security & Monitoring Services	44,504,375	35,560,983	28,054,669	23,963,213	24,267,137
Data Processing Services	40,857,402	37,429,820	35,645,026	50,755,161	39,292,414
Community Services	7,405,697	6,400,284	5,405,404	4,195,790	3,576,074
Debt Service	15,173,998	19,020,044	16,941,959	12,033,130	7,237,737
Facilities Acquisition and Construction	427,997	2,935,488	1,278,856	3,607,644	3,532,631
Chapter 49 Payments	52,538,602	44,498,625	216,689,569	97,987,095	85,377,533
Payments to Juvenile Justice Alt. Ed. Prg.	27,852	15,654	14,058	9,726	14,628
Other Intergovernmental Charges[(1)]	6,824,566	6,756,961	6,197,359	5,930,354	5,928,126
Total Expenditures	$1,797,204,270	$1,731,842,993	$1,857,501,535	$1,661,190,188	$1,631,113,745
Excess (Deficiency) of Revenues Over Expenditures	$ (68,299,386)	$ 27,157,922	$23,510,149	$47,992,672	$82,830,840
Other Resources and (Uses)	$11,981,899	$10,114,440	$10,641,993	$7,227,285	$(20,183,478)
Extraordinary Item - Resource [(2)]	-	-	5,362,281	7,563,221	5,000,000
Extraordinary Item - (Use)	(7,167,029)	(8,567,000)	(7,936,129)	(11,483,003)	(13,768,757)
Net Change in Fund Balance	(63,484,516)	28,705,362	31,578,294	51,300,175	53,878,605
Beginning Fund Balance on July 1	1,034,862,469	1,006,157,107	974,578,813	923,278,638	869,400,034
Prior Period Adjustment	-	-	-	-	-
Ending Fund Balance on June 30	$971,377,953	$1,034,862,469	$1,006,157,107	$974,578,813	$923,278,638

[(1)]Cost of tax collecting and property valuation paid to Dallas County Tax Office and Dallas Central Appraisal District, respectively. New account code was created in 2009 by Texas Education Agency for this expense.

[(2)]The unaudited General Fund Balance for fiscal year ending June 30, 2026 is expected to be approximately $872,170,916. For the fiscal year ending 2026, the District adopted a deficit budget based on the formula funding available at the time. Similar to the fiscal year ending in 2025, the deficit is expected to continue decreasing throughout the year as expense-reduction strategies are implemented, with the District anticipating at least a 50 percent reduction by year-end. It is the District's goal to conclude its fiscal year as close to balanced as possible through continued monitoring, targeted cost controls, and disciplined spending management.

FINANCIAL POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES….. The District is a public education agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board ("GASB") and other authoritative sources identified in Statement on Auditing Standards No. 69 of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of the TEA's Financial Accountability System Resource Guide, issued by the TEA, and the requirements of contracts and grants of agencies from which it receives funds.

BASIS OF PRESENTATION…..*Government-wide financial statements* - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal Service fund activity is eliminated to avoid overstatement of revenues and expenses. The statements distinguish between governmental and business-type activities of the District.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes and revenues not classified as program revenues are presented as general revenues of the District.

Fund Financial Statements - Fund financial statements report detailed information about the District. Their focus is on major funds rather than reporting funds by type. Each major governmental aid fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

BASIS OF ACCOUNTING….. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Revenues from local sources consist primarily of property taxes. Property tax revenues are recognized under the susceptible to accrual concept. Funds received but unearned are reflected as deferred revenues, and funds expended but not yet received are shown as receivables. For state entitlements, the District has adopted a budgetary basis of accounting for Foundation School Program revenues. Such entitlements are recorded as received.

Interest revenue and building rentals are recorded when earned since they are measurable and available. Other revenues such as fees, tuition, local food service revenue, and miscellaneous revenues are accounted for on the cash basis.

Expenditures are recognized in the accounting period in which the fund liability is incurred when measurable, except expenditures for debt service including unmatured interest on long-term debt. Expenditures for principal and interest on long- term debt are recognized when due.

BUDGETARY DATA….. The District is required by state law to adopt annual budgets for the General Fund, Debt Service Fund and the Food Service Special Revenue Fund, which is included within the Special Revenue Funds. The remaining Special Revenue Funds and the Capital Projects Fund adopt project-length budgets that do not correspond to the District's fiscal year. Each budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles ("GAAP"). The budget is prepared and controlled at the function level.

The official school budget is prepared for adoption for required governmental funds prior to June 20 of the preceding fiscal year for the subsequent fiscal year beginning July 1. The Board formally adopts the budget at a public meeting held at least ten days after public notice has been given. Once adopted, the budget can be amended by subsequent Board action.

INVESTMENTS

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

LEGAL INVESTMENTS..... Under Texas law, the District is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the District in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the District's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the District appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for District deposits, or (ii) where (a) the funds are invested by the District through a broker or institution that has a main office or branch office in the State and selected by the District in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the District appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (1) or (12), which are pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less from date of issuance, will be liquidated in full at maturity, are eligible for collateral for borrowing from a Federal Reserve Bank, and, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less from the date of issuance that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and provides the District with a prospectus required by the Securities Exchange Act of 1934 and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the District is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract and is pledged to the District and deposited to the District or third party selected by the District; (16) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 2256.011 of the PFIA; and (17) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party designated by the District, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution. The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

As a school district that qualifies as an "issuer" under Chapter 1371, the District is also authorized to purchase, sell, and invest its funds in corporate bonds. 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. To invest in corporate bonds, an eligible school district must first (i) amend its investment policy to authorize corporate bonds as an eligible investment, (ii) adopt procedures for monitoring rating changes in corporate bonds and liquidating an investment in corporate bonds, and (iii) identify funds eligible to be invested in corporate bonds. As of the date of this Official Statement, the District has taken no such steps with respect to investments in corporate bonds.

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

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

ADDITIONAL PROVISIONS….. Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the Board; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, prohibit the investment in mutual funds of any portion of bond proceeds, reserves and funds held for debt service, and prohibit the investment of funds in either a money market or non-money market mutual fund in an amount that exceeds 10% of the total assets of such fund; (9) require local government investment pools to conform to advisory board requirements and the additional requirements set forth in Sections 2256.016(b) and (c) of the Texas Government Code, as amended; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

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TABLE 12 - CURRENT INVESTMENTS (UNAUDITED)

As of November 30, 2025 (unaudited), the District's investable funds were invested in the following categories:

Description	Book Value		Market Value	
Cash	$	(15,303,051	$	(15,303,051)
Money Market Funds & FDIC Insured Investment Accounts		64,136,173		64,136,173
LOGIC Investment Pool		261,710,517		261,710,516
Lone Star Investment Pool		318,192,582		318,192,582
Texas CLASS Investment Pool		172,503,467		172,503,467
Texas Range Daily/Daily Select		403,810,755		403,810,755
Texas Range Fixed Term		252,345,521		252,345,521
TexPool		319,977,115		319,977,115
Texas Connect		63,981,233		63,981,233
Texas FIT		355,520,955		355,520,955
Texas FIT Fixed Term		192,868,781		192,868,781
TOTAL	$	2,389,744,047	$	2,389,744,047

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

TAX EXEMPTION..... In the opinion of Bracewell LLP and West & Associates, L.L.P., Co-Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Order that it will comply with these requirements.

Co-Bond Counsel's opinion will assume continuing compliance with the covenants of the Order pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the District, and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the District and such parties, which Co-Bond Counsel has not independently verified. If the District fails to comply with the covenants in the Order or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Co-Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Order upon the advice or with the approving opinion of Co-Bond Counsel. Co-Bond Counsel will express no opinion with respect to Co-Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Co-Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Co-Bond Counsel's knowledge of facts as of the date thereof. Co-Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Co-Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Co-Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Co-Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

COLLATERAL TAX CONSEQUENCES..... Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE PREMIUM BONDS..... If the issue price of a maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bond, such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT….. If the issue price of a maturity of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the "OID Bonds"), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS – Tax Exemption" and "TAX MATTERS – ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS—COLLATERAL TAX CONSEQUENCES" and "—TAX LEGISLATIVE CHANGES" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such OID Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such OID Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such OID Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on page ii of this Official Statement. Neither the District nor Co-Bond Counsel has made any investigation or offers any comfort that the OID Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such OID Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of OID Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such OID Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such OID Bonds.

TAX LEGISLATIVE CHANGES..... Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds.

Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains an "obligated person" with respect to the Bonds, within the meaning of the United States Securities and Exchange Commission's (the "SEC") Rule 15c2-12, as amended from time to time (the "Rule"). Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the MSRB.

ANNUAL REPORTS..... The District will provide certain updated financial information and operating data to the MSRB on an annual basis. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under Tables numbered 1 through 5 and 7 through 12 and in APPENDIX B. The District will update and provide this information within six months after the end of each fiscal year ending in and after 2026. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet website through the EMMA information system at www.emma.msrb.org or filed with the SEC, as permitted by the Rule. The updated information will include audited financial statements, if the District commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation. The District's current fiscal year end is June 30. Accordingly, it must provide updated information by the last day of December in each year following the end of its fiscal year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

DISCLOSURE EVENT NOTICES..... The District shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event of any of the following events with respect to the Bonds: (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; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material; (15) incurrence of a Financial Obligation (hereinafter defined) of the District or obligated person, 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 its agreement described above under "Annual Reports."

As used in clause (12) above, the phrase "bankruptcy, insolvency, receivership or similar event" means 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. Further, the District intends the words used in clauses (15) and (16) above and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

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

LIMITATIONS AND AMENDMENTS..... The District has agreed to update information and to provide notices of certain 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. Nothing in this paragraph is intended or shall act to disclaim, waive or limit the District's duties under federal and state securities laws. The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if (1) the agreement, as amended would have permitted an underwriter to purchase or sell the Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of the Order that authorizes such amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the District amends its agreement, it must include with the next scheduled disclosure financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in type of information and data provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS..... During the last five (5) years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

CYBERSECURITY RISK

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

WEATHER EVENTS

If a future weather event significantly damaged all or part of the properties comprising the tax base within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the District's tax rate. Texas law allows school districts to increase property tax rates without voter approval upon the occurrence of certain disasters such as floods and upon a gubernatorial or presidential declaration of disaster. See "TAX RATE LIMITATIONS – PUBLIC HEARING AND VOTER-APPROVAL TAX RATE." There can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District or be sufficient for such purposes. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

OTHER INFORMATION

RATINGS..... Moody's Ratings ("Moody's") has assigned its municipal bond rating of "Aaa" to the Bonds by virtue of the guarantee of the Permanent School Fund of the State of Texas. In addition, Moody's and Kroll Bond Rating Agency, LLC ("KBRA") have assigned underlying unenhanced ratings of "Aa1" and "AAA," respectively, to the Bonds. The presently outstanding unenhanced tax-supported debt of the District is rated "Aa1" by Moody's, "AA+" by S&P Global Ratings ("S&P"), "AA+" by Fitch Ratings ("Fitch") and "AAA" by KBRA. The District also has issues outstanding which are rated "Aaa" by Moody's, "AAA" by S&P and "AAA" by Fitch, by virtue of the guarantee of the Permanent School Fund of the State of Texas. The ratings reflect only the respective views of such organizations and the District makes no representation as to the appropriateness of the ratings.

An explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. The District furnished to such rating agencies the information contained in this Official Statement and certain publicly available materials and information about the District. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies, and assumptions of the rating agencies. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any or all of such rating agencies if, in the judgment of any or all, circumstances so warrant. Such circumstances may include, without limitation, changes in or unavailability of information relating to the District. Any such downward revision or withdrawal of either of such ratings may have an adverse effect on the market price of the Bonds.

A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

PENDING LITIGATION..... The District is a defendant in various lawsuits arising principally in the normal course of its operations. Claims and lawsuits have not had a material effect on the District's financial position none of which are expected to result in a material adverse impact to the District's operations or finances.

On the Delivery Date of the Bonds to the Underwriters, the District will execute and deliver to the Underwriters a certificate to the effect that, except as disclosed herein, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner question the validity of the Bonds.

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 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. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION – RATINGS" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. 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 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 legal opinion of Co-Bond Counsel to like effect, a form of which opinion is attached to this Official Statement as APPENDIX C. Though they represent the Co-Financial Advisors from time to time in matters unrelated to the issuance of the Bonds, Co-Bond Counsel have been engaged by and only represent the District in connection with the issuance of the Bonds. Co-Bond Counsel were not requested to participate, and did not take part, in the preparation of this Official Statement, and such firms have not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in capacity as Co-Bond Counsel, such firms have reviewed the information under the captions and subcaptions "THE BONDS" (excluding the information under the subcaptions "SOURCES AND USES OF FUNDS," "EFFECTS OF SEQUESTRATION ON CERTAIN OBLIGATIONS," "PERMANENT SCHOOL FUND GUARANTEE," "GENERAL – BOOK-ENTRY SYSTEM OF REGISTRATION AND PAYMENT" " "PAYMENT RECORD," "BONDHOLDERS' REMEDIES," and "BOOK-ENTRY-ONLY SYSTEM"), "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 OF INFORMATION" (excluding the information under the subcaption "COMPLIANCE WITH PRIOR UNDERTAKINGS"), "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" (except for the last three sentences hereof) in this Official Statement and such firms are 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 opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. The rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Disclosure Counsel to the District. Certain legal matters will be passed upon for the Underwriters by Cantu Harden Montoya LLP, Dallas, Texas and Winstead PC, Dallas, Texas, Co-Counsel to the Underwriters, whose legal fees are contingent upon the sale and delivery of the Bonds. 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.

CO-FINANCIAL ADVISORS.....RBC Capital Markets, LLC and Nickel Hayden Advisors are employed as Co-Financial Advisors to the District in connection with the issuance of the Bonds. The Co-Financial Advisors' fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Co-Financial Advisors have not verified and do not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. The Co-Financial Advisors are not obligated to undertake, and have not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

UNDERWRITING….. The Underwriters of the Bonds have agreed, subject to certain customary conditions, to purchase the Bonds at a price equal to the principal amount of the Bonds, plus a premium of $[_______________], and less an underwriting discount of $]_____________]. The purchase obligations of the Underwriters are subject to certain conditions precedent, and the Underwriters will be obligated to purchase all of the Bonds of their respective maturities if any such Bonds are purchased. The Underwriters have provided the following paragraphs for inclusion in this Official Statement, and the District takes no responsibility for the accuracy thereof.

The Underwriters have reviewed the information in this Official Statement in accordance with 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 this information.

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 the Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

Stifel, Nicolaus & Company, Incorporated ("Stifel") and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

Blaylock Van, LLC ("Blaylock Van"), one of the Underwriters of the Bonds, has entered into a municipal securities distribution agreement (the "Distribution Agreement") with Crews & Associates, Inc. ("C&A") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, C&A may purchase Bonds from Blaylock Van at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the District and to persons and entities with relationships with the District, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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 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 orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. These summaries do not purport to be complete statements of such provisions and reference is made to such statutes, documents and orders 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 or hyperlinks contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, the Rule.

The Bond Order authorized the Authorized Officer to approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized the use of this Official Statement in the reoffering of the Bonds by the Underwriters. This Official Statement will be approved for distribution by the Authorized Officer of the District in accordance with the provisions of the Rule.

/s/ ______________________________

Authorized Officer, Dallas Independent School District

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APPENDIX A

GENERAL INFORMATION REGARDING THE DISTRICT

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THE DISTRICT

The Dallas Independent School District (the "District") is an independent school district and a political subdivision of the State, encompassing approximately 384 square miles primarily within the boundaries of the City of Dallas all within Dallas County. The District has a 2025-2026 projected enrollment of approximately 134,500 and serves an estimated population of 1,326,087. The District's staff currently consists of approximately 21,500 employees. The District received a "B" accountability rating from the Texas Education Agency for the 2024-2025 school year. The City of Dallas is the county seat of Dallas County and ranks as one of the nation's top three cities in number of conventions, trade and market shows. Dallas County is a national center for insurance, banking, electronics, conventions and aircraft manufacturing.

DISTRICT FACILITIES

The physical facilities of the District total 278, and include 228 schools as follows:

133	Elementary Schools
56	Middle Schools
39	High Schools
24	Administration Facilities
13	Athletics & Pool Facilities

STUDENT/TEACHER RATIO

Campus Level	2024-2025			2023-2024			2022-2023			2021-2022			2020-2021			2019-2020		
	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio
High	40,987	2,354.8	17.4	41,242	2,558.8	16.1	41,919	2,536.9	16.5	42,075	2,525.8	16.7	42,091	2,429.7	17.3	42,024	2,395.5	17.5
Middle	28,552	1,601.0	17.8	29,594	2,019.3	14.7	30,730	2,129.7	14.4	32,186	2,163.2	14.9	32,679	2,065.1	15.8	33,791	2,015.4	16.8
Elementary	70,263	4,396.7	16.0	68,410	4,667.9	14.7	68,520	4,460.5	15.4	69,297	4,469.8	15.5	70,343	4,668.0	15.1	78,046	4,706.8	16.6
District	139,802	8,352.5	16.7	139,246	9,246.0	15.1	141,169	9,127.1	15.5	143,558	9,158.8	15.7	145,113	9,162.8	15.8	153,861	9,117.7	16.9

Notes:
1. FTEs include teacher positions at campuses.
2. FTEs do not include Special Education teachers.
3. Data includes all funds.
4. High School FTEs include Career Institute teachers.

Source: Dallas ISD Records

DISTRICT ENROLLMENT (AS OF 11/23/2025)

	SCHOOL YEAR				
Grade	2025-26	2024-25	2023-24	2022-23	2021-22
Early Education	491	554	581	556	452
Pre-Kindergarten	10,725	10,819	10,522	10,563	10,256
Kindergarten	9,293	9,742	9,689	9,805	10,303
Grade 1	9,791	10,223	10,207	10,654	10,616
Grade 2	10,015	10,349	10,583	10,354	10,339
Grade 3	9,834	10,510	10,112	9,927	10,113
Grade 4	10,148	10,210	9,868	9,843	10,196
Grade 5	9,791	9,853	9,792	9,863	10,147
Grade 6	8,965	9,133	9,006	9,082	9,683
Grade 7	8,693	9,040	8,905	9,442	10,085
Grade 8	8,771	8,983	9,368	9,865	10,189
Grade 9	10,503	11,798	12,212	12,833	13,260
Grade 10	9,856	10,606	10,977	11,356	10,171
Grade 11	8,707	9,054	9,657	8,956	9,478
Grade 12	8,810	8,928	7,767	8,070	8,270
Total	134,393	139,802	139,246	141,169	143,558

Source: Texas Education Agency and the District.

GENERAL INFORMATION REGARDING THE CITY OF DALLAS, DALLAS COUNTY, AND THE REGION[1]

The City of Dallas is the county seat of Dallas County and ranks as one of the nation's top three cities in number of conventions, trade and market shows. Dallas County is a national center for insurance, banking, electronics, conventions and aircraft manufacturing.

Along with the District, there are 48 college and university campuses in the Dallas metroplex area, enrolling approximately over 220,000 students. Twenty-six campuses offer 4-year undergraduate degree programs, 19 offer 2-year associate degree programs and 22 offer advanced degrees.

[1] The following information has been derived from various sources. While such sources are believed to be reliable, no representation is made as to the accuracy thereof.

EMPLOYMENT DATA -- ANNUAL AVERAGES

	2025[1]	2024	2023	2022	2021
Dallas County					
Civilian Labor Force	1,459,422	1,513,637	1,461,604	1,420,674	1,372,277
Total Employment	1,396,023	1,452,184	1,405,512	1,368,043	1,295,698
Unemployment	63,399	61,453	56,092	52,631	76,579
% Unemployment	4.3%	4.1%	3.8%	3.7%	5.6%
State of Texas					
Civilian Labor Force	15,879,033	15,621,025	15,067,153	14,662,558	14,220,446
Total Employment	15,222,891	14,965,515	14,472,524	14,092,833	13,413,036
Unemployment	656,142	655,510	594,629	569,725	807,410
% Unemployment	4.1%	4.2%	3.9%	3.9%	5.7%

[1] Adjusted figure as of September 2025

Source: Texas Labor Market Information - Texas Workforce Commission.

APPENDIX B

DALLAS INDEPENDENT SCHOOL DISTRICT ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended June 30, 2025

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DALLAS
INDEPENDENT SCHOOL DISTRICT

Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025

Report Issued by the
Finance and Accounting
Services Division

9400 N. Central Expressway Dallas, Texas 75231 www.dallasisd.org

DALLAS
INDEPENDENT SCHOOL DISTRICT

Dallas Independent School District
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

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STEPHANIE S. ELIZALDE, ED.D.
SUPERINTENDENT OF SCHOOLS

DALLAS
INDEPENDENT SCHOOL DISTRICT

November 20, 2025

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

The Texas Education Code requires that all school districts file a set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited by a Texas certified public accountant in accordance with generally accepted auditing standards. Accordingly, the District issues the Annual Comprehensive Financial Report (ACFR) for Dallas Independent School District (the District or Dallas ISD) for the fiscal year ended June 30, 2025.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. As such, this financial report is complete and reliable in all material respects. Management has established a comprehensive framework of internal controls to provide a reasonable basis for asserting that the financial statements are fairly presented.

The financial statements of the District have been audited by Weaver and Tidwell, LLP, a firm of certified public accountants licensed in Texas. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2025 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Weaver and Tidwell, LLP concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the year ended June 30, 2025 are fairly presented in conformity with GAAP. Weaver and Tidwell, LLP's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is accompanied by a federally mandated single audit designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports may be found in the compliance section of this report.

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

THE DISTRICT PROFILE

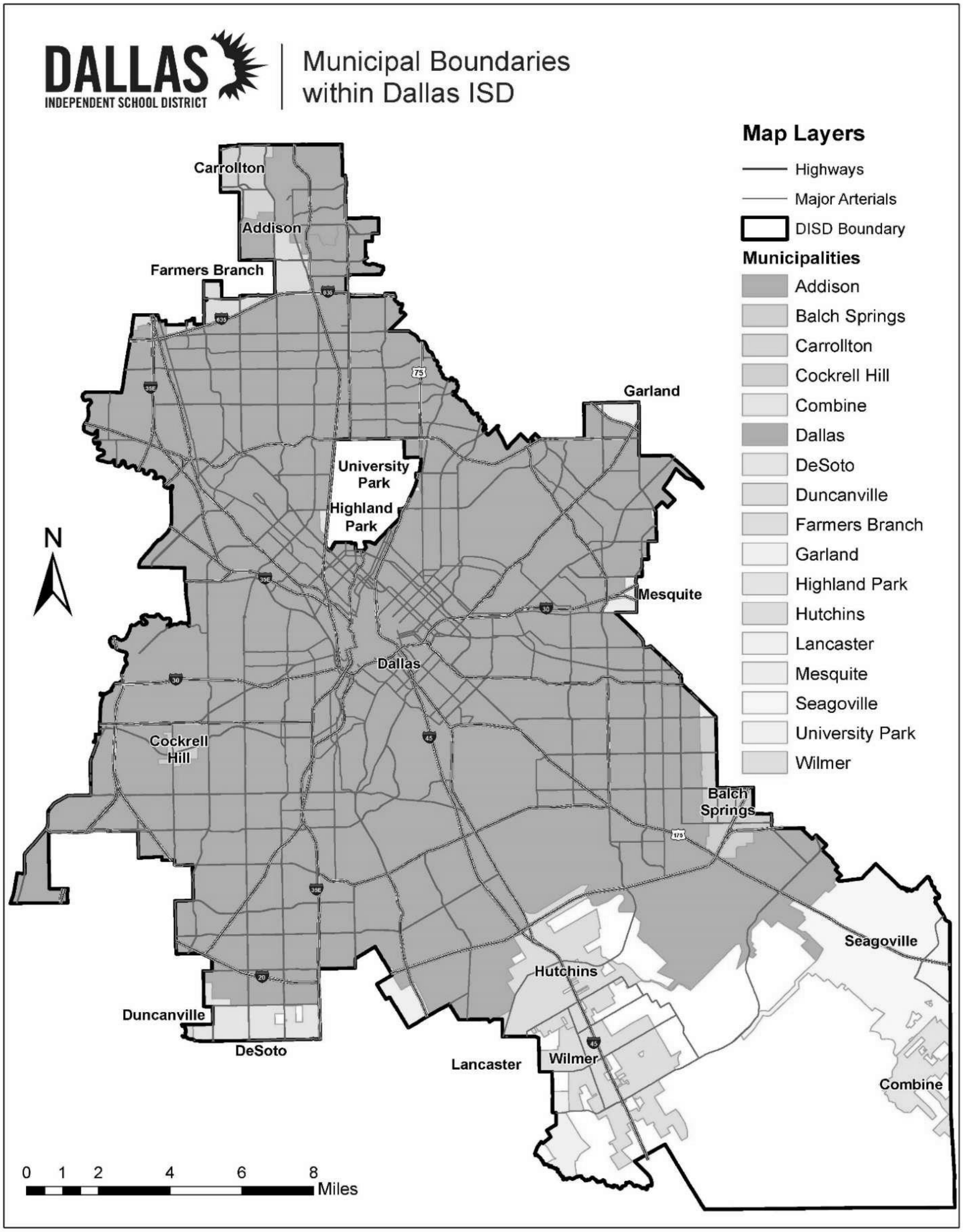
Dallas ISD is an independent public school district operating under applicable laws and regulations of the State of Texas, providing a full range of educational services appropriate to grade levels pre-kindergarten through 12th grade. The District is the second-largest public school district in Texas, and one of the largest districts in the nation in terms of enrollment. The District sits in the heart of the large, diverse and dynamic Dallas-Fort Worth metropolitan area, which has a population of approximately 8.1 million people. The District comprises 384 square miles and encompasses all or portions of the municipalities of Dallas, Addison, Balch Springs, Carrollton, Cockrell Hill, Combine, DeSoto, Duncanville, Farmers Branch, Garland, Highland Park, Hutchins, Lancaster, Mesquite, Seagoville, University Park, and Wilmer. In the 2024-2025 school year, the District served an ethnically and culturally diverse enrollment of 139,802 students in 240 schools. The ethnic composition was approximately 72.1% Hispanic, 18.8% Black, 5.6% White, 1.3% Asian, and 2.2% other ethnicities. Dallas ISD had 22,162 total staff in 2024-2025.

The District serves its diverse student population in both traditional and alternative classroom settings. The District is dedicated to providing every student the best possible education through an intensive core curriculum and specialized, challenging instructional and career programs. The District provides a full range of programs and services for its students, including elementary and secondary courses for general, vocational, and college preparatory levels, as well as vanguard, academy, magnet, and talented and gifted programs. Academic programs are supplemented by a variety of co-curricular and extracurricular activities. In addition to the regular educational programs, the District offers programs in career and technology, special education, talented and gifted, bilingual, compensatory, and adult education.

The District has no component units. The Dallas Education Foundation (DEF) is an independent not-for-profit organization founded in 2006 for charitable and education purposes to benefit the District. The DEF receives funds from individuals, corporations, and foundations in support of programs and initiatives to accomplish key District priorities. Since 2013, the District has not considered the DEF a component unit as it does not meet the significance criterion under Governmental Accounting Standards Board (GASB) Statement Number 39, as the economic resources received or held by the DEF are not significant to the District.

Several charter schools serve the same population that Dallas ISD serves. These schools receive their charters from the state and are separate and apart from Dallas ISD. The District competes with these charter schools for the same students. Like Dallas ISD, these charter schools receive state funding based on their Average Daily Attendance and special population counts. However, unlike Dallas ISD, they do not have the ability to levy local property taxes. As such, relative to Dallas ISD, these charter schools are generally more heavily dependent on state revenues for their Maintenance and Operations funding.

Serving without compensation, Dallas ISD board members establish the policies by which the District operates. The Board of Trustees (the Board) has final control over local school matters, limited only by the state legislature, by the courts, and by the will of the people as expressed in school board elections. Board decisions are based on majority vote of those present. In general, the Board adopts policies, sets direction for curriculum, employs the superintendent, and oversees the operations of the District. Trustees are charged with numerous statutory regulations, including calling trustee and other school elections and canvassing the results, organizing the Board, and electing its officers. The Board is also responsible for setting the tax rate, acting as board of appeals in personnel and student matters, confirming recommendations for textbook adoptions, and adopting and amending the annual budget. The Board adopts the District’s vision and mission statements. The District’s vision is “Dallas ISD seeks to be a premier urban school district,” and the mission is “Educating ALL students for success.”


DALLAS
INDEPENDENT SCHOOL DISTRICT
Municipal Boundaries within Dallas ISD
Map Layers
Highways
Major Arterials
DISD Boundary
Municipalities
Addison
Balch Springs
Carrollton
Cockrell Hill
Combine
Dallas
DeSoto
Duncanville
Farmers Branch
Garland
Highland Park
Hutchins
Lancaster
Mesquite
Seagoville
University Park
Wilmer
Carrollton
Addison
Farmers Branch
Garland
University Park
Highland Park
N
Mesquite
Dallas
Cockrell Hill
Balch Springs
Seagoville
Hutchins
Duncanville
DeSoto
Lancaster
Wilmer
Combine
0 1 2 4 6 8 Miles

The District administration is responsible for establishing and maintaining an internal control structure designed to ensure assets of the District are protected from loss, theft or misuse, and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of “reasonable assurance” recognizes: (1) the cost of control should not exceed the benefits likely to be derived from its implementation; and (2) the valuation of cost and benefits requires estimates and judgments by management. Management believes the internal controls adequately meet the above objectives. As a recipient of federal, state, and local grants, the District is also responsible for an adequate internal control structure that ensures compliance with applicable laws and regulations related to these grants. All funded grants are subject to testing as part of the District’s Single Audit. The internal control structure is subject to periodic review by management.

Every school district in Texas is required, by law, to prepare and file a budget with the Texas Education Agency (TEA). The General Fund, Food Service Fund, and Debt Service Fund are included in the District’s formally adopted budget and are adopted at the fund and function level. Budgets for Special Revenue Funds (other than the Food Service Fund) and Capital Projects Funds are prepared on a project basis, based on grant regulations or applicable bond ordinances. Budgetary control over expenditures is maintained at the functional category level within each fund. These functional categories are defined by TEA and identify the purpose of transactions. Oversight control of all expenditures is maintained at this level by the Finance and Accounting staff. Budgetary control is also maintained through the preapproval of personnel transactions and the encumbrance of estimated purchase amounts and other expenditures after the execution of contracts. Obligations that will result in an overrun of appropriated funds are not released until additional appropriations are made available.

The annual budget process is designed to efficiently allocate resources based upon the needs of students and to support the District’s goals. The budget process consists of two phases: planning and preparation. The planning phase begins with the District goals set by the Board. District leadership develops the District improvement plan for all District organizations that support the District goals. The planning period usually occurs from September through January. Preparation begins in early January. During this phase, budgetary resource allocations are distributed to campuses based on enrollment projections, and budgets are distributed to non-campus (central) organizations. Campus position and non-position budget allocations are formula-driven and applied against enrollment projections. Campus non-position general operating allocations are driven by pre-determined allocations and are dependent on enrollment, specific programs and District initiatives. Non-campus allocations (central organizations) are primarily based on previous year allocations. Adjustment requests are determined by divisional chiefs and are prioritized based on District need. Progress updates are provided to the Board throughout the budget development process, and the Board formally adopts the annual budget by June 30.

THE ECONOMIC CONDITION OF THE DISTRICT

THE LOCAL ECONOMY AND ECONOMIC OUTLOOK

The DFW economy is one of the most diverse regional economies in the nation. According to the Dallas Regional Chamber, leading industries in terms of percentage of overall employment include trade, transportation, and utilities (20.4%), professional and business services (19.8%), public administration including education (12.7%), health services (10.1%), leisure and hospitality (9.9%), manufacturing (7.0%), and financial activities (6.1%). Numerous corporations and nonprofits locate their headquarters in DFW. Each year additional corporations elect to relocate their headquarters to DFW, bringing additional jobs and growth to the local economy.

As of August 2025, the local economy was experiencing slight employment and wage growth, and low unemployment. According to the Federal Reserve Bank of Dallas, as of August 2025 the DFW unemployment rate was 4.1%, which was on par with the state's jobless rate of 4.1%. In the quarter ended August 2025, DFW employment rose an annualized 0.3%, slower than the year-over-year same quarter growth rate of 1.3%. For the twelve months ended August 2025, average hourly earnings had grown 4.2% to $36.39.

Housing in DFW during 2024-2025 was marked by a continuation of elevated home prices driven by low inventories. As of August 2025, the inventory for existing single-family homes was low at 4.2 months of supply, well below the six-month benchmark for a normal market, and well below the state-wide inventory level of 5.2 months. For 2024-2025, the taxable value of the average single family residence rose 15.4% versus the prior year to $327,106, and the taxable value of the average residential multi-family property rose 7.1% versus the prior year to $3,502,798.

LONG-TERM FINANCIAL PLANNING

The District's multi-year forecast for the General Fund was last updated in May 2025. *It did not incorporate the impact of the new House Bill 2.* The forecast included conservative assumptions including 5.0% annual property value growth, a Maintenance and Operations (M&O) tax rate of $.7377 and enrollment of 138,500 in 2025-2026, and a slight decline in the M&O tax rate and enrollment to $.7100 and 135,058, respectively, by 2027-2028. The multi-year forecast showed marginal revenue growth overall, with revenue growing from $1.76 billion in 2025-2026 to $1.83 billion by 2027-2028. Expenditures were expected to grow from $1.88 billion in 2025-2026 to $1.96 billion by 2027-2028. Local revenue was projected to comprise a widening percentage of total revenue relative to state revenue, and expenditures were anticipated to include fast-growing state recapture payments, which were forecasted to grow from $104.0 million in 2025-2026 to $202.6 million by 2027-2028. Annual deficits averaging $-124.4 million per year were projected for the three-year forecast period. Total fund balance was projected to decline to $529.4 million by 2027-2028.

FINANCIAL POLICIES IMPACTING FUND BALANCE

The Board has adopted a local fund balance policy to maintain a fund balance in which the year-end unassigned fund balance finances three months of operating expenditures. As of June 30, 2025, the General Fund unassigned fund balance was $635.0 million. This met the fund balance policy goal, as the 2025-2026 Adopted Budget includes $1.88 billion of operating expenditures, and three-twelfths of this total is $470.9 million. As of June 30, 2025, the General Fund ending unassigned fund balance was sufficient to finance approximately 4.0 months of operating expenditures.

Because the state funding system for public education does not keep pace with the true cost of education, the District was forced to adopt a 2024-2025 General Fund deficit budget of $-187.8 million even after significant budget reductions. Then, through a variety of cost controls implemented during the 2024-2025 fiscal year, the District ended the fiscal year with a much smaller ending deficit of $-63.5 million. For 2025-2026, the District adopted a $-128.9 million deficit budget, also after significant cost reductions. After the adoption of House Bill 2 by the Texas legislature in Summer 2025 which produced some increases to public school funding, the District amended the General Fund budget to a $-91.3 million deficit budget. The District is currently implementing a variety of cost controls and program reviews during the 2025-2026 fiscal year to further reduce the projected budget deficit.

During the year ended June 30, 2025, the District implemented GASB Statement Number 101, *Compensated Absences*. Statement 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. GASB 101 was implemented in the District's fiscal year 2025 financial statements. Beginning net position has been restated because of the implementation of this statement.

MAJOR BUDGET INITIATIVES IMPACTING THE FINANCIAL STATEMENTS

General Operating Fund

In 2024-2025, the District made increasing employee compensation a major General Fund budgetary initiative. Compensation increases were focused in four areas at a budgeted cost of $34 million: 1) ensuring market competitive starting salaries for new teachers with opportunities for annual salary increases; 2) ensuring a $16.50 minimum hourly wage placing the District as a regional leader; 3) funding strategic compensation for teachers, principals, assistant principals, and principal supervisors to reward effectiveness; and 4) funding high priority stipends as a performance incentive for highly effective employees at high priority campuses. For 2025-2026, and after the state adoption of House Bill 2, the District has budgeted to increase investment in these same areas of employee compensation in the General Fund at a cost of $63.7 million. Additionally, for 2025-2026, the District continues to invest in key strategic priorities: Early Learning - $23.8 million; Expanding Learning Time (summer school and tutoring) - $23.2 million; District School Initiative - $21.0 million; College, Career & Military Readiness - $20.2 million; and Mental Health - $14.1 million.

Capital Projects Funds

The average age of all school buildings in the District in 2024-2025 was 53.0 years. The District continues to leverage capital projects funds to invest in the renovation or replacement of aging District facilities and equipment. Most of these capital project funds are sourced through voter-approved bond referendums. Recent major bond programs are summarized below.

Voters approved a $1.6 billion bond referendum on November 3, 2015. The 2015 Bond Program includes plans to construct five new schools, including one high school and four elementary schools. In addition, the program will construct 12 additions to existing schools, including six high schools, one middle school, and five elementary schools. The program includes renovations and improvements to 128 existing District facilities including roofs, HVAC, building envelopes, interior improvements, site improvements, exterior façade improvements, plumbing, technology, gyms, locker rooms, libraries, science labs, cafeterias, auditoriums, performing arts, fine arts, and athletic facilities, and administration areas in schools. The District’s 2015 Bond Program also includes $100 million for technology improvements to campuses.

On November 3, 2020, voters approved two bond propositions totaling $3.54 billion. The main general-purpose proposition was for $3.27 billion for the construction, acquisition, and equipment of school buildings and for the purchase of necessary sites for school buildings. The main proposition includes projects at more than 200 of the District’s campuses. Voters also approved a special proposition for $270 million for the acquisition and updating of District technology equipment.

AWARDS AND ACKNOWLEDGMENTS

AWARDS

The District continues to earn recognition for strong financial management and to receive awards for financial reporting and budget presentation.

The Financial Integrity Rating System of Texas (FIRST) is a financial accountability system for Texas public and charter school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. FIRST measures and rates districts' financial performance, toward the dual goals of improving the quality of Texas school districts' financial management practices and encouraging districts to provide the maximum possible allocation of district resources toward direct instructional purposes. Dallas ISD received a Superior Achievement rating for 2024-2025. A Superior Achievement rating is the highest possible rating and demonstrates the soundness of Dallas ISD's financial management practices.

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, the District published an ACFR that conformed to program standards. The report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. Management believes the 2024-2025 fiscal year ACFR continues to meet the Certificate of Achievement program requirements. Management will submit it to the GFOA to determine its eligibility for another GFOA Certificate of Achievement for Excellence in Financial Reporting Award.

The District received the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting Award for the fiscal year ending June 30, 2024. This award certifies that the ACFR substantially conforms to the principles and standards of financial reporting as recommended and adopted by ASBO. A Certificate of Excellence is valid for a period of one year. Management believes the 2024-2025 fiscal year ACFR continues to meet the Certificate of Excellence program requirements. Management will submit it to ASBO to determine its eligibility for another ASBO Certificate of Excellence in Financial Reporting Award.

