PRELIMINARY OFFICIAL STATEMENT

Dated August 3, 2026

NEW ISSUE – Book-Entry-Only **Ratings: Moody's: "Aa2"**
(See "OTHER INFORMATION – Ratings")

In the opinion of the Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Tax-Exempt Bonds is excluded from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of federal alternative minimum tax imposed on individuals. With respect to certain applicable corporations (as defined in Section 59(i) of the Code), such interest is taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on corporations. See "TAX MATTERS" herein.

DALLAS
INDEPENDENT SCHOOL DISTRICT

$109,095,000*
DALLAS INDEPENDENT SCHOOL DISTRICT
PUBLIC FACILITY CORPORATION
(a nonprofit corporation acting on behalf of the Dallas Independent School District)
LEASE REVENUE BONDS, SERIES 2026A

Dated Date: August 1, 2026 **Stated Maturity: February 15, as shown on page ii**
Interest to accrue from Delivery Date (defined below)

The Dallas Independent School District Public Facility Corporation Lease Revenue Bonds, Series 2026A (the "Tax-Exempt Bonds") are being issued by the Dallas Independent School District Public Facility Corporation (the "Corporation") as fully registered bonds in denominations of $5,000 or any integral multiple thereof, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC initially will act as securities depository for the Tax-Exempt Bonds. Purchases of beneficial ownership interests in the Tax-Exempt Bonds will be made in book-entry form through DTC participants, and no physical delivery of the Bond certificates will be made to such purchasers. Capitalized terms used in this cover page that are not otherwise defined shall have the meanings ascribed to them in the text of this Official Statement and in Appendix A hereto.

Interest on the Tax-Exempt Bonds, calculated on the basis of a 360-day year composed of twelve 30-day months, will accrue from their date of initial delivery to the underwriters shown below (the "Underwriters"), and is payable semiannually on February 15and August 15of each year, commencing August 15, 2027, until maturity or earlier redemption. Principal of, premium, if any, and interest on the Tax-Exempt Bonds will be payable to Cede & Co., as registered owner of the Tax-Exempt Bonds, at the designated payment office of U.S. Bank Trust Company, National Association, Dallas, Texas (the "Trustee"). DTC will be responsible for distributing the payments of principal of, premium, if any, and interest on the Tax-Exempt Bonds to the participating members of DTC who will in turn be responsible for distributing such payments to the owners of beneficial interests in the Tax-Exempt Bonds. See "THE BONDS - Book-Entry Only System."

The Tax-Exempt Bonds and the Dallas Independent School District Public Facility Corporation Lease Revenue Bonds, Taxable Series 2026B (the "Taxable Bonds", together with the Tax-Exempt Bonds, the "Bonds") are being concurrently offered by the Corporation (defined herein) under a common Official Statement but are separate and distinct securities offerings being issued and sold independently except for this Official Statement. While the Bonds share certain attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms for payment, the rights of the Corporation to redeem the Bonds of each series, the federal, state, or local tax consequences of the purchase, ownership, or disposition of the Bonds and other features.

The Tax-Exempt Bonds are being issued pursuant to a resolution (the "Resolution") adopted by the Board of Directors of the Corporation (the "Board") under the authority of and in full conformity with the laws of the State of Texas, particularly the provisions of the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended, and a Trust Agreement dated as of August 1, 2026 (the "Trust Agreement"), by and between the Corporation and the Trustee. In the Resolution, the Board delegated to certain officers of the Corporation (each, a "Pricing Officer") authority to execute one or more pricing certificates (collectively, the "Pricing Certificate"). The terms of the sale of the Tax-Exempt Bonds will be set forth in the Pricing Certificate to be executed by the Pricing Officer and such terms are included in the Trust Agreement and a Bond Purchase Agreement between the Corporation and the Underwriters. The Resolution and the Pricing Certificate are jointly referred to as the "Bond Resolution." The Tax-Exempt Bonds are being issued to finance the acquisition, renovation, construction, rehabilitation, repair, furnishing, and equipping of certain public school facilities for the use and benefit of the Dallas Independent School District (the "District"), to be used as a new centralized warehouse, storage, maintenance, and security facility (the "Project"). A portion of the proceeds of the Tax-Exempt Bonds will also be used to pay the costs of issuing the Tax-Exempt Bonds.