The District received the ASBO Meritorious Budget Award for its 2024-2025 fiscal year budget. This award certifies that the budget adheres to the principles and standards of ASBO International's Meritorious Budget Award criteria. A Meritorious Budget Award is valid for a period of one year. Management believes the 2025-2026 fiscal year budget continues to conform to the program requirements. Management will submit it to ASBO to determine its eligibility for another ASBO Meritorious Budget Award.

The District earned the Texas Association of School Business Officials' (TASBO) Purchasing Award of Merit for the fourth time. This award recognizes public school districts for following professional standards in the acquisition of goods and services.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Finance and Accounting Services Division. Our thanks go to all members of these departments who assisted and contributed to its preparation. The District thanks the members of the Board of Trustees for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Stephanie S. Elizalde, Ed.D.
Superintendent of Schools

Eduardo Ramos
Chief Financial Officer

Edward Sorola, RTSBA
Executive Director of Finance and Accounting Services

Sarbani Majumdar, CPA, RTSBA
Director of Accounting Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Dallas Independent School District
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill
Executive Director/CEO

ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Dallas Independent School District

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.

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

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Ryan S. Stechschulte
President

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

ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

This Meritorious Budget Award is presented to:

DALLAS INDEPENDENT SCHOOL DISTRICT

for excellence in the preparation and issuance of its budget
for the Fiscal Year 2024–2025.

The budget adheres to the principles and standards
of ASBO International's Meritorious Budget Award criteria.

Ryan S. Stechschulte
President

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

Board of Trustees

DALLAS
INDEPENDENT SCHOOL DISTRICT

Certificate of the Board

Dallas Independent School District	Dallas	057-905-10
Name of School District	County	Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _________ approved _______ disapproved for the fiscal year ended June 30, 2025 at a meeting of the Board of School Trustees of such school district on the 20th day of November, 2025.

________________________________ ________________________________
Signature of Board Secretary Signature of Board President

ADMINISTRATIVE OFFICIALS

Stephanie S. Elizalde, Ed.D.
Superintendent of Schools

Dr. Pamela Lear……….……………..……..………..Deputy Superintendent of Staff and Accountability

Dr. Brian Lusk……..………….………………………Deputy Superintendent of Academics & Transformation

Robert Abel...……..…………..……………………..…………..……..……........Chief Human Capital Officer

Brent Alfred...………………...………………………….....................................Chief Construction Officer

David Bates...……………………………………………..Chief Operations Officer

Jon Dahlander...……………….…………………........Chief Partnerships & Intergovernmental Relations Officer

Libby Daniels...………………………………………………...............................Chief Communications Officer

Angie Gaylord...……………………………………………..........................Chief Academic Services Officer

Marlon Harrison...……………………………………………................................Chief Technology Officer

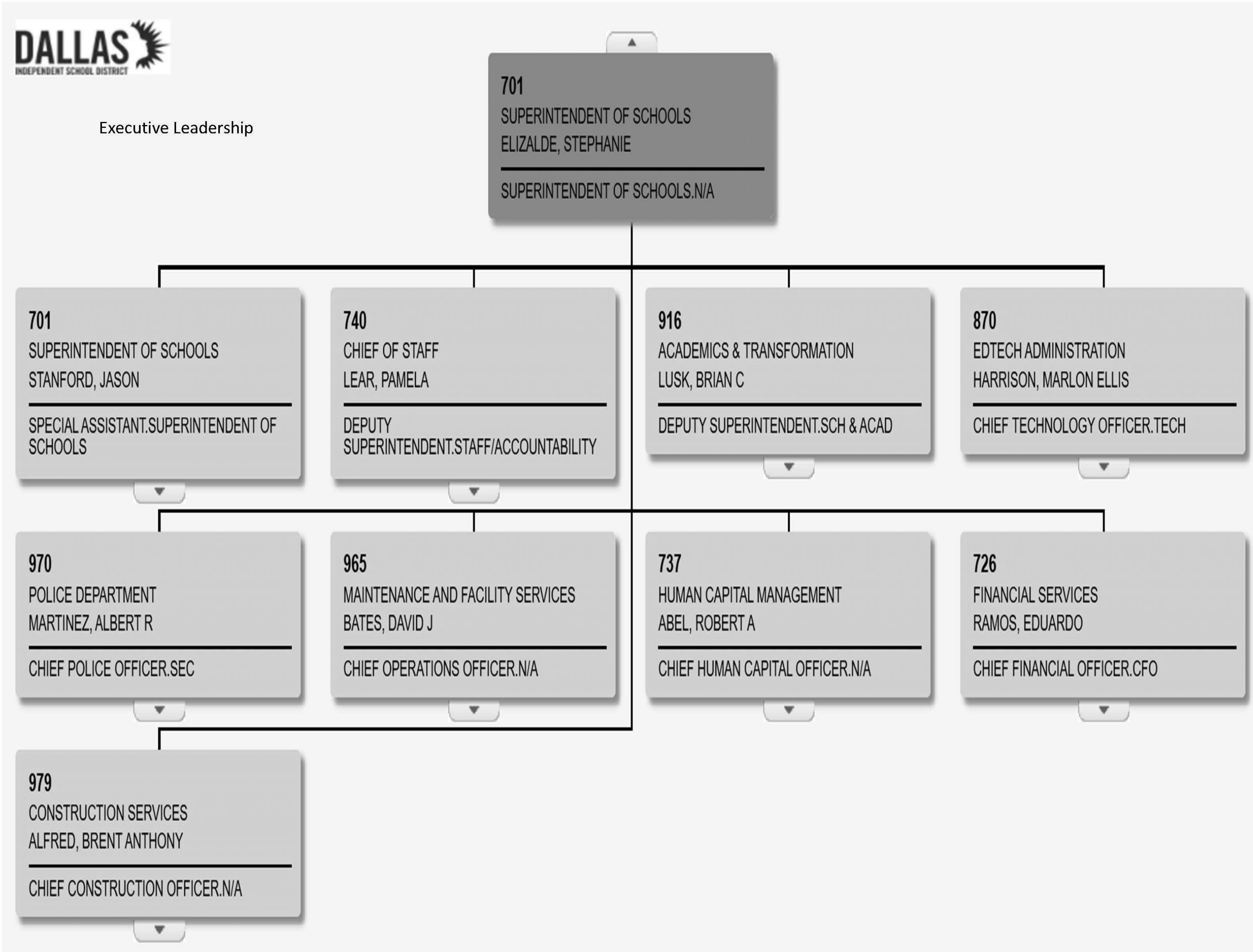
Tiffany Huitt-Powell………..…………………………...Chief Schools Officer

Albert Martinez….………………………………….……..Chief Police Officer

Eduardo Ramos……………....…………………………….................................Chief Financial Officer

Robert Rubel………...……...…………………………………………………….…Chief Internal Audit Officer

Ramona Soto...…………………...General Counsel


DALLAS
INDEPENDENT SCHOOL DISTRICT
Executive Leadership
701
SUPERINTENDENT OF SCHOOLS
ELIZALDE, STEPHANIE
SUPERINTENDENT OF SCHOOLS.N/A
701
SUPERINTENDENT OF SCHOOLS
STANFORD, JASON
SPECIAL ASSISTANT.SUPERINTENDENT OF SCHOOLS
740
CHIEF OF STAFF
LEAR, PAMELA
DEPUTY SUPERINTENDENT.STAFF/ACCOUNTABILITY
916
ACADEMICS & TRANSFORMATION
LUSK, BRIAN C
DEPUTY SUPERINTENDENT.SCH & ACAD
870
EDTECH ADMINISTRATION
HARRISON, MARLON ELLIS
CHIEF TECHNOLOGY OFFICER.TECH
970
POLICE DEPARTMENT
MARTINEZ, ALBERT R
CHIEF POLICE OFFICER.SEC
965
MAINTENANCE AND FACILITY SERVICES
BATES, DAVID J
CHIEF OPERATIONS OFFICER.N/A
737
HUMAN CAPITAL MANAGEMENT
ABEL, ROBERT A
CHIEF HUMAN CAPITAL OFFICER.N/A
726
FINANCIAL SERVICES
RAMOS, EDUARDO
CHIEF FINANCIAL OFFICER.CFO
979
CONSTRUCTION SERVICES
ALFRED, BRENT ANTHONY
CHIEF CONSTRUCTION OFFICER.N/A

DALLAS
INDEPENDENT SCHOOL DISTRICT

2300 North Field Street, Suite 1000
Dallas, Texas 75201
972-490-1970

Independent Auditor's Report

Board of Trustees
Dallas Independent School District
Dallas, Texas

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information and notes to the budgetary comparison, and TRS pension and other post-employment benefits schedules and notes to the TRS pension and other post-employment benefits schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Trustees
Dallas 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 other statements, required Texas Education Agency schedules, statistical section, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and other statements, required Texas Education Agency 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 other statements, required Texas Education Agency schedules, and schedule of expenditures of federal awards is 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 and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 3, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 3, 2025

DALLAS
INDEPENDENT SCHOOL DISTRICT

This section of the District's Annual Comprehensive Financial Report (ACFR) discusses and analyzes the District's financial performance for the fiscal year ended June 30, 2025. The intent of this management discussion and analysis is to look at financial performance as a whole. Therefore, readers should also review the transmittal letter, financial statements, and the notes to the basic financial statements to further enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

The District's total combined net position as presented on the Government-wide Statement of Net Position was $822.6 million for the year ended June 30, 2025. The net position increased by $54.5 million (increase in net position of $88.0 million combined with a reduction of beginning net position from the change in accounting principle from the adoption of GASB 101 of -$33.5 million).

The District's governmental funds financial statements reported a combined ending fund balance of $2,095.6 million. This balance consists of $971.4 million in the General Fund of which $311.4 million is assigned, $24.9 million is nonspendable, and $635 million is unassigned and available for spending at the District's discretion. Restricted fund balance totals $1,025.9 million and is used by the Debt Service Fund, Capital Projects Fund and Non-Major Funds. Fund balance in the Debt Service Fund also consists of $86.0 million of assigned fund balance. The Non-Major Funds include $8.4 million of assigned fund balance and $3.9 million of nonspendable fund balance.

For the year ended June 30, 2025, total revenue from all sources was $2.6 billion. Program revenues accounted for $320.8 million of total revenues. General revenues accounted for $2.2 billion.

The General Fund had $1.7 billion in revenues, which primarily consisted of property taxes and state aid. Expenditures were $1.8 billion. Other financing sources and uses were $4.8 million. This resulted in a decrease to the fund balance of $63.5 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The statements are followed by a section of required supplementary information and a section of other information that further explains and supports the information in the financial statements.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the school district's finances in a manner similar to a private sector business. The government-wide statements are comprised of the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the District as a whole and present both long-term and short-term information about the District's overall financial status. The District's basic services are primarily financed by property taxes and inter-governmental revenues, and include instruction, extracurricular activities, curriculum, staff development, health services, general administration, and plant maintenance and operations.

The Statement of Net Position presents information on all of the District's assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time, increases or decreases in the District's net position may serve as a useful indicator of the District's financial health. The Statement of Net Position includes all of the District's non-fiduciary assets and liabilities.

The Statement of Activities presents information for all of the current year's revenues and expenses regardless of when revenue is received or expenses paid. Thus, some revenues and expenses reported in this statement will result in cash flows in future fiscal periods.

Fund Financial Statements. The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements. The fund financial statements provide more detailed information about the District's most significant funds rather than the District as a whole. Funds are a governmental accounting tool that the District uses to track specific sources of funding and spending for particular purposes. Some funds are required by state law and by bond covenants. The Board of Trustees establishes other funds to control and manage resources for specific purposes or to delineate the use of certain taxes and grants.

The District has three kinds of funds:

- Governmental Funds—All of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow and (2) the balances left at year end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine the availability of financial resources 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 immediately following the governmental funds statements that explain the relationship (or differences) between them. These include debt financing, capital assets, and revenue recognition.
- Proprietary Funds—Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District's three proprietary funds are Internal Service Funds. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the Internal Service Fund to report activities for its risk management, graphics, and insurance for auto liability expenses. The proprietary fund statements offer short and long-term financial information about the activities the District operates like a business.
- Fiduciary Funds—Fiduciary funds are used to account for resources held by the District in a custodial capacity. 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 assets and liabilities. Fiduciary funds are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations. The fiduciary fund statement provides information about the financial relationships in which the District acts solely as a custodian for funds that belong to others. Per GASB 84, the District's fiduciary activity is reported in a separate Statement of Fiduciary Net Position and Changes in Fiduciary Net Position. Student Activity Funds are funds held by the district in a fiduciary capacity and the assets are for the benefit of the student organizations. The collection and disbursement amounts are controlled by a group which is governed by a representative student body.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements.

Combining and Other Statements. Immediately following the required supplementary information, combining statements are included for the Non-Major Funds, Internal Service Funds and Custodial Funds.

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

Exhibit 1
Major Features of the District's Government-wide and Fund Financial Statements

Type of Statement	***Government-wide***	***Governmental Funds***	***Proprietary Funds***	***Fiduciary Funds***
Scope	Entire District's government (except fiduciary funds) and the District's component units	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 Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance	• Statement of Net Position • Statement of Revenues, Expenses and Changes in Fund Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
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
Type of inflow/outflow information	All revenues and expenses during the 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 the year, regardless of when cash is received or paid	Not applicable to Custodial Fund

GOVERNMENT–WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of the District's financial position. The District's combined net position between fiscal years 2025 and 2024 increased by $54.5 million (increase in net position of $88.0 million combined with a reduction of beginning net position from the change in accounting principle from the adoption of GASB 101 of -$33.5 million). The District's net investment in capital assets is $981.2 million and includes investments in capital assets (e.g. land, building, equipment, improvements, finance purchased assets, right-to-use lease assets, SBITA assets, and construction in progress) less any debt used to acquire those assets that is still outstanding. Of the remaining net position, $248.2 million are restricted resources subject to external restrictions on how they are used, and -$406.7 million are unrestricted resources.

The District uses the capital assets to provide services to students; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Exhibit 2 provides a summary of the Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position for governmental activities for the years ended June 30, 2025 and 2024, respectively.

Exhibit 2
Net Position
Governmental Activities

	June 30, 2025	June 30, 2024	$ Change Increase/ (Decrease)	% Change Increase/ (Decrease)
Current and Other Assets	$ 2,613,122,454	$ 2,520,216,824	$ 92,905,630	3.7%
Capital Assets	4,909,965,082	4,407,313,836	502,651,246	11.4%
Total Assets	7,523,087,536	6,927,530,660	595,556,876	8.6%
Deferred Outflows of Resources	352,069,910	463,888,496	(111,818,586)	(24.1%)
Current Liabilities	500,244,829	517,884,842	(17,640,013)	(3.4%)
Long Term Liabilities	6,151,309,039	5,586,382,463	564,926,576	10.1%
Total Liabilities	6,651,553,868	6,104,267,305	547,286,563	9.0%
Deferred Inflows of Resources	400,976,924	519,043,227	(118,066,303)	(22.7%)
Net Position:				
Net Investment in Capital Assets	981,170,487	884,561,908	96,608,579	10.9%
Restricted	248,179,380	234,709,292	13,470,088	5.7%
Unrestricted	(406,723,213)	(351,162,576)	(55,560,637)	15.8%
Total Net Position	$ 822,626,654	$ 768,108,624	$ 54,518,030	7.1%

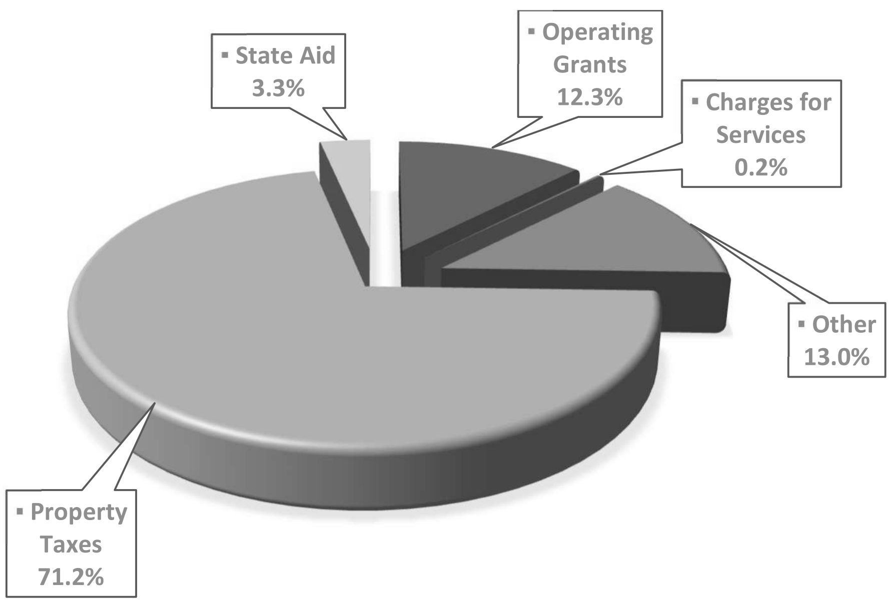
Other Financial Highlights. For the year ended June 30, 2025, the District's total revenues were $2.6 billion. Exhibit 3 shows the year-over-year change in revenues and expenses. The District's total revenues decreased $215.5 million, or 7.8%, over the prior year, and the total expenses decreased $228.2 million or 8.5%, over the prior year.

Exhibit 3
Changes in Net Position
Governmental Activities

	June 30, 2025	June 30, 2024	$ Change Increase/ (Decrease)	% Change Increase/ (Decrease)
Revenues				
Program Revenues:				
Operating Grants and Contributions	$ 315,215,781	$ 547,346,837	$ (232,131,056)	(42.4%)
Charges for Services	5,583,389	5,482,619	100,770	1.8%
General Revenues:				
Investment Earnings	101,909,761	116,332,306	(14,422,545)	(12.4%)
Property Taxes	1,816,376,285	1,664,402,534	151,973,751	9.1%
State Aid	83,079,555	162,262,715	(79,183,160)	(48.8%)
Grants and Contributions, Unrestricted	221,805,459	242,400,652	(20,595,193)	(8.5%)
Other	7,718,411	28,933,583	(21,215,172)	(73.3%)
Total Revenues	2,551,688,641	2,767,161,246	(215,472,605)	(7.8%)
Expenses				
Instruction	1,134,962,095	1,285,888,531	(150,926,436)	(11.7%)
Instructional Resources and Media Services	24,281,080	19,021,818	5,259,262	27.6%
Curriculum and Staff Development	64,556,529	86,864,152	(22,307,623)	(25.7%)
Instructional Leadership	52,617,875	78,186,618	(25,568,743)	(32.7%)
School Leadership	130,184,914	141,432,491	(11,247,577)	(8.0%)
Guidance, Counseling and Evaluation Services	104,589,590	113,261,886	(8,672,296)	(7.7%)
Social Work Services	5,663,768	1,622,729	4,041,039	249.0%
Health Services	26,640,422	26,845,395	(204,973)	(0.8%)
Student (Pupil) Transportation	77,275,181	81,747,295	(4,472,114)	(5.5%)
National Breakfast and Lunch	121,903,897	130,468,798	(8,564,901)	(6.6%)
Cocurricular/Extracurricular Activities	56,220,292	58,593,618	(2,373,326)	(4.1%)
General Administration	79,431,141	64,360,076	15,071,065	23.4%
Facilities Maintenance and Operations	209,289,634	229,034,992	(19,745,358)	(8.6%)
Security and Monitoring Services	70,737,932	49,705,825	21,032,107	42.3%
Data Processing Services	50,685,297	42,935,621	7,749,676	18.0%
Community Services	19,135,049	20,745,848	(1,610,799)	(7.8%)
Debt Service - Interest on Long Term Debt	140,275,155	166,700,081	(26,424,926)	(15.9%)
Debt Service - Bond Related Fees	10,203,956	3,410,069	6,793,887	199.2%
Facilities Acquisition and Construction	25,615,503	39,805,463	(14,189,960)	(35.6%)
Contracted Instructional Services Between Schools	52,538,602	44,498,625	8,039,977	18.1%
Payments to Juvenile Justice Alt. Ed. Prg.	27,852	15,654	12,198	77.9%
Other Intergovernmental Charges	6,843,089	6,756,961	86,128	1.3%
Total Expenses	2,463,678,853	2,691,902,546	(228,223,693)	(8.5%)
Increase (decrease) in Net Position	88,009,788	75,258,700	12,751,088	16.9%
Net Position - Beginning, as previously presented	768,108,624	692,849,924	75,258,700	10.9%
Change in Accounting Principle - GASB 101	(33,491,758)	-	(33,491,758)	0.0%
Net Position - Beginning, as restated	734,616,866	692,849,924	41,766,942	6.0%
Net Position - Ending	$ 822,626,654	$ 768,108,624	$ 88,009,788	11.5%

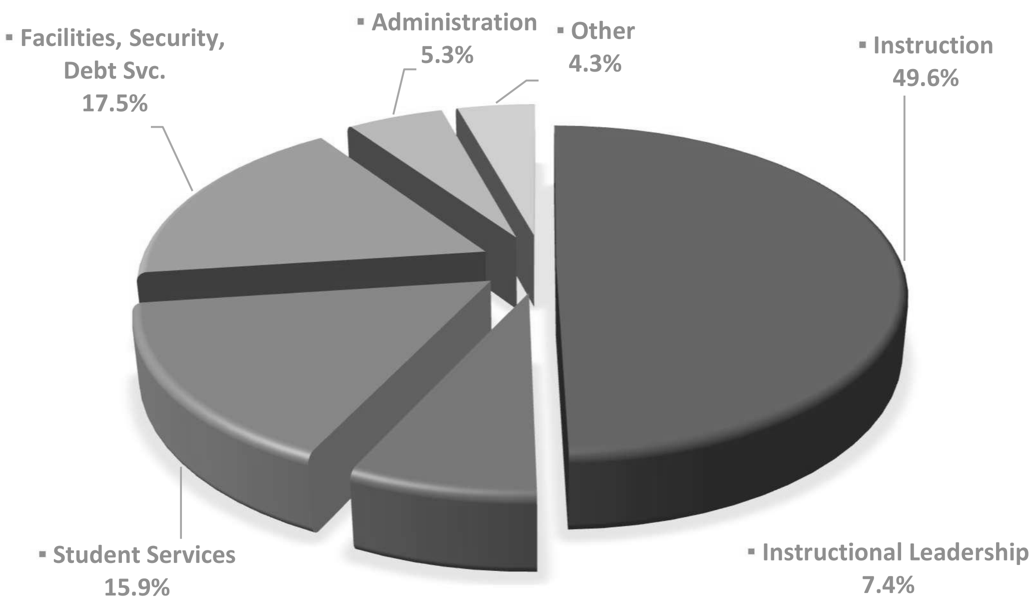
The District's revenue was generated from the following sources: 71.2% from property taxes, 3.3% from state aid, 12.3% from operating grants, 0.2% from charges for services, and 13.0% from miscellaneous revenue sources (See Exhibit 4).

Exhibit 4
Sources of Revenue
Governmental Activities



For the year ended June 30, 2025, the District's total cost of all programs and services was $2.5 billion. Approximately 50% of the District's governmental activities were dedicated to instructional areas. Direct student services, such as counseling, nursing, and transportation services, comprised approximately 16% of governmental expenses. The costs to operate facilities, including utilities, security services and debt payments comprised 18% of the cost of all programs (See Exhibit 5).

Exhibit 5
Expense Allocations
Governmental Activities



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Balance Analysis

For the fiscal year ended June 30, 2025, the District's governmental funds reported ending fund balances of $2.1 billion. Of this amount, $635 million constituted unassigned fund balance available for use in activities at the District's discretion. The remainder of the fund balance was designated as nonspendable, restricted, or assigned, to indicate that it was not available for new spending because it has already been purposed for bond projects, debt service and other obligations of the District.

The General Fund is the chief operating fund of the District. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to the total fund expenditures. Unassigned fund balance represents 35.3% of the total 2025 General Fund expenditures, while total fund balance represents 54.0% of that same amount.

The decrease in fund balance in the General Fund is primarily due to an overall decrease in revenue and an increase in expenditures. The decrease in revenue was primarily due to Federal and State program revenues. Federal revenues decreased due to an end in the ESSER III program and a decrease in School Health and Related Services (SHARS) revenue. State revenues decreased due to a decrease in State Aid. The increase in expenditure was due to an increase in instruction, security and monitoring services and TEA recapture costs.

There were budget-to-actual variances in the General Fund. Local revenue exceeded budget due to increases in Investment Earnings and an increase in total tax collections (current year and prior year) greater than what was budgeted. State revenue increased overall by about $10 million due to receiving more funding than anticipated for hold harmless and TRS-On-Behalf was $7.7 million more than anticipated, which was offset by payroll expenditures. Federal revenue fell short of budget because School Health &

Related Services revenue was not received (approximately $13.5M) as the District is negotiating with the Texas Health and Human Services Commission (HHSC) on the reimbursement amount.

Budgeted expenditures exceeded Actual expenditures in all functions, and most significantly in function 51. The $20.3 million variance with final budget in function 51 Facilities Maintenance & Operations is due to contingency funds such as utilities, contingency funds for emergencies and unforeseen cost increase and equipment malfunction, vacancies districtwide throughout the fiscal year, and function realignment.

There were variances in Adopted and Amended budget in function 11 and 36 expenditures. The variance in amended budget amount for function 11 Instruction is due to function realignment, extra-duty pay for coordinators, additional funds for damages from January and February 2025 freeze events, bus driver substitute positions, and due to vacancies. The variance in amended budget amount for function 36 Co-curricular\Extra-curricular Activities is due to increased costs for video screens, sound cabinets, game & play clocks and installation at four stadiums, increased athletic department budget, and for function realignment.

The Debt Service Fund had a total fund balance of $373.1 million, of which $287.1 million was restricted for the payment of debt service requirements. The Debt Service fund balance increased due to the increase in the tax levy from $1.71 billion to $1.85 billion from 2024 to 2025. This was due to the 10.24% taxable assessed value growth year over year.

The Capital Projects Fund had a total fund balance of $723.8 million. The increase in fund balance in the Capital Projects Fund was primarily due to the issuance of "Multi-Modal Unlimited Tax School Building Bonds, Series 2025A" and "Unlimited Tax School Building and Refunding Bonds, Series 2025B." For more information, please see Note I.

Non-Major Governmental Funds consist of Special Revenue Funds. Non-Major Governmental Funds had a total fund balance of $27.3 million, representing a decrease for the current year of $1.7 million due to a decrease in revenue in the Food Services Fund because of a decrease in participation by disadvantaged students.

In fiscal year 2025, there was a new grant awarded to the district, 2023-2025 Safety and Facilities Enhancement (SAFE) Grant, Cycle 1, to implement the adopted safety standards applicable to Chapter 61, Sub-chapter CC, 61.031 of Commissioner's Rules. The grant covers fencing, doors, windows, and Panic Alert technology installation.

Net Position Analysis

In fiscal year 2025, total revenue increased primarily due to an increase in Property Tax revenue. Property Tax revenue increased due to the increase in the tax levy resulting from taxable assessed value growth year over year. State Aid decreased due to reduced funding from the State.

Program revenues decreased primarily due to the end of ESSER III grant. This also resulted in a decrease in expenses. SHARS revenue decreased year over year because the District is still negotiating with the HHSC, the reimbursement it will receive on its Federal Fiscal Year 2023 cost report.

The District's unrestricted net position is a deficit $406.7 million. The primary reason for the deficit is due to both Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions* and No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The beginning Net Position has been restated in fiscal year 2025 for -$33.5 million due to change in Accounting Principle due to the implementation of GASB 101, Compensated Absences. Please see Note S for more information.

Capital Assets. At June 30, 2025, the District had $4.9 billion of capital assets, net of depreciation/amortization and loss on disposition of assets, including land, equipment, buildings, and vehicles. This amount represents a net increase of $502.7 million or 11.4% over last year. See Exhibit 6.

Exhibit 6
District's Capital Assets

	June 30, 2025	June 30, 2024	$ Change Increase/ (Decrease)	% Change Increase/ (Decrease)
Land	$ 278,712,686	$ 277,543,580	$ 1,169,106	0.42%
Building and improvements	5,794,477,146	5,534,923,716	259,553,430	4.69%
Furniture and equipment	498,361,551	404,911,265	93,450,286	23.08%
Furniture and equipment - Financed Purchases	7,520,455	7,520,455	-	-
Right-to-Use Lease Assets - Building	18,157,315	17,729,319	427,996	2.41%
SBITA - Subscriptions	58,509,456	84,444,591	(25,935,135)	(30.71%)
Right-to-Use Lease Assets - Furniture and equipment	1,071,078	1,071,078	-	-
Total	6,656,809,687	6,328,144,004	328,665,683	5.19%
Accumulated depreciation/amortization	(2,687,730,498)	(2,511,562,949)	(176,167,549)	7.01%
Net Book Value, excluding CIP	3,969,079,189	3,816,581,055	152,498,134	4.00%
Construction in progress	940,885,893	590,732,781	350,153,112	59.27%
Net Book Value	$ 4,909,965,082	$ 4,407,313,836	$502,651,246	11.40%

For the year ended June 30, 2025, the District's capital spending totaled $776.3 million in land, construction in progress, buildings, leases, building improvements and capital equipment. These expenditures resulted primarily from the projects committed to the 2015 and 2020 bond programs. The remaining $8.7 million was Right-to-Use Lease Assets and Subscription-Based Information Technology Arrangements (SBITA).

In addition, $100.8 million in building and capital equipment were retired during the fiscal year. For more information on the District's capital assets, see Note H in the financial statements.

The Dallas ISD 2020 Bond Program was voted on during the November 3, 2020, general election. Voters approved the bond package, which amounted to $3.54 billion, marking the largest bond initiative in not only the district's history but also in the State of Texas. Voters said yes to Proposition A, which includes $3.27 billion to fund repairs and upgrades to more than 200 of the district's 230 campuses. Proposition B provides $270 million to cover the cost of purchasing and updating district technology. The 2020 Program includes plans to construct 15 replacement schools, 6 new facilities along with over 200 renovations. The program includes renovations and improvements to existing District facilities including roofs, HVAC, building envelope, interior improvements, site improvements, exterior façade improvements, plumbing, technology, storm shelters, libraries, science labs, performing arts, fine arts, and administration areas in schools. This fall 2025, the district opened four replacement campuses at Rosemont School, Longfellow Middle School, John Lewis Social Justice Academy at Oliver Wendell Holmes and Urban Park STEAM Academy. The Construction Services & Bond Office will open two more schools in January 2026 at Hexter Elementary and Judge Louis A Bedford Jr. Law Academy along with a major renovation and addition at Career Institute South.

Debt Administration. For the year ended June 30, 2025, the District had $6.2 billion in long-term debt outstanding. This represents a net increase of $531.4 million, or 9.5%, over last year. (See Exhibit 7).

Exhibit 7
District's Long Term Debt

	June 30, 2025	June 30, 2024	$ Change Increase/ (Decrease)	% Change Increase/ (Decrease)
Bonds and Notes Payable	$ 4,638,075,000	$ 4,117,920,000	$520,155,000	12.63%
Workers Compensation/Auto Liability	9,042,482	10,570,568	(1,528,086)	(14.46%)
Premium on Bonds	231,166,840	201,827,603	29,339,237	14.54%
Arbitrage Liability	21,149,399	12,536,397	8,613,002	N/A
Financed Purchases	-	910,478	(910,478)	(100.00%)
GASB 87 Lease Liability	9,768,337	11,671,511	(1,903,174)	(16.31%)
GASB 96 Subscription Liability	12,277,633	46,150,253	(33,872,620)	(73.40%)
Compensated Absences Liability	32,160,107	33,491,758	(1,331,651)	(3.98%)
Net Pension Liability (District's Share)	751,375,893	858,392,252	(107,016,359)	(12.47%)
Net OPEB Liability (District's Share)	446,293,348	326,403,402	119,889,946	36.73%
Long-Term Debt Outstanding	$ 6,151,309,039	$ 5,619,874,222	$531,434,817	9.46%

For the year ended June 30, 2025, under GASB Statement No. 87, the ending balance of the lease liability is $9,768,337 and the total ending liability for financed purchases was $0.

For the year ended June 30, 2025, under GASB Statement No. 96, the ending balance of subscription liability is $12,277,633.

The District's bonds presently carry ratings as follows: Moody's Investor Series "Aaa", Standard & Poor's "AAA" and Fitch "AAA" as guaranteed by the Permanent School Fund (PSF). The District's underlying debt ratings are as follows: Moody's Investor Series "Aa1", AA+ from Standard & Poor's, AAA from Kroll, and AA+ from Fitch. For more information on the District's long-term debt, see Note I in the financial statements.

BUDGETARY HIGHLIGHTS

Revenue

- **Debt Service:**
  - Amendment approved to increase revenues due to increase in tax collection from higher TAV growth for $18,623,385.
- **Food Service:**
  - Amendment approved to decrease revenues due to Co-Curricular and Other Revenue from Local Sources for $672,740
  - Amendment approved to decrease revenues due to State Revenue Distribution by TEA for $305,209.
  - Amendment approved to decrease revenues due to National School Lunch program for $2,722,051.

Expenditures

- **General Fund:**
  - Amendment approved to increase expenditures by amount of unspent purchase order balances from Fiscal Year 2023-2024 for $9,520,481.

  - Amendment approved to increase expenditures for Video Screens, Sound Cabinets and installation at 4 stadiums for $3,785,649.
  - Amendment approved to increase expenditures for 9 Passenger vans for $491,325.
  - Amendment approved to increase expenditures for turf field replacement – Forrester Stadium for $533,617.

- **Debt Service:**
  - Amendment approved to increase expenditures due to 2024 Bond Sale – Issuer Contribution for $19,866,801.
  - Amendment approved to increase expenditures due to debt service transfer related to 2025B and 2025C Bond Sale for $24,734,327.
- **Food Service:**
  - Amendment approved to decrease Expenditures due to Food and Commodities consumption for $400,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In May 2025, the Board of Trustees adopted the 2025-26 budget, which supports the District's goals.

The primary assumptions used in preparing the District's budget for the 2025-26 fiscal year included a 5% increase in taxable property values, a 99.0% property tax collection rate, and student enrollment of 138,500 for 2025-26. Tax rates were projected at $.7377 per $100 valuation for Maintenance and Operations and $.242035 per $100 valuation for Interest and Sinking. *The budget did not incorporate the impact of the new House Bill 2*.

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 funding it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Finance and Accounting Services Division.

BASIC FINANCIAL STATEMENTS

Dallas Independent School District
Statement of Net Position
June 30, 2025

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and Cash Equivalents	$ 2,385,017,634
1120	Investments	46,676,746
1220	Property Taxes Receivables (delinquent)	99,705,229
1230	Allowance for Uncollectible Taxes (credit)	(63,311,382)
1240	Due from Other Governments	93,656,085
1250	Accrued Interest	1,824,686
1290	Other Receivables, Net	20,728,541
1300	Inventories	17,158,387
1410	Prepaid Items	11,666,528
	Capital Assets	
1510	Land	278,712,686
1520	Buildings and Improvements, Net	3,480,560,234
1530	Furniture and Equipment, Net	184,169,496
1540	Finance Purchased Assets, Net	20,198
1550	Right-to-Use Lease Asset, Net	9,459,545
1553	SBITA Assets, Net	16,157,030
1580	Construction in Progress	940,885,893
1000	**Total Assets**	7,523,087,536
	DEFERRED OUTFLOWS OF RESOURCES	
1701	Deferred Loss on Refunding	18,221,723
1705	Related to the TRS Pension	165,566,581
1706	Related to the TRS OPEB	168,281,606
1700	**Total Deferred Outflows of Resources**	352,069,910
	LIABILITIES	
2110	Accounts Payable	171,937,824
2120	Other Liabilities	794,988
2140	Interest Payable	57,787,680
2150	Payroll Deductions & Withholdings Payable	25,676,921
2160	Accrued Wages and Benefits Payable	174,747,123
2180	Due to Other Governments	53,779,549
2200	Accrued Expenses	13,093,155
2300	Unearned Revenue	2,427,589
	Noncurrent Liabilities	
2501	Due Within One Year	205,497,423
2502	Due in More Than One Year	4,748,142,375
2540	Net Pension Liability (District's Share)	751,375,893
2545	Net OPEB Liability (District's Share)	446,293,348
2000	**Total Liabilities**	6,651,553,868
	DEFERRED INFLOWS OF RESOURCES	
2602	Deferred Inflow - Other	1,095,285
2605	Related to the TRS Pension	21,658,359
2606	Related to the TRS OPEB	378,223,280
2600	**Total Deferred Inflows of Resources**	400,976,924
	NET POSITION	
3200	Net Investment in Capital Assets	981,170,487
3820	Restricted for Federal and State Programs	15,160,643
3850	Restricted for Debt Service	229,314,516
3890	Restricted for Other Programs	3,704,221
3900	Unrestricted	(406,723,213)
3000	**Total Net Position**	$ 822,626,654

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

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

		1	3	4	6
			Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government					
GOVERNMENTAL ACTIVITIES					
11	Instruction	$ 1,134,962,095	$ 1,154,630	$ 76,438,407	$ (1,057,369,058)
12	Instructional Resources and Media Services	24,281,080	-	494,757	(23,786,323)
13	Curriculum and Staff Development	64,556,529	-	36,974,172	(27,582,357)
21	Instructional Leadership	52,617,875	-	6,556,688	(46,061,187)
23	School Leadership	130,184,914	-	1,551,063	(128,633,851)
31	Guidance, Counseling and Evaluation Services	104,589,590	-	19,258,069	(85,331,521)
32	Social Work Services	5,663,768	-	289,815	(5,373,953)
33	Health Services	26,640,422	-	918,888	(25,721,534)
34	Student (Pupil) Transportation	77,275,181	-	6,782,018	(70,493,163)
35	Food Services	121,903,897	1,256,065	113,882,954	(6,764,878)
36	Cocurricular/Extracurricular Activities	56,220,292	1,505,419	1,528,730	(53,186,143)
41	General Administration	79,431,141	-	6,176,464	(73,254,677)
51	Facilities Maintenance and Operations	209,289,634	1,667,275	1,949,502	(205,672,857)
52	Security and Monitoring Services	70,737,932	-	9,131,875	(61,606,057)
53	Data Processing Services	50,685,297	-	-	(50,685,297)
61	Community Services	19,135,049	-	11,105,136	(8,029,913)
72	Debt Service - Interest on Long Term Debt	140,275,155	-	-	(140,275,155)
73	Debt Service - Bond Related Fees	10,203,956	-	-	(10,203,956)
81	Facilities Acquisition and Construction	25,615,503	-	22,177,243	(3,438,260)
91	Contracted Instructional Services Between Schools	52,538,602	-	-	(52,538,602)
95	Payments to Juvenile Justice Alternative Ed. Prg.	27,852	-	-	(27,852)
99	Other Intergovernmental Charges	6,843,089	-	-	(6,843,089)
	TOTAL PRIMARY GOVERNMENT	$ 2,463,678,853	$ 5,583,389	$ 315,215,781	$ (2,142,879,683)

Data Control Codes		
	General Revenues	
	Taxes	
MT	Property Taxes, Levied for General Purposes	1,376,347,176
DT	Property Taxes, Levied for Debt Service	440,029,109
SF	State Aid not Restricted to Specific Purpose	83,079,555
IE	Investment Earnings	101,909,761
MI	Miscellaneous Local and Intermediate Revenue	7,718,411
GC	Grants, Contributions and Other Revenue not Restricted	221,805,459
TR	Total General Revenues	2,230,889,471
CN	Change in Net Position	88,009,788
NB	Net Position - Beginning, as previously presented	768,108,624
PA	Change in Accounting Principle - GASB 101	(33,491,758)
	Net Position - Beginning, as restated	734,616,866
NE	Net Position - Ending	$ 822,626,654

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

Dallas Independent School District
Balance Sheet
Governmental Funds
June 30, 2025

			10 General Fund	50 Debt Service Fund
	ASSETS			
1110	Cash and Cash Equivalents	$	1,121,950,351	$ 351,466,717
1120	Investments		24,677,078	21,999,668
1220	Property Taxes Receivables (delinquent)		78,127,416	21,577,813
1230	Allowance for Uncollectible Taxes (credit)		(49,234,723)	(14,076,659)
1240	Due from Other Governments		42,224,144	831,740
1250	Accrued Interest		694,960	166,167
1260	Due from Other Funds		27,323,094	-
1290	Other Receivables, Net		20,334,941	-
1300	Inventories		13,271,295	-
1410	Prepaid Items		11,666,528	-
1000	**Total Assets**	$	1,291,035,084	$ 381,965,446
	LIABILITIES			
2110	Accounts Payable	$	24,004,909	-
2120	Other Liabilities		91,740	-
2150	Payroll Deductions and Withholdings Payable		23,260,619	-
2160	Accrued Wages and Benefits Payable		160,976,740	-
2170	Due to Other Funds		1,272,852	-
2180	Due to Other Governments		52,525,172	1,250,038
2200	Accrued Expenditures		11,768,985	-
2300	Unearned Revenues		76,496	-
2000	**Total Liabilities**		273,977,513	1,250,038
	DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable Revenue - Property Taxes		28,976,867	7,609,212
2602	Other Deferred Resource Inflows (See Note K)		16,702,751	-
2600	**Total Deferred Inflows of Resources**		45,679,618	7,609,212
	FUND BALANCES			
	Nonspendable Fund Balance			
3410	Inventories		13,271,295	-
3430	Prepaid Items		11,666,528	-
	Restricted Fund Balance			
3450	Federal or State Funds Grant Restriction		-	-
3470	Capital Acquisition and Contractual Obligation		-	-
3480	Retirement of Long Term Debt		-	287,102,196
3490	Other Restricted Fund Balance		-	-
	Assigned Fund Balance			
3565	Retirement of Loans or Notes Payable		-	86,004,000
3590	Other Assigned Fund Balance		311,440,130	-
3600	Unassigned Fund Balance		635,000,000	-
3000	**Total Fund Balances**		971,377,953	373,106,196
4000	**Total Liabilities, Deferred Inflows & Fund Balances**	$	1,291,035,084	$ 381,965,446

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

60 Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
$ 868,057,990	$ 22,586,824	$ 2,364,061,882
-	-	46,676,746
-	-	99,705,229
-	-	(63,311,382)
-	50,600,201	93,656,085
937,634	25,925	1,824,686
-	-	27,323,094
-	338,600	20,673,541
-	3,887,092	17,158,387
-	-	11,666,528
$ 868,995,624	$ 77,438,642	$ 2,619,434,796
$ 143,603,208	$ 3,856,829	171,464,946
701,103	2,145	794,988
141	2,416,034	25,676,794
1,350	13,761,248	174,739,338
-	27,323,094	28,595,946
-	4,339	53,779,549
881,569	428,955	13,079,509
-	2,351,093	2,427,589
145,187,371	50,143,737	470,558,659
-	-	36,586,079
-	-	16,702,751
-	-	53,288,830
-	3,887,092	17,158,387
-	-	11,666,528
-	11,273,551	11,273,551
723,808,253	-	723,808,253
-	-	287,102,196
-	3,686,074	3,686,074
-	-	86,004,000
-	8,448,188	319,888,318
-	-	635,000,000
723,808,253	27,294,905	2,095,587,307
$ 868,995,624	$ 77,438,642	$ 2,619,434,796

DALLAS
INDEPENDENT SCHOOL DISTRICT

Dallas Independent School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balances - Governmental Funds (from C-1)		$ 2,095,587,307
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of accumulated depreciation, less assets held in Internal Service Funds, are not financial resources and therefore are not reported as assets in governmental funds. The total amount in governmental funds, including Construction in Progress, and not including Financed Purchases, Right-to-Use assets, and SBITA assets, is $4,884,298,379. The sum of these, results in an increase in net position in the amount of $4,909,289,546.		
Net Capital Assets - Governmental Funds		
Financed Purchase Assets, net	20,198	
Right-to-Use Lease Assets, net	9,459,545	
SBITA Assets, net	15,511,424	
Capital Assets, net (other than Financed Purchases, Right-to-Use Lease Assets, and SBITAs)	4,884,298,379	4,909,289,546
Some liabilities, including bonds payables, are not due and payable in the current period and therefore are not reported in the governmental funds. The liabilities associated with the financing lease and those associated with the Right-to-Use leases and SBITAs were also not reported in the governmental funds and must be reported in the government-wide statement. The decrease in the ending net position from these totals is $4,925,791,804.		
Bonds and Notes Payable	(4,638,075,000)	
Deferred Losses on Refundings	18,221,723	
Premium on Bonds	(231,166,840)	
Right-to-Use Lease Liability	(9,768,337)	
SBITA Liability, less Internal Service Liability of $583,789	(11,693,844)	
Arbitrage Liability	(21,149,399)	
Compensated Absences Liability	(32,160,107)	(4,925,791,804)
Generally accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds. The accrued interest on long term debt is $55,073,716 in the Debt Service Funds and $2,713,964 in the General Fund, for a total of $57,787,680. (See A-1)		(57,787,680)
Certain financial resources are not available to pay for current period expenditures and therefore are deferred in the governmental funds. These Deferred Inflow of Resources must be adjusted to recognize as revenues those earned in the current reporting period. The effects of these changes are as follows:		
Deferred Resource Inflow for Property Taxes	36,586,079	
Medicaid/SHARS	15,607,466	52,193,545
Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position (see D-1).		12,838,433
The government-wide statement includes the District's proportionate share of the TRS net pension liabilities, as well as certain pension related transactions accounted for as Deferred Inflows and Outflows of Resources.		
Net Pension Liability	(751,375,893)	
Deferred Outflows of Resources - TRS Pension	165,566,581	
Deferred Inflows of Resources - TRS Pension	(21,658,359)	(607,467,671)
The impact on the ending net position related to the TRS OPEB plan came from the following:		
Net OPEB Liability	(446,293,348)	
Deferred Outflows of Resources - TRS OPEB	168,281,606	
Deferred Inflows of Resources - TRS OPEB	(378,223,280)	(656,235,022)
Total Net Position of Governmental Activities (see A-1)		$ 822,626,654

The notes to the basic financial statements are an integral part of this statement.
The above Capital Assets and Liabilities do not include Internal Service Funds.

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

Data Control Codes		10 General Fund	50 Debt Service Fund
	REVENUES		
5700	Local and Intermediate Sources	$ 1,441,810,212	$ 450,633,692
5800	State Program Revenues	247,734,868	19,271,027
5900	Federal Program Revenues	39,359,804	-
5020	**Total Revenues**	1,728,904,884	469,904,719
	EXPENDITURES		
	Current		
11	Instruction	933,767,452	-
12	Instructional Resources and Media Services	21,687,604	-
13	Curriculum and Instructional Staff Development	28,231,982	-
21	Instructional Leadership	45,980,836	-
23	School Leadership	117,318,034	-
31	Guidance, Counseling and Evaluation Services	82,589,398	-
32	Social Work Services	5,383,589	-
33	Health Services	24,607,820	-
34	Student (Pupil) Transportation	72,101,253	-
35	Food Services	101,725	-
36	Cocurricular/Extracurricular Activities	52,340,440	-
41	General Administration	55,405,235	-
51	Facilities Maintenance and Operations	189,928,413	-
52	Security and Monitoring Services	44,504,375	-
53	Data Processing Services	40,857,402	-
61	Community Services	7,405,697	-
	Debt Service		
71	Principal on Long Term Debt	7,477,430	197,030,000
72	Interest on Long Term Debt	7,696,568	173,969,052
73	Bond Fees and Charges	-	97,467,385
	Capital Outlay		
81	Facilities Acquisition and Construction	427,997	-
	Intergovernmental		
91	Contracted Instructional Services Between Schools	52,538,602	-
95	Payments to Juvenile Justice Alternative Ed. Prg.	27,852	-
99	Other Intergovernmental Charges	6,824,566	-
6030	**Total Expenditures**	1,797,204,270	468,466,437
1100	Excess (Deficiency) of Revenues Over Expenditures	(68,299,386)	1,438,282
	OTHER FINANCING SOURCES (USES)		
7901	Refunding Bonds Issued	-	335,325,603
7911	Capital Related Debt Issued (Regular Bonds)	-	-
7912	Sale of Real and Personal Property	4,467,781	-
7913	Proceeds from Right-to-use Lease Assets	427,997	-
7915	Transfers In	3,278,237	7,225,217
7916	Premium on Issuance of Bonds	-	23,494,888
7941	SBITAs	3,807,884	-
8911	Transfers Out (Use)	(7,167,029)	-
8940	Payment to Refunding Escrow Agent (Use)	-	(356,177,478)
7080	**Total Other Financing Sources (Uses)**	4,814,870	9,868,230
1200	Net Change in Fund Balance	(63,484,516)	11,306,512
0100	Fund Balance - Beginning	1,034,862,469	361,799,684
3000	Fund Balance - Ending	$ 971,377,953	$ 373,106,196

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

60 Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
$ 32,686,842	$ 8,694,755	$ 1,933,825,501
-	48,979,290	315,985,185
-	245,616,088	284,975,892
32,686,842	303,290,133	2,534,786,578
27,936,418	73,775,282	1,035,479,152
-	477,520	22,165,124
-	35,685,987	63,917,969
-	6,328,252	52,309,088
157,920	1,497,024	118,972,978
-	18,587,115	101,176,513
-	279,718	5,663,307
-	886,874	25,494,694
20,656,921	6,545,732	99,303,906
-	109,915,257	110,016,982
-	1,475,469	53,815,909
29,450	5,942,752	61,377,437
537,270	1,881,581	192,347,264
11,762,043	8,813,719	65,080,137
747,162	-	41,604,564
-	10,718,232	18,123,929
7,775,970	851,811	213,135,211
268,786	110,403	182,044,809
7,527,588	-	104,994,973
712,679,461	21,404,585	734,512,043
-	-	52,538,602
-	-	27,852
-	18,523	6,843,089
790,078,989	305,195,836	3,360,945,532
(757,392,147)	(1,905,703)	(826,158,954)
-	-	335,325,603
846,989,397	-	846,989,397
-	-	4,467,781
-	-	427,997
-	172,539	10,675,993
55,596,379	-	79,091,267
-	-	3,807,884
(58,188)	-	(7,225,217)
-	-	(356,177,478)
902,527,588	172,539	917,383,227
145,135,441	(1,733,164)	91,224,273
578,672,812	29,028,069	2,004,363,034
$ 723,808,253	$ 27,294,905	$ 2,095,587,307

Dallas Independent School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2025

Total Net Change in Fund Balances - Governmental Funds (from C-2)		$ 91,224,273

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 expense. Capital assets additions in Note H represent the capital outlays spent in the governmental funds but should be recognized as assets in government-wide financial statements. Capital outlays this current period, adjusted for dispositions, contributions, and initial outlays for SBITAs, were $780,493,831 (excluding internal service funds' capital assets). Depreciation expenses are not reported in governmental funds statements, but are reported in government-wide statements. The current year's depreciation, excluding internal service funds and including the depreciation for the financed purchase, the right-to-use leases, and SBITAs was $229,788,521. There was disposal of District assets of $52,410,856. The change in net position from these activities is $498,294,454.

Capital Asset Additions, including SBITA and Right-to-use Lease Assets	780,493,831	
Total Depreciation Expense - Governmental Funds	(229,788,521)	
Capital Assets Deletions	(52,410,856)	498,294,454

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not expensed in the current period. The principal payment includes the principal payments for the financed purchases, right-to-use leases, and the SBITAs. The reduction to the compensated absence liability is included as an increase in net position. The total impact of these is to increase the change in net position by $364,704,979.

Principal Payments	291,821,017	
Principal Payment Financed Purchases	882,035	
Principal Payment Right-to-Use Lease	2,331,171	
SBITA Principal Payment and current year write offs	41,994,915	
Change in Arbitrage Liability	(8,613,002)	
Amortization of Loss on Bond Refunding	(10,558,957)	
Amortization of Bond Premium	49,752,030	
New SBITA Liability	(3,807,884)	
New Lease Liability	(427,997)	
Change in Compensated Absence Liability	1,331,651	364,704,979

The District issued new Series 2025A School Building Bonds for $344,070,000 with a premium of $18,868,571. The District also issued new Series 2025B School Building and Refunding and Series 2025C Refunding Bonds for a combined $838,245,000 with a premium of $60,222,696. There was a Payment to Escrow Agent in the amount of $356,177,478. These are recognized as Other Financing Sources in the governmental funds, but these must be reclassified for the government-wide statements as in increase in long-term debt. The effect of this reclassification will decrease the change in net position in the Statement of Activities. The total impact on the change in net position from these two actions was a decrease in the amount of $905,228,789.	(905,228,789)
In the fund level statements, revenues are reported when they are available. In the Statement of Activities, revenues are reported when they are earned. The revenues which were earned in prior years must be reclassified from revenues and reported as part of the beginning net position. This includes revenues from property taxes and revenues earned in prior periods for the Medicaid/SHARS program. There was an adjustment made for the taxes due to a change between what was estimated to be collected in the previous year and what was actually collected and continued to be estimated to be collected in the current year. The total change in the change in net position due to the SHARS adjustments was an increase in net position by $8,631,882. The adjustments for tax revenues and the adjustment for estimated differences cause an increase in revenues in the amount of $703,414. The net effect of all of these adjustments was an increase in the change in net position in the amount of $9,335,296.	9,335,296

Dallas Independent School District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities (Continued)
For the Fiscal Year Ended June 30, 2025

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 accrues, regardless of when it is due. Interest paid during this fiscal year was accrued in the prior year. This was in the amount of $68,977,263. The change in net position will increase by that amount. The interest accrued this year to be paid next year is $57,787,680, which includes the interest accrued for Lease Purchases, Right-to-Use Lease Liabilities, and SBITA Liabilities, in addition to other liabilities in the governmental funds. The net decrease in accrued interest is $11,189,583. The change in ending net position will increase by that amount.

Interest Accrued in FY24 but Paid in FY25	68,977,263	
Interest Should be Accrued in FY25	(57,787,680)	11,189,583

The District uses Internal Service Funds to charge the costs of certain activities to appropriate functions in other funds. The net change in net position of Internal Service Funds is reported with governmental activities. The net effect of this consolidation is to decrease the change in net position. (See D-2.)		507,839

Adjustments were required for GASB 68 for the current fiscal year. The necessary changes in the ending net pension liability and the deferred resource outflow related to the TRS Pension and the deferred resource inflow related to the TRS Pension resulted in a decrease in the change in net position. The sum of these changes causes a decrease in net position in the amount of $(45,879,298).

Decrease in Deferred Outflows of Resources - Pension	(166,079,439)	
Decrease in Deferred Inflows of Resources - Pension	13,183,782	
Decrease in Ending Net Pension Liability	107,016,359	(45,879,298)

Adjustments were required for GASB 75 for the current fiscal year. The necessary changes in the District's ending net OPEB liability, the deferred resource outflow related to the TRS OPEB, and the deferred resource inflow related to the TRS OPEB resulted in an increase in net position in the amount of $63,861,451. This resulted from the following changes:

Increase in Deferred Outflows of Resources - OPEB	78,981,315	
Decrease in Deferred Inflows of Resources - OPEB	104,770,082	
Increase in Ending Net OPEB Liability	(119,889,946)	63,861,451
Total Change in Net Position of Governmental Activities (see B-1)		$ 88,009,788

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

Dallas Independent School District
Statement of Net Position
Proprietary Funds
June 30, 2025

	Governmental Activities Total Internal Service Funds
ASSETS	
Current Assets	
Cash and Cash Equivalents	$ 20,955,752
Due from Other Funds	1,272,852
Other Receivables, Net	55,000
Total Current Assets	22,283,604
Noncurrent Assets	
Capital Assets	
Furniture and Equipment, Net	29,930
SBITA Assets, Net	645,606
Total Noncurrent Assets	675,536
Total Assets	22,959,140
LIABILITIES	
Current Liabilities	
Accounts Payable	472,878
Accrued Liabilities - Short Term	3,755,653
Payroll Deductions and Withholdings Payable	127
Accrued Wages and Benefits Payable	7,785
Accrued Expenses	13,646
Total Current Liabilities	4,250,089
Noncurrent Liabilities	
Due Within One Year	137,308
Due in More Than One Year	5,733,310
Total Noncurrent Liabilities	5,870,618
Total Liabilities	10,120,707
NET POSITION	
Net Investment in Capital Assets	91,747
Unrestricted Net Position	12,746,686
Total Net Position	$ 12,838,433

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

Dallas Independent School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2025

	Governmental Activities
	Total Internal Service Funds
OPERATING REVENUES	
Charges for Services	$ 14,545,924
Total Operating Revenues	14,545,924
OPERATING EXPENSES	
Personnel Services	$ 6,521,207
Contractual Services	2,227,708
Supplies	611,510
Other Operating Expenses	1,089,551
Depreciation/Amortization Expense	137,263
Debt Service	70
Total Operating Expenses	10,587,309
Operating Income (Loss)	3,958,615
Income Before Transfers	3,958,615
Transfers Out	(3,450,776)
Change in Net Position	507,839
Total Net Position - Beginning	12,330,594
Total Net Position - Ending	$ 12,838,433

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

Dallas Independent School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2025

	Governmental Activities
	Total Internal Service Funds
Cash Flows from Operating Activities	
Cash Received from User Charges	$ 14,559,861
Cash Payments to Employees for Services	(4,774,265)
Cash Payments for Insurance Claims	(1,716,651)
Cash Payments for Suppliers	(4,917,395)
Net Cash Provided by (Used for) Operating Activities	3,151,550
Cash Flows from Capital and Related Financing Activities	
Cash Payments for Acquisition and Construction of Capital Assets	(763,433)
Cash Payments for Interest on Leases and Financed Purchases	(70)
Cash Payments for Principal of Leases	(28,442)
Net Cash Provided by (Used for) Capital and Related Activities	(791,945)
Cash Flows from Non-Capital Financing Activities	
Transfers Out	(3,450,776)
Net Cash Provided by (Used for) Non-Capital Activities	(3,450,776)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,091,171)
Cash and Cash Equivalents at Beginning of Year	22,046,923
Cash and Cash Equivalents at End of Year	20,955,752
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	3,958,615
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation/Amortization	137,263
Effect of Increases and Decreases in Current Assets and Liabilities	
Decrease (increase) in Receivables	(25,000)
Decrease (increase) in Due from Other Funds	38,937
Increase (decrease) in Accounts Payable	109,504
Increase (decrease) in Payroll Deductions	(958)
Increase (decrease) in Accrued Wages Payable	(24,516)
Increase (decrease) in Accrued Expenses	(72,123)
Increase (decrease) in Accrued Liabilities - Short Term	(382,683)
Increase (decrease) in Accrued Liabilities - Long Term	(587,489)
Net Cash Provided by (Used for) Operating Activities	$ 3,151,550

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

Dallas Independent School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	$ 3,066,658
Other Receivables	13,883
Total Assets	$ 3,080,541
LIABILITIES	
Accounts Payable	$ 59,818
Due to Other Governments	214
Due to Student Groups	25,830
Accrued Expenses	39,289
Total Liabilities	$ 125,151
NET POSITION	
Restricted for Student Clubs	$ 2,955,390
Total Net Position	$ 2,955,390

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

Dallas Independent School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2025

	Custodial Fund
Additions	
Contributions and Donations	$ 184,057
Fundraising	2,029,526
Tuition and Fees	1,289,413
Total Additions	3,502,996
Deductions	
Personnel Services	2,883
Contractual Services	89,678
Supplies	1,566,533
Equipment and Software	15,697
Other	1,742,229
Total Deductions	3,417,020
Income (Loss)	85,976
Change in Fiduciary Net Position	85,976
Total Net Position - Beginning	2,869,414
Total Net Position - Ending	$ 2,955,390

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Dallas Independent School District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in GASB Statement No. 56, and complies with the requirements of the Texas Education Agency's Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which the District receives funds.

Reporting Entity. The Board of Trustees (the "Board") consists of nine members and has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Dallas Independent School District (the "District"). Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

In evaluating how to define the government for financial reporting purposes, the District's management has considered all potential component units. By applying the criteria set forth in Generally Accepted Accounting Principles ("GAAP"), the District has determined that no other organizations require inclusion in its reporting entity.

Government-wide and Fund Financial Statements. The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all non-fiduciary activities of the District. The effect of the interfund activity in the government-wide statements eliminates services provided and used in the process of consolidation. Governmental activities are mainly supported by tax revenues and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. All capital asset depreciation is reported as a direct expense of the functional program that benefits from the use of the capital assets. Program revenues include: 1) charges for services and tuition charged by a given function and 2) grants and contributions that are restricted to meeting operational requirements of a particular function. Taxes, state aid, grants and contributions not restricted to specific programs are properly excluded from program revenues and reported instead as general revenues.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures and claims and judgments are recorded only when matured and payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long term debt and acquisitions under notes payable are reported as other financing sources. Property tax revenues and revenues received from the State of Texas and investment earnings are considered to be susceptible to accrual and so have been recognized as revenues in the current period. Property taxes collected within 60 days of year-end and included in revenue were $84,174 and $108,058 for the General Fund and Debt Service Fund, respectively.

Grant revenues and contributions are recognized when all eligibility requirements have been met. Grant funds received in advance are recorded as unearned revenue until earned. Contributions received with purpose restrictions are recorded as revenue and the related fund balance is designated until restrictions are satisfied. Amounts reported as program revenues include operating grants and contributions, food services user charges, rentals and tuition. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. The Texas Education Agency (TEA), 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 M for additional information on the employee's retirement plan. Other state revenues are received through other state miscellaneous programs on an allocated basis. Charges for services and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

The District has accrued state aid revenues of $30,542,385 which is included in Receivables from Other Governments in the governmental funds balance sheet, to reflect cash that will be received in fiscal year 2026, which was generated by attendance and the type of instructional services provided in fiscal year 2025, fiscal year 2024 property value audit, and fiscal year 2024 and 2023 recapture cost overpayment refunds. The District has also accrued an offsetting liability of $52,538,754 which is included in Due to Other Governments, to reflect an anticipated Texas Education Agency final fiscal year 2025 recapture payment that will occur in 2026.

The District, by law, is required to prepare and file a budget with the Texas Education Agency (TEA). Activities of the General Fund, Food Services Fund, and Debt Service Fund are included in the District's formally adopted budget. Budgets for Special Revenue funds (other than the Food Services Fund) and Capital Projects Fund are prepared on a project basis, based on grant regulations or applicable bond ordinances. Budgetary control (the level at which expenditures cannot legally exceed appropriations) is maintained at the functional category level with each fund. These functional categories are defined by TEA and identify the purpose of transactions. Oversight control of all expenditures is maintained at this level by the Finance and Accounting staff. TEA requires school districts to present exhibits with budget comparison for Food Services Fund (Exhibit J-2) and the Debt Service Fund (Exhibit J-3). These exhibits are in the financial section of the Annual Comprehensive Financial Report.

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts. The District reports the following Major Governmental funds:

- The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. All general tax revenues and other receipts not allocated by law or contractual agreement to some other funds are accounted for in this fund.
- The Debt Service Fund accounts for the use of ad valorem taxes and other revenues collected for the purposes of retiring bond principal and paying interest when due. The main source of revenue for debt service is the apportionment of local property taxes.
- The Capital Projects Fund is used to account for proceeds from long term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

The District reports the following Non-Major funds:

- The Special Revenue Funds are used to account for Food Services activities, federal and state financed programs and other local programs. The budget for the Food Services Fund is adopted by the Board each fiscal year. The budget for the Campus Activity Fund is adopted based on the prior year's ending fund balance.

The District reports the following Proprietary Funds:

Internal service funds provide services from one department to other departments of the District on a cost-reimbursement basis. Internal service funds distinguish operating revenues from non-operating revenues. Operating revenues and expenses generally result from providing services and delivering goods in connection with an internal service fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The District reports the following internal service funds:

- The Graphics Shop Fund is used to account for printing services.
- The Risk Management Fund is used to account for the costs associated with the workers' compensation self-funded program. Accrued liabilities include provisions for claims reported and claims incurred but not reported for workers' compensation insurance. The provision for reported claims is determined by estimating the amount that will ultimately be paid to each claimant. The provision for claims incurred but not yet reported is estimated based on the District's experience since the inception of the program.
- The Auto Liability Insurance Fund was established on July 1, 2018, to accumulate and allocate all externally incurred liability expenses relating to student transportation and white fleet vehicle accidents such as physical damage, third party medical claims, and third party administrator costs, as well as contracted services and parts to repair district buses damaged in such incidents.

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

- The Student Activity Fund accounts for the receipt and disbursement of monies from student activity organizations, for which the District solely acts as a custodian.

Assets, Liabilities, and Deferred Outflows and Inflows of Resources

Cash, Cash Equivalents and Investments. The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of 3 months or less from the date of acquisition. All investments in pools are considered cash equivalents.

Investments can consist of certificates of deposit, U.S. Treasury instruments, U.S. Government agency obligations, commercial paper, investments in government sponsored enterprises, repurchase agreements, and obligations of states and their political subdivisions. Investments with maturities at the time of acquisition of over 12 months are recorded at fair value. Fair value is determined by the amount by which a financial instrument could be exchanged in a current transaction between willing parties. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. See Note B for additional discussion.

Property Taxes. Property taxes are levied each October 1 on the assessed value as of the prior January 1 for all real and business personal property located in the District. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the subsequent year. On January 1 of each year a lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and 60 days thereafter. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes and historical experience of adjustments to tax receivables. Uncollectible taxes are written off according to the Texas Property Tax Code. See Note C for the discussion of the write-off of uncollectible taxes in the current year.

Interfund Receivables and Payables. Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations. Such balances are eliminated within the governmental activities for the government-wide financial statements. See Note F for additional discussion.

Inventories and Prepaid Items. The consumption method is used to account for inventories of supplies and materials. Under this method, these items are carried in an inventory account of the respective fund at cost, using the weighted average method of accounting and are subsequently charged to expenditures when consumed or requisitioned. Although food commodities are received at no cost, their fair value is supplied by the Texas Department of Agriculture and is recorded as inventory on the date received. Prepaid items on the balance sheet are accounted for using the consumption method and are recognized as expenditures over the periods in which the service is provided. In the governmental funds, inventories and prepaid items are reported as nonspendable fund balance.

Capital Assets. Capital assets, which include land, buildings, furniture and equipment, construction in progress, financed purchase assets, and right-to-use lease assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Construction cost includes direct and all indirect costs. Donated capital assets are measured at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized, and land and construction in progress are not depreciated. Financed purchase assets are District owned assets and follow the depreciation of regular capital assets. Capital assets and right-to-use assets of the District are depreciated and amortized using the straight-line method over the following estimated useful lives:

Asset Classification	Useful Life in Years
Buildings:	
Buildings – Permanent	40
Buildings – Improvements	20
Portable Buildings and Building Systems	15
Right-to-Use Lease Buildings	Lease term
Equipment:	
Heavy Installed Equipment	20
Maintenance/Warehouse/Custodial Equipment	15
Heavy Equipment – Tractors/Construction Equipment	12
Furniture and Fixture Equipment – Others	10
Kitchen Equipment	10
Other Vehicles	10
Buses	7
Trucks and Vans	7
Automobiles	5
Technology Equipment	3
Software	3
Right-to-Use Lease and SBITA Equipment	Lease term

Deferred Outflows and Inflows of Resources. In addition to assets, the Statement of Net Position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net asset that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditures) until then. The District has three items that qualify for reporting in this category. They are deferred loss on refunding, TRS pension costs, and TRS OPEB costs, which are reported in the Government-wide Statement of Net Position.

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net asset that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until then. The District has four items that qualify for reporting in this category. They are related to TRS pension, TRS OPEB, unavailable revenue, and other deferred resource inflows.

Unavailable revenue is reported only in the Governmental Funds Balance Sheet, and TRS pension investment earnings are reported only on the Government-wide Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. See Note K for the detail of other deferred resource inflows.

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

Long Term Obligations. In the government-wide financial statements, long term debt and other long term obligations are reported as liabilities under governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred. Gains or losses on refundings are capitalized and amortized over the shorter of the life of the new issuance or the life of the existing debt using the straight-line interest method, which approximates the interest method.

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

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

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 assign the portion of the applicable appropriation, is employed in the governmental fund financial statements. Encumbrances that have not been liquidated are reported as an assigned portion of fund balance in the governmental funds.

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.

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

Government-wide Net Position

Net position represents the difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources. The District's net position is composed of the following:

Net Investment in Capital Assets. The component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvements of these capital assets.

Restricted for Federal and State Programs. The component of net position that reports the difference between assets and liabilities of the Federal and State special revenue programs that consists of assets with constraints placed on their use by the Department of Education, Health and Human Services, Labor, Agriculture or TEA.

Restricted for Debt Service. The component of net position that reports the difference between assets and liabilities of the Debt Service Funds net of accrued interest at June 30, that consists of assets with constraints placed on their use by the bond covenants.

Restricted for Other Purposes. The component of net position that reports the difference between assets and liabilities of the Restricted for Other Purposes Funds at June 30, that consists of assets with constraints placed on their use by external parties.

Unrestricted. The difference between the assets and liabilities that are not reported in net position invested in capital assets, net position restricted for debt service, net position restricted for federal and state programs, net position restricted for capital projects, and net position restricted for other purposes.

The District reported a decrease in the deficit in unrestricted net position from prior year to $409.6 million. The primary reason for the deficit is due to both the Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions* and No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Governmental Fund Balances

According to the District's fund balance policy, fund balance is comprised of the following components:

Nonspendable Fund Balance. The portion of fund balance that is not expendable or is legally earmarked for a specific use. Nonspendable fund balance reserves may include items like inventory or prepaid items.

Spendable Fund Balance. The portion of fund balance that is comprised of restricted, committed, assigned, and unassigned fund balances.

- **Restricted Fund Balance**. The portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions imposed by parties outside the District. Restricted fund balances include funds for the Food Services, funds restricted for capital acquisitions, funds used to retire long term debts or resources from granting agencies.
- **Committed Fund Balance**. The portion of fund balance that reflects resources whose use is limited based upon resolutions by the District's Board of Trustees. At June 30, 2025, the District had no committed fund balance.
- **Assigned Fund Balance**. The portion of fund balance that is self-imposed by the District to be used for a particular purpose. The assigned fund balance can only be removed by the Superintendent of Schools or the Chief Financial Officer.
- **Unassigned Fund Balance**. The portion of the spendable fund balance within the General Fund that has not been classified within any categories above. It is the portion of fund balance available to finance operating expenditures. The General Fund is the only fund that reports a positive unassigned fund balance amount.

In general, it is in the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which restricted and unrestricted (i.e. committed, assigned, or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used after the other resources have been used.

As of the end of the current fiscal year, the District's Governmental Fund Balance was $2,095,587,307 reported as follows:

Fund Balances	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable					
Inventories	$ 13,271,295	$ -	$ -	$ 3,887,092	$ 17,158,387
Prepaid Items	11,666,528	-	-	-	11,666,528
Restricted					
Federal or State Grants	-	-	-	11,273,551	11,273,551
Capital Acquisition	-	-	723,808,253	-	723,808,253
Debt Services	-	287,102,196	-	-	287,102,196
Local	-	-	-	3,686,074	3,686,074
Assigned					
Retirement of Loans/Notes Payable	-	86,004,000	-	-	86,004,000
Other Assigned Fund Balance	311,440,130	-	-	8,448,188	319,888,318
Unassigned	635,000,000	-	-	-	635,000,000
Total Fund Balances	$ 971,377,953	$ 373,106,196	$ 723,808,253	$ 27,294,905	$ 2,095,587,307

The Other Assigned Fund balance in the General Fund consists of $249.3 million to fund contingencies related to Federal and State grants impact, $57.3 million for anticipated Debt related costs, $1.6 million for anticipated capital expenditures. Additionally, $3.2 million is earmarked for encumbrances carried forward to fiscal year 2026 as detailed below.

Note: Encumbrances are documented by purchase orders and contracts. They are commitments to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or provided for in the subsequent year's budget. Outstanding encumbrances at June 30, 2025, that were subsequently provided for in the 2025-2026 budget totaled $3,192,227 in Other Assigned Fund Balance in the General Fund, and were broken down by functions as follows:

Function 11 -	Instruction	$ 54,601
Function 31 -	Guidance, Counseling and Evaluation Services	354,550
Function 36 -	Cocurricular/Extracurricular Activities	230,305
Function 41 -	General Administration	624,895
Function 51 -	Facilities Maintenance and Operations	934,207
Function 52 -	Security and Monitoring Services	101,437
Function 53 -	Data Processing Services	357,217
Function 61 -	Community Services	1,465
Function 81 -	Facility Acquisition & Construction	533,550
	Total	$ 3,192,227

Data Control Codes. In accordance with the Financial Accountability System Resource Guide published by the TEA, the District has adopted and installed an accounting system which meets the minimum requirements prescribed by the State Board of Education and has been approved by the state auditor. The TEA requires the display of these codes in the financial statements filed with the TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

GASB 87 Leases

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

Lessee

The District is a lessee for noncancellable leases of buildings, copiers, and other 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 $50,000 or more.

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

Lessor

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

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

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

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

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

GASB 96 SBITA (Subscription Based Information Technology Arrangements)
A SBITA is defined as a contract that conveys control of the right to use another party's (an SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The District has implemented a threshold of $50,000 for GASB 96 per annual subscription cost.

Under this Statement, the District recognizes a right-to use subscription asset—an intangible asset—and a corresponding subscription liability at the commencement of the subscription term when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the incremental borrowing rate specified in the agreement. If the interest rate is not specified, Dallas ISD uses the yield rates of bonds issued by the District.

The District recognizes amortization of the principal payment on the subscription liability as an outflow of resources.

NOTE B: CASH, CASH EQUIVALENTS AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with The Bank of New York Mellon, under a tri-party collateral agreement between the District, the depository bank and The Bank of New York Mellon. The Bank of New York Mellon deposits approved pledged securities, as authorized by Chapter 2257, Collateral for Public Funds of the Government Code, in an amount sufficient to protect the District's funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") coverage. In order to maximize return on cash balances, the District uses consolidated bank accounts from which all disbursements are made, with cash in excess of the District's total daily requirement being invested for future needs.

At June 30, 2025, the net carrying amount of the District's cash deposits, excluding student activity fund deposits of $3,066,658, was $(18,369,709). The bank balance of $10,000,000 was on deposit with the contracted depository bank. District funds are insured up to $250,000 for the combined amount of all time and savings accounts, and up to an additional $250,000 for the combined total of all Demand Deposit Accounts (DDA's). Interest-bearing accounts were collateralized by pledged United States government securities with a fair value of $15,544,626 at June 30, 2025, held by The Bank of New York Mellon. Because The Bank of New York Mellon holds the pledged securities in trust on behalf of the District, the deposits were deemed collateralized under Texas law. All campus activity funds were centralized and were on deposit with the contracted depository. Custodial and activity funds were in separate non-interest-bearing bank accounts at the depository bank, and as such, have full FDIC coverage of $250,000 per bank account. At June 30, 2025, cash on hand in Custodial Funds totaled $3,066,658 and was on deposit with the contracted depository and separate bank accounts. The District's Custodial Fund bank balance on June 30, 2025, was covered by federal depository insurance or by collateral held in the District's name.

In addition, the following is disclosed regarding coverage of combined cash and certificates of deposit balances on the date of highest deposit:

a. Depository bank: Wells Fargo Bank, N.A.
b. The date of highest deposit was June 12, 2025, with combined cash and certificates of deposit balance of $129,949,889.
c. On June 13, 2025, the amount of bonds, securities pledged, and FDIC coverage was $257,831,285.
d. The FDIC coverage portion of the collateral listed above was $250,000/$250,000.
e. The District had no occasions during the year of not being sufficiently collateralized, in which the pledged collateral requirement was less than the collateral requirement.

The Texas legislature passed the Public Funds Investment Act of 1995 ("Public Funds Investment Act") which authorizes the District to invest its excess funds in the following:

- Obligations of the United States or its agencies and instrumentalities,
- Obligations of the State of Texas or its agencies, and instrumentalities,
- Other obligations guaranteed by the United States or the State of Texas or their agencies and instrumentalities,
- Public funds investment pools,
- No load money market funds with a weighted average maturity of 90 days or less,
- Fully collateralized repurchase agreements,
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality not less than an "A", or its equivalent, by a nationally recognized investment rating firm,
- Commercial paper having a stated maturity of 365 days or fewer from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies or one nationally recognized credit agency and is fully secured by an irrevocable letter of credit,
- Guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds,
- Guaranteed or secured certificates of deposit, issued by state and national banks domiciled in Texas, and insured by federal depository insurance or secured by the obligations mentioned above,
- Bonds issued, assumed or guaranteed by the State of Israel, and
- Secured corporate bonds rated not lower than "AA—" or the equivalent.

The Public Funds Investment Act requires an annual review and approval of investment policies and practices. The review disclosed that in this area of investment practices, management reports and establishment of appropriate policies, the District materially adhered to the requirements of the Public Funds Investment Act. Additionally, investment practices of the District were in accordance with local policies, which are more restrictive than state statutes.

As of June 30, 2025, the following are the District's cash equivalents and investments, with respective maturities and credit rating:

Type of Investment	Book Value	Percent	Fair Value	Percent	Maturity in Less Than 1 Year	Maturity in 1-10 Years	Maturity in Over 10 Years	Credit Rating
Cash	$ (15,303,051)	-0.6%	$ (15,303,051)	-0.6%	$ (15,303,051)	$ -	$ -	N/A
Money markets and FDIC insured investment accounts	64,136,173	2.6%	64,136,173	2.6%	64,136,173	-	-	N/A
Investment pools:								
LOGIC	$261,710,516	10.7%	261,710,516	10.7%	261,710,516	-	-	AAAm
Lone Star	318,192,582	13.1%	318,192,582	13.1%	318,192,582	-	-	AAAm
Texas CLASS	172,503,467	7.1%	172,503,467	7.1%	172,503,467	-	-	AAAm
Texas Range Daily/Daily Select	403,810,755	16.6%	403,810,755	16.6%	403,810,755	-	-	AAAmmf
Texas Range Fixed Term	252,345,521	10.4%	252,345,521	10.4%	252,345,521	-	-	AAAf
TexPool	319,977,115	13.1%	319,977,115	13.1%	319,977,115	-	-	AAAm
Texas Connect	63,981,233	2.6%	63,981,233	2.6%	63,981,233	-	-	AAAm
Texas FIT	355,520,955	14.6%	355,520,955	14.6%	355,520,955	-	-	AAAf
Texas FIT Fixed Term	192,868,781	7.9%	192,868,781	7.9%	192,868,781	-	-	AAAf
Total Investment pools	$2,340,910,925	96.0%	2,340,910,925	96.0%	2,340,910,925	-	-	
*Total cash and cash equivalents	2,389,744,047	98.1%	2,389,744,047	98.1%	2,389,744,047	-	-	
American Municipal Power Authority - Ohio	768,762	0.0%	768,762	0.0%	-	766,995	-	A1+/P1
Boone County Kentucky Municipal Bond	1,317,359	0.1%	1,317,359	0.1%	-	1,270,110	-	A1
City of Alice, Texas GO LTD Bond	966,529	0.0%	966,529	0.0%	-	936,510	-	AA-
City of West Palm Beach Florida Bond	1,150,103	0.0%	1,150,103	0.0%	-	1,116,265	-	A+
Corpus Christi GO Municipal Bond	432,068	0.0%	432,068	0.0%	-	417,615	-	AA
Federal Home Loan Bank Agency	24,715,360	1.0%	24,715,360	1.0%	58,277,047	23,674,944	-	Aa3
Fontana Unified School District Municipal Bond	849,803	0.0%	849,803	0.0%	-	809,731	-	A+
Gainesville Florida Pension Municipal Bond	1,736,458	0.1%	1,736,458	0.1%	-	1,600,522	-	Aa2
Indiana State Finance Authority	674,237	0.0%	674,237	0.0%	-	656,399	-	Aa2
North Hudson Sewerage Authority, NJ (A)	443,045	0.0%	443,045	0.0%	-	488,606	-	A3
Oregon State School Board Association GO Municipal Bond	374,578	0.0%	374,578	0.0%	-	505,646	-	A1
Pennsylvania Economic Development Municipal Bond	3,142,062	0.1%	3,142,062	0.1%	-	2,995,897	-	AA
San Bernardino County Redevelopment Successor Municipal Bond	1,978,116	0.1%	1,978,116	0.1%	-	1,915,762	-	A3*
San Francisco City & County Redevelopment Municipal Bond	1,512,737	0.1%	1,512,737	0.1%	-	1,396,113	-	Aa2
Texas State Public Finance Municipal Bond	1,476,845	0.1%	1,476,845	0.1%	-	1,423,722	-	Aa2
Texas State University System	914,250	0.0%	914,250	0.0%	-	878,921	-	Aa2
University of North Texas	1,473,649	0.1%	1,473,649	0.1%	-	1,429,277	-	Aa2
Walnut Valley Unified School District Municipal Bond	2,915,716	0.1%	2,915,716	0.1%	-	2,819,500	-	Aa1
*Total Investments	46,841,677	1.9%	46,841,677	1.9%	58,277,047	45,102,535	-	
Total cash, cash equivalents and investments	$ 2,436,585,724	100.0%	$ 2,436,585,724	100.0%	$ 2,448,021,094	$ 45,102,535	$ -	

**Total cash and cash equivalents and total investments include accrued interest. The TERM investments accrued interest and Sweep account accrued interest are reported in the investment pool and money market section above.*

In accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the District's investments with a maturity date of greater than one year have been recorded at fair value based upon quoted market prices as of June 30, 2025 with an increase or decrease in fair value being recorded as a component of earnings on investments. Investment Pools are measured at amortized cost or net asset value, i.e., fair value. As such, these investments are not required to be reported in the fair value hierarchy.

The TexPool and Lone Star Overnight investment pools are external investment pools measured at amortized cost. To meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within the investment pool. The investment pools transact at a net asset value of $1.00 per share, have a weighted average maturity of 60 days or less, and a weighted average life of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of the portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool and Lone Star Overnight have 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 pool's liquidity.

Texas CLASS, Texas Range, LOGIC, and TX-Fit investment pools are external investment pools measured at net asset value. Texas CLASS, Texas Range, LOGIC, and TX-Fit's strategy is to seek the preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to the investment pools. Texas CLASS, Texas Range, LOGIC, and TX-Fit have a redemption notice period of one day and may be redeemed daily. The investment pools' authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium, or national or state emergency that affects the pool's liquidity.

The District uses an Allspring Treasury Plus Money Market account rated AAAm/Aaa-mf as a sweep account for excess overnight funds. District bank accounts, other than zero balance accounts, utilize the sweep for bank balances above a predetermined threshold value.

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 based on the lowest priority level input that is significant to the entire measurement.

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, 2025	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
Investments not Subject to Fair Value:					
Money markets and FDIC insured investment accounts	$ 64,136,173	$ -	$ -	$ -	2.62%
Investment Pools:					
LOGIC	261,710,516	-	-	-	10.67%
Lone Star	318,192,582	-	-	-	12.98%
Texas CLASS	172,503,467	-	-	-	7.04%
Texas Range Daily/Daily Select	403,810,755				16.47%
Texas Range Fixed Term	252,345,521	-	-	-	10.29%
TexPool	319,977,115	-	-	-	13.05%
Texas Connect	63,981,233				
Texas FIT	355,520,955	-	-	-	14.50%
Texas FIT Fixed Term	192,868,781	-	-	-	7.87%
Investments by Fair Value Level:					
US Government Agency Securities:					
Federal Home Loan Bank Agency	24,715,360	-	24,715,360	-	1.01%
Municipal Bonds:					
American Municipal Power Authority - Ohio	768,762	-	768,762	-	0.03%
Boone County Kentucky Municipal Bond	1,317,359	-	1,317,359	-	0.05%
City of Alice, Texas GO LTD Bond	966,529	-	966,529	-	0.04%
City of West Palm Beach Florida Bond	1,150,103	-	1,150,103	-	0.05%
Corpus Christi GO Municipal Bond	432,068	-	432,068	-	0.02%
Fontana Unified School District Municipal Bond	849,803	-	849,803	-	0.03%
Gainesville Florida Pension Municipal Bond	1,736,458	-	1,736,458	-	0.07%
Indiana State Finance Authority	674,237	-	674,237	-	0.03%
North Hudson Sewerage Authority, NJ (A)	443,045	-	443,045	-	0.02%
Oregon State School Board Association GO Municipal Bond	374,578	-	374,578	-	0.02%
Pennsylvania Economic Development Municipal Bond	3,142,062	-	3,142,062	-	0.13%
San Bernardino County Redevelopment Successor Municipal Bond	1,978,116	-	1,978,116	-	0.08%
San Francisco City & County Redevelopment Municipal Bond	1,512,737	-	1,512,737	-	0.06%
Texas State Public Finance Municipal Bond	1,476,845	-	1,476,845	-	0.06%
Texas State University System	914,250	-	914,250	-	0.04%
University of North Texas	1,473,649	-	1,473,649	-	0.06%
Walnut Valley Unified School District Municipal Bond	2,915,716	-	2,915,716	-	0.12%
Total Investments	$ 2,451,888,775	$ -	$ 46,841,677	$ -	100.0%

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

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 twelve-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio. The District's investment strategy states that no individual transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. Some investments are also purchased with longer maturities to match the $143.3 million General Fund liability for 2013 QSCB notes due in August 2033. These bear a risk that market interest rates could at some point exceed the yield of the investments purchased.

Credit Risk. State law limits investment purchases in commercial paper to not less than A1-P1 or equivalent rating by at least two nationally recognized credit rating agencies. The District's investments in Local Government Investment Pools (LGIP's) include: Texas CLASS, LOGIC, Lone Star, TexPool, Texas Range Daily, Texas Range Fixed Term, and TX-Fit. These are all public funds investment pools operating in full compliance with the Public Funds Investment Act. All are rated "AAAm/AAAf" by Standard and Poor's. The District's no-load money market fund maintains weighted-average maturity of 90-days or less. This money market fund invests only in first-tier securities. Under SEC Rule 2a-7 of the 1940 Act, a first-tier security is a debt instrument that is an eligible investment for money market funds and has received a rating in the highest short-term category from a nationally recognized statistical rating organization. On August 5, 2011, Standard and Poor's, one of three nationally recognized raters of US debt and securities, downgraded the rating of long-term US sovereign debt from AAA to AA+ for the first time since 1941. On August 1, 2023, Fitch downgraded the rating of long-term US sovereign debt from AAA to AA+. Both rating agencies have maintained a "Stable" outlook for long-term US sovereign debt. On May 16, 2025, Moody's downgraded the long-term U.S. sovereign debt rating from Aaa to Aa1; however, it maintained a Stable outlook despite the downgrade. The District utilizes Wells Fargo Securities for money market investments and Wells Fargo Bank, N.A. for the daily operating funds.

Concentration of Credit Risk. The District's 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.

Custodial Credit Risk – Deposits. This is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. All deposits not covered by FDIC insurance but held in the depository bank, Bank of America, were fully collateralized.

Custodial Credit Risk – Investments. This is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District also uses an Insured Cash Shelter Account, similar to a Certificate of Deposit Account Registry Service (CDARS) program, which holds investment balances of $250,000 or less at multiple depositories to maintain full FDIC coverage for the whole account.

Foreign Currency Risk. As of June 30, 2025, there are no foreign currency investments in the District's portfolio.

During the 2024-2025 fiscal year, the Federal Reserve decreased the Fed funds rate from 5.50% to 4.50% by the end of June 2025. The slow decrease in rates resulted in older securities on the District's portfolio losing value to stay competitive in the new environment. Subsequently, the year-end GASB 31 mark-to-market entry resulted in an unrealized loss for the overall portfolio's earnings. The District holds all securities until maturity; therefore, this is a book loss and not a loss of cash.

NOTE C: LOCAL REVENUES AND PROPERTY TAXES

Local and intermediate sources are comprised of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Property Taxes	$ 1,375,643,762	$ 440,029,109	$ -	$ -	$ 1,815,672,871
Food Services	-	-	-	2,206,008	2,206,008
Gifts and Bequests	-	-	-	1,869,742	1,869,742
Campus Activity Funds	-	-	-	4,251,092	4,251,092
Interest Income	58,619,160	10,604,583	32,686,018	-	101,909,761
Tuition, Fees and Cocurricular	2,050,625	-	-	-	2,050,625
Rental Income	1,667,275	-	-	-	1,667,275
Other	3,829,390	-	824	367,913	4,198,127
Totals	$ 1,441,810,212	$ 450,633,692	$ 32,686,842	$ 8,694,755	$ 1,933,825,501

Property Taxes. The appraisal of property within the District is the responsibility of the Dallas County Appraisal District. The District's ad valorem property tax is levied each October 1 on the assessed value as of the prior January 1 for all real and business personal property located in the District. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the subsequent year. On January 1 of each year a tax lien attaches to the property to secure the payment of all taxes, penalties, and interest ultimately imposed. The assessed value of the roll on January 1, 2024 was $266,126,523,220. After deductions of all exemptions and reductions provided by law and those granted by the District, the 2024 tax year levy was based on property values of $194,055,575,689.

The tax rates assessed for the year ended June 30, 2025, to finance General Fund operations and the payment of principal and interest on long term debt were $0.755200 and $0.242035 per $100 valuation, respectively, for a total of $0.997235 per $100 valuation. The resolution levying the ad valorem taxes specifies the individual tax rates for the General Fund and Debt Service Fund. Current tax collections for the year ended June 30, 2025, were 98.0% of the adjusted tax levy.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. The District has provided an allowance for estimated uncollectible property taxes and estimated adjustments within the General Fund and Debt Service Fund of $49,234,723 and $14,076,659 respectively, based upon historical collection experience and historical adjustment experience.

The Texas Property Tax Code directs tax collectors to cancel and remove from the tax rolls real property taxes that have been delinquent more than 20 years and personal property taxes that have been delinquent more than 10 years. Additionally, the Texas Property Tax Code provides that personal property may not be seized and a suit may not be filed to collect a tax on personal property that has been delinquent more than four years.

NOTE D: RECEIVABLES

Property tax receivable as of June 30, 2025, for the District's Major Funds and Non-Major Funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Totals
Property Taxes	$ 78,127,416	$ 21,577,813	$ 99,705,229
Less: Allowance for uncollectible	(49,234,723)	(14,076,659)	(63,311,382)
Totals	$ 28,892,693	$ 7,501,154	$ 36,393,847

In addition, the District has recorded a state aid receivable of $30.5 million and a receivable from other governmental entities of $63.2 million as of June 30, 2025.

NOTE E: UNEARNED REVENUE

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. As of June 30, 2025, the components of unearned revenue reported in the General Fund and Non-Major Governmental funds were as follows:

	General	Non-Major	Totals
Grants	$ -	$ 2,351,093	$ 2,351,093
Other	76,496	-	76,496
Totals	$ 76,496	$ 2,351,093	$ 2,427,589

NOTE F: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at June 30, 2025, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
General Fund:		
Non-Major Governmental Funds	$ 27,323,094	$ -
Internal Service Funds	-	1,272,852
	27,323,094	1,272,852
Non-Major Governmental Funds:		
General Fund	-	27,323,094
	-	27,323,094
Internal Service Funds:		
General Fund	1,272,852	-
	1,272,852	-
	$ 28,595,946	$ 28,595,946

The interfund receivable and payable between General Fund and Major and Non-Major Governmental Funds occurs when expenditures take place before the reimbursement is received from the granting agency. Transfers occur monthly, unless significantly larger payments are noted, and the transfer occurs more frequently. All interfund balances are expected to be repaid within the next fiscal year.

Interfund transfers are defined as “flows of assets without equivalent flows of assets in return and without a requirement for repayment”. Interfund transfers during the year ended June 30, 2025, were as follows:

Transfer Out	Transfer In	Amount	
General Fund	Debt Service	$ 7,167,029	*
Capital Projects Fund	Debt Service	58,188	**
Internal Service Fund	Non-Major Governmental Funds	172,539	***
Internal Service Fund	General Fund	3,278,237	****

***$7.2 million transferred from the General Fund to the 2013 Qualified School Construction Bonds Fund to provide for the QSCB principal of $143.3 million due in August 2033.*

***In fiscal year 2025, the District transferred $0.1 million from the Capital Projects Fund to Debt Service Fund to cover costs.*

****In fiscal year 2025, the District transferred $0.2 million from the Risk Management Fund to the Food Services Fund to cover Food Service costs.*

*****In fiscal year 2025, the District transferred $3.3 million from the Risk Management Fund to the General Fund to reduce excess net position in the Risk Management Fund.*

NOTE G: FINANCED PURCHASES, LEASES, AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Financed Purchases

Dallas ISD has entered into multiple arrangements for the purpose of financing the purchase of various equipment. There are no remaining liability balances owed on Financed Purchases.

The value of the financed assets as of June 30, 2025 was $7,520,455 and had accumulated amortization of $7,500,257.

Leases Payable

Dallas ISD has entered into multiple lease agreements as a lessee. The leases allow Dallas ISD the right to use copy machines, buildings, and other equipment over the term of the lease. Dallas ISD is required to make monthly, quarterly, or annual payments at its incremental borrowing rate, which was computed at the beginning of each fiscal year based on the weighted average yield rate of most recently launched bonds. These arrangements incur interest at 3.827% annually.

The lease rate, term, and ending lease liability are as follows:

	Liability at Commencement	Lease Term in Months	Ending Balance
Governmental Fund			
Furniture and Equipment	$ 129,141	13 - 96	$ 102,979
Buildings	11,970,367	26 - 468	9,665,358
Total Governmental Fund			9,768,337

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

Governmental Fund

Year Ended June 30,	Principal	Interest	Total
2026	$ 1,304,705	$ 135,915	$ 1,440,620
2027	517,287	117,091	634,378
2028	196,897	113,606	310,503
2029	200,595	110,445	311,040
2030	204,057	107,535	311,592
2031-2035	948,961	496,039	1,445,000
2036-2040	1,019,597	425,402	1,444,999
2041-2045	1,095,988	349,012	1,445,000
2046-2050	1,177,820	267,180	1,445,000
2051-2055	1,265,762	179,238	1,445,000
2056-2060	1,360,249	84,751	1,445,000
2061-2062	476,419	6,026	482,445
Total Governmental Fund	$ 9,768,337	$ 2,392,240	$ 12,160,577

The value of the right-to-use assets at June 30, 2025 was $19,228,393 and had accumulated amortization of $9,768,848.

Leases Receivable

Dallas ISD has entered into multiple lease agreements as a lessor. The leases allow the tenants the right to use buildings and grounds over the term of the lease. Dallas ISD receives monthly, quarterly, or annual payments from tenants. Interest revenue is calculated at the weighted average yield rate of most recently launched bonds.

The future lease receivables and interest amount as of fiscal year end are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 236,872	$ 25,049	$ 261,921
2027	245,472	19,850	265,322
2028	131,254	15,310	146,564
2029	119,594	12,522	132,116
2030	124,738	9,619	134,357
2031 - 2035	237,355	13,985	251,340
Total	$ 1,095,285	$ 96,335	$ 1,191,620

The balance of the deferred inflow as of the end of the current fiscal year was $1,095,285 and had amortization of $263,272 in the year. The total amount of inflows of resources from lease revenue was $263,272, and interest revenue of $30,180 was recognized in the current fiscal year from leases totaling $293,452.

Subscription-Based Information Technology Arrangements (SBITA)

The District has 56 subscription contracts as of June 30, 2025. The District has implemented a threshold of $50,000 for GASB 96 per annual subscription cost. Future subscription payments should be discounted using the interest rate the SBITA vendor charges. If the interest rate cannot be readily determined, the District uses the yield rates of bonds issued by the District. For fiscal year 2025, the District used 3.827% as the interest rate. The SBITA term and ending subscription liability are as follows:

	Liability at Commencement	Lease Term in Months	Ending Balance
Governmental Fund			
Software	$ 46,150,253	13 - 96	$ 12,277,633
Total Governmental Fund			12,277,633

The subscription liabilities are recorded in the government-wide fund. The principal and interest are liquidated at the fund level through the General Fund, Non-Major Governmental Funds, and the Capital Projects Fund.

Fiscal Year	Principal	Interest	Total
2026	$ 5,201,958	$ 428,491	$ 5,630,449
2027	4,611,916	256,044	4,867,960
2028	1,704,642	97,620	1,802,262
2029	567,739	30,989	598,728
2030	93,775	7,813	101,588
2031-2035	97,603	3,984	101,587
Total	$ 12,277,633	$ 824,941	$ 13,102,574

The value of the subscription assets as of the end of the current fiscal year was $58,509,456 and had accumulated amortization of $42,352,426.

NOTE H: CAPITAL ASSETS

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

	Balance at June 30, 2024	Additions	Transfers	Deletions	Balance at June 30, 2025
Capital assets, not being depreciated/amortized:					
Land	$ 277,543,580	$ 6,540,192	$ -	$ (5,371,086)	$ 278,712,686
Construction in progress	590,732,781	733,006,874	(382,853,762)	-	940,885,893
Total capital assets, not being depreciated/amortized	868,276,361	739,547,066	(382,853,762)	(5,371,086)	1,219,598,579
Capital assets, being depreciated/amortized:					
Building and improvements	5,534,923,716	21,379,589	296,351,468	(58,177,627)	5,794,477,146
Furniture and equipment	404,911,265	15,325,199	86,502,294	(8,377,207)	498,361,551
Furniture and equipment - Financed Purchases	7,520,455	-	-	-	7,520,455
Right-to-Use Lease Assets - Building	17,729,319	427,996	-	-	18,157,315
SBITA	84,444,591	8,283,434	-	(34,218,569)	58,509,456
Right-to-Use Lease Assets - Furniture and equipment	1,071,078	-	-	-	1,071,078
Total capital assets, being depreciated/amortized	6,050,600,424	45,416,218	382,853,762	(100,773,403)	6,378,097,001
Less accumulated depreciation/amortization for:					
Buildings and improvements	2,172,795,582	176,872,402	-	(35,751,072)	2,313,916,912
Furniture and equipment	285,583,918	36,022,922	-	(7,414,785)	314,192,055
Furniture and equipment - Financed Purchases	6,067,543	1,432,714	-	-	7,500,257
Right-to-Use Lease Assets - Building	6,866,789	1,907,418	-	-	8,774,207
SBITA	39,254,476	13,690,329	-	(10,592,379)	42,352,426
Right-to-Use Lease Assets - Furniture and equipment	994,641	-	-	-	994,641
Total accumulated depreciation/amortization	2,511,562,949	229,925,785	-	(53,758,236)	2,687,730,498
Total capital assets, being depreciated/amortized, net	3,539,037,475	(184,509,567)	382,853,762	(47,015,167)	3,690,366,503
Capital assets, net	$ 4,407,313,836	$ 555,037,499	$ -	$ (52,386,253)	$ 4,909,965,082

Capital assets include assets recorded in Internal Service Funds, net of depreciation/amortization, of $675,536.

Depreciation/amortization is allocated to functions of governmental activities by specific identification whenever possible. Depreciation related to campus facilities is allocated to functions based on the relative square footage of the respective functional areas. Technology equipment is allocated in total to data processing services.

Depreciation/Amortization by Function

		Depreciation/ Amortization Expense
Regular Assets		
11	Instruction	$ 120,505,883
12	Instructional Resources and Media Services	2,858,598
13	Curriculum and Instructional Staff Development	880,598
21	Instructional Leadership	678,127
23	School Leadership	12,496,345
31	Guidance, Counseling and Evaluation Services	4,010,327
32	Social Work Services	41,914
33	Health Services	2,085,594
34	Student (Pupil) Transportation	5,842,964
35	Food Services	12,270,368
36	Cocurricular/Extracurricular Activities	7,148,372
41	General Administration	711,490
51	Facilities Maintenance and Operations	18,223,576
52	Security and Monitoring Services	16,841,051
53	Data Processing Services	3,869,989
61	Community Services	1,008,340
81	Facilities Acquisition and Construction	3,421,787
	Regular Assets Total	$ 212,895,323
Right-to-Use Lease Assets - Buildings		
34	Student (Pupil) Transportation	214,310
51	Facilities Maintenance and Operations	1,693,109
	Right-to-Use Lease Assets - Buildings Total	$ 1,907,419
Right-to-Use Lease Assets - Furniture and Equipment		
41	General Administration	27,422
51	Facilities Maintenance and Operations	27,138
	Right-to-Use Lease Assets - Furniture and Equipment Total	$ 54,560
Furniture and Equipment - Financed Purchases		
11	Instruction	1,354,491
35	Food Services	1,429
41	General Administration	21,131
81	Facilities Acquisition and Construction	1,103
	Furniture and Equipment - Financed Purchase Total	$ 1,378,154
SBITA GASB-96 Subscriptions		
11	Instruction	3,640,562
12	Instructional Resources and Media Services	59,052
33	Health Services	186,338
41	General Administration	432,567
51	Facilities Maintenance and Operations	324,531
53	Data Processing Services	9,047,279
	Right-to-Use Lease Assets - Buildings Total	$ 13,690,329
	Total Depreciation/Amortization Expense	**$ 229,925,785**

The District has active construction projects. These projects include new school construction and renovation of existing facilities. The total construction commitments as of June 30, 2025, are $665,000,002 for projects under the bond programs.

NOTE I: LONG TERM OBLIGATIONS

The District's long-term debt includes general obligation bonds, maintenance tax notes and provisions for workers' compensation liability. Bond premiums and deferred losses on refundings are amortized using the effective interest method.

General Obligation Bonds. These bonds are secured by ad valorem taxes levied against all taxable property and are serviced by the Debt Service Fund with an apportionment of the ad valorem tax levy. Interest rates on the bonds range from 0.00% to 6.00% and are due through 2055. At June 30, 2025, $373,632,552 in cash, cash equivalents, investments, and accrued interest is restricted or assigned in the Debt Service Fund to service the outstanding bonds:

Series	Bond Series Name - General Obligation Bonds Maturity or Mandatory Redemption Date	Interest Rates	Original Issue Amount (in thousands)	Total Outstanding Principal Amount (in thousands)
2010C	**Unlimited Tax School Building Bonds** - Serially in varying amounts from February 15, 2018 to February 15, 2026 and Term Bonds due 2030 and 2035	4.05% - 6.00%	$ 950,300	$ 770,840
2014A	**Unlimited Tax Refunding Bonds** - Serially in varying amounts from August 15, 2015 to August 15, 2034	1.00% - 5.00%	356,115	-
2015	**Unlimited Tax Refunding Bonds** - Serially in varying amounts from February 15, 2016 to February 15, 2032	2.125% - 5.00%	234,760	-
2016A	**Unlimited Tax School Building Bonds** - Serially in varying amounts from February 15, 2022 to February 15, 2036	3.00% - 5.00%	305,785	51,970
2017	**Qualified Zone Academy Bonds, Taxable -** No interest, principal due August 15, 2027	0.00% - 0.00%	4,405	4,405
2019	**Unlimited Tax Refunding Bonds** - Serially in varying amounts from February 15, 2020 to February 15, 2034	3.00% - 5.00%	68,025	46,530
2019B	**Unlimited Tax School Building Bonds** - Serially in varying amounts from February 15, 2021 to February 15, 2040	3.00% - 5.00%	311,975	257,795
2020	**Unlimited Tax School Building Bonds** - Serially in varying amounts from February 15, 2021 to February 15, 2050	2.00% - 5.00%	278,345	251,440
2021	**Unlimited Tax School Building Bonds** - Serially in varying amounts from February 15, 2021 to February 15, 2045	1.75% - 4.00%	275,210	242,915
2021A	**Unlimited Tax Refunding Bonds** - Serially in varying amounts from February 15, 2022 to February 15, 2031	3.00% - 5.00%	158,900	72,180
2021B	**Unlimited Tax Refunding Bonds, Taxable -** Serially in varying amounts from August 15, 2023 to August 15, 2034	1.935% - 4.00%	409,355	186,000
2022	**Unlimited Tax School Building Bonds** - Serially in varying amounts from February 15, 2023 to February 15, 2052	2.375% - 5.00%	406,905	307,985
2022A	**Unlimited Tax Refunding Bonds, Taxable -** Serially in varying amounts from February 15, 2027 to February 15, 2034	2.533% - 5.00%	264,805	173,435
2023	**Unlimited Tax School Building & Refunding Bonds -** Serially in varying amounts from February 15, 2024 to February 15, 2053	4.00% - 5.00%	551,460	481,715
2024	**Unlimited Tax School Building & Refunding Bonds -** Serially in varying amounts from February 15, 2025 to February 15, 2054	5.00%	482,610	465,210
2025A	**MultiModal Unlimited Tax School Building Bonds -** Serially in varying amounts from February 15, 2026 to February 15, 2055	5.00%	344,070	344,070
2025B	**Unlimited Tax School Building & Refunding Bonds -** Serially in varying amounts from February 15, 2026 to February 15, 2055	4.00% - 5.00%	608,195	608,195
2025C	**Unlimited Tax School Building & Refunding Bonds -** Serially in varying amounts from February 15, 2027 to February 15, 2034	5.00%	230,050	230,050
Total				$ 4,494,735

Maintenance Tax Notes. On December 1, 2013, the District issued $143,340,000 in Limited Maintenance Tax Qualified School Construction Bonds. The Maintenance Tax Notes are paid from the General Fund. The amount outstanding for Maintenance Tax Notes as of June 30, 2025 was as follows:

Series	Maintenance Tax Notes Maturity or Mandatory Redemption Date	Yield Rates	Total Outstanding Principal Amount (in thousands)
2013	Principal due at maturity - interest due each February 15 and August 15 from August 15, 2014 to August 15, 2033	5.05%	$ 143,340
		Total	$ 143,340

As of June 30, 2025, the District has transferred $86,004,000 from the General Fund to a specially established Debt Service fund for the 2013 Qualified School Construction Bonds Fund to pay the 2013 Limited Maintenance Tax Qualified School Construction Bonds (QSCB) due in 2033. In addition, the District expects to annually transfer $7,167,000 from the General Fund to the 2013 Qualified School Construction Bonds Fund to provide for the QSCB principal of $143,340,000 due in August 2033.

Variable Rate Debt. In January 2025, the District issued $344,070,000 in "Multi-Modal Unlimited Tax School Building Bonds, Series 2025A" with initial interest rates of 5.00%. As of June 2025, $344,070,000 remains. There are six remaining initial rate periods, one in each year 2026 to 2031. At the end of each initial rate period, the District may redeem or remarket the Bonds. If the District fails to do so, the Bonds shall bear interest at a stopped rate of 7% per year.

Debt Issuance. As of June 30, 2025, the District has $1,050,375,000 remaining of the 2020 School Building Bond Authorization, and $40,000,000 remaining of the 2020 Technology Bond Authorization.

In February 2025, the District issued $608,195,000 in "Unlimited Tax School Building and Refunding Bonds, Series 2025B" with interest rates of 4.00-5.00%. The District received a net premium of $36,727,808. The total proceeds, less issuance costs and underwriter's discount of $1,952,483 and $2,690,434, respectively, were used for school building construction, updating technology equipment, and the purchase of new school buses and equipping of bus maintenance and operating facilities, as well as were used to refund portions of Series 2014AB Refunding Bonds, Series 2015 Refunding Bonds, and Series 2016A School Building Bonds. Principal and interest payments are due every February 15 and August 15, beginning February 15, 2026, until February 15, 2055. The total interest requirements of these bonds aggregate $465,599,422, as of June 30, 2025. The District, in effect, decreased the aggregate debt service payments by $96,035,000 through 2055 and resulted in an economic gain (difference between present values of the old and new debt service payment) of $4,088,921. The proceeds were invested in local government investment pools, commercial paper, or US government agencies. The debt is subject to federal arbitrage regulations and is serviced by the Debt Service Fund.

In February 2025, the District issued $230,050,000 in "Unlimited Tax Refunding Bonds, Series 2025C" with interest rates of 5.00%. The District received a net premium of $23,494,888. The total proceeds, less issuance costs and underwriter's discount of $1,820,845 and $821,528, respectively, were used to refund portions of Series 2021B Refunding Bonds and Series 2022A Refunding Bonds. Principal and interest payments are due every February 15 and August 15, beginning February 15, 2027, until February 15, 2034. The total interest requirements of these bonds aggregate $61,229,333, as of June 30, 2025. The District, in effect, decreased the aggregate debt service payments by $39,690,000 through 2034 and resulted in an economic gain (difference between present values of the old and new debt service payment) of $12,101,179. The proceeds were invested in local government investment pools, commercial paper, or US government agencies. The debt is subject to federal arbitrage regulations and is serviced by the Debt Service Fund.

In January 2025, the District issued $344,070,000 in "Multi-Modal Unlimited Tax School Building Bonds, Series 2025A" with interest rates of 5.00%. The District received a net premium of $18,868,571. The total proceeds, less issuance costs and underwriter's discount of $1,697,847 and $1,224,152, respectively, were used for school building construction and renovation. Principal and interest payments are due every February 15 and August 15, beginning February 15, 2026, until February 15, 2055. The total interest requirements of these bonds aggregate $391,280,100, as of June 30, 2025. The proceeds were invested in local government investment pools, commercial paper, or US government agencies. The debt is subject to federal arbitrage regulations and is serviced by the Debt Service Fund.

The District's underlying debt rating was last changed on November 2024, with an initial underlying rating assigned by KBRA (Kroll) of AAA with outlook stable.

The following is a summary of the changes in the District's long-term debt for the year ended June 30, 2025:

Description	Long-Term Liabilities Outstanding July 1, 2024 (in thousands)	Additions and Interest Accretion (in thousands)	Retired/ Refunded/ Defeased (in thousands)	Long-Term Liabilities Outstanding June 30, 2025 (in thousands)	Amount Due Within One Year from June 30, 2025 (in thousands)
General Obligation Bonds:					
Series 2010C	$ 796,755	$ -	$ 25,915	$ 770,840	$ 29,445
Series 2014A	60,890	-	60,890	-	-
Series 2015	83,745	-	83,745	-	-
Series 2016A	166,435	-	114,465	51,970	-
Series 2017 QZAB	4,405	-	-	4,405	-
Series 2019	50,575	-	4,045	46,530	4,255
Series 2019B	269,740	-	11,945	257,795	12,560
Series 2020	257,425	-	5,985	251,440	6,290
Series 2021	251,480	-	8,565	242,915	8,915
Series 2021A	93,965	-	21,785	72,180	20,810
Series 2021B	387,865	-	201,865	186,000	24,310
Series 2022	314,425	-	6,440	307,985	6,770
Series 2022A	264,805	-	91,370	173,435	-
Series 2023	489,460	-	7,745	481,715	8,145
Series 2024	482,610	-	17,400	465,210	7,360
Series 2025A	-	344,070	-	344,070	-
Series 2025B	-	608,195	-	608,195	34,215
Series 2025C	-	230,050	-	230,050	-
Total General Obligation Bonds	$ 3,974,580	$ 1,182,315	$ 662,160	$ 4,494,735	$ 163,075
Maintenance Tax Notes Payable:					
Series 2013-QSCB	$ 143,340	$ -	$ -	$ 143,340	$ -
Total Maintenance Tax Notes	$ 143,340	$ -	$ -	$ 143,340	$ -
Total Bonds and Notes Payable	$ 4,117,920	$ 1,182,315	$ 662,160	$ 4,638,075	$ 163,075
Commercial Paper	$ -	$ 30,000	$ 30,000	$ -	$ -
Other Long-Term Obligations:					
Workers Compensation/Auto Liability	$ 10,571	$ 4,081	$ 5,609	$ 9,043	$ 3,756
Premium on Bonds	201,828	79,091	49,751	231,168	-
Arbitrage Liability	12,536	8,613	-	21,149	-
Financed Purchases	910	-	910	-	-
GASB 87 Lease Liability	11,671	428	2,331	9,768	1,305
GASB 96 Subscription Liability	46,152	8,283	42,157	12,278	5,202
Compensated Absences Liability *	33,492	-	1,332	32,160	32,160
Net Pension Liability	858,392	78,684	185,700	751,376	-
Net OPEB Liability	326,403	135,153	15,263	446,293	-
	$ 1,501,955	$ 314,333	$ 303,053	$ 1,513,234	$ 42,423
Totals	$ 5,619,875	$ 1,526,648	$ 995,213	$ 6,151,309	$ 205,498

* Compensated Absences Liability is reported as a net change for the year as allowed under provisions of GASB 101, paragraph 30.

For fiscal year ending June 30, 2025, the legal debt margin of the District is $14,823,417,925.

Debt Service Requirements. The annual requirements to pay principal and interest on the bond obligations and notes payable outstanding as of June 30, 2025, are as follows:

General Obligation Bonds

Year Ended June 30,	Principal (in thousands)	Interest (in thousands)	Total Requirements (in thousands)
2026	$ 163,075	$ 202,465	$ 365,540
2027	186,210	197,493	383,703
2028	178,760	189,035	367,795
2029	210,445	180,388	390,833
2030	201,325	170,842	372,167
2031-2035	1,381,590	690,638	2,072,228
2036-2040	559,155	429,342	988,497
2041-2045	530,950	321,850	852,800
2046-2050	578,040	201,604	779,644
2051-2055	505,185	67,005	572,190
Totals	$ 4,494,735	$ 2,650,662	$ 7,145,397

Maintenance Tax Notes

Year Ended June 30,	Principal (in thousands)	Interest (in thousands)	Total Requirements (in thousands)
2026	$ -	$ 7,237	$ 7,237
2027	-	7,237	7,237
2028	-	7,237	7,237
2029	-	7,237	7,237
2030	-	7,237	7,237
2031-2034	143,340	25,331	168,671
Totals	$ 143,340	$ 61,516	$ 204,856

The District legally defeased certain bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for these defeased bonds are not included in the District's basic financial statements. There are currently no outstanding defeased bonds that remain in escrow at June 30, 2025 that have not met their redemption date.

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. 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. At June 30, 2025, the District had $21,149,399 in arbitrage liability.

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

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

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

<u>Vacation</u>
The District's policy permits employees to accumulate earned but unused vacation benefits, with no limit on accumulation.

<u>Sick Leave</u>
The District's policy permits employees to accumulate earned but unused sick leave benefits, with no limit on accumulation.

A liability for the estimated value of leave benefits that will be paid upon separation of service or used by employees as time off is included in the liability for compensated absences. At June 30, 2025, the District had $32,160,107 in compensated absences liability.

NOTE J: SHORT TERM OBLIGATIONS

Short Term Debt. In June 2021, the Board approved the issuance of Dallas Independent School District Unlimited Tax Commercial Paper Program, Series I, in an aggregate principal amount not to exceed $300,000,000, and the issuance of Dallas Independent School District Unlimited Tax Extendable Commercial Paper Program, Series II, in an aggregate principal amount not to exceed $200,000,000, for a total of $500,000,000 available for the District's 2021 Commercial Paper Program. Up to $300,000,000 in Commercial Paper may be issued against the Series I program, and up to $500,000,000 in contracts may be entered into under both the Series I and Series II programs.

The purpose of the 2021 Commercial Paper Program is (i) the purchase of school buses and construction and equipping of the maintenance and operating facilities for the District, as authorized by the 2018 Transportation Bond Authorization, the 2020 Technology Bond Authorization, and the 2020 School Building Bond Authorization; (ii) constructing, improving, renovating and equipping school buildings of the District and acquiring real property therefore as authorized by the 2020 School Building Bond Authorization; acquisition and updating of District technology equipment, as authorized by the 2020 Technology Bond Authorization; and, (iii) refinancing, renewing, or refunding Notes or Loans from time to time under any credit agreement. The Commercial Paper Notes mature in not more than 270 days from issuance and are supported by a standby letter of credit with Bank of America, National Association. Under the 2020 Technology Bond Authorization, a note of $30,000,000 of Commercial Paper, Series IA, was issued on August 15, 2023, at a rate of 3.70% and matured on February 15, 2024. This note was fully refunded by the Unlimited Tax School Building and Refunding Bonds, Series 2024.

The Commercial Paper is secured by a pledge of the proceeds of future general obligation bonds or loans issued by the District to pay the principal of the Commercial Paper issued, or by proceeds from ad valorem property taxes. As of June 30, 2025, the District had no outstanding balance of Commercial Paper issued.

Changes in the Commercial Paper are as follows:

Description	June 30, 2025	June 30, 2024
Beginning of the Period Liability	$ -	$ -
Bonds Issued	-	(12,800,000)
Commercial Paper Retirements	-	(17,200,000)
Commercial Paper Issuances	-	30,000,000
End of the Period Liability	$ -	$ -

NOTE K: DEFERRED INFLOWS OF RESOURCES

Governmental funds report an amount that represents an acquisition of net position for a future period that will not be recognized as revenue until that time. As of June 30, 2025, the District had the following Deferred Inflows of Resources reported in the General Fund and Debt Service Fund:

	General	Debt Service	Total
Property Taxes	$ 28,976,867	$ 7,609,212	$ 36,586,079
GASB 87 Leases	1,095,285	-	1,095,285
Medicaid/SHARS	15,607,466	-	15,607,466
Totals	$ 45,679,618	$ 7,609,212	$ 53,288,830

NOTE L: GENERAL FUND FEDERAL SOURCE REVENUE

Federal revenues recorded in the General Fund consist of the following:

Build America Bonds Subsidy	$ 16,598,389
E-Rate	2,718,796
Federal Revenue Distributed by Other Texas Agencies	282,226
Indirect Cost Reimbursement	5,733,555
Junior Reserve Officer Training Corps	2,757,406
School Health and Related Services	1,548,204
Qualified School Construction Bonds Subsidy	6,824,714
Texas COVID-19 Pandemic Revenue	2,896,514
Total	$ 39,359,804

NOTE M: DEFINED BENEFIT PENSION PLAN

Teacher Retirement System of Texas 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/learning-resources/publications ; by writing to TRS at P.O. Box 149676, Austin, TX 78714-0185; or by calling 1-800-223-8778.

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

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

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

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

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

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

Contributions. Contribution requirements are established or amended pursuant to Article 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	
	2024	**2025**
Member	8.25%	8.25%
Non-employer contributing entity (State)	8.25%	8.25%
Employers	8.25%	8.25%

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

Dallas ISD 2025 Employer Contributions	$	63,574,820
Dallas ISD 2025 Member Contributions	$	109,299,420
Dallas ISD 2025 NECE On-Behalf Contributions	$	61,947,212

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.

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

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

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

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.
- All public schools, charter schools and regional education service centers must contribute 1.9% of the member's salary beginning in fiscal year 2024, gradually increasing to 2.9% in fiscal year 2025.

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

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
Municipal Bond Rate as of August 2021	3.87% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in Projection Period (100 years)	2123
Inflation	2.30%
Salary Increases	2.95% to 8.95% Including Inflation
Ad Hoc 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. A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the rates set by the legislature in the 2019 session. It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

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

Asset Class*	Target Allocation**	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.0%	4.4%	1.0%
Non - U.S. Developed	13.0%	4.2%	0.8%
Emerging Markets	9.0%	5.2%	0.7%
Private Equity	14.0%	6.7%	1.2%
Stable Value			
U.S. Treasuries	16.0%	1.9%	0.4%
Absolute Return	0.0%	3.0%	0.2%
Stable Value Hedge Funds	5.0%	4.0%	0.0%
Real Return			
Real Assets	15.0%	6.6%	1.2%
Energy, Natural Resources and Infrastructure	6.0%	5.6%	0.4%
Commodities	0.0%	2.5%	0.0%
Risk Parity	8.0%	4.0%	0.4%
Asset Allocation Leverage			
Cash	2.0%	1.0%	0.0%
Asset Allocation Leverage	-6.0%	1.3%	-0.1%
Inflation Expectation			2.4%
Volatility Drag****			-0.7%
Total	100.0%		7.9%

** Absolute Return includes Credit Sensitive Investments.*
*** Target Allocation based on the FY2024 policy model.*
**** Capital Market Assumptions (CMA) come from 2024 SAA Study CMA Survey (as of 12/31/2023).*
***** The volatility drag results from the conversion between arithmetic and geometric mean returns.*

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%
DISD's proportionate share of the net pension liability	$ 1,200,137,690	$ 751,375,893	$ 379,544,841

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, Dallas Independent School District reported a liability of $751,375,893 for its proportionate share of TRS's net pension liability. This liability reflects a reduction for state pension support provided to Dallas Independent School District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 751,375,893
State's proportionate share that is associated with the District	671,474,149
Total	$ 1,422,850,042

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

At the measurement date of August 31, 2024, the District's proportion of the collective net pension liability was 1.2300663514% which was an decrease of 0.0195884% from its proportion measured as of August 31, 2023.

For the fiscal year ended June 30, 2025, the District recognized pension expense of $80,252,383 and revenue of $61,947,212 for support provided by the State.

On June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: (The amounts shown below will be the cumulative layers from the current and prior years combined).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Economic Experience	$ 41,414,815	$ 5,866,377
Changes in Assumptions	38,795,146	5,201,103
Difference Between Projected and Actual Investment Earnings	4,567,351	-
Changes in Proportion and Difference between Employer Contributions and Proportionate Share of Contributions	28,227,587	10,590,879
Contributions paid to TRS subsequent to the measurement date of the net pension liability	52,561,682	-
Total	$ 165,566,581	$ 21,658,359

Dallas Independent School District reported $52,561,682 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Pension Expense Amount
2026	$ 9,437,560
2027	87,310,242
2028	11,956,583
2029	(18,721,022)
2030	1,363,177
Total	$ 91,346,540

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

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

NOTE N: OTHER POST- EMPLOYMENT BENEFITS

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

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

OPEB Plan Fiduciary Net Position. Detail information about TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/learningresources/publications ; by writing to TRS at P.O. Box 149676, Austin, TX, 78714-0185; or by calling 1-800-223-8778.

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

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

TRS-Care Monthly Premium Rates

	Medicare	Non-Medicare
Retiree or Surviving Spouse	$ 135	$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

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

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

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2024	2025
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers *	1.25%	1.25%

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

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

Dallas ISD 2025 Employer Contributions	$ 12,518,227
Dallas ISD 2025 Member Contributions	8,611,469
Dallas ISD 2025 NECE On-Behalf Contributions	16,735,485

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

The State of Texas also contributed $9,090,333, $7,317,946, and $7,181,905 in 2025, 2024, and 2023, respectively, for on-behalf payments for Medicare Part D.

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

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

Demographic Assumptions	Economic Assumptions
Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	
Rates of Disability	

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

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

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

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

Additional Actuarial Methods and Assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Single Discount Rate	3.87%
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% participation after age 65. 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of healthcare benefits are included in the age-adjusted claims costs.
Ad Hoc Post Employment Benefit Changes	None

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

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

	1% Decrease in Discount Rate 2.87%	Current Single Discount Rate 3.87%	1% Increase in Discount Rate 4.87%
DISD's proportionate share of the net OPEB liability	$ 530,217,353	$ 446,293,348	$ 378,481,490

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
DISD's proportionate share of the net OPEB liability	$ 363,439,673	$ 446,293,348	$ 554,259,946

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. On June 30, 2025, the District reported a liability of $446,293,348 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 collective net OPEB liability	$ 446,293,348
State's proportionate share that is associated with the District	559,199,511
Total	$ 1,005,492,859

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

At the measurement date of August 31, 2024, the employer's proportion of the collective net OPEB liability was 1.4704145554% which was a decrease of 0.00397% from its proportion measured as of August 31, 2023.

For the fiscal year ended June 30, 2025, the District recognized net OPEB revenue of $72,685,616 due to recognition of deferred inflows in excess of deferred outflows and current year expense. OPEB revenue of $16,735,485 was recognized for support provided by the State.

On June 30, 2025, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Economic Experience	$ 85,539,451	$ 222,724,576
Changes in Actuarial Assumptions	57,120,277	145,620,356
Difference Between Projected and Actual Investment Earnings	-	1,249,766
Changes in Proportion and Difference Between Employer's Contributions and Proportionate Share of Contributions	15,242,361	8,628,582
Contributions Paid to TRS Subsequent to the Measurement Date (to be calculated by employer)	10,379,517	-
Total	$ 168,281,606	$ 378,223,280

Dallas Independent School District reported $10,379,517 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	OPEB Expense Amount
2026	$ (62,831,729)
2027	(42,618,694)
2028	(48,050,846)
2029	(40,625,452)
2030	(23,312,826)
Thereafter	(2,881,644)
Total	$ (220,321,191)

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

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

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

NOTE O: RISK MANAGEMENT / AUTO LIABILITY

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District purchases commercial insurance to cover property losses. There were no significant reductions in insurance coverage from the prior year. There have been no claim settlements in excess of insurance coverage in the last three years.

Workers' Compensation. Beginning in 1989, the District moved from a self-insured workers' compensation program administered by a third party to a self-insured program administered by the District. The District currently reports all of its risk management activities in its Internal Service Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. The provision for reported claims and for claims incurred but not yet reported is determined by an actuary for the District management. The District has an agreement with a third party administrator to contract directly with medical providers for their workers' compensation program and their injured employees. At June 30, 2025, the accrued liability for workers' compensation self-insurance of $8.9 million includes incurred but not reported claims.

This liability is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not necessarily result in an exact amount. This liability is the District's best estimate based on available information and management's estimate of administration costs necessary to provide future claims management.

Auto Liability. On July 1, 2018, the District established an internal service fund to accumulate and allocate all externally incurred liability expenses relating to student transportation and white fleet vehicle accidents such as physical damage, third party medical claims, and third party administrator costs, as well as contracted services and parts to repair district buses damaged in such incidents.

Changes in the reported accrued liability for Risk Management and Auto Liability resulted from the following:

Fiscal Year	Balance at Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at End of Year
2024 - 2025	$ 10,570,568	$ 4,429,477	$ (5,957,563)	$ 9,042,482
2023 - 2024	$ 12,470,148	$ 2,898,063	$ (4,797,643)	$ 10,570,568

Health Insurance. The Board of Trustees approved the District's participation in the Teacher Retirement System (TRS) Active Care Health Insurance Program as sponsored by the Teacher Retirement System. From September 1, 2014 until August 31, 2020, the TRS-ActiveCare Health Insurance Program was administered by Aetna and CVS/Caremark Pharmacy. Effective September 1, 2020, the TRS-ActiveCare Health Insurance Program was administered by Blue Cross Blue Shield of Texas (BCBSTX). Effective January 1, 2024, Express Scripts began administering the TRS-Care Pharmacy benefits. This is a premium based plan. Employees pay for the insurance on a monthly basis.

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, 2025 and 2024, these on-behalf payments were $9,955,608 and $7,317,946, respectively, and were recorded as equal revenues and expenditures in the General Fund.

NOTE P: LITIGATION, CONTINGENCIES AND COMMITMENTS

The District participates in a number of federal and state financial assistance programs. These programs are governed by various statutory rules and regulations, and amounts received and receivable under the funding programs are subject to periodic audit and adjustment by the funding agencies. The District is also subject to audit by the Texas Education Agency, including student attendance data upon which many payments from the agency are based. Any non-compliance could result in questioned costs or refunds to be paid back to the granting agencies. The District has established appropriate liabilities for these items.

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

NOTE Q: NEW ACCOUNTING PRONOUNCEMENTS

Statement No. 101: *Compensated Absences.* Statement 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 was implemented in the District's fiscal year 2025 financial statements.

Statement No. 102: *Certain Risk Disclosures.* Statement 102 improves financial reporting by providing users of financial statements with essential information regarding certain concentrations of constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 was implemented in the District's fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

Statement No. 103: *Financial Report Model Improvements.* Statement 103 was issued in April 2024. The objective of this Statement is to establish new accounting and financial reporting requirements – or modify existing requirements – related to the following:

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

This Statement becomes effective for the District in fiscal year 2026. The District has not yet determined the impact of this Statement.

Statement No. 104: *Disclosure of Certain Capital Assets*. Statement 104 was issued in September 2024. This Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. This Statement becomes effective for the District in fiscal year 2026. The District has not yet determined the impact of this Statement.

NOTE R: 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, 2025 through November 3, 2025, the date the financial statements were issued. Management is not aware of any subsequent events, other than those described below, that would require recognition or disclosure in the accompanying financial statements.

In November 2025, Texas voters will consider constitutional amendments that would increase the school district homestead exemption from $100,000 to $140,000 and raise the additional exemption for seniors and disabled individuals to $95,000. If approved, these changes will apply retroactively to the 2025 tax year and may impact the District's property tax revenues.

NOTE S: ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

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

	Government-Wide Governmental Activities
Net Position - Beginning, as previously presented	$ 768,108,624
Change in Accounting Principle - GASB 101	(33,491,758)
Net position - Beginning, as restated	734,616,866

REQUIRED SUPPLEMENTARY INFORMATION

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

		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance with Final Budget
	REVENUES				
5700	Local and Intermediate Sources	$ 1,416,296,224	$ 1,416,317,701	$ 1,441,810,212	$ 25,492,511
5800	State Program Revenues	222,398,114	222,398,114	247,734,868	25,336,754
5900	Federal Program Revenues	55,800,000	55,800,000	39,359,804	(16,440,196)
5020	**Total Revenues**	1,694,494,338	1,694,515,815	1,728,904,884	34,389,069
	EXPENDITURES				
	Current				
11	Instruction	985,740,474	938,281,833	933,767,452	4,514,381
12	Instructional Resources and Media Services	22,525,597	22,733,015	21,687,604	1,045,411
13	Curriculum and Instructional Staff Development	30,607,293	29,068,315	28,231,982	836,333
21	Instructional Leadership	55,827,435	54,161,994	45,980,836	8,181,158
23	School Leadership	114,763,940	120,185,884	117,318,034	2,867,850
31	Guidance, Counseling and Evaluation Services	88,710,080	89,385,043	82,589,398	6,795,645
32	Social Work Services	5,606,277	6,176,283	5,383,589	792,694
33	Health Services	25,799,353	26,264,428	24,607,820	1,656,608
34	Student (Pupil) Transportation	69,768,036	79,661,895	72,101,253	7,560,642
35	Food Services	-	168,961	101,725	67,236
36	Cocurricular/Extracurricular Activities	44,731,189	55,877,346	52,340,440	3,536,906
41	General Administration	61,098,099	62,411,933	55,405,235	7,006,698
51	Facilities Maintenance and Operations	206,835,488	210,212,009	189,928,413	20,283,596
52	Security and Monitoring Services	41,945,463	51,919,013	44,504,375	7,414,638
53	Data Processing Services	39,905,679	47,545,066	40,857,402	6,687,664
61	Community Services	8,704,554	8,026,766	7,405,697	621,069
	Debt Service				
71	Principal on Long Term Debt	5,140,669	15,975,110	7,477,430	8,497,680
72	Interest on Long Term Debt	7,696,568	7,696,568	7,696,568	-
73	Bond Fees and Charges	15,000	15,000	-	15,000
	Capital Outlay				
81	Facilities Acquisition and Construction	-	4,110,598	427,997	3,682,601
	Intergovernmental				
91	Contracted Instructional Services Between Schools	60,000,000	60,000,000	52,538,602	7,461,398
95	Payments to Juvenile Justice Alternative Ed. Prg.	50,000	50,000	27,852	22,148
99	Other Intergovernmental Charges	6,845,778	6,824,567	6,824,566	1
6030	**Total Expenditures**	1,882,316,972	1,896,751,627	1,797,204,270	99,547,357
1100	Excess (Deficiency) of Revenues Over Expenditures	(187,822,634)	(202,235,812)	(68,299,386)	133,936,426
	OTHER FINANCING SOURCES (USES)				
7912	Sale of Real and Personal Property	-	-	4,467,781	4,467,781
7914	Financed Purchases	-	-	427,997	427,997
7915	Transfers In	-	-	3,278,237	3,278,237
7949	SBITAs	-	-	3,807,884	3,807,884
8911	Transfers Out (Use)	(7,167,000)	(7,167,000)	(7,167,029)	(29)
7080	**Total Other Financing Sources (Uses)**	(7,167,000)	(7,167,000)	4,814,870	11,981,870
1200	Net Change in Fund Balances	(194,989,634)	(209,402,812)	(63,484,516)	145,918,296
0100	Fund Balance - Beginning	1,034,862,469	1,034,862,469	1,034,862,469	-
3000	Fund Balance - Ending	$ 839,872,835	$ 825,459,657	$ 971,377,953	$ 145,918,296

See Notes of Required Supplementary Information.

The District uses Generally Accepted Accounting Principles (GAAP) as the budget basis.

1. Before 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.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Before July 1, the Board legally adopts the budget through passage of a resolution.

After budget approval, amendments (transfers between functions within a campus or organization) will be subject to approval by the Budget Services Department. The Board must approve budget amendments affecting the District's overall functional alignment. All budget amendments are reported to the Board on a monthly basis by the chief financial officer. Additionally, fund level amendments which impact the fund balance require approval of the Board. Fund level amendments are executed following the approval by the Board of Trustees, and reflected in the official minutes.

The budget manager at the expenditure function/object level controls each budget. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are re-appropriated in the next year.

TEA requires the budgets for the governmental fund types to be filed with the TEA.

Dallas Independent School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Teacher Retirement System
For the Fiscal Year Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's Proportionate Share of Net Pension Liability (Asset)	$ 751,375,893	$ 858,392,252	$ 715,831,452	$ 303,114,994	$ 600,167,381	$ 595,195,671	$ 628,056,748	$ 371,237,578	$ 459,885,905	$427,149,463
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	671,474,149	782,933,849	702,388,753	332,905,041	713,905,847	667,880,494	711,627,494	445,725,181	536,455,724	521,628,830
Total	$1,422,850,042	$1,641,326,101	$1,418,220,205	$ 636,020,035	$1,314,073,228	$1,263,076,165	$1,339,684,242	$ 816,962,759	$ 996,341,629	$948,778,293
District's Proportion of the Net Pension Liability (Asset)	1.2300664%	1.2496548%	1.2057646%	1.1902517%	1.1205942%	1.1449786%	1.1410412%	1.1610385%	1.2169992%	1.2083891%
District's Covered Payroll	$1,367,740,504	$1,323,680,692	$1,236,345,322	$1,212,666,620	$1,157,059,685	$1,068,981,717	$1,029,193,387	$1,034,387,378	$1,024,643,933	$980,349,284
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	54.94%	64.85%	57.90%	25.00%	51.87%	55.68%	61.02%	35.89%	44.88%	43.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

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

Dallas Independent School District
Schedule of the District's Contributions for Pensions
Teacher Retirement System
For the Fiscal Year Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution (Current Fiscal Year)	$ 63,574,820	$ 67,381,615	$ 60,386,753	$ 44,719,456	$ 48,324,908	$ 43,761,017	$ 38,563,940	$ 37,597,460	$ 36,836,790	$ 36,370,962
Contribution in Relation to the Contractually Required Contribution	(63,574,820)	(67,381,615)	(60,386,753)	(44,719,456)	(48,324,908)	(43,761,017)	(38,563,940)	(37,597,460)	(36,836,790)	(36,370,962)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$1,324,841,449	$1,363,828,081	$1,307,745,411	$1,231,304,924	$1,207,148,078	$1,143,025,181	$1,063,626,066	$1,028,852,109	$1,037,266,640	$1,020,185,302
Contributions as a Percentage of Covered Payroll	4.80%	4.94%	4.62%	3.63%	4.00%	3.83%	3.63%	3.65%	3.55%	3.57%

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

Dallas Independent School District
Schedule of the District's Proportionate Share of the Net OPEB Liability
Teacher Retirement System
For the Fiscal Year Ended June 30, 2025

	FY 2025 Plan Year 2024	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
District's Proportionate Share of Net Post Employment Benefit Liability (Asset)	$ 446,293,348	$ 326,403,402	$ 350,550,625	$ 569,594,378	$ 557,369,210	$ 690,114,814	$ 716,208,922	$ 629,337,928
State's Proportionate Share of the Net Post Employment Benefit Liability (Asset) associated with the District	559,199,511	393,855,875	427,616,687	763,129,528	748,970,612	917,008,223	832,185,726	766,999,910
Total	$1,005,492,859	$ 720,259,277	$ 778,167,312	$1,332,723,906	$1,306,339,822	$1,607,123,037	$1,548,394,648	$1,396,337,838
District's Proportion of the Net Liability (Asset) for Other Post Employment Benefits	1.4704146%	1.4743830%	1.4640434%	1.4766098%	1.4662010%	1.4592872%	1.4343997%	1.4472114%
District's Covered Payroll	$1,367,740,504	$1,323,680,692	$1,236,345,322	$1,212,666,620	$1,157,059,685	$1,068,981,717	$1,029,193,387	$1,034,387,378
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	32.63%	24.66%	28.35%	46.97%	61.70%	64.56%	69.59%	60.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.70%	14.94%	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

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

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

Dallas Independent School District
Schedule of the District Contributions for Other Post Employment Benefits (OPEB)
Teacher Retirement System
For the Fiscal Year Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually Required Contribution (Current Fiscal Year)	$ 12,518,227	$ 13,206,114	$ 12,500,857	$ 11,848,562	$ 11,456,201	$ 11,081,106	$ 10,269,166	$ 9,642,810
Contribution in Relation to the Contractually Required Contribution	(12,518,227)	(13,206,114)	(12,500,857)	(11,848,562)	(11,456,201)	(11,081,106)	(10,269,166)	(9,642,810)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 1,324,841,449	$ 1,363,828,081	$ 1,307,745,411	$ 1,231,304,924	$ 1,207,148,078	$ 1,143,025,181	$ 1,063,626,066	$ 1,028,852,109
Contributions as a Percentage of Covered Payroll	0.94%	0.97%	0.96%	0.96%	0.95%	0.97%	0.97%	0.94%

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

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

Pension Liability

Changes of Benefit Terms

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

Changes of Assumptions

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

OPEB Liability

Changes of Benefit Terms

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

Changes of Assumptions

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

- The discount rate changed from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024, accompanied by revised demographic and economic assumptions based on the TRS experience study.

Other Changes

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

COMBINING AND OTHER STATEMENTS

DALLAS
INDEPENDENT SCHOOL DISTRICT

Non-Major Governmental Funds

The Non-Major Governmental Funds, which are made up of Special Revenue Funds, are used to account for funds that are legally restricted for specified purposes excluding capital projects.

Texas Education for Homeless Children & Youth Continuation (Fund 206) – These funds are to be used to account for, on a project basis, allocation to local educational agencies to provide a variety of staff development and supplemental services, including in-service training, counseling, psychological services and tutoring. They also facilitate the identification, enrollment, attendance, and academic success of homeless children and youth by removing barriers and promoting school stability for students experiencing homelessness. This program is authorized under P.L. 107-110, McKinney-Vento Homeless Education Assistance Improvement as amended by ESSA of 2015, Title X, Part C and Subtitle VII-B, reauthorized by Title IX, Part A, of ESSA (42 U.S.C. 11431 et seq.).

Title I, Part A – Improving Basic Programs (Fund 211) – These funds are to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills to meet the challenging State performance standards developed for all children. The funds also implement the redesign model that supports the aggressive improvement of learning environments that can substantially increase student achievement. This program is authorized under P.L. 107-110 and 107-11, ESEA of 1965.

IDEA – Part B, Formula (Fund 224) – These funds are to be used to account, on a project basis, for funds granted to operate educational programs for children with disabilities. This funding also includes capacity building and improvement (silver) sub-grants. This program is authorized under P.L. 108-446.

IDEA – Part B, Preschool (Fund 225) – These funds are to be used to account, on a project basis, for funds granted for preschool children with disabilities. This program is authorized under P.L. 105-17.

IDEA – Part B, High Cost EDI and Evaluation Capacity Award (Fund 226) – High Cost Funds (HCF) are used to account for, on a project basis, the financial impact on districts that provide educational services to high-need children with disabilities. High-need children with disabilities receive educational services which exceed three times the average per pupil expenditure (APPE). HCF cover only costs identified in the child’s Individualized Education Program (IEP) and associated with providing direct special education and related services. Evaluation Capacity Funds are used to secure appropriately certified and/or licensed staff for the purpose of completing evaluations for eligibility for special education services.

Food Services Program (Fund 240) – This fund is used to account for allowable expenditures, as determined under the National School Lunch Program, Summer School, Emergency Operational Cost Reimbursement, Fresh Fruit & Vegetable, and Child & Adult Care Food Programs, for the operation and improvement of the National Breakfast and Lunch Programs.

Perkins V: Strengthening CTE for the 21st Century (Fund 244) – These funds are to be used to account, on a project basis, for funds granted to provide career and technology education to develop new and/or improve career and technology education programs for paid and unpaid employment. Full participation in the basic grant is from individuals who are members of special populations. This program is authorized by P.L. 109-270.

Title II, Part A – Supporting Effective Instruction (Fund 255) – These funds are used to provide financial assistance to LEAs to increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals in schools and hold LEAs accountable for improving student academic achievement. They also afford the opportunity to build strong campus leaders and help support internal leadership pipelines through full-time, year-long principal residencies. This program is authorized under P.L. 107-110.

<u>Title III, Part A – English Language Acquisition (Fund 263)</u> – These funds are used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet State academic content and student academic achievement standards. This program is authorized under P.L. 107-110.

<u>Medicaid Administrative Claiming Program – MAC (Fund 272)</u> – These funds are used to account, on a project basis, for funds allocated to local education agencies for reimbursement of eligible administrative costs for activities attributed to the implementation of the Medicaid state plan.

<u>ARP Homeless I – TEHCY Supplemental (Fund 278)</u> – These funds are used to account, on a project basis, for funds allocated to local education agencies to increase the capacity to address the unique needs of homeless children and youth to meet state-mandated standards for graduation and persist to postsecondary.

<u>ARP Homeless II (Fund 280)</u> – These funds are used to account, on a project basis, for funds allocated to local education agencies to increase the capacity to identify, enroll, and provide wraparound services to address the unique needs of homeless children and youth due to the impact of COVID-19 pandemic.

<u>IDEA-B Formula-ARP (Fund 284)</u> – These funds are to be used to account, on a project basis, for funds granted to operate educational programs to support special education and related services for children ages 3-21.

<u>Other Federal Special Revenue Funds (Fund 289)</u> – These funds are to be used to account, on a project basis, for federally funded special revenue funds that have not been previously mentioned. This fund includes the Indian Education; Refugee School Impact; Home Instruction for Parents of Preschool Youngsters (HIPPY); Title IV, Part A, Subpart I; JROTC Stem Leadership; Refugee Impact Grant; Sandy Hook Promise Foundation, Stronger Connections, Urban Agriculture, & EPA Clean Bus Rebate. These programs are designed to address the unique and culturally related needs of students.

<u>SSA IDEA, Part B – Discretionary Deaf (Fund 315)</u> – These funds are used to account, on a project basis, for funds used to support an Education Service Center ("ESC") special education component, priority projects in secondary special education, and adaptive/assertive devices component through ESCs, private residential placements, state school student support, support of student in care and treatment or hospital facilities, enhanced Braille production, and other emerging needs.

<u>SSA IDEA, Part C – Deaf - Early Intervention (Fund 340)</u> – These funds are used to account, on a project basis, for funds granted to assist local Regional Day School for the Deaf programs and the Texas School for the Deaf in providing direct services to hearing impaired infants to toddlers, age's birth through two years of age. This program provides supplemental and appropriate series to eligible students that are provided by a certified and trained teacher. This program is authorized under P.L. 101-119.

Statewide Services for Students with Visual Impairments (Fund 385) – These funds are used to account, on a project basis, for funds used to support LEA/SSA VI/O&M programs to support students with visual impairments.

Texas Successful Schools Program (Fund 393) – This fund classification is used to account, on a project basis, for grant monies applied for by school districts after being notified by TEA of their eligibility based on Academic Excellence Indicator System (AEIS) criteria. (TEC 39.091)

Advanced Placement Incentives (Fund 397) – This fund classification is used to account, on a project basis, for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC.

Student Success Initiative – SSI Community Partnerships Initiatives Implementation Continuation (Fund 404) – This fund classification is used to account, on a project basis, for funds granted for teacher training and allocations to schools to implement scientific, research-based programs for students who have been identified as unlikely to achieve the third grade STAAR reading standard by the end of the third grade. This program supports significant improvements in educational and developmental outcomes for children and youth who live in distressed communities by providing access to great schools and creating strong partnerships to increase family and community support that will prepare students to receive an excellent education from early learning and progressing to college and a career.

State Instructional Materials (Fund 410) – This fund classification is used to account, on a project basis, for funds awarded to school districts under the textbook allotment. (TEC Chapter 31, Subchapter B).

Other State Special Revenue Funds (Fund 429) – These are state funded special revenue funds not otherwise listed. This fund includes the Dyslexia Funding Support, Math and Literacy Achievement Academies, Dual Credit, Read to Succeed, Safety and Security, and TCCP Chapter 5. The goal of these programs is to improve educator effectiveness in Texas public schools and to create a transformative school model to equip students with STEM based knowledge and skills needed to qualify for 21st Century careers. The programs will improve student performance by fostering safe, open, supportive, and collaborative campus cultures that allow teachers and students to seek and attain growth within their field.

SSA Regional Day School - Deaf (Fund 435) – These funds are used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds allocated for staff and activities of the Regional Day School Program for the Deaf.

Campus Activity Funds (Fund 461) – This fund classification is used to account for transactions related to a principal's activity fund if the monies generated are not subject to recall by the school district's board of trustees into the General Fund. Gross revenues from sales are recorded in revenue object code 5755. The cost of goods sold is recorded in Function 36, using the appropriate expenditure object code.

Other Local Special Revenue Funds (Fund 499) – These are locally funded special revenue funds not otherwise listed. These funds include Dallas Education Foundation; Law Enforcement; Wallace Foundation; Regional Day School for the Dear; HIPPY; Head Start; and the New School Venture Fund. These programs are designed to address expanded learning time programs for poor city children, enhance college readiness through development of performance metrics, and the pursuance of personalized, rigorous, and relevant learning experiences.

Dallas Independent School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025

Data Control Codes		206 TEHCY Continuation	211 Title I, Part A Improving Basic Programs	224 IDEA - Part B Formula
ASSETS				
1110	Cash and Cash Equivalents	$ -	$ 1,083	$ -
1240	Receivables from Other Governments	21,120	24,547,722	5,823,703
1250	Accrued Interest	-	-	-
1290	Other Receivables, Net	-	-	-
1300	Inventories	-	-	-
1000	**Total Assets**	$ 21,120	$ 24,548,805	$ 5,823,703
LIABILITIES				
2110	Accounts Payable	$ -	$ 49,932	$ 325,263
2120	Other Liabilities	-	-	-
2150	Payroll Deductions and Withholdings Payable	649	1,348,257	539,900
2160	Accrued Wages and Benefits Payable	4,488	7,593,523	3,150,143
2170	Due to Other Funds	15,983	15,379,771	1,806,443
2180	Due to Other Governments	-	-	-
2200	Accrued Expenditures	-	177,322	1,954
2300	Unearned Revenues	-	-	-
2000	**Total Liabilities**	21,120	24,548,805	5,823,703
FUND BALANCES				
	Nonspendable Fund Balance			
3410	Inventories	-	-	-
	Restricted Fund Balance			
3450	Federal or State Funds Grant Restriction	-	-	-
3490	Other Restricted Fund Balance	-	-	-
	Assigned Fund Balance			
3590	Other Assigned Fund Balance	-	-	-
3000	**Total Fund Balances**	-	-	-
4000	**Total Liabilities and Fund Balances**	$ 21,120	$ 24,548,805	$ 5,823,703

225	226	240	244	255	263
IDEA - Part B Preschool	IDEA - Part B High Cost EDI & Evaluation Capacity Award	Food Service Programs	Perkins V: Strengthening CTE for the 21st Century	Title II, Part A Supporting Effective Instruction	Title III, Part A English Lang. Acquisition
$ -	$ -	$ 350	$ -	$ 1,062	$ -
52,253	11,127	8,952,214	392,911	968,994	647,351
-	-	-	-	-	-
-	-	54,850	-	-	-
-	-	3,887,092	-	-	-
$ 52,253	$ 11,127	$ 12,894,506	$ 392,911	$ 970,056	$ 647,351
$ 18	$ -	$ 205,885	$ 64,486	$ 143,532	$ 3,598
-	-	-	-	-	-
3,721	-	371,973	1,060	15,954	63,495
26,306	-	2,100,449	7,338	84,370	391,846
22,208	11,127	2,160,595	285,738	726,200	188,227
-	-	3,686	-	-	-
-	-	761	34,289	-	185
-	-	65,898	-	-	-
52,253	11,127	4,909,247	392,911	970,056	647,351
-	-	3,887,092	-	-	-
-	-	4,098,167	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	7,985,259	-	-	-
$ 52,253	$ 11,127	$ 12,894,506	$ 392,911	$ 970,056	$ 647,351

Dallas Independent School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025

Data Control Codes		272 Medicaid Admin. Claim MAC	278 ARP Homeless I TEHCY Supplemental	280 ARP Homeless II
ASSETS				
1110	Cash and Cash Equivalents	$ 5,682,394	$ -	$ -
1240	Receivables from Other Governments	-	-	-
1250	Accrued Interest	-	-	-
1290	Other Receivables, Net	-	-	-
1300	Inventories	-	-	-
1000	**Total Assets**	$ 5,682,394	$ -	$ -
LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ -
2120	Short Term Debt Payable - Current	-	-	-
2150	Payroll Deductions and Withholdings Payable	-	-	-
2160	Accrued Wages and Benefits Payable	-	-	-
2170	Due to Other Funds	-	-	-
2180	Due to Other Governments	-	-	-
2200	Accrued Expenditures	-	-	-
2300	Unearned Revenues	-	-	-
2000	**Total Liabilities**	-	-	-
FUND BALANCES				
	Nonspendable Fund Balance			
3410	Inventories	-	-	-
	Restricted Fund Balance			
3450	Federal or State Funds Grant Restriction	5,682,394	-	-
3490	Other Restricted Fund Balance	-	-	-
	Assigned Fund Balance			
3590	Other Assigned Fund Balance	-	-	-
3000	**Total Fund Balances**	5,682,394	-	-
4000	**Total Liabilities and Fund Balances**	$ 5,682,394	$ -	$ -

284	289	315	340
IDEA B Formula ARP Act	Other Federal Special Revenue Funds	SSA IDEA, Part B Discretionary Deaf	SSA - IDEA Part C Deaf - Early Intervention
$ 2,600	$ 378,228	$ -	$ -
-	3,155,761	95,588	555
-	-	-	-
-	-	-	-
-	-	-	-
$ 2,600	$ 3,533,989	$ 95,588	$ 555
$ 2,600	$ 400,010	$ 4,447	$ 335
-	-	-	-
-	5,930	9,158	-
-	33,548	51,262	-
-	2,657,221	30,721	120
-	-	-	-
-	71,325	-	100
-	365,955	-	-
2,600	3,533,989	95,588	555
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
$ 2,600	$ 3,533,989	$ 95,588	$ 555

Dallas Independent School District
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025

Data Control Codes		385 State Supplemental Visually Impaired (SSVI)	393 Texas Successful Schools Prog.	397 Advanced Placement Incentives	404 Student Success Initiative
	ASSETS				
1110	Cash and Cash Equivalents	$ -	$ 6,210	$ 286,256	$ -
1240	Receivables from Other Governments	-	-	-	56,169
1250	Accrued Interest	-	-	-	-
1290	Other Receivables, Net	-	-	-	-
1300	Inventories	-	-	-	-
1000	**Total Assets**	$ -	$ 6,210	$ 286,256	$ 56,169
	LIABILITIES				
2110	Accounts Payable	$ -	$ -	$ -	$ 7,425
2120	Short Term Debt Payable - Current	-	-	-	-
2150	Payroll Deductions and Withholdings Payable	-	-	-	2,902
2160	Accrued Wages and Benefits Payable	-	-	-	20,084
2170	Due to Other Funds	-	-	-	19,105
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	-	-	6,653
2300	Unearned Revenues	-	-	-	-
2000	**Total Liabilities**	-	-	-	56,169
	FUND BALANCES				
	Nonspendable Fund Balance				
3410	Inventories	-	-	-	-
	Restricted Fund Balance				
3450	Federal or State Funds Grant Restriction	-	6,210	286,256	-
3490	Other Restricted Fund Balance	-	-	-	-
	Assigned Fund Balance				
3590	Other Assigned Fund Balance	-	-	-	-
3000	**Total Fund Balances**	-	6,210	286,256	-
4000	**Total Liabilities and Fund Balances**	$ -	$ 6,210	$ 286,256	$ 56,169

410	429	435	461	499	
State Instructional Materials	Other State Special Revenue Funds	SSA Regional Day School - Deaf	Campus Activity Funds	Other Local Special Revenue Funds	Total Non-Major Governmental Funds
$ 2,734,107	$ 87,481	$ 754,966	$ 6,615,490	$ 6,036,597	$ 22,586,824
-	5,324,570	550,163	-	-	50,600,201
-	-	-	25,925	-	25,925
-	-	83,846	122,918	76,986	338,600
-	-	-	-	-	3,887,092
$ 2,734,107	$ 5,412,051	$ 1,388,975	$ 6,764,333	$ 6,113,583	$ 77,438,642
$ 1,278,173	$ 1,283,762	$ 263	$ 56,487	$ 30,613	$ 3,856,829
-	-	-	-	2,145	2,145
-	-	53,035	-	-	2,416,034
-	-	297,891	-	-	13,761,248
-	4,019,635	-	-	-	27,323,094
-	-	-	653	-	4,339
-	21,176	104	76,355	38,731	428,955
259,257	-	-	-	1,659,983	2,351,093
1,537,430	5,324,573	351,293	133,495	1,731,472	50,143,737
-	-	-	-	-	3,887,092
1,196,677	3,847	-	-	-	11,273,551
-	-	-	-	3,686,074	3,686,074
-	83,631	1,037,682	6,630,838	696,037	8,448,188
1,196,677	87,478	1,037,682	6,630,838	4,382,111	27,294,905
$ 2,734,107	$ 5,412,051	$ 1,388,975	$ 6,764,333	$ 6,113,583	$ 77,438,642

Dallas Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2025

Data Control Codes		206 TEHCY Continuation	211 Title I, Part A Improving Basic Programs	224 IDEA - Part B Formula
REVENUES				
5700	Local and Intermediate Sources	$ -	$ -	$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	196,061	83,575,818	24,928,235
5020	**Total Revenues**	196,061	83,575,818	24,928,235
EXPENDITURES				
Current				
11	Instruction	27,861	40,459,157	7,661,650
12	Instructional Resources and Media Services	-	305,082	-
13	Curriculum and Instructional Staff Development	-	25,936,945	2,267,609
21	Instructional Leadership	-	1,440,041	832,197
23	School Leadership	-	51,728	-
31	Guidance, Counseling and Evaluation Services	-	3,210,097	13,621,719
32	Social Work Services	-	84,311	195,407
33	Health Services	-	-	342,504
34	Student (Pupil) Transportation	-	-	-
35	Food Services	-	-	-
36	Cocurricular/Extracurricular Activities	-	-	-
41	General Administration	-	2,635,505	-
51	Facilities Maintenance and Operations	-	1,773	-
52	Security and Monitoring Services	-	460,405	-
53	Data Processing Services	-	-	-
61	Community Services	168,200	8,990,774	7,149
Debt Service				
71	Principal on Long Term Debt	-	-	-
72	Interest on Long Term Debt	-	-	-
Capital Outlay				
81	Facilities Acquisition and Construction	-	-	-
Intergovernmental				
99	Other Intergovernmental Charges	-	-	-
6030	**Total Expenditures**	196,061	83,575,818	24,928,235
1100	Excess (Deficiency) of Revenues Over Expenditures	-	-	-
OTHER FINANCING SOURCES (USES)				
7915	Transfers In	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - Beginning	-	-	-
3000	Fund Balance - Ending	$ -	$ -	$ -

225	226	240	244	255	263
IDEA - Part B Preschool	IDEA - Part B High Cost EDI & Evaluation Capacity Award	Food Service Programs	Perkins V: Strengthening CTE for the 21st Century	Title II, Part A Supporting Effective Instruction	Title III, Part A English Lang. Acquisition
$ -	$ -	$ 2,206,008	$ -	$ -	$ -
-	-	419,790	-	-	-
424,358	11,127	106,949,461	1,773,466	6,378,731	5,530,079
424,358	11,127	109,575,259	1,773,466	6,378,731	5,530,079
199,827	11,127	-	872,344	-	1,952,744
-	-	-	-	-	-
1,727	-	-	298,144	2,939,473	2,556,123
182,569	-	-	602,978	1,078,915	234
-	-	-	-	-	-
40,235	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	109,915,257	-	-	-
-	-	-	-	-	-
-	-	-	-	2,312,570	25,302
-	-	1,789,780	-	40,255	461
-	-	-	-	7,518	52
-	-	-	-	-	-
-	-	-	-	-	995,163
-	-	3,127	-	-	-
-	-	17	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
424,358	11,127	111,708,181	1,773,466	6,378,731	5,530,079
-	-	(2,132,922)	-	-	-
-	-	172,539	-	-	-
-	-	172,539	-	-	-
-	-	(1,960,383)	-	-	-
-	-	9,945,642	-	-	-
$ -	$ -	$ 7,985,259	$ -	$ -	$ -

Dallas Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2025

Data Control Codes		272 Medicaid Admin. Claim MAC	278 ARP Homeless I TEHCY Supplemental	280 ARP Homeless II
REVENUES				
5700	Local and Intermediate Sources	$ -	$ -	$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	580,333	39,709	804,945
5020	**Total Revenues**	580,333	39,709	804,945
EXPENDITURES				
Current				
11	Instruction	-	25,894	768,481
12	Instructional Resources and Media Services	-	-	-
13	Curriculum and Instructional Staff Development	-	-	-
21	Instructional Leadership	-	-	-
23	School Leadership	-	-	-
31	Guidance, Counseling and Evaluation Services	-	-	-
32	Social Work Services	-	-	-
33	Health Services	543,371	-	-
34	Student (Pupil) Transportation	-	-	-
35	Food Services	-	-	-
36	Cocurricular/Extracurricular Activities	-	-	-
41	General Administration	-	-	-
51	Facilities Maintenance and Operations	-	-	-
52	Security and Monitoring Services	-	-	-
53	Data Processing Services	-	-	-
61	Community Services	-	13,815	36,464
Debt Service				
71	Principal on Long Term Debt	-	-	-
72	Interest on Long Term Debt	-	-	-
Capital Outlay				
81	Facilities Acquisition and Construction	-	-	-
Intergovernmental				
99	Other Intergovernmental Charges	-	-	-
6030	**Total Expenditures**	543,371	39,709	804,945
1100	Excess (Deficiency) of Revenues Over Expenditures	36,962	-	-
OTHER FINANCING SOURCES (USES)				
7915	Transfers In	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-
1200	Net Change in Fund Balance	36,962	-	-
0100	Fund Balance - Beginning	5,645,432	-	-
3000	Fund Balance - Ending	$ 5,682,394	$ -	$ -

284	289	315	340
IDEA B Formula ARP Act	Other Federal Special Revenue Funds	SSA IDEA, Part B Discretionary Deaf	SSA - IDEA Part C Deaf - Early Intervention
$ -	$ -	$ -	$ -
-	-	-	-
-	14,036,957	372,171	14,637
-	14,036,957	372,171	14,637
-	524,997	367,724	14,637
-	-	-	-
-	1,446,031	-	-
-	1,918,786	-	-
-	21,500	-	-
-	1,694,036	4,447	-
-	-	-	-
-	99	-	-
-	6,545,732	-	-
-	-	-	-
-	-	-	-
-	408,935	-	-
-	3,624	-	-
-	1,001,098	-	-
-	-	-	-
-	472,119	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	14,036,957	372,171	14,637
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
$ -	$ -	$ -	$ -

Dallas Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2025

Data Control Codes		385 State Supplemental Visually Impaired (SSVI)	393 Texas Successful Schools Prog.	397 Advanced Placement Incentives	404 Student Success Initiative
REVENUES					
5700	Local and Intermediate Sources	$ -	$ -	$ -	$ -
5800	State Program Revenues	20,888	1,021	3,928	187,672
5900	Federal Program Revenues	-	-	-	-
5020	**Total Revenues**	20,888	1,021	3,928	187,672
EXPENDITURES					
Current					
11	Instruction	20,888	-	-	136,735
12	Instructional Resources and Media Services	-	-	-	-
13	Curriculum and Instructional Staff Development	-	-	-	24,774
21	Instructional Leadership	-	-	-	19,197
23	School Leadership	-	-	-	4,331
31	Guidance, Counseling and Evaluation Services	-	-	-	-
32	Social Work Services	-	-	-	-
33	Health Services	-	-	-	-
34	Student (Pupil) Transportation	-	-	-	-
35	Food Services	-	-	-	-
36	Cocurricular/Extracurricular Activities	-	-	-	-
41	General Administration	-	-	-	-
51	Facilities Maintenance and Operations	-	-	-	-
52	Security and Monitoring Services	-	-	-	2,635
53	Data Processing Services	-	-	-	-
61	Community Services	-	-	-	-
Debt Service					
71	Principal on Long Term Debt	-	-	-	-
72	Interest on Long Term Debt	-	-	-	-
Capital Outlay					
81	Facilities Acquisition and Construction	-	-	-	-
Intergovernmental					
99	Other Intergovernmental Charges	-	-	-	-
6030	**Total Expenditures**	20,888	-	-	187,672
1100	Excess (Deficiency) of Revenues Over Expenditures	-	1,021	3,928	-
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	-	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-	-
1200	Net Change in Fund Balance	-	1,021	3,928	-
0100	Fund Balance - Beginning	-	5,189	282,328	-
3000	Fund Balance - Ending	$ -	$ 6,210	$ 286,256	$ -

410	429	435	461	499	
State Instructional Materials	Other State Special Revenue Funds	SSA Regional Day School - Deaf	Campus Activity Funds	Other Local Special Revenue Funds	Total Non-Major Governmental Funds
$ -	$ -	$ -	$ 4,251,092	$ 2,237,655	$ 8,694,755
16,791,754	28,756,655	2,797,582	-	-	48,979,290
-	-	-	-	-	245,616,088
16,791,754	28,756,655	2,797,582	4,251,092	2,237,655	303,290,133
15,832,684	-	2,705,945	1,289,637	902,950	73,775,282
-	-	-	171,578	860	477,520
-	1,502	75	135,244	78,340	35,685,987
-	-	-	-	253,335	6,328,252
-	-	-	1,352,220	67,245	1,497,024
-	-	-	2,927	13,654	18,587,115
-	-	-	-	-	279,718
-	-	-	900	-	886,874
-	-	-	-	-	6,545,732
-	-	-	-	-	109,915,257
-	-	-	1,124,806	350,663	1,475,469
-	-	-	426	560,014	5,942,752
-	-	-	29,491	16,197	1,881,581
-	7,334,130	-	7,881	-	8,813,719
-	-	-	-	-	-
-	-	-	27,066	7,482	10,718,232
848,684	-	-	-	-	851,811
110,386	-	-	-	-	110,403
-	21,404,585	-	-	-	21,404,585
-	-	-	376	18,147	18,523
16,791,754	28,740,217	2,706,020	4,142,552	2,268,887	305,195,836
-	16,438	91,562	108,540	(31,232)	(1,905,703)
-	-	-	-	-	172,539
-	-	-	-	-	172,539
-	16,438	91,562	108,540	(31,232)	(1,733,164)
1,196,677	71,040	946,120	6,522,298	4,413,343	29,028,069
$ 1,196,677	$ 87,478	$ 1,037,682	$ 6,630,838	$ 4,382,111	$ 27,294,905

Internal Service Funds

The Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments on a cost reimbursement basis. These funds are as follows:

Graphics Shop – This fund is used to account for printing services.

Risk Management – This fund is used to account for the costs associated with the worker's compensation self-funded program.

Auto Liability Insurance– This fund is used to account for all externally incurred liability expenses relating to student transportation and white fleet vehicle accidents, as well as contracted services and parts to repair vehicles damaged in such incidents.

Dallas Independent School District
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

Data Control Codes		752 Graphics Shop	753 Risk Management	771 Auto Liability Insurance	Total Internal Service Funds
	ASSETS				
	Current Assets				
1110	Cash and Cash Equivalents	$ 165,558	$ 18,266,511	$ 2,523,683	$ 20,955,752
1260	Due from Other Funds	-	1,272,852	-	1,272,852
1290	Other Receivables, Net	-	30,000	25,000	55,000
	Total Current Assets	165,558	19,569,363	2,548,683	22,283,604
	Noncurrent Assets				
	Capital Assets				
1530	Furniture and Equipment, Net	29,930	-	-	29,930
1553	SBITA Assets, Net	-	645,606	-	645,606
	Total Noncurrent Assets	29,930	645,606	-	675,536
	Total Assets	195,488	20,214,969	2,548,683	22,959,140
	LIABILITIES				
	Current Liabilities				
2110	Accounts Payable	106,269	279,808	86,801	472,878
2120	Accrued Liabilities - Short Term	-	3,573,085	182,568	3,755,653
2150	Payroll Deductions and Withholdings Payable	127	-	-	127
2160	Accrued Wages and Benefits Payable	7,785	-	-	7,785
2200	Accrued Expenses	9,560	3,381	705	13,646
	Total Current Liabilities	123,741	3,856,274	270,074	4,250,089
	Noncurrent Liabilities				
2501	Due Within One Year	-	137,308	-	137,308
2502	Due in More Than One Year	-	5,727,525	5,785	5,733,310
	Total Noncurrent Liabilities	-	5,864,833	5,785	5,870,618
	Total Liabilities	123,741	9,721,107	275,859	10,120,707
	NET POSITION				
3200	Net Investment in Capital Assets	29,930	61,817	-	91,747
3900	Unrestricted Net Position	41,817	10,432,045	2,272,824	12,746,686
	Total Net Position	$ 71,747	$ 10,493,862	$ 2,272,824	$ 12,838,433

Dallas Independent School District
Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2025

	752 Graphics Shop	753 Risk Management	771 Auto Liability Insurance	Total Internal Service Funds
OPERATING REVENUES				
Charges for Services	$ 1,765,819	$ 10,262,273	$ 2,517,832	$ 14,545,924
Total Operating Revenues	1,765,819	10,262,273	2,517,832	14,545,924
OPERATING EXPENSES				
Personnel Services	1,240,017	5,281,190	-	6,521,207
Contractual Services	384,682	1,373,706	469,320	2,227,708
Supplies	428,678	182,832	-	611,510
Other Operating Expenses	-	23,954	1,065,597	1,089,551
Depreciation/Amortization Expense	37,940	99,323	-	137,263
Debt Service	70	-	-	70
Total Operating Expenses	2,091,387	6,961,005	1,534,917	10,587,309
Income (Loss) Before Transfers	(325,568)	3,301,268	982,915	3,958,615
Transfers Out	-	(3,450,776)	-	(3,450,776)
Change in Net Position	(325,568)	(149,508)	982,915	507,839
Total Net Position - Beginning	397,315	10,643,370	1,289,909	12,330,594
Total Net Position - Ending	$ 71,747	$ 10,493,862	$ 2,272,824	$ 12,838,433

Dallas Independent School District
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2025

	752 Graphics Shop	753 Risk Management	771 Auto Liability Insurance	Total Internal Service Funds
Cash Flows from Operating Activities				
Cash Received from User Charges	$ 1,765,819	$ 10,301,210	$ 2,492,832	$ 14,559,861
Cash Payments to Employees for Services	(1,265,466)	(3,508,799)	-	(4,774,265)
Cash Payments for Insurance Claims	-	(1,716,651)	-	(1,716,651)
Cash Payments for Suppliers	(770,118)	(1,649,910)	(2,497,367)	(4,917,395)
Net Cash Provided by (Used for) Operating Activities	(269,765)	3,425,850	(4,535)	3,151,550
Cash Flows from Capital and Related Financing Activities				
Cash Payments for Acquisition and Construction of Capital Assets	(18,504)	(744,929)	-	(763,433)
Cash Payments for Interest on Leases and Financed Purchases	(70)	-	-	(70)
Cash Payments for Principal of Leases	(28,442)	-	-	(28,442)
Net Cash Provided by (Used for) Capital and Related Activities	(47,016)	(744,929)	-	(791,945)
Cash Flows from Non-Capital Financing Activities				
Transfers Out		(3,450,776)	-	(3,450,776)
Net Cash Provided by (Used for) Non-Capital Activities	-	(3,450,776)	-	(3,450,776)
Net Increase (Decrease) in Cash and Cash Equivalents	(316,781)	(769,855)	(4,535)	(1,091,171)
Cash and Cash Equivalents at Beginning of Year	482,339	19,036,366	2,528,218	22,046,923
Cash and Cash Equivalents at End of Year	$ 165,558	$ 18,266,511	$ 2,523,683	$ 20,955,752
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	(325,568)	3,301,268	982,915	3,958,615
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Depreciation/Amortization	37,940	99,323	-	137,263
Effect of Increases and Decreases in Current Assets and Liabilities				
Decrease (increase) in Receivables	-	-	(25,000)	(25,000)
Decrease (increase) in Due from Other Funds	-	38,937	-	38,937
Increase (decrease) in Accounts Payable	60,042	6,438	43,024	109,504
Increase (decrease) in Payroll Deductions	(958)	-	-	(958)
Increase (decrease) in Accrued Wages Payable	(24,491)	(25)	-	(24,516)
Increase (decrease) in Accrued Expenses	9,145	(75,856)	(5,412)	(72,123)
Increase (decrease) in Accrued Liabilities Short Term	(25,875)	(226,342)	(130,466)	(382,683)
Increase (decrease) in Accrued Liabilities Long Term	-	282,107	(869,596)	(587,489)
Net Cash Provided by (Used for) Operating Activities	$ (269,765)	$ 3,425,850	$ (4,535)	$ 3,151,550

DALLAS
INDEPENDENT SCHOOL DISTRICT

TEXAS EDUCATION AGENCY
REQUIRED SCHEDULES

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

	1	2	3	10	20	31	32	40	50	99
	Tax Rates									
Fiscal year (1)	Maintenance	Debt Service	Net Assessed/ Appraised Value for School Tax Purposes	Beginning Balance	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance	Total Taxes Refunded Under Section 26.1115(c)
2016	(2) 1.04000-1.50000	0.143352-0.250297	$ 91,173,609,390	$ 11,457,106	$ -	$ 688,391	$ 129,011	$ (1,007,765)	$ 9,631,939	
2017	1.040050	0.242035	100,935,505,829	2,761,977	-	125,172	29,129	(58,306)	2,549,370	
2018	1.040050	0.242035	108,482,803,909	3,235,984	-	186,831	43,478	(30,890)	2,974,785	
2019	1.170000	0.242035	119,329,737,566	4,425,623	-	276,125	57,121	(143,457)	3,948,920	
2020	1.068350	0.242035	128,350,910,821	5,679,875	-	494,380	112,002	(432,146)	4,641,347	
2021	1.054700	0.242035	128,056,436,790	6,384,538	-	775,988	178,076	(74,489)	5,355,985	
2022	1.006200	0.242035	141,905,281,463	8,422,856	-	1,520,105	365,652	(182,269)	6,354,830	
2023	0.942900	0.242035	162,911,964,185	17,726,576	-	2,540,557	652,141	(3,798,750)	10,735,128	
2024	0.771800	0.242035	176,022,948,626	34,973,703	-	(16,958,368)	(5,318,112)	(41,338,656)	15,911,527	
2025	0.755200	0.242035	194,055,575,689	-	1,854,941,238	1,375,241,881	440,753,008	(1,483,167)	37,463,182	
Wilmer Hutchins (1)				156,428	-	13,115	-	(5,097)	138,216	
1000 Totals				$ 95,224,666	$ 1,854,941,238	$ 1,364,904,177	$ 437,001,506	$ (48,554,992)	$ 99,705,229	
8000 - Taxes refunded under section 26.1115, tax code, for owners who received an exemption as provided by section 11.42(f), tax code										$ 280,185
9000 - Portion of row 1000 for taxes paid into tax increment zone under chapter 311, tax code						$ -				

(1) Wilmer Hutchins ISD was annexed by the District effective July 1, 2007.
(2) Highest and lowest level for 10 years (2006-2015)

Dallas Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Food Services Program
For the Fiscal Year Ended June 30, 2025

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance with Final Budget
REVENUES					
5700	Local and Intermediate Sources	$ 2,010,332	$ 2,010,332	$ 2,206,008	$ 195,676
5800	State Program Revenues	419,791	419,791	419,790	(1)
5900	Federal Program Revenues	109,153,677	109,153,677	106,949,461	(2,204,216)
5020	**Total Revenues**	111,583,800	111,583,800	109,575,259	(2,008,541)
EXPENDITURES					
	Current				
6035	Food Services	113,078,796	113,078,796	109,915,257	3,163,539
6051	Facilities Maintenance and Operations	1,790,004	1,790,004	1,789,780	224
6071	Principal on Long Term Debt	15,000	15,000	3,127	11,873
6072	Interest on Long Term Debt	-	-	17	(17)
6030	**Total Expenditures**	114,883,800	114,883,800	111,708,181	3,175,619
1100	Excess (Deficiency) of Revenues Over Expenditures	(3,300,000)	(3,300,000)	(2,132,922)	1,167,078
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	-	-	172,539	172,539
7080	**Total Other Financing Sources (Uses)**	-	-	172,539	172,539
1200	Net Change in Fund Balances	(3,300,000)	(3,300,000)	(1,960,383)	1,339,617
0100	Fund Balance - Beginning	9,945,642	9,945,642	9,945,642	-
3000	Fund Balance - Ending	$ 6,645,642	$ 6,645,642	$ 7,985,259	$ 1,339,617

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

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance with Final Budget
	REVENUES				
5700	Local and Intermediate Sources	$ 457,616,018	$ 457,616,018	$ 450,633,692	$ (6,982,326)
5800	State Program Revenues	-	-	19,271,027	19,271,027
5020	**Total Revenues**	457,616,018	457,616,018	469,904,719	12,288,701
	EXPENDITURES				
	Debt Service				
71	Principal on Long Term Debt	197,030,000	197,030,000	197,030,000	-
72	Interest on Long Term Debt	173,969,052	173,969,052	173,969,052	-
73	Bond Fees and Charges	97,623,085	97,623,085	97,467,385	155,700
6030	**Total Expenditures**	468,622,137	468,622,137	468,466,437	155,700
1100	Excess (Deficiency) of Revenues Over Expenditures	(11,006,119)	(11,006,119)	1,438,282	12,444,401
	OTHER FINANCING SOURCES (USES)				
7901	Refunding Bonds Issued	-	-	335,325,603	335,325,603
7915	Transfers In	-	-	7,225,217	7,225,217
7916	Premium on Issuance of Bonds	-	-	23,494,888	23,494,888
8940	Payment to Refunding Escrow Agent (Use)	-	-	(356,177,478)	(356,177,478)
7080	**Total Other Financing Sources (Uses)**	-	-	9,868,230	9,868,230
1200	Net Change in Fund Balances	(11,006,119)	(11,006,119)	11,306,512	22,312,631
0100	Fund Balance - Beginning	361,799,684	361,799,684	361,799,684	-
3000	Fund Balance - Ending	$ 350,793,565	$ 350,793,565	$ 373,106,196	$ 22,312,631

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

Section A: Compensatory Education Programs

AP1	Did your District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the District's fiscal year.	$199,890,277
AP4	Actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30)	$213,997,220

Section B: Bilingual Education Programs

AP5	Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the District's fiscal year.	$45,180,360
AP8	Actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25)	$29,565,223

DALLAS
INDEPENDENT SCHOOL DISTRICT

Dallas Independent School District
Index for Statistical Section

This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the Dallas Independent School District's overall financial health.

Contents Page

Financial Trends Information - These schedules contain trend information intended to help the reader understand how the District's financial position has changed over time.

Revenue Capacity Information - These schedules contain information intended to help the reader assess the District's most significant revenue source: tax collections

Debt Capacity Information - These schedules contain information intended to assist users in understanding and assessing the District's current levels of outstanding debt and the ability to issue additional debt.

Demographic and Economic Information - These schedules provide demographic and economic indicators intended to help the reader understanding the socioeconomic environment within which the District's financial activities take place.

Operating Information - These schedules provide contextual information about the District's operation and resources intended to assist readers in using financial statement information to understand and assess the District's economic condition.

Dallas Independent School District

Government-wide
Changes in Net Position
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30:	2025	2024	2023	2022	2021
Expenses					
Governmental Activities:					
Instruction	$ 1,134,962,095	$ 1,285,888,531	$ 1,173,638,465	$ 1,004,236,979	$ 1,078,164,284
Instructional Resources and Media Services	24,281,080	19,021,818	16,021,342	14,585,509	18,401,935
Curriculum and Staff Development	64,556,529	86,864,152	59,095,929	59,799,697	64,995,553
Instructional Leadership	52,617,875	78,186,618	78,525,664	57,458,311	55,389,836
School Leadership	130,184,914	141,432,491	131,484,080	114,857,081	123,102,392
Guidance, Counseling and Evaluation Services	104,589,590	113,261,886	101,004,233	79,002,173	84,734,280
Social Work Services	5,663,768	1,622,729	1,762,529	1,704,888	1,925,327
Health Services	26,640,422	26,845,395	28,806,645	26,203,296	24,595,412
Student (Pupil) Transportation	77,275,181	81,747,295	72,310,672	62,721,267	58,353,284
Food Services	121,903,897	130,468,798	115,960,364	100,553,734	97,710,527
Cocurricular/Extracurricular Activities	56,220,292	58,593,618	50,234,747	43,306,251	42,795,172
General Administration	79,431,141	64,360,076	61,736,428	54,554,227	53,824,592
Facilities Maintenance and Operation	209,289,634	229,034,992	211,041,315	171,641,924	205,824,400
Security and Monitoring Services	70,737,932	49,705,825	32,950,334	25,695,932	23,674,507
Data Processing Services	50,685,297	42,935,621	46,857,085	51,927,176	45,694,626
Community Services	19,135,049	20,745,848	15,430,692	12,526,284	12,011,566
Debt Service - Interest and Fees on Long-Term Debt	140,275,155	166,700,081	115,546,646	123,440,648	134,313,447
Debt Service - Bond Issuance Cost and Fees	10,203,956	3,410,069	3,886,021	4,581,836	182,736
Facilities Acquisition and Construction	25,615,503	39,805,463	34,149,909	14,455,158	8,339,925
Contracted Instructional Services Between Schools	52,538,602	44,498,625	216,689,569	97,987,095	85,377,533
Payments to Juvenile Justice Alternative Ed. Prg.	27,852	15,654	14,058	9,726	14,628
Other Intergovernmental Charges	6,843,089	6,756,961	6,201,018	5,930,560	5,928,126
Total Primary Government Program Expenses	2,463,678,853	2,691,902,546	2,573,347,745	2,127,179,752	2,225,354,088
Program Revenues					
Governmental Activities:					
Charges for Service:					
Instruction	$1,154,630	803,809	833,295	577,952	488,693
Curriculum and Staff Development	-	-	-	-	-
Instructional Leadership	-	-	-	-	-
Food Services	1,256,065	1,222,953	968,444	1,015,882	365,675
Cocurricular/Extracurricular Activities	1,505,419	1,560,419	1,371,170	1,061,389	625,955
Facilities Maintenance and Operations	1,667,275	1,895,438	3,470,825	1,497,141	1,630,144
Operating Grants and Contributions	315,215,781	547,346,837	515,141,790	443,338,242	348,776,116
Total Primary Government Program Revenues	320,799,170	552,829,456	521,785,524	447,490,606	351,886,583
Net (Expense)/Revenue					
Total Primary Government Expenses	(2,142,879,683)	(2,139,073,090)	(2,051,562,221)	(1,679,689,146)	(1,873,467,505)
General Revenues					
Governmental Activities					
Taxes					
Property Taxes Levied for General Purposes	1,376,347,176	1,284,214,380	1,502,004,221	1,403,521,481	1,396,475,465
Property Taxes Levied for Debt Services	440,029,109	378,195,318	385,587,848	337,628,973	320,496,981
State Aid not Restricted to Specific Purpose	83,079,555	162,262,715	16,868,519	42,919,472	41,246,541
Grants, Contributions and Other Revenue not Restricted	221,805,459	242,400,652	193,261,011	91,164,628	188,987,283
Investment Earnings	101,909,761	116,332,306	75,437,598	(5,377,815)	6,291,780
Miscellaneous	7,718,411	30,926,419	41,005,343	28,659,058	30,332,983
Extraordinary Items	-	-	5,362,281	32,023,575	7,353,108
Total Primary Government	2,230,889,471	2,214,331,790	2,219,526,821	1,930,539,372	1,991,184,141
Change in Net Position					
Total Primary Government	$ 88,009,788	$ 75,258,700	$ 167,964,600	$ 250,850,226	$ 117,716,636

Source: Statement of Activities for the Dallas Independent School District

2020	2019	2018	2017	2016
$ 1,095,737,419	$ 972,334,416	$ 650,662,754	$ 956,576,387	$ 998,278,934
21,402,181	21,169,253	14,203,567	24,430,222	25,176,186
70,424,170	63,888,041	35,993,922	51,704,106	58,250,759
52,236,843	42,121,680	26,067,193	37,602,700	36,526,926
123,359,013	110,067,219	64,548,864	106,125,020	107,487,393
81,244,094	74,521,153	45,798,249	72,535,828	73,248,880
3,349,661	2,931,749	1,609,764	2,997,092	3,313,751
26,438,683	21,876,353	12,806,971	21,451,753	21,511,094
70,395,894	66,868,011	49,670,287	55,779,292	53,830,113
127,056,390	124,943,934	103,681,948	123,592,132	118,626,758
37,457,609	37,551,758	29,291,340	38,266,030	36,421,282
53,816,493	48,798,452	34,962,724	51,693,840	53,243,020
174,138,069	141,865,719	119,466,649	157,815,314	166,498,335
24,592,052	21,494,308	13,495,855	23,036,834	21,386,056
44,976,107	48,959,455	38,018,316	45,348,246	46,293,855
12,978,647	12,029,540	8,209,966	12,992,401	13,166,512
122,613,896	121,968,174	124,140,537	126,555,232	199,431,914
107,552	1,944,555	49,021	85,007	4,410,076
18,944,454	1,613,647	2,831,109	1,078,436	1,336,580
18,509,704	67,373,116	-	-	-
10,296	3,000	7,332	8,814	5,622
5,893,777	5,445,908	5,069,208	4,919,416	4,791,696
2,185,683,004	2,009,834,396	1,380,651,249	1,914,601,578	2,043,235,742
437,708	541,675	2,592	-	309,722
-	-	382,990	446,980	629,792
-	-	42,554	49,664	69,977
1,615,674	1,646,080	1,587,248	1,464,642	1,600,005
963,354	973,006	1,135,602	909,673	946,391
2,131,009	2,555,272	3,748,263	4,672,484	2,026,208
460,333,166	345,125,422	49,994,516	334,916,110	361,222,410
465,480,911	350,841,455	56,893,765	342,459,553	366,804,505
(1,720,202,093)	(1,658,992,941)	(1,323,757,484)	(1,572,142,025)	(1,676,431,237)
1,319,796,489	1,330,674,650	1,086,494,144	1,003,755,255	910,501,189
299,013,041	275,270,197	253,771,120	233,607,228	211,887,005
47,717,109	82,073,509	150,206,649	257,588,928	345,639,301
130,924,356	151,059,331	109,392,657	70,160,602	81,703,893
29,195,172	33,470,753	20,599,310	10,901,449	8,457,518
21,773,101	9,079,224	49,183,203	34,387,827	36,477,865
9,218,116	-	41,512,474	-	-
1,857,637,384	1,881,627,664	1,711,159,557	1,610,401,289	1,594,666,771
$ 137,435,291	$ 222,634,723	$ 387,402,073	$ 38,259,264	$ (81,764,466)

Dallas Independent School District

Government-wide
Net Position by Component
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30:	**2025**	**2024**	**2023**	**2022**	**2021**
Governmental Activities:					
Net Investment in Capital Assets	$ 981,170,487	$ 884,561,908	$ 839,399,474	$ 630,748,328	$ 454,034,389
Restricted	248,179,380	234,709,292	208,269,527	169,744,823	121,618,627
Unrestricted	(406,723,213)	(351,162,576)	(354,819,077)	(275,607,827)	(301,617,918)
Total Governmental Activities Net Position	$ 822,626,654	$ 768,108,624	$ 692,849,924	$ 524,885,324	$ 274,035,098

Source: Statement of Net Position for the Dallas Independent School District, MDA - EX2

2020		2019		2018		2017		2016	
$	396,154,426	$	353,356,942	$	322,930,292	$	268,379,771	$	19,321,452
	114,584,087		110,047,571		102,613,514		79,484,886		254,277,208
	(354,442,214)		(444,543,505)		(629,317,521)		165,806,871		201,813,604
$	156,296,299	$	18,861,008	$	(203,773,715)	$	513,671,528	$	475,412,264

Dallas Independent School District

All Governmental Funds
Changes in Fund Balances
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30:	2025	2024	2023	2022	2021
Revenues					
Local Sources:					
Property Taxes	$ 1,815,672,871	$ 1,684,958,903	$ 1,896,143,625	$ 1,756,640,362	$ 1,734,078,779
Interest	102,170,354.00	116,749,535	75,437,598	(5,628,253)	6,291,779
Other	15,982,276	15,920,956	39,453,953	16,485,082	13,701,470
State Sources	315,985,185	340,629,122	187,594,289	202,452,112	220,726,617
Federal Sources	284,975,892	595,440,934	621,796,886	463,523,342	349,326,130
Total Revenue	2,534,786,578	2,753,699,450	2,820,426,351	2,433,472,645	2,324,124,775
Expenditures					
Instruction	1,035,479,152	1,131,501,947	1,162,993,347	1,013,149,493	982,139,769
Instructional Resources and Media Services	22,165,124	15,577,345	14,224,556	13,675,145	16,241,537
Curriculum and Staff Development	63,917,969	85,578,660	62,661,694	64,801,818	62,627,736
Instructional Leadership	52,309,088	76,381,836	83,739,083	62,741,018	53,848,780
School Leadership	118,972,978	126,509,587	128,610,001	117,803,993	113,041,101
Guidance, Counseling, and Evaluation Services	101,176,513	107,780,494	103,754,650	83,901,067	80,323,040
Social Work Services	5,663,307	1,526,492	1,828,757	1,840,318	1,833,721
Health Services	25,494,694	24,601,015	28,755,359	27,228,917	22,842,430
Student Transportation	99,303,906	76,731,296	69,950,772	69,197,703	51,833,954
Food Services	110,016,982	120,713,628	111,418,106	96,310,633	87,926,338
Co-Curricular/Extra-Curricular Activities	53,815,909	52,427,393	46,693,847	40,866,438	37,855,275
General Administration	61,377,437	64,334,160	65,764,506	56,533,251	55,096,524
Plant Maintenance and Operations	192,347,264	213,913,712	217,820,121	179,246,313	202,596,612
Security and Monitoring Services	65,080,137	44,537,056	31,771,850	26,915,657	24,506,628
Data Processing Services	41,604,564	39,023,503	39,401,708	52,360,715	40,192,846
Community Services	18,123,929	19,708,347	15,597,690	12,922,455	10,852,711
Debt Service					
Principal	213,135,211	248,534,508	240,222,282	216,937,653	164,285,000
Interest	182,044,809	169,874,678	152,068,236	150,404,687	164,071,511
Bond Fees and Charges	104,994,973	3,410,069	3,886,021	-	-
Facilities Acquisition & Construction	734,512,043	649,468,561	461,658,635	459,642,209	353,950,932
Intergovernmental Charges	59,409,543	51,271,240	222,904,645	103,927,381	91,320,287
Total Expenditures	3,360,945,532	3,323,405,527	3,265,725,866	2,850,406,864	2,617,386,732
Other Financing Sources (uses)					
Proceeds from Bonds and Notes	846,989,397	512,610,000	601,460,000	526,945,000	553,555,000
Proceeds from Refunding Bonds	335,325,603	-	-	264,805,000	568,255,000
Financed Purchases	427,997	1,013,333	1,693,324	14,225,484	-
Transfers In /Out	3,450,776	6,642,164	(578,185)	(306,039)	2,349,358
Premium on Bonds	79,091,267	34,127,618	53,484,841	51,282,709	113,492,024
Sale of Real & Personal Property	4,467,781	1,461,051	559,314	520,404	384,463
SBITAs	3,807,884	-	-	-	-
Payments to Refunded Bond Escrow Agent	(356,177,478)	(13,359,188)	(101,121,096)	(286,781,453)	(629,027,028)
Other Resources	-	-	49,867,092	-	-
Total Other Financing Sources (uses)	917,383,227	542,494,978	605,365,290	570,691,105	609,008,817
Extraordinary Items					
Extraordinary Items	-	-	5,362,281	29,827,831	6,128,507
Net Changes in Fund Balances	$ 91,224,273	$ (27,211,099)	$ 165,428,056	$ 183,584,717	$ 321,875,367
Debt service as a percentage of noncapital expenditures (1)	15.31%	15.68%	14.19%	14.51%	14.20%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds for the Dallas Independent School District
(1) In calculating the ratio of total debt service expenditures to noncapital expenditures, governmental fund expenditures for the facilities acquisition and construction of assets that are classified as capital assets for reporting in the government-wide financial statements are subtracted from the total governmental fund expenditures (Exhibit C-2).

2020	2019	2018	2017	2016
$ 1,625,503,526	$ 1,613,635,986	$ 1,350,404,734	$ 1,250,216,214	$ 1,131,070,782
29,195,172	33,470,753	20,588,573	10,901,450	8,457,520
16,613,086	18,710,996	38,782,856	26,561,577	35,340,417
227,916,217	234,689,340	271,922,516	349,845,527	442,535,971
349,753,100	341,258,766	305,326,146	288,871,749	295,517,788
2,248,981,101	2,241,765,841	1,987,024,825	1,926,396,517	1,912,922,478
949,551,494	855,476,205	881,359,309	865,829,893	893,271,045
18,345,682	18,647,553	19,599,778	22,121,284	22,795,374
61,708,030	57,630,975	51,168,167	50,470,310	55,812,949
47,312,204	38,923,482	38,663,853	36,084,991	34,576,624
107,685,615	97,849,280	94,023,624	96,313,120	96,774,330
71,969,377	67,602,079	67,279,886	67,754,706	67,753,209
2,959,931	2,678,416	2,689,889	2,936,775	3,263,195
23,293,963	19,581,946	18,841,269	19,656,153	19,639,366
59,412,970	50,587,137	39,054,459	55,743,237	53,924,053
110,649,572	111,700,306	111,415,975	113,862,535	111,672,916
31,739,179	32,910,709	33,982,948	34,406,552	32,731,001
51,982,725	46,894,385	47,070,338	51,678,899	52,691,371
167,180,260	134,010,205	142,814,234	151,122,084	161,679,314
23,107,695	20,042,705	20,161,322	21,502,684	22,256,194
35,750,152	32,629,639	30,131,468	34,409,262	33,838,248
10,860,805	10,474,922	11,087,568	12,274,936	12,364,415
155,595,000	133,245,000	108,605,000	122,795,000	103,990,000
141,343,679	145,421,341	145,742,468	148,002,335	133,348,140
-	-	-	-	-
331,562,770	312,342,228	230,582,630	174,827,546	153,844,110
24,413,777	72,886,979	5,142,213	4,935,706	4,797,318
2,426,424,880	2,261,535,492	2,099,416,398	2,086,728,008	2,071,023,172
341,975,000	800,000	-	4,405,000	647,230,000
-	68,025,000	-	-	-
-	-	-	-	-
10,771,873	-	29,824,208	(822,930)	(926,624)
39,127,754	8,135,755	-	-	76,488,994
599,782	325,751	21,084,897	5,843,740	484,990
-	-	-	-	-
-	(75,000,000)	-	-	-
-	-	-	-	-
392,474,409	2,286,506	50,909,105	9,425,810	723,277,360
25,601,329	-	-	-	-
$ 240,631,959	$ (17,483,145)	$ (61,482,468)	$ (150,905,681)	$ 565,176,666
14.31%	13.36%	14.18%	11.46%	10.33%

Dallas Independent School District

All Governmental Funds
Revenues as a Percentage of Total Revenue and
Expenditures as a Percentage of Total Expenditures
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30:	2025	2024	2023	2022	2021
Revenues					
Local Sources:					
Property Taxes	71.6%	61.2%	67.2%	72.2%	74.6%
Interest	4.0%	4.2%	2.7%	-0.2%	0.3%
Other	0.6%	0.6%	1.4%	0.7%	0.6%
State Sources	12.5%	12.4%	6.7%	8.3%	9.5%
Federal Sources	11.2%	21.6%	22.0%	19.0%	15.0%
Total Revenue	100%	100%	100%	100%	100%
Expenditures					
Instruction	30.8%	34.0%	35.6%	35.5%	37.5%
Instructional Resources and Media Services	0.7%	0.5%	0.4%	0.5%	0.6%
Curriculum and Staff Development	1.9%	2.6%	1.9%	2.3%	2.4%
Instructional Leadership	1.6%	2.3%	2.6%	2.2%	2.1%
School leadership	3.5%	3.8%	3.9%	4.1%	4.3%
Guidance, Counseling, and Evaluation Services	3.0%	3.2%	3.2%	2.9%	3.1%
Social Work Services	0.2%	0.0%	0.1%	0.1%	0.1%
Health Services	0.8%	0.7%	0.9%	1.0%	0.9%
Student Transportation	3.0%	2.3%	2.1%	2.4%	2.0%
Food Services	3.3%	3.6%	3.4%	3.4%	3.4%
Co-Curricular/Extra-Curricular Activities	1.6%	1.6%	1.4%	1.4%	1.4%
General Administration	1.8%	1.9%	2.0%	2.0%	2.1%
Plant Maintenance and Operations	5.7%	6.4%	6.7%	6.3%	7.7%
Security and Monitoring Services	1.9%	1.3%	1.0%	0.9%	0.9%
Data Processing Services	1.2%	1.2%	1.2%	1.8%	1.5%
Community Services	0.5%	0.6%	0.5%	0.5%	0.4%
Debt Service					
Principal	6.3%	7.5%	7.4%	7.6%	6.3%
Interest	5.4%	5.1%	4.7%	5.3%	6.3%
Bond Fees and Charges	3.1%	0.1%	0.1%	-	-
Facilities Acquisition & Construction	21.9%	19.5%	14.1%	16.1%	13.5%
Intergovernmental Charges	1.8%	1.5%	6.8%	3.6%	3.5%
Total Expenditures	100%	100%	100%	100%	100%

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds for the Dallas Independent School District

2020	2019	2018	2017	2016
72.3%	72.0%	68.0%	64.9%	59.1%
1.3%	1.5%	1.0%	0.6%	0.5%
0.7%	0.8%	2.0%	1.4%	1.9%
10.1%	10.5%	13.7%	18.1%	23.1%
15.6%	15.2%	15.3%	15.0%	15.4%
100%	100%	100%	100%	100%
39.1%	37.8%	42.0%	41.5%	43.1%
0.8%	0.8%	0.9%	1.1%	1.1%
2.5%	2.5%	2.4%	2.4%	2.7%
1.9%	1.8%	1.9%	1.8%	1.8%
4.4%	4.3%	4.5%	4.6%	4.7%
3.0%	3.1%	3.2%	3.2%	3.3%
0.1%	0.1%	0.1%	0.1%	0.2%
1.0%	0.9%	0.9%	0.9%	0.9%
2.4%	2.2%	1.9%	2.7%	2.6%
4.6%	4.9%	5.3%	5.5%	5.4%
1.3%	1.5%	1.6%	1.6%	1.6%
2.1%	2.1%	2.3%	2.5%	2.5%
6.9%	5.9%	6.8%	7.2%	7.8%
1.1%	0.9%	1.0%	1.1%	1.1%
1.5%	1.4%	1.4%	1.6%	1.6%
0.4%	0.5%	0.5%	0.6%	0.6%
6.4%	5.9%	5.2%	5.9%	5.0%
5.8%	6.4%	6.9%	7.1%	6.4%
-	-	-	-	-
13.7%	13.8%	11.0%	8.4%	7.4%
1.0%	3.2%	0.2%	0.2%	0.2%
100%	100%	100%	100%	100%

All Governmental Funds
Fund Balances
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30:	2025	2024	2023	2022	2021	2020	2019
General Fund:							
Non-Spendable	$ 24,937,823	$ 22,949,455	$ 25,036,648	$ 22,014,696	$ 14,117,543	$ 17,650,395	$ 14,330,669
Assigned	311,440,130	336,913,014	321,120,459	292,525,314	246,710,899	189,990,513	107,882,093
Unassigned	635,000,000	675,000,000	660,000,000	660,038,803	662,450,197	661,759,126	590,780,454
Total General Fund	971,377,953	1,034,862,469	1,006,157,107	974,578,813	923,278,639	869,400,034	712,993,216
Non-spendable:							
Non-major	3,887,092	7,763,510	8,445,224	9,324,957	7,205,070	7,596,821	4,293,710
Capital Projects	-	-	-	-	319,416	718,264	-
Restricted:							
Debt Service	287,102,196	282,962,713	231,621,091	188,380,805	165,106,095	154,294,866	138,763,223
Capital Projects	723,808,253	578,672,812	684,587,816	593,598,917	515,385,878	265,124,250	197,362,742
Federal or State Funds (1)	11,273,551	9,315,200	17,805,336	24,465,192	4,353,391	4,207,768	15,147,086
Local Special Revenue Funds	3,686,074	3,645,132	3,567,593	3,771,256	3,201,215	3,135,974	3,003,934
Assigned - Debt Service	86,004,000	78,836,971	71,669,971	64,502,971	57,335,971	50,168,971	42,999,353
Assigned - Other	8,448,188	8,304,227	7,719,995	7,523,166	6,375,684	6,012,219	5,461,326
Total All Governmental Funds	$ 2,095,587,307	$ 2,004,363,034	$ 2,031,574,133	$ 1,866,146,077	$ 1,682,561,359	$ 1,360,659,167	$ 1,120,024,590

Fiscal Year Ended June 30:	2018	2017	2016
General Fund:			
Non-Spendable	$ 8,905,030	$ 8,797,676	$ 8,394,857
Assigned	112,386,017	117,970,598	275,845,332
Unassigned	251,241,835	133,385,186	98,359,896
Total General Fund	372,532,882	260,153,460	382,600,085
Non-spendable:			
Capital Projects	-	-	-
Non-major	5,398,933	6,803,027	6,770,618
Restricted:			
Debt Service	124,926,486	112,323,141	134,439,298
Capital Projects	497,016,453	693,887,626	803,033,746
Federal or State Funds (1)	18,177,820	15,511,302	16,703,404
Grants and Donations	3,340,021	2,815,603	2,254,115
Assigned - Debt Service	110,832,353	103,668,000	-
Assigned - Other	5,282,788	3,828,045	4,094,620
Total All Governmental Funds	$ 1,137,507,736	$ 1,198,990,204	$ 1,349,895,886

Source: Balance Sheet of Governmental Funds for the Dallas Independent School District

Dallas Independent School District

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Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Tax Levy Year	Original Levy	Current Year's Adjustments	Adjusted Levy (1)	Collected within the Fiscal Year of the Levy		Collections and Adjustments in Subsequent years (3)	Total Collections and Adjustments to Date	
				Amount (2)	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2024	1,854,941,238	(1,483,167)	1,853,458,071	1,815,994,889	97.9%	-	1,815,994,889	98.0%
2023	1,717,929,842	1,189,469	1,719,119,311	1,684,145,608	98.0%	19,092,175	1,703,237,783	99.1%
2022	1,882,651,230	34,440,452	1,917,091,682	1,879,130,267	99.8%	20,234,840	1,899,365,107	99.1%
2021	1,717,724,797	46,133,907	1,763,858,704	1,736,209,075	101.1%	15,180,528	1,751,389,603	99.3%
2020	1,606,870,221	134,900,525	1,741,770,746	1,711,455,286	106.5%	17,965,976	1,729,421,262	99.3%
2019	1,629,618,768	11,389,160	1,641,007,928	1,612,695,737	99.0%	14,593,430	1,627,289,167	99.2%
2018	1,629,922,730	(2,756,087)	1,627,166,643	1,600,181,097	98.2%	14,830,661	1,615,011,758	99.3%
2017	1,353,804,329	(2,411,057)	1,351,393,272	1,332,222,292	98.4%	9,838,589	1,342,060,881	99.3%
2016	1,261,569,031	(11,545,712)	1,250,023,319	1,230,797,382	97.6%	10,208,923	1,241,006,305	99.3%
2015	1,141,622,891	(7,680,046)	1,133,942,845	1,114,744,687	97.6%	10,739,458	1,125,484,145	99.3%

(1) Current year total levy plus current year adjustments.
(2) Current year maintenance and debt service collections.
(3) Prior year collections and adjustments.

Source: Schedule of Delinquent Taxes Receivable (Exhibit J-1)

Schedule of Tax Rate Distribution Per $100 Valuation
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended	Tax Rates			Tax Levies		
June 30:	Maintenance	Debt Service	Total	General Fund	Debt Service Fund	Total
2025	0.755200	0.242035	0.997235	1,404,735,717	450,205,521	1,854,941,238
2024	0.771800	0.242035	1.013835	1,307,804,773	410,125,069	1,717,929,842
2023	0.942900	0.242035	1.184935	1,498,100,609	384,550,621	1,882,651,230
2022	1.006200	0.242035	1.248235	1,384,654,885	333,069,912	1,717,724,797
2021	1.054700	0.242035	1.296735	1,306,948,623	299,921,598	1,606,870,221
2020	1.068350	0.242035	1.310385	1,328,619,612	300,999,156	1,629,618,768
2019	1.170000	0.242035	1.412035	1,350,537,675	279,385,055	1,629,922,730
2018	1.040050	0.242035	1.282085	1,098,229,987	255,574,342	1,353,804,329
2017	1.040050	0.242035	1.282085	1,023,407,506	238,161,525	1,261,569,031
2016	1.040050	0.242035	1.282085	926,105,038	215,517,853	1,141,622,891

Source: Schedule of Delinquent Taxes Receivable (Exhibit J-1)

Dallas Independent School District

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Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

	Real Property				
Fiscal Year Ended June 30:	Residential	Commercial Property	Personal Property	Net Taxable Assessed Value	Total Direct Tax Rate
2025	82,829,704,745	91,216,495,709	20,009,375,235	194,055,575,689	0.997235
2024	72,503,926,288	83,875,440,017	19,643,582,321	176,022,948,626	1.013835
2023	70,390,104,047	74,882,177,208	17,639,682,930	162,911,964,185	1.184935
2022	63,227,570,856	63,120,185,465	15,557,525,142	141,905,281,463	1.248235
2021	56,951,024,911	56,561,483,598	14,543,928,281	128,056,436,790	1.310385
2020	54,691,226,302	58,663,264,662	14,996,419,857	128,350,910,821	1.412035
2019	50,114,377,285	54,876,366,945	14,338,993,336	119,329,737,566	1.412035
2018	44,939,988,730	49,306,233,826	14,236,581,353	108,482,803,909	1.282085
2017	41,787,366,404	45,427,477,998	13,720,661,427	100,935,505,829	1.282085
2016	38,743,465,578	40,529,662,355	13,166,711,763	92,439,839,696	1.282085

Source: Dallas Central Appraisal District and Dallas ISD records

Dallas Independent School District

Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30:	Town of Addison	City of Balch Springs	City of Carrollton	City of Cockrell Hill	City of Dallas	City of DeSoto	City of Duncanville	City of Farmers Branch	City of Garland
2025	0.60982	0.79463	0.53875	0.69509	0.70470	0.68493	0.61483	0.54350	0.68975
2024	0.60982	0.79463	0.55375	0.77260	0.73570	0.68509	0.64603	0.56900	0.68975
2023	0.60982	0.79463	0.56250	0.75778	0.74580	0.69155	0.65046	0.58900	0.71669
2022	0.61466	0.79463	0.58250	0.82302	0.77330	0.70155	0.70000	0.58900	0.75697
2021	0.60868	0.80300	0.58750	0.85057	0.77630	0.70155	0.71685	0.58900	0.76960
2020	0.58350	0.80300	0.58997	0.94713	0.77660	0.70155	0.74345	0.59951	0.76960
2019	0.55000	0.80300	0.59497	0.98895	0.77670	0.72139	0.74845	0.59951	0.70460
2018	0.55000	0.80300	0.59970	1.05883	0.78040	0.73990	0.75845	0.60227	0.70460
2017	0.56047	0.80300	0.60370	1.11941	0.78250	0.74490	0.75845	0.60227	0.70460
2016	0.57915	0.80300	0.61288	1.13244	0.79700	0.74990	0.75845	0.60227	0.70460

Source: Dallas Central Appraisal District and Dallas ISD records

City of Glenn Heights	City of Hutchins	City of Lancaster	City of Mesquite	City of Seagoville	Dallas County and School Equalization	Dallas County Hospital	Dallas County Community College	Dallas Independent School District
0.56502	0.63008	0.60461	0.69000	0.71093	0.21550	0.21200	0.10560	0.99724
0.56473	0.63008	0.63900	0.69000	0.72800	0.21572	0.21950	0.11003	1.01384
0.63221	0.65590	0.69182	0.65814	0.75269	0.22795	0.23580	0.11590	1.18494
0.76915	0.68246	0.76929	0.70862	0.78880	0.23795	0.25500	0.12351	1.24824
0.80443	0.68246	0.81974	0.70862	0.78880	0.24974	0.26610	0.12400	1.29674
0.83352	0.68246	0.84093	0.73400	0.78880	0.25310	0.26950	0.12400	1.31039
0.87918	0.68246	0.86750	0.73400	0.74380	0.25310	0.27940	0.12400	1.41204
0.88543	0.68246	0.86750	0.68700	0.74380	0.25310	0.27940	0.12424	1.28209
0.93553	0.68246	0.86750	0.68700	0.74380	0.25237	0.27940	0.12293	1.28209
0.79340	0.68246	0.86750	0.64000	0.71380	0.25310	0.28600	0.12365	1.28209

Dallas Independent School District

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Principal Property Tax Payers
Current Year and Nine Years Ago
(Unaudited)

Principal Taxpayers	2025 Taxable Assessed Valuation	2025 Rank	2025 Percentage of Total Taxable Assessed Value	2016 Taxable Assessed Valuation	2016 Rank	2016 Percentage of Total Taxable Assessed Value
Oncor Electric Delivery	$ 983,156,000	1	0.51%	$ 681,968,780	1	0.74%
Southwest Airlines Co	918,822,865	2	0.47%	552,374,098	5	0.60%
Northpark Land Partners	862,593,100	3	0.44%	643,717,270	3	0.70%
FM Village Fixed Rate LLC	847,183,440	4	0.44%			
Post Apartment Homes LP	734,550,000	5	0.38%			
GPIF TC OWNER LLC	724,053,580	6	0.37%			
AT&T Mobility LLC	620,860,686	7	0.32%	596,361,300	4	0.65%
Atmos Energy	596,392,772	8	0.31%			
Amazon.Com KTDC LLC	505,215,959	9	0.26%			
Equinix LLC	501,021,610	10	0.26%			
Crescent Real Estate Group				646,538,270	2	0.70%
PC Village Apts Dallas LP				475,466,750	6	0.51%
Post Properties Inc				463,846,200	7	0.50%
Galleria Mall Investors LP				441,587,690	8	0.48%
Walmart Stores Inc				358,663,987	9	0.39%
Behringer Harvard				274,523,820	10	0.30%
Total Ten Principal Taxpayers	$ 7,293,850,012		3.76%	$ 5,135,048,165		5.57%
Total Taxable Assessed Value	$ 194,055,575,689			$ 92,439,839,696		

Source: Dallas Central Appraisal District and Dallas ISD records

Dallas Independent School District

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Computation of Direct and Overlapping Debt
(Unaudited)

Taxing Jurisdiction	Net Bonded Debt	Overlapping Percent (1)	Overlapping Amount
Addison,Town of	$ 106,081,087	88.34%	$ 93,712,032
Balch Springs, City of	9,290,000	29.56%	2,746,124
Carrollton, City of	195,050,000	8.25%	16,091,625
Cockrell Hill, City of	5,070,000	100.00%	5,070,000
Combine, City of	726,000	13.11%	95,179
Dallas County	198,645,000	45.67%	90,721,172
Dallas County CCD	254,115,000	45.67%	116,054,321
Dallas Co Hosp Dist	527,660,000	45.67%	240,982,322
Dallas, City of	2,569,118,583	79.14%	2,033,200,447
DeSoto, City of	93,365,932	23.31%	21,763,599
Duncanville, City of	16,239,709	0.18%	29,231
Farmers Branch, City of	49,840,666	33.02%	16,457,388
Garland, City of	435,116,896	1.20%	5,221,403
Grand Prairie, City of	499,761,000	**	-
Hutchins, City of	45,000,000	91.33%	41,098,500
Lancaster, City of	79,328,787	7.69%	6,100,384
Mesquite, City of	226,874,594	1.93%	4,378,680
Seagoville, City of	17,620,000	81.00%	14,272,200
Univ Pk, City of	11,930,000	0.13%	15,509
Wilmer, City of	32,308,040	97.00%	31,338,799
Total Estimated Overlapping Debt			2,739,348,913
Dallas ISD Direct Debt			4,891,287,810
Total Direct and Overlapping Bonded Debt			$ 7,630,636,723

**Less than 0.01%

Source: Texas Municipal Reports (TMR)

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. The overlapping percentage represents an estimate of the overlapping geographic area between the District and the respective governments listed above. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses within the boundaries of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Dallas Independent School District

Ratio of Net Bonded Debt to Taxable Assessed Valuation and Net Bonded Debt Per Capita
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30:	Estimated Population*	Taxable Assessed Value	Gross Bonded Debt Outstanding at Year End	Bond Premium Amortization	Amounts Available for Retirement of Bonds	Maintenance Tax Notes Payable
2025	1,326,087	194,055,575,689	4,869,241,840	231,166,840	229,314,516	143,340,000
2024	1,304,379	176,022,948,626	4,319,747,603	201,827,603	213,985,450	143,340,000
2023	1,299,544	162,911,964,185	4,047,159,497	206,374,497	231,621,091	143,340,000
2022	1,343,266	141,905,281,463	3,744,547,244	194,247,244	188,380,805	143,340,000
2021	1,400,337	128,056,436,790	3,437,008,853	196,993,853	165,106,095	143,340,000
2020	1,377,641	128,350,910,821	2,697,449,417	155,157,792	154,294,866	143,340,000
2019	1,356,896	119,329,737,566	2,690,275,000	144,419,510	138,763,223	143,340,000
2018	1,281,031	108,482,803,909	2,830,495,000	164,355,890	124,926,486	218,340,000
2017	1,283,763	100,935,505,829	2,939,100,000	192,207,755	112,323,141	218,340,000
2016	1,281,031	92,439,839,696	3,057,490,000	221,917,322	134,439,298	219,460,000

Sources: Dallas ISD Records
*U.S. Census Bureau
St. Louis Federal Reserve

Net Bonded Debt Outstanding at Year End	Ratio Net Bonded Debt to Taxable Assessed Valuation	Ratio Net General Bonded Debt to Taxable Assessed Valuation	Net Bonded Debt Per Capita	Taxable Assessed Valuation Per Capita	Per Capita Personal Income*	Total Personal Income To Outstanding Debt at Year End	Net Bonded Debt To Personal Income
4,639,927,324	2.39%	0.07%	3,499	146,337	44,138	3,925	7.93%
4,105,762,153	2.33%	0.08%	3,148	134,948	41,761	4,408	7.54%
3,815,538,406	2.34%	0.09%	2,936	125,361	37,719	4,695	7.78%
3,556,166,439	2.51%	0.10%	2,647	105,642	35,487	5,060	7.46%
3,271,902,758	2.56%	0.11%	2,337	91,447	34,479	5,495	6.78%
2,543,154,551	1.98%	0.11%	1,846	93,167	32,804	6,925	5.63%
2,551,511,777	2.14%	0.12%	1,880	87,943	31,007	6,547	6.06%
2,705,568,514	2.49%	0.20%	2,112	84,684	28,771	5,855	7.34%
2,826,776,859	2.80%	0.22%	2,202	78,625	28,584	5,368	7.70%
2,923,050,702	3.16%	0.24%	2,282	72,161	28,771	4,932	7.93%

Dallas Independent School District

Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30:	2025	2024	2023	2022	2021
Debt Limit - 10% of Assessed Valuation	$ 19,405,557,569	$ 17,602,294,863	$ 16,291,196,419	$ 14,190,528,146	$ 12,805,643,679
Amount of Debt Applicable to Debt Limit:					
Gross Bonded Debt	4,869,241,840	4,319,747,603	4,047,159,497	3,744,547,244	3,437,008,853
Less - Fund Balance of Debt Service Fund	287,102,196	282,962,713	231,621,091	188,380,805	165,106,095
Total Net Debt Applicable to Debt Limit	4,582,139,644	4,036,784,890	3,815,538,406	3,556,166,439	3,271,902,758
Legal Debt Margin:	$ 14,823,417,925	$ 13,565,509,973	$ 12,475,658,013	$ 10,634,361,707	$ 9,533,740,921
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	23.61%	22.93%	23.42%	25.06%	25.55%

Source: Dallas ISD Records

	2020	2019	2018	2017	2016
	$ 12,835,091,082	$ 11,932,973,757	$ 10,848,280,391	$ 10,093,550,583	$ 9,243,983,970
	2,697,449,417	2,690,275,000	2,830,495,000	2,939,100,000	3,057,490,000
	154,294,866	138,763,223	124,926,486	112,323,141	134,439,298
	2,543,154,551	2,551,511,777	2,705,568,514	2,826,776,859	2,923,050,702
	$ 10,291,936,531	$ 9,381,461,980	$ 8,142,711,877	$ 7,266,773,724	$ 6,320,933,268
	19.81%	21.38%	24.94%	28.01%	31.62%

Ratio of Annual Debt Service Expenditures
For General Bonded Debt to Total Expenditures
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30:	Principal	Interest and Other Charges	Total Bonded Debt Expenditures	Total Expenditures	Ratio of Total Bonded Debt Expenditures To Total Expenditures
2025	197,030,000	271,436,437	468,466,437	3,360,945,532	13.94%
2024	222,675,000	161,247,343	383,922,343	3,323,405,527	11.55%
2023	210,975,000	144,378,757	355,353,757	3,265,725,866	10.88%
2022	212,375,000	138,718,537	351,093,537	2,850,406,864	12.32%
2021	164,285,000	153,767,411	318,052,411	2,617,382,070	12.15%
2020	155,595,000	133,001,487	288,596,487	2,426,424,880	11.89%
2019	133,245,000	135,045,444	268,290,444	2,261,535,492	11.86%
2018	108,605,000	137,374,241	245,979,241	2,099,416,398	11.72%
2017	121,675,000	139,573,729	261,248,729	2,086,728,008	12.52%
2016	97,110,000	121,108,202	218,218,202	2,071,023,172	10.54%

Source: Dallas ISD Records

Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended	General Obligation Bonds	Notes Payable	Total Primary Government	Premium on Bonds	Financed Purchases	GASB 87 Lease Liability	GASB 96 SBITA Liability	Outstanding Debt Ratio	Debt to Income Ratio	Per Capita Ratio
2025	$ 4,725,903	$ 143,340	$ 4,869,243	$ 231,168	$ -	$ 9,768	$ 12,278	2.77%	8.94%	3,733
2024	4,176,408	143,340	4,319,748	201,828	910	11,671	46,150	2.45%	7.93%	3,312
2023	3,551,207	193,340	3,744,547	206,375	3,440	14,236	62,482	2.30%	7.64%	2,881
2022	3,263,669	173,340	3,437,009	194,247	4,239	16,862	-	2.42%	7.21%	2,559
2021	2,859,273	173,340	3,032,613	196,994	-	-	-	2.37%	6.28%	2,166
2020	2,691,355	144,140	2,835,495	155,158	-	-	-	2.21%	6.27%	2,058
2019	2,776,511	218,340	2,994,851	144,420	-	-	-	2.51%	7.12%	2,207
2018	2,912,968	218,340	3,131,308	164,356	-	-	-	2.89%	8.50%	2,444
2017	3,059,947	219,460	3,279,407	192,208	-	-	-	3.25%	8.94%	2,555
2016	2,452,973	151,340	2,604,313	221,917	-	-	-	2.86%	7.07%	2,033

Source: Dallas ISD Records

DALLAS
INDEPENDENT SCHOOL DISTRICT

Per Student Calculations (General Fund Only)
Based on Revenues and Expenditures
Last Five Fiscal Years
(Unaudited)

	Fiscal Year Ended June 30				
	2025	2024	2023	2022	2021
Beginning Fund Equity	$ 1,034,862,469	$ 1,006,157,107	$ 974,578,813	$ 923,278,638	$ 869,400,034
Revenues:					
From Ad Valorem Taxes	1,375,643,762	1,282,937,796	1,509,220,873	1,416,247,959	1,410,744,361
% of Total Revenue	79.57%	72.94%	80.23%	82.86%	82.59%
From State and Federal Funds	287,094,672	403,795,770	301,327,926	292,202,883	289,433,957
% of Total Revenue	16.61%	22.96%	16.02%	17.10%	16.94%
From Other Local Sources	66,166,450	72,267,349	70,462,885	732,018	8,025,672
% of Total Revenue	3.83%	4.11%	3.75%	0.04%	0.47%
Total Revenues	1,728,904,884	1,759,000,915	1,881,011,684	1,709,182,860	1,708,203,990
Total Expenditures	1,797,204,270	1,731,842,993	1,857,501,535	1,661,190,188	1,631,113,745
Total Other Financing Sources	4,814,870	1,547,440	2,705,864	7,227,285	(20,183,478)
Total Extraordinary Items	-	-	5,362,281	(3,919,782)	(8,768,757)
Ending Fund Equity	$ 971,377,953	$ 1,034,862,469	$ 1,006,157,107	$ 974,578,813	$ 917,538,044
Per Student Calculations:					
Assessed Value Per Student	$ 1,578,894	$ 1,433,633	$ 1,329,894	$ 1,139,454	$ 991,067
Ad Valorem Tax Revenue Per Student	$ 11,193	$ 10,449	$ 12,320	$ 11,372	$ 10,918
State and Federal Funds Per Student	2,336	3,289	2,460	2,346	2,240
Other Local Sources Per Student	538	589	575	6	62
Total Revenue Per Student	$ 14,067	$ 14,327	$ 15,355	$ 13,724	$ 13,220
Total Expenditures Per Student	$ 14,623	$ 14,105	$ 15,163	$ 13,339	$ 12,624
Average Daily Attendance	122,906	122,781	122,500	124,538	129,211

Source: Dallas ISD Records

Demographic Data and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30: Year	Estimated Population (1)	Enrollment (2)	Average Daily Attendance (2)
2025	1,326,087	139,802	122,906
2024	1,302,868	139,246	122,781
2023	1,299,544	141,169	122,500
2022	1,343,266	143,558	124,538
2021	1,400,337	145,113	129,211
2020	1,377,641	153,861	138,883
2019	1,356,896	155,119	140,296
2018	1,281,031	156,832	144,155
2017	1,283,763	157,886	145,720
2016	1,281,031	158,604	145,694

(1) Information was obtained from the United States Census Bureau, the Dallas Regional Economic Development Guide, and the United States Department of Labor.

(2) Information was obtained from Dallas ISD records.

District Employees (2)	Median Household Income (1)	Per Capita Personal Income (1)	Unemployment Rate (1)
21,805	67,760	44,138	4.5%
23,553	63,985	41,761	4.2%
23,984	58,231	37,719	4.3%
23,271	54,747	35,487	4.4%
22,621	52,580	34,479	6.5%
22,674	50,100	32,804	3.7%
22,222	48,628	31,007	3.3%
21,262	43,003	28,771	3.3%
20,757	44,016	28,584	3.7%
21,714	43,003	28,771	3.8%

North Texas Principal Employers
Current Year and Nine Years Ago
(Unaudited)

	2025			2016		
Principal Employers	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Texas Health Resources	29,000	1	0.64%	19,131	4	0.52%
University of Texas Southwestern Medical Center	25,000	2	0.55%	-		0.85%
Wal-mart Stores, Inc.	24,200	3	0.53%	25,534	1	
Baylor Scott & White Health	23,900	4	0.53%	16,860	5	0.68%
Lockheed Martin Aeronautics Co.	23,000	5	0.51%	13,700	7	0.80%
Dallas Independent School District	21,800	6	0.48%	20,000	3	
Medical City Healthcare	16,500	7	0.36%			
City of Dallas	15,000	8	0.33%	13,000	8	0.56%
Bank of America	13,800	9	0.30%	14,465	6	
Southwest Airlines Co	12,900	10	0.28%	-		0.81%
Texas Instruments Incorporated				13,000	9	0.58%
American Airlines Group, Inc.				25,000	2	0.77%
JP Morgan Chase				12,600	10	0.58%
Total	205,100		4.51%	173,290		6.15%

Estimated Total Employed Workforce in 2024 4.5 million

Source: Dallas Business Journal Book of Lists, Dallas County Financial Records, Dallas City Hall, U. S. Bureau of Labor Statistics, Dallas ISD Records as of July 2024

Expenditures, Enrollment and Per Student Costs Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended June 30:	Expenditures (1)	Enrollment (2)	Per Student Costs	General Fund Expenditures	General Fund Per Student Costs	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
2025	$ 2,102,400,106	139,802	15,038	$ 1,797,204,270	12,855	14.45	89%
2024	2,013,420,378	139,246	14,459	1,731,842,993	12,437	12.79	87%
2023	2,222,031,447	141,169	15,740	1,857,501,535	13,158	13.08	87%
2022	1,920,843,620	143,558	13,380	1,661,190,188	11,572	13.08	85%
2021	1,864,568,021	145,113	12,849	1,631,113,745	11,240	13.92	92%
2020	1,729,708,819	153,861	11,242	1,444,603,443	9,389	14.75	87%
2019	1,682,827,169	155,119	10,849	1,426,000,782	9,193	14.86	86%
2018	1,646,121,341	156,832	10,496	1,380,489,339	8,802	14.87	87%
2017	1,704,969,209	157,886	10,799	1,443,558,058	9,143	15.01	88%
2016	1,714,566,319	158,604	10,810	1,443,363,206	9,100	14.29	88%

(1) General fund and non-major governmental funds expenditures
(2) Data obtained from PEIMS

Source: Dallas ISD Records

Teacher Salary
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Beginning Teacher Salary	Average Teacher Salary	Number of Teachers
2025	62,000	70,270	9,675
2024	61,000	68,595	10,887
2023	60,000	68,454	10,300
2022	56,500	63,900	10,793
2021	56,500	63,200	10,473
2020	54,000	60,000	10,428
2019	52,000	57,630	10,353
2018	51,000	56,072	10,549
2017	50,000	56,072	10,518
2016	47,382	54,903	11,099

Source: Dallas ISD Records

Full Time Equivalents by Function
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30:	2025	2024	2023	2022	2021
FTE					
Instruction	11,852.1	13,256.9	13,604.8	13,209.7	12,959.9
Instructional Resources and Media Services	253.0	167.0	152.5	147.0	173.5
Curriculum and Staff Development	559.0	650.2	521.2	513.5	592.4
Instructional Leadership	466.0	675.7	832.2	659.0	490.5
School leadership	1,420.0	1,475.0	1,555.0	1,541.0	1,535.0
Guidance, Counseling, and Evaluation Services	886.4	902.0	911.7	861.6	862.6
Social Work Services	73.0	18.0	24.0	23.0	24.0
Health Services	324.0	325.0	348.1	333.1	316.1
Student Transportation	1,222.8	1,226.5	1,237.5	1,238.5	1,238.5
Food Services	1,571.0	1,626.0	1,641.0	1,699.0	1,763.0
Co-Curricular/Extra-Curricular Activities	42.5	81.7	82.7	71.7	71.1
General Administration	443.8	451.3	475.3	463.3	439.7
Plant Maintenance and Operations	1,563.8	1,560.7	1,595.5	1,577.5	1,561.5
Security and Monitoring Services	606.0	585.5	496.0	438.5	413.0
Data Processing Services	203.2	206.1	227.5	227.6	228.6
Community Services	247.1	275.9	210.9	193.7	191.3
Facilities Acquisition & Construction	71.2	69.2	68.2	51.7	52.0
Total FTE	21,804.9	23,552.7	23,984.1	23,249.4	22,912.6

Source: Dallas ISD Records as of June 30, 2025

2020	2019	2018	2017	2016
12,787.2	12,598.0	12,771.3	12,976.1	13,129.0
216.0	251.5	263.0	322.0	320.0
615.3	586.6	569.2	543.0	608.4
477.7	419.2	407.6	369.5	339.2
1,457.0	1,419.5	1,417.5	1,436.0	1,460.0
776.8	479.1	741.3	752.3	774.1
41.5	4.1	39.0	43.0	45.0
311.1	308.1	306.1	328.3	315.6
1,243.0	1,225.5	17.0	3.0	3.0
1,801.0	1,843.0	1,790.0	1,785.0	1,783.0
68.0	70.1	71.1	72.1	72.0
435.5	424.2	414.9	447.4	457.9
1,559.5	1,526.5	1,577.3	1,538.1	1,541.7
392.0	390.0	422.2	408.0	407.0
220.5	212.0	217.5	237.6	226.5
191.5	174.8	190.9	184.6	186.8
50.5	48.5	43.5	41.5	26.0
22,644.1	21,980.7	21,259.4	21,487.5	21,695.2

Dallas Independent School District

General Operating Expenditures by Program Intent Code (PIC)
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30:	2025	2024	2023	2022	2021
PIC					
11 Basic Education Services	$ 613,285,262	$ 593,544,904	$ 598,620,540	$ 548,608,472	$ 542,191,139
21 Gifted and Talented	9,941,453	10,104,944	11,588,672	11,914,830	11,422,185
22 Career and Technology	41,956,699	44,838,486	34,759,641	32,576,673	34,384,515
23 Special Education	158,151,592	143,923,521	124,765,523	128,007,337	127,831,972
24 Accelerated Education	29,597,741	25,383,552	17,127,716	19,211,180	14,170,030
25 Bilingual Education	24,034,070	21,508,725	21,462,677	9,928,699	13,631,105
26 AEP Services	358,438	402,496	526,794	691,782	634,185
28 DAEP Basic	3,602,374	3,572,310	3,540,623	3,279,548	3,171,872
29 DAEP Supplemental	-	-	-	-	-
30 Title I Part A	78,257,863	84,726,478	95,306,146	63,949,353	63,321,224
31 High School Allotment	-	-	-	-	1,150
32 Pre-Kindergarten Regular Education	-	-	-	6,273,355	6,653,472
33 PK Special Education	10,061,224	11,113,184	8,667,026	7,732,120	9,339,684
34 PK Comp Education	-	-	-	15,068,213	21,596,606
35 PK Bilingual Education	-	-	-	15,174,372	15,775,866
36 Early Education Allotment	32,548,720	27,817,765	34,326,006	44,475,058	39,377,004
37 Dyslexia	13,011,741	11,378,404	8,613,287	8,961,267	9,478,862
38 College, Career, and Military Readiness	18,070,696	6,599,074	5,042,410	4,730,301	4,773,372
43 Dyslexia - Special Education	1,671,557	-	-	320	-
91 Athletics and Related	33,353,630	28,678,054	25,982,083	23,406,856	21,999,051
99 Undistributed	729,301,210	718,251,096	867,172,392	717,200,451	691,360,456
Total	$ 1,797,204,270	$ 1,731,842,993	$ 1,857,501,536	$ 1,661,190,187	$ 1,631,113,750

Source: Dallas ISD Records

2020	2019	2018	2017	2016
$ 493,700,230	$ 548,113,538	$ 557,820,129	$ 558,146,624	$ 552,343,411
10,043,338	9,249,264	6,620,726	7,245,967	10,503,846
31,235,789	25,248,122	27,073,688	29,909,327	28,955,755
121,435,208	109,861,721	108,453,937	116,644,342	115,118,770
18,132,649	11,668,228	11,708,860	10,318,273	10,145,059
11,031,052	18,880,836	19,996,800	19,762,792	30,904,073
719,604	1,585,799	1,955,490	3,364,526	3,374,453
3,004,607	2,799,797	3,571,120	3,688,059	3,428,375
3,649	17,465	13,141	80	13,095
53,956,832	35,649,092	40,263,182	40,906,044	49,123,522
12,633,153	13,791,872	14,361,020	13,620,305	18,347,667
6,246,893	9,398,130	7,781,747	6,716,867	6,446,065
794	-	-	-	-
23,529,382	34,552,720	32,521,092	29,162,908	27,750,176
13,964,229	13,242,772	12,440,902	10,637,638	9,590,777
34,510,070	-	-	-	-
10,647,003	-	-	-	-
3,931,360	-	-	-	-
-	-	-	-	-
18,180,634	18,699,047	18,971,028	20,276,170	17,322,180
577,696,967	573,242,379	516,936,476	573,158,136	559,995,982
$ 1,444,603,443	$ 1,426,000,782	$ 1,380,489,338	$ 1,443,558,058	$ 1,443,363,206

Dallas Independent School District

Student/Teacher Ratio
Ten Year Comparison
(Unaudited)

Campus Level	2024-2025			2023-2024			2022-2023			2021-2022			2020-2021			2019-2020		
	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio
High	40,987	2,354.8	17.4	41,242	2,558.8	16.1	41,919	2,536.9	16.5	42,075	2,525.8	16.7	42,091	2,429.7	17.3	42,024	2,395.5	17.5
Middle	28,552	1,601.0	17.8	29,594	2,019.3	14.7	30,730	2,129.7	14.4	32,186	2,163.2	14.9	32,679	2,065.1	15.8	33,791	2,015.4	16.8
Elementary	70,263	4,396.7	16.0	68,410	4,667.9	14.7	68,520	4,460.5	15.4	69,297	4,469.8	15.5	70,343	4,668.0	15.1	78,046	4,706.8	16.6
District	139,802	8,352.5	16.7	139,246	9,246.0	15.1	141,169	9,127.1	15.5	143,558	9,158.8	15.7	145,113	9,162.8	15.8	153,861	9,117.7	16.9

Notes:
1. FTEs include teacher positions at campuses.
2. FTEs do not include Special Education teachers.
3. Data includes all funds.
4. High School FTEs include Career Institute teachers.

Source: Dallas ISD Records

2018-2019			2017-2018			2016-2017			2015-2016		
Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio	Enrollment	FTE's	Ratio
41,632	2,367.5	17.6	40,132	2,354.5	17.0	39,597	2,335.5	17.0	39,386	2,366.3	16.6
29,136	1,705.7	17.1	31,681	2,018.1	15.7	31,427	1,903.1	16.5	31,535	1,874.0	16.8
84,351	5,080.7	16.6	85,019	5,084.3	16.7	86,862	5,438.7	16.0	87,683	5,674.1	15.5
155,119	9,153.9	16.9	156,832	9,456.9	16.6	157,886	9,677.3	16.3	158,604	9,914.4	16.0

Dallas Independent School District

Enrollment Trend
Last Ten Fiscal Years
(Unaudited)

	Total Enrollment	Change	% Change	FTE's	Change	% Change
2024-2025	139,802	556	0.4%	8,353	(893)	-9.66%
2023-2024	139,246	(1,923)	(1.4%)	9,246	119	1.30%
2022-2023	141,169	(2,389)	(1.7%)	9,127	(32)	(0.3%)
2021-2022	143,558	(1,555)	(1.1%)	9,159	(4)	(0.0%)
2020-2021	145,113	(8,748)	(5.7%)	9,163	45	0.49%
2019-2020	153,861	(1,258)	(0.8%)	9,118	(36)	(0.4%)
2018-2019	155,119	(1,713)	(1.1%)	9,154	(303)	(3.2%)
2017-2018	156,832	(1,054)	(0.7%)	9,457	(220)	(2.3%)
2016-2017	157,886	(718)	(0.5%)	9,677	(237)	(2.4%)
2015-2016	158,604	(1,649)	(1.0%)	9,914	406	4.27%

Notes:
1. FTEs include teacher positions at campuses.
2. FTEs do not include Special Education teachers.

Source: PEIMS Data

School Building Information
(Unaudited)

Form of Government: Independent School District

Geographic Area: 384 square miles

Instruction Sites:	Number	Capacity/Sq. Ft.	Acreage
High Schools	45	7,545,555	654.11
Middle Schools	37	5,445,100	664.15
Elementary Schools	159	11,911,018	1,346.57
Administration Facilities	24	2,772,870	190.39
Athletics & Pool Facilities	13	573,989	233.41
Totals	278	28,248,532	3,088.63

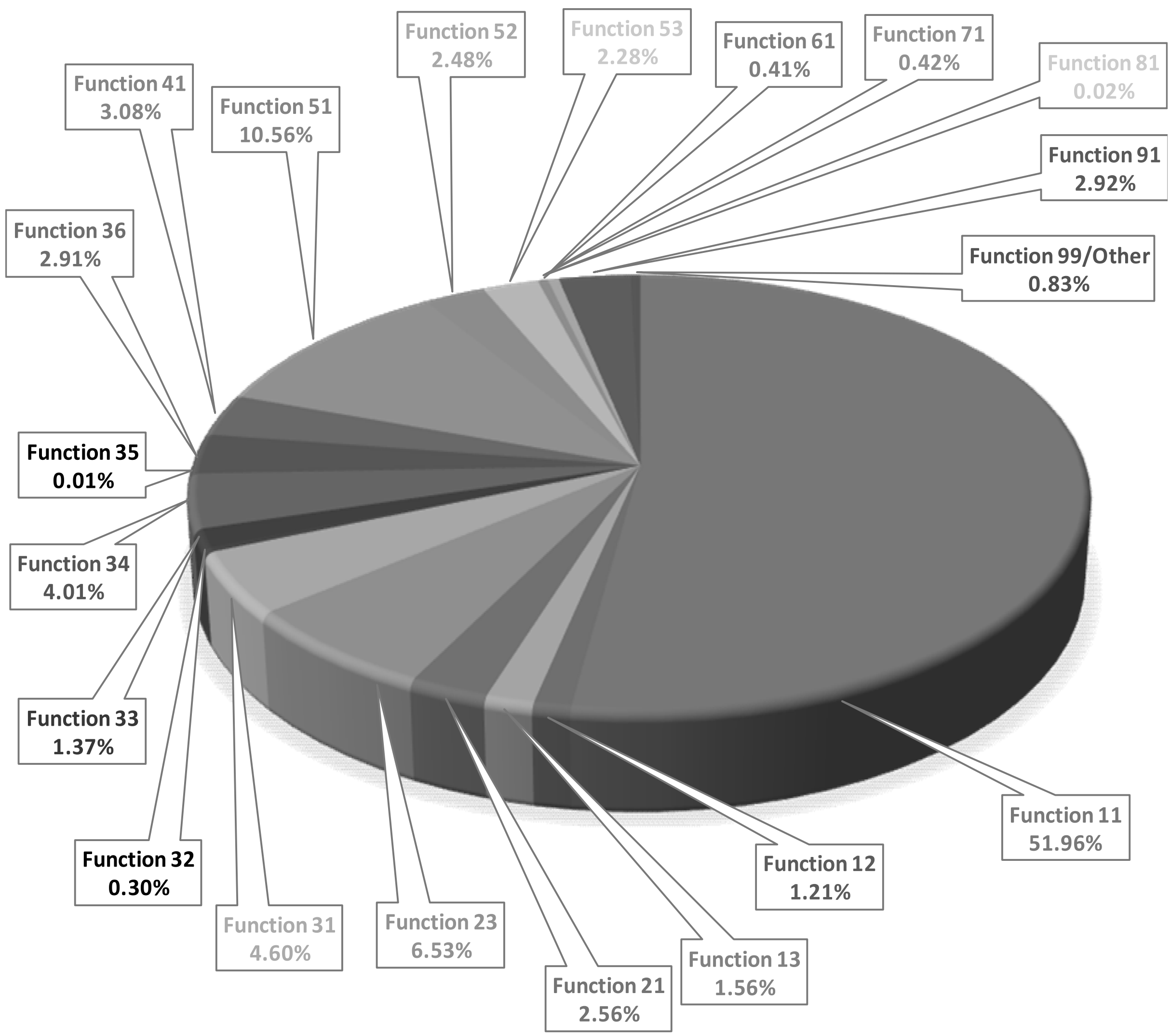
Source: Dallas ISD Records

Dallas Independent School District

General Operating Expenditures
(Unaudited)

Function	Name	Amount by Group	Amount by Group	Function Percent of Total	Group Percent of Total
11	Instruction	$ 933,768,254		51.96%	
12	Instructional Resources and Media Services	21,687,602		1.21%	
13	Curriculum and Instructional Staff Development	28,231,864		1.56%	
	Instruction and Instructional Related		**$ 983,687,720**		**54.73%**
21	Instructional Leadership	45,980,954		2.56%	
23	School Leadership	117,318,134		6.53%	
	Instructional and School Leadership		**163,299,088**		**9.09%**
31	Guidance, Counseling and Evaluation Services	82,589,394		4.60%	
32	Social Work Services	5,383,590		0.30%	
33	Health Services	24,607,821		1.37%	
34	Student (Pupil) Transportation	72,100,454		4.01%	
35	Food Services	101,725		0.01%	
36	Cocurricular/Extracurricular Activities	52,340,439		2.91%	
	Student Support Services		**237,123,423**		**13.20%**
41	General Administration	55,405,231		3.08%	
	Administrative Support Services		**55,405,231**		**3.08%**
51	Facilities Maintenance and Operations	189,744,818		10.56%	
52	Security and Monitoring Services	44,542,153		2.48%	
53	Data Processing Services	41,003,226		2.28%	
	Support Services		**275,290,197**		**15.32%**
61	Community Services	7,405,596		0.41%	
	Ancillary Services		**7,405,596**		**0.41%**
71	Principal on Long Term Debt	7,477,430		0.42%	
72	Interest on Long Term Debt	7,696,568		0.43%	
	Debt		**15,173,998**		**0.85%**
81	Facilities Acquisition and Construction	427,997		0.02%	
	Capital Outlay		**427,997**		**0.02%**
91	WADA Purchase	52,538,602		2.92%	
95	Payments to Juvenile Justice Alternative Ed. Prg.	27,852		0.00%	
99	Other Governmental Charges	6,824,566		0.38%	
	Intergovernmental Charges		**59,391,020**		**3.30%**
		$ 1,797,204,270	$ 1,797,204,270	100.00%	100.00%

General Operating Expenditures by Function
(Unaudited)



Instruction - 11
Instructional Resources and Media Services - 12
Curriculum and Instructional Staff Development - 13
Instructional Leadership - 21
School Leadership - 23
Guidance, Counseling and Evaluation Services - 31
Social Work Services - 32
Health Services - 33
Student (Pupil) Transportation - 34
Food Services - 35
Cocurricular/Extracurricular Activities - 36

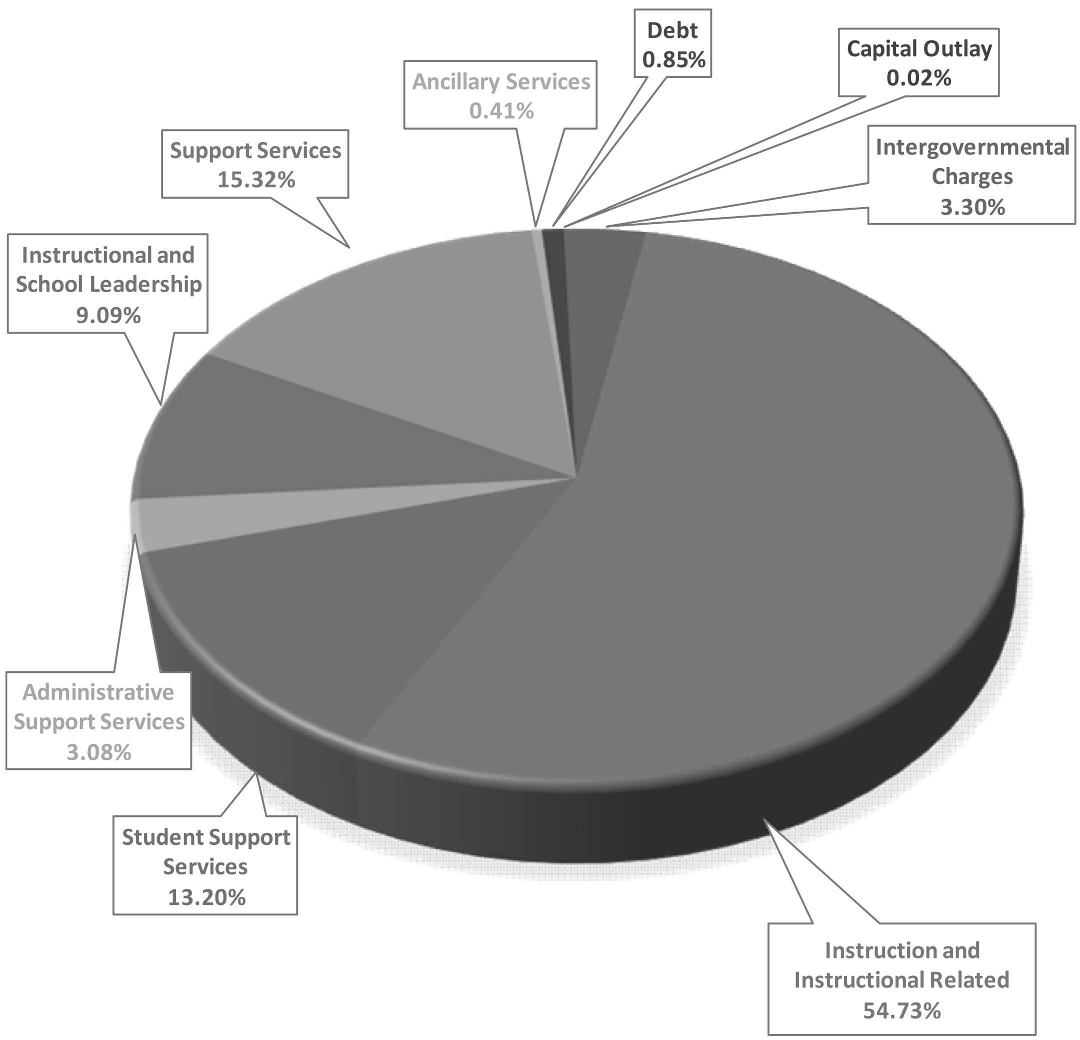
General Administration - 41
Facilities Maintenance and Operations - 51
Security and Monitoring Services - 52
Data Processing Services - 53
Community Services - 61
Principal on Long Term Debt - 71
Facilities Acquisition and Construction - 81
WADA Purchase - 91
Payments to Juvenile Justice Alternative Ed. Prg. - 95
Other Governmental Charges - 99

Dallas Independent School District

S-26 (cont'd)

General Operating Expenditures by Group
(Unaudited)

Functional Analysis	
Instruction and Instructional Related	54.73%
Student Support Services	13.20%
Administrative Support Services	3.08%
Instructional and School Leadership	9.09%
Support Services	15.32%
Ancillary Services	0.41%
Debt	0.85%
Capital Outlay	0.02%
Intergovernmental Charges	3.30%
	100.00%

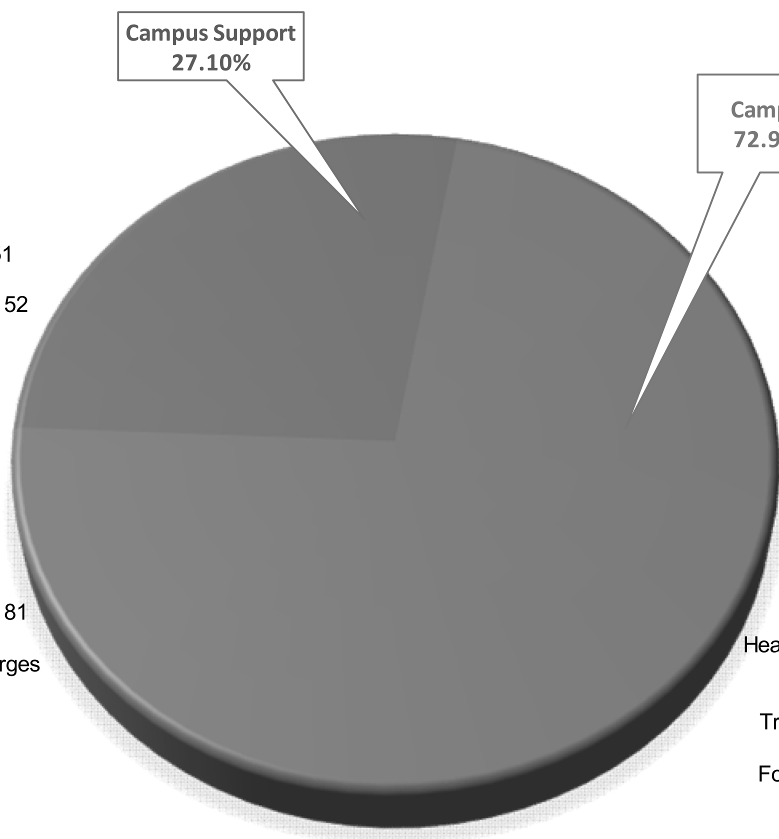


Dallas Independent School District

S-26 (cont'd)

General Operating Expenditures
Campus and Non-Campus
(Unaudited)

Function 11	51.96%	Function 13	1.56%	Campus	72.90%
Function 12	1.21%	Function 21	2.56%	Campus Support	27.10%
Function 23	6.53%	Function 41	3.08%		100.00%
Function 31	4.60%	Function 51	10.56%		
Function 32	0.30%	Function 52	2.48%		
Function 33	1.37%	Function 53	2.28%		
Function 34	4.01%	Function 61	0.41%		
Function 35	0.01%	Function 71	0.85%		
Function 36	2.91%	Function 81	0.02%		
	72.90%	Function 99/Other	3.30%		
			27.10%		



COMPLIANCE SECTION

DALLAS
INDEPENDENT SCHOOL DISTRICT

2300 North Field Street, Suite 1000
Dallas, Texas 75201
972-490-1970

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

Board of Trustees
Dallas Independent School District
Dallas, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dallas Independent School District (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 3, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Board of Trustees
Dallas Independent School District

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 3, 2025

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

Board of Trustees
Dallas Independent School District
Dallas, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Board of Trustees
Dallas Independent School District

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Board of Trustees
Dallas Independent School District

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

(Firm Name)

Dallas, Texas
November xx, 2025

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

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Total Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
U.S. DEPARTMENT OF DEFENSE			
Direct Program			
JROTC	12.357	N/A	$ 2,747,149
DOD STEM Academy Grant	12.006	HQ000342110009	133,930
TOTAL U.S. DEPARTMENT OF DEFENSE			**2,881,079**
U.S. DEPARTMENT OF EDUCATION			
Direct Programs			
Title VII - Indian Educational Formula Grant	84.060A	S060A240194	76,380
Total Direct Programs			**76,380**
Passed Through Texas Education Agency			
ESSA, Title I, Part A, and Focused Support Cluster	84.010A	24610101057905	690,503
ESSA, Title I, Part A, and Focused Support Cluster	84.010A	25610101057905	87,464,421
Total Title I, Part A, Focus Support Cluster			**88,154,924**
IDEA - Part B Formula	84.027A	246600010579056600	7,028
IDEA - Part B Formula	84.027A	256600010579056600	24,921,207
SSA - IDEA - Part B Discretionary - Deaf	84.027A	246600110579056673	245
SSA - IDEA - Part B Discretionary - Deaf	84.027A	256600110579056673	371,926
IDEA - Part B High Cost Fund	84.027A	66002106	11,127
Total Assistance Listing Number 84.027A			**25,311,533**
IDEA - Part B Preschool	84.173A	246610010579056610	1
IDEA - Part B Preschool	84.173A	256610010579056610	424,357
Total Assistance Listing Number 84.173A			**424,358**
IDEA-C Early Intervention (Deaf)	84.181A	243911010579053911	4,485
IDEA-C Early Intervention (Deaf)	84.181A	253911010579053911	10,151
Total Special Education Cluster (IDEA)			**25,750,527**
Strengthening Career and Technical Education for the 21st Century (Perkins V)	84.048A	24420006057905	23,330
Strengthening Career and Technical Education for the 21st Century (Perkins V)	84.048A	25420006057905	1,775,870
Total Assistance Listing Number 84.048			**1,799,200**
Title III, Part A - English Language Acquisition	84.365A	24671001057905	70,473
Title III, Part A - English Language Acquisition	84.365A	25671001057905	5,122,556
Title III, Part A- Immigrant	84.365A	25671003057905	565,703
Total Assistance Listing Number 84.365A			**5,758,732**
ESSA, Title II, PART A-Supporting Effective Instruction	84.367A	23694501057905	-
ESSA, Title II, PART A-Supporting Effective Instruction	84.367A	24694501057905	90,270
ESSA, Title II, PART A-Supporting Effective Instruction	84.367A	25694501057905	6,067,431
Principal Residency Grant	84.367A	236945677110001	1,150
Principal Residency Grant	84.367A	246945677110001	615,850
Total Assistant Listing Number 84.367A			**6,774,701**
Title IV, Part A, Subpart 1	84.424A	24680101057905	88,459
Title IV, Part A, Subpart 1	84.424A	25680101057905	6,215,228
Total Assistance Listing Number 84.424A			**6,303,687**
Texas Education for Homeless Children and Youth	84.196A	244600057110019	190,924
Texas Education for Homeless Children and Youth	84.196A	254600057110019	5,137
Total Assistance Listing Number 84.196A			**196,061**
ARP HOMELESS I-TEHCY SUPPLEMENTAL	84.425W	215330017110019	39,709
ARP HOMELESS II	84.425W	21533002057905	962,502
Total Assistance Listing Number 84.425W			**1,002,211**
2024-2025 Stronger Connections Grant	84.424F	236811017110093	388,397
Total Assistance Listing Number 84.424F			**388,397**
Total Passed through Texas Education Agency			**136,128,440**
TOTAL U.S. DEPARTMENT OF EDUCATON			**136,204,820**

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Dallas Independent School District
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor Program or Cluster Title	Total Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Health and Human Services Commission			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00269	862,560
HIPPY - Texas Home Visiting	93.870	24486013	78,342
HIPPY - Texas Home Visiting	93.870	24486013	300,090
Total Assistance Listing Number 93.870			**378,432**
Total Passed through Health and Human Services Commission			**1,240,992**
Passed Through United States Conference of Catholic Bishops/Migration and Refugee Services			
Refugee School Impact Program	93.566	2202TXRSSS	110,296
Refugee School Impact Program	93.566	2402TXRSSS	322,759
Total Passed through United States Conference of Catholic Bishops/Migration and Refugee Services			**433,055**
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			**1,674,047**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Texas Department of Agriculture			
National Breakfast Program	10.555	NT4XL1YGLGC5	25,767,413
National School Lunch Program	10.555	NT4XL1YGLGC5	67,076,182
National School Lunch Program - Non-Cash Commodities	10.555	NT4XL1YGLGC5	7,142,577
Summer Food Program - SSO	10.555	NT4XL1YGLGC5	1,210,051
Emergency Operational Cost Reimbursement Program	10.555	NT4XL1YGLGC5	393,959
Total Assistance Listing Number 10.555			**101,590,182**
Fresh Fruit and Vegetable Program	10.582	NT4XL1YGLGC5	134,633
Total Child Nutrition Cluster			**101,724,815**
Child and Adult Care Food Program	10.558	NT4XL1YGLGC5	5,224,647
Total Passed through Texas Department of Agriculture			**106,949,462**
Passed Through Texas A&M University-Commerce			
North Texas Alliance for Urban Agriculuture Education	10.326	2023-70001-40987	30,424
Total Assistance Listing Number 10.326			
TOTAL U.S. DEPARTMENT OF AGRICULTURE			**106,979,885**
U.S DEPARTMENT OF JUSTICE			
Passed Through Sandy Hook Promise Foundation	16.839	15PBJA-22-GG-04635-STOP	102,104
TOTAL U.S. DEPARTMENT OF JUSTICE			**102,104**
U.S Environmental Protection Agency			
2022 Clean School Bus Rebates Program	66.045	HYNCAKMM3SK7	6,545,732
TOTAL FEDERAL COMMUNICATION COMMISSION			**6,545,732**
FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed through Texas Division of Emergency Management			
4485 Texas Covid-19 Pandemic	97.036	Project#463	2,896,514
Total Assistance Listing Number 97.036			**2,896,514**
Total Passed through Texas Division of Emergency Management			**2,896,514**
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			**2,896,514**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 257,284,181**

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Dallas Independent School District
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

1. The District utilizes the fund types specified in the Texas Education Agency Resource Guide.

   Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state awards generally are accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of specified grant periods.

   The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the special revenue funds, which are governmental funds. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

   Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until earned. The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting.

2. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extends 30 days beyond the federal project period ending date, in accordance with provisions in Section H: Period of Performance of Federal Funds, Part 3, *OMB Circular A-133 Compliance Supplement*.

3. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2025, may be impaired. The District has not elected to use the 10% de minimis indirect cost rate of the Uniform Guidance.

4. The Schedule of Federal Awards also includes indirect costs in the amount of $5,742,204.

   The following table reconciles total expenditures per The Schedule of Expenditures of Federal Awards for federal program revenues in the Non-Major Governmental Funds per Exhibit C-2:

Total federal programs revenue per Exhibit C-2	$	245,616,088
Indirect cost reimbursement		5,742,204
JROTC (Fund 199)		2,747,149
Medicaid (Fund 180)		282,226
FEMA (Fund 199)		2,896,514
Total expenditures of federal awards	$	257,284,181

Dallas Independent School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

I. Summary of the Auditor's Results:

Financial Statements

a. An unmodified opinion was issued on the financial statements.

b. Internal control over financial reporting:

- Material weakness(es) identified? ____Yes __X__No
- Significant deficiency(ies) identified that are not considered a material weakness? ____Yes __X__None reported

c. Noncompliance material to financial statements noted. _____Yes __X__No

Federal Awards

d. Internal control over major federal programs:

- Material weakness(es) identified? ____Yes __X__No
- Significant deficiency(ies) identified that are not considered a material weakness? ____Yes __X__None reported

e. An unmodified opinion was issued on compliance for major federal programs.

f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a). ____Yes __X__No

g. Identification of major programs:

Title I, Part A, Focused Support Cluster	84.010A
ESSA, Title II, Part A – Supporting Effective Instruction & Principal Residency Grant	84.367A
Title III, Part A – English Language Acquisition & Immigrant	84.365A
2022 Clean School Bus Rebates Program	66.045

h. The dollar threshold used to distinguish between Type A and Type B programs. $3,000,000

i. Auditee qualified as a low-risk auditee. __X__Yes _____No

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

None

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in 1.f Above

None

IV. Findings Relating to the Prior Year Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

None

APPENDIX C

FORM OF CO-BOND COUNSELS' OPINION

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_________, 2026

$__________

DALLAS INDEPENDENT SCHOOL DISTRICT
MULTI-MODAL UNLIMITED TAX SCHOOL BUILDING BONDS
SERIES 2026B

We have represented the Dallas Independent School District (the "District"), as its co-bond counsel, in connection with the bonds hereinafter described (the "Bonds"):

> DALLAS INDEPENDENT SCHOOL DISTRICT MULTI-MODAL UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2026B, dated February 25, 2026, in the aggregate principal amount of $_________.
>
> The Bonds mature, bear interest, are subject to redemption prior to maturity, and may be transferred and exchanged as set out in the Bonds and in the order adopted by the Board of Trustees of the District authorizing their issuance (the "Bond Order") and the pricing certificate (the "Pricing Certificate," and together with the Bond Order, the "Order") executed pursuant thereto.

We have represented the District as its co-bond counsel for the sole purpose of rendering our opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not been requested to investigate or verify and have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

In our capacity as co-bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Bonds on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the District; customary certificates of officers, agents and representatives of the District and other public officials; and other certified showings relating to the authorization and issuance of the Bonds, on which we have relied in giving our opinion. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. We have also examined executed Bond No. 1 of this issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the District and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the District and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Order, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

Based on such examination and in reliance on such representations, certifications and assumptions, it is our opinion that:

(A) The transcript of proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the District;

(B) A continuing ad valorem tax, without limit as to rate or amount, has been levied and pledged irrevocably to the payment of the principal of and interest on the Bonds, and the total indebtedness of the District, including the Bonds, does not exceed any constitutional, statutory or other limitation; and

(C) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally and may be limited by general principles of equity which permit the exercise of judicial discretion.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership, or disposition of the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations or certifications of the District or other parties upon which we have relied are determined to be inaccurate or incomplete or the District fails to comply with the covenants of the Order, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

APPENDIX D

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

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(Dated: April 4, 2025)

APPENDIX D

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.

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

History and Purpose

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

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

In 2011, legislation was enacted that established the Charter District Bond Guarantee Program as a new component of the Guarantee Program. That legislation authorized the use of the PSF to guarantee revenue bonds issued by or for the benefit of certain open-enrollment charter schools that are designated as "charter districts" by the Education Commissioner. On approval by the

Education Commissioner, bonds properly issued by a charter district participating in the Guarantee Program are fully guaranteed by the PSF. The Charter District Bond Guarantee Program became effective on March 3, 2014. See "The Charter District Bond Guarantee Program."

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

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

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

Management and Administration of the Fund

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

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

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

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

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

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

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

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

The Total Return Constitutional Amendment

The Total Return Constitutional Amendment requires that PSF distributions to the ASF be determined using a "total-return-based" approach that provides that the total amount distributed from the Fund to the ASF: (1) in each year of a State fiscal biennium must be an amount that is not more than 6% of the average of the market value of the Fund, excluding real property (the "Distribution Rate"), on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium, in accordance with the rate adopted by: (a) a vote of two-thirds of the total membership of the SBOE, taken before the Regular Session of the Legislature convenes or (b) the Legislature by general law or appropriation, if the SBOE does not adopt a rate as provided by clause (a); and (2) over the ten-year period consisting of the current State fiscal year and the nine preceding State fiscal years may not exceed the total return on all investment assets of the Fund over the same ten-year period (the "Ten Year

Total Return"). In April 2009, the Attorney General issued a legal opinion, Op. Tex. Att'y Gen. No. GA-0707 (2009) ("GA-0707"), with regard to certain matters pertaining to the Distribution Rate and the determination of the Ten Year Total Return. In GA-0707 the Attorney General opined, among other advice, that (i) the Ten Year Total Return should be calculated on an annual basis, (ii) a contingency plan adopted by the SBOE, to permit monthly transfers equal in aggregate to the annual Distribution Rate to be halted and subsequently made up if such transfers temporarily exceed the Ten Year Total Return, is not prohibited by State law, provided that such contingency plan applies only within a fiscal year time basis, not on a biennium basis, and (iii) the amount distributed from the Fund in a fiscal year may not exceed 6% of the average of the market value of the Fund or the Ten Year Total Return. In accordance with GA-0707, in the event that the Ten Year Total Return is exceeded during a fiscal year, transfers to the ASF will be halted. However, if the Ten Year Total Return subsequently increases during that biennium, transfers may be resumed, if the SBOE has provided for that contingency, and made in full during the remaining period of the biennium, subject to the limit of 6% in any one fiscal year. Any shortfall in the transfer that results from such events from one biennium may not be paid over to the ASF in a subsequent biennium as the SBOE would make a separate payout determination for that subsequent biennium.

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

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

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

Annual Distributions to the Available School Fund[1]

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

[1] In millions of dollars. Source: Annual Report for year ended August 31, 2024.
[2] Reflects the first fiscal year in which distributions were made by the PSF Corporation.
[3] In September 2020, the SBOE approved a special, one-time transfer of $300 million from the portion of the PSF managed by the SBOE to the portion of the PSF managed by the SLB, which amount is to be transferred to the ASF by the SLB in fiscal year 2021. In approving the special transfer, the SBOE determined that the transfer was in the best interest of the PSF due to the historic nature of the public health and economic circumstances resulting from the COVID-19 pandemic and its impact on the school children of Texas.

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

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

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

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

PSF Corporation Strategic Asset Allocation

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

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

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

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

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

Comparative Investment Schedule – PSF(CORP)

Fair Value (in millions) August 31, 2024 and 2023

ASSET CLASS	August 31, 2024	August 31, 2023	Amount of Increase (Decrease)	Percent Change
EQUITY				
Domestic Small Cap	$3,651.3	$ 2,975.1	$ 676.2	22.7%
Domestic Large Cap	8,084.6	7,896.5	188.1	2.4%
Total Domestic Equity	11,735.9	10,871.6	864.3	8.0%
International Equity	4,131.1	7,945.5	(3,814.4)	-48.0%
TOTAL EQUITY	15,867.0	18,817.1	(2,950.1)	-15.7%
FIXED INCOME				
Domestic Fixed Income	-	5,563.7	-	-
US Treasuries	-	937.5	-	-
Core Bonds	8,151.6	-	-	-
Bank Loans	2,564.1	-	-	-
High Yield Bonds	2,699.5	1,231.6	1,467.9	119.2%
Emerging Market Debt	-	869.7	-	-
TOTAL FIXED INCOME	13,415.2	8,602.5	4,812.7	55.9%

ALTERNATIVE INVESTMENTS				
Absolute Return	3,106.0	3,175.8	(69.8)	-2.2%
Real Estate	6,101.0	6,525.2	(424.2)	-6.5%
Private Equity	8,958.8	8,400.7	558.1	6.6%
Emerging Manager Program	-	134.5	-	-
Real Return	-	1,663.7	-	-
Private Credit	2,257.9	-	-	-
Real Assets	4,648.1	4,712.1	(64.0)	-1.4%
TOT ALT INVESTMENTS	25,071.8	24,612.0	459.8	1.9%
UNALLOCATED CASH	2,583.2	348.2	2,235	641.9%
TOTAL PSF(CORP) INVESTMENTS	56,937.2	$ 52,379.8	$ 4,557.4	8.7%

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

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

Investment Schedule - PSF(SLB)[1]

Fair Value (in millions) August 31, 2024

Investment Type	As of 8-31-24		
Investments in Real Assets			
Sovereign Lands	$ 277.47		
Discretionary Internal Investments	457.01		
Other Lands	153.15		
Minerals [(2), (3)]		4,540.61	[(6)]
Total Investments[(4)]		5,428.23	
Cash in State Treasury [(5)]		0	
Total Investments & Cash in State Treasury	$ 5,428.23		

[1] Unaudited figures from Table 5 in the FY 2024 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.
[2] Historical Cost of investments at August 31, 2024 was: Sovereign Lands $838,730.24; Discretionary Internal Investments $318,902,420.97; Other Lands $37,290,818.76; and Minerals $13,437,063.73.
[3] Includes an estimated 1,000,000.00 acres in freshwater rivers.
[4] Includes an estimated 1,747,600.00 in excess acreage.
[5] Cash in State Treasury is managed by the Treasury Operations Division of the Comptroller of Public Accounts of the State of Texas.
[6] Future Net Revenues discounted at 10% and then adjusted for risk factors. A mineral reserve report is prepared annually by external third-party petroleum engineers.

The asset allocation of the Fund's financial assets portfolio is subject to change by the PSF Corporation from time to time based upon a number of factors, including recommendations to the PSF Corporation made by internal investment staff and external consultants. Fund performance may also be affected by factors other than asset allocation, including, without limitation, the general performance of the securities markets and other capital markets in the United States and abroad, which may be affected by different levels of economic activity; decisions of political officeholders; significant adverse weather events; development of hostilities in and among nations;

cybersecurity threats and events; changes in international trade policies or practices; application of the Prudent Person Standard, which may eliminate certain investment opportunities for the Fund; management fees paid to external managers and embedded management fees for some fund investments; and PSF operational limitations impacted by Texas law or legislative appropriation. The Guarantee Program could also be impacted by changes in State or federal law or regulations or the implementation of new accounting standards.

The School District Bond Guarantee Program

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

In the event of default, holders of guaranteed school district bonds will receive all payments as and when may become due from the corpus of the PSF. Following a determination that a school district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires the school district to notify the Education Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment. Immediately following receipt of such notice, the Education Commissioner must cause to be transferred from the appropriate account in the PSF to the Paying Agent/Registrar an amount necessary to pay the maturing or matured principal and interest, as applicable. Upon receipt of funds for payment of such principal or interest, the Paying Agent/Registrar must pay the amount due and forward the canceled bond or evidence of payment of the interest to the State Comptroller of Public Accounts (the "Comptroller"). The Education Commissioner will instruct the Comptroller to withhold the amount paid, plus interest, from the first State money payable to the school district. The amount withheld pursuant to this funding "intercept" feature will be deposited to the credit of the PSF. The Comptroller must hold such canceled bond or evidence of payment of the interest on behalf of the PSF. Following full reimbursement of such payment by the school district to the PSF with interest, the Comptroller will cancel the bond or evidence of payment of the interest and forward it to the school district. The Act permits the Education Commissioner to order a school district to set a tax rate sufficient to reimburse the PSF for any payments made with respect to guaranteed bonds, and also sufficient to pay future payments on guaranteed bonds, and provides certain enforcement mechanisms to the Education Commissioner, including the appointment of a board of managers or annexation of a defaulting school district to another school district.

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

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

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

The Charter District Bond Guarantee Program

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

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

Pursuant to the CDBGP Rules, the Education Commissioner annually determines the ratio of charter district students to total public school students, for the 2025 fiscal year, the ratio is 7.86%. At February 27, 2025, there were 188 active open-enrollment charter schools in the State and there were 1,222 charter school campuses authorized under such charters, though as of such date, 264 of such campuses are not currently serving students for various reasons; therefore, there are 958 charter school campuses actively serving students in Texas. Section 12.101, Texas Education Code, limits the number of charters that the Education Commissioner may grant to a total number of 305 charters. While legislation limits the number of charters that may be granted, it does not limit the number of campuses that may operate under a particular charter. For information regarding the capacity of the Guarantee Program, see "Capacity Limits for the Guarantee Program." The Act provides that the Education Commissioner may not approve the guarantee of refunding or refinanced bonds under the Charter District Bond Guarantee Program in a total amount that exceeds one-half of the total amount available for the guarantee of charter district bonds under the Charter District Bond Guarantee Program.

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

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

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

The CDBGP Rules provide that the PSF may be used to guarantee bonds issued for the acquisition, construction, repair, or renovation of an educational facility for an open-enrollment charter holder and equipping real property of an open-enrollment charter school and/or to refinance promissory notes executed by an open-enrollment charter school, each in an amount in excess of $500,000 the proceeds of which loans were used for a purpose described above (so-called new money bonds) or for refinancing bonds previously issued for the charter school that were approved by the Attorney General (so-called refunding bonds). Refunding bonds may not be guaranteed under the Charter District Bond Guarantee Program if they do not result in a present value savings to the charter holder.

The 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 January 31, 2025 the cost value of the Guarantee Program was $48,560,433,760 (unaudited), thereby producing an IRS Limit of $242,802,168,800 in principal amount of guaranteed bonds outstanding.

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

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

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

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

2017 Legislative Changes to the Charter District Bond Guarantee Program

The 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 <u>less</u> 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 <u>prior to</u> the subtraction of the outstanding bond guarantees, thereby increasing the CDBGP Capacity.

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

In addition to modifying the manner of determining the 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, 2025, the Charter District Reserve Fund contained $120,355,020, which represented approximately 2.44% of the guaranteed charter district bonds. The Reserve Fund is held and invested as a non-commingled fund under the administration of the PSF Corporation staff.

Charter District Risk Factors

Open-enrollment charter schools in the State may not charge tuition and, unlike school districts, charter districts have no taxing power. Funding for charter district operations is largely from amounts appropriated by the Legislature. Additionally, the amount of State payments a charter district receives is based on a variety of factors, including the enrollment at the schools operated by a charter district, and may be affected by the State's economic performance and other budgetary considerations and various political considerations.

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

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

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

Ratings of Bonds Guaranteed Under the Guarantee Program

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

Valuation of the PSF and Guaranteed Bonds

Permanent School Fund Valuations

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

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

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

Permanent School Fund Guaranteed Bonds

At 8/31	Principal Amount[1]
2020	$90,336,680,245
2021	95,259,161,922
2022	103,239,495,929
2023	115,730,826,682
2024	125,815,981,603[2]

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

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

available to the Charter District Bond Guarantee Program. As of January 31, 2025, the amount of outstanding bond guarantees represented 76.33% of the Capacity Limit (which is currently the State Capacity Limit). January 31, 2025 values are based on unaudited data, which is subject to adjustment.

Permanent School Fund Guaranteed Bonds by Category[1]

	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 ($)
2020	3,296	87,800,478,245	64	2,536,202,000	3,360	90,336,680,245
2021	3,346	91,951,175,922	83	3,307,986,000	3,429	95,259,161,922
2022	3,348	99,528,099,929	94	3,711,396,000	3,442	103,239,495,929
2023	3,339	111,647,914,682	102	4,082,912,000	3,441	115,730,826,682
2024[2]	3,330	121,046,871,603	103	4,769,110,000	3,433	125,815,981,603

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

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

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

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

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

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

PSF Returns Fiscal Year Ended 8-31-2024[1]

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

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

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

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

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

Other Events and Disclosures

State ethics laws govern the ethics and disclosure requirements for financial advisors and other service providers who advise certain State governmental entities, including the PSF. The SBOE code of ethics provides ethical standards for SBOE members, the Education Commissioner, TEA staff, and persons who provide services to the SBOE relating to the Fund. The PSF Corporation developed its own ethics policy that provides basic ethical principles, guidelines, and standards of conduct relating to the management and investment of the Fund in accordance with the requirements of §43.058 of the Texas Education Code, as amended. The SBOE code of ethics is codified in the Texas Administrative Code at 19 TAC sections 33.4 et seq. and is available on the

TEA web site at https://tea.texas.gov/sites/default/files/ch033a.pdf. The PSF Corporation's ethics policy is posted to the PSF Corporation's website at texaspsf.org.

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

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

PSF Continuing Disclosure Undertaking

As of March 1, 2023, the TEA's undertaking pursuant to Rule 15c2-12 (the "TEA Undertaking") pertaining to the PSF and the Guarantee Program, is codified at 19 TAC 33.8, which relates to the Guarantee Program and is available at 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 reports as a special-purpose government engaged in business-type activities and reports to the State of Texas as a discretely presented component unit accounted for on an economic resources measurement focus and the accrual basis of accounting. Measurement focus refers to the definition of the resource flows measured. Under the accrual basis of accounting, all revenues reported are recognized in the period they are earned or when the PSF Corporation has a right to receive them. Expenses are recognized in the period they are incurred, and the subsequent amortization of any deferred outflows. Additionally, costs related to capital assets are capitalized and subsequently depreciated over the useful life of the assets. Both current and long-term assets and liabilities are presented in the statement of net position.

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

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

Event Notices

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

Availability of Information

The TEA and the PSF Corporation have agreed to provide the foregoing information only to the MSRB and to transmit such information electronically to the MSRB in such format and accompanied by such identifying information as prescribed by the MSRB. The information is available from the MSRB to the public without charge at www.emma.msrb.org.

Limitations and Amendments

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

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

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

Compliance with Prior Undertakings

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

SEC Exemptive Relief

On February 9, 1996, the TEA received a letter from the Chief Counsel of the SEC that pertains to the availability of the "small issuer exemption" set forth in paragraph (d)(2) of Rule 15c2-12. The letter provides that Texas school districts which offer municipal securities that are guaranteed under the Guarantee Program may undertake to comply with the provisions of paragraph (d)(2) of Rule 15c2-12 if their offerings otherwise qualify for such exemption, notwithstanding the guarantee of the school district securities under the Guarantee Program. Among other requirements established by Rule 15c2-12, a school district offering may qualify for the small issuer exemption if, upon issuance of the proposed series of securities, the school district will have no more than $10 million of outstanding municipal securities.

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DALLAS
INDEPENDENT SCHOOL DISTRICT