The principal of, premium, if any, and interest on the Tax-Exempt Bonds are payable from lease payments to be made by the District (the "Lease Payments") to the Corporation pursuant to a certain "Lease With an Option to Purchase," dated as of August 1, 2026 (the "Lease"), as authorized by Section 271.004 of the Texas Local Government Code, as amended. The Lease Payments are due at such times and in such amounts as will be required to pay the principal of, premium, if any, and interest on the Tax-Exempt Bonds, as and when the same become due. As additional security for the Tax-Exempt Bonds, the Corporation will grant to the Trustee for the benefit of the registered owners of the Tax-Exempt Bonds (i) a first mortgage lien on the real property portion of the Project and will assign and pledge the Corporation's interest in the leases, rents, and certain other benefits from the Project, pursuant to a Mortgage, and (ii) a first priority security interest in the personal property portion of the Project, pursuant to the Security Agreement. THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS IS A CURRENT EXPENSE, PAYABLE SOLELY FROM FUNDS TO BE ANNUALLY APPROPRIATED BY THE DISTRICT FOR SUCH USE FROM (I) ANY LAWFULLY AVAILABLE FUNDS APPROPRIATED BY THE TEXAS LEGISLATURE, WHICH UNDER CURRENT LAW IS LIMITED TO THE BASIC ALLOTMENT PORTION OF TIER ONE FUNDS AND CHAPTER 46 FUNDS AND (II) ANY UNINTENDED SURPLUS MAINTENANCE TAX REVENUES. THE DISTRICT HAS NO CHAPTER 46 FUNDS AVAILABLE FOR THIS PROJECT. REMEDIES AVAILABLE UPON A FAILURE OF THE DISTRICT TO APPROPRIATE OR PAY LEASE PAYMENTS ARE LIMITED TO ACCELERATION OF THE LEASE PAYMENTS, TERMINATION OF THE DISTRICT'S LEASEHOLD INTEREST, THE RIGHT TO TAKE POSSESSION AND CONTROL OF THE PROJECT, AND THE RIGHT TO SELL OR LEASE THE PROJECT UPON FORECLOSURE UNDER THE MORTGAGE AND SECURITY AGREEMENT. THE LEASE AND THE OBLIGATIONS OF THE DISTRICT THEREUNDER DO NOT CONSTITUTE A PLEDGE, A LIABILITY, OR A CHARGE UPON THE FUNDS OF THE DISTRICT AND DO NOT CONSTITUTE A DEBT OR GENERAL OBLIGATION OF THE STATE OF TEXAS, THE DISTRICT, OR ANY OTHER POLITICAL SUBDIVISON OF THE STATE OF TEXAS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE DISTRICT, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF TEXAS HAS BEEN PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE TAX-EXEMPT BONDS.

THE PURCHASE OF THE TAX-EXEMPT BONDS INVOLVES A DEGREE OF RISK (SEE "RISK FACTORS").

THE CORPORATION'S OBLIGATION WITH RESPECT TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE TAX-EXEMPT BONDS IS A SPECIAL, LIMITED, AND NON-RECOURSE OBLIGATION PAYABLE SOLELY FROM THE LEASE PAYMENTS PAYABLE BY THE DISTRICT PURSUANT TO THE LEASE AND FROM PROCEEDS FROM THE SALE OR OTHER LEASE OF THE PROJECT. THE CORPORATION HAS NO AUTHORITY TO LEVY TAXES. THE TAX-EXEMPT BONDS DO NOT CONSTITUTE AN OBLIGATION, EITHER SPECIAL, GENERAL, OR MORAL, OF THE DISTRICT, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF.

See page ii for Maturity Schedule, Interest Rates, Yields, Redemption Provisions and CUSIP Numbers

The Tax-Exempt 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, as Bond Counsel (see APPENDIX C – "FORM OF BOND COUNSEL'S OPINION"). Certain legal matters will be passed upon for the Corporation by Cantu Harden Montoya LLP, Dallas, Texas, Disclosure Counsel to the Corporation. Certain legal matters will be passed upon for the Underwriters by their Counsel, McCall, Parkhurst & Horton L.L.P., Dallas and Austin, Texas.

DELIVERY . . . It is expected that the Tax-Exempt Bonds will be available for initial delivery through the facilities of DTC on or about August 25, 2026* (the "Delivery Date").

RAYMOND JAMES

CABRERA CAPITAL MARKETS LLC **TEXAS CAPITAL SECURITIES**

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* Preliminary, subject to change.

MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS, REDEMPTION PROVISIONS, AND CUSIP NUMBERS

$109,095,000*
DALLAS INDEPENDENT SCHOOL DISTRICT
PUBLIC FACILITY CORPORATION
(a nonprofit corporation acting on behalf of the Dallas Independent School District)
LEASE REVENUE BONDS, SERIES 2026A

CUSIP(1) Prefix: [_________]

$__________ Tax-Exempt Serial Bonds

Maturity (February 15)	Principal Amount ($)	Interest Rate (%)	Initial Yield (%)(2)	CUSIP Suffix(1)	Maturity (February 15)	Principal Amount ($)	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix(1)
2027					2037				
2028					2038				
2029					2039				
2030					2040				
2031					2041				
2032					2042				
2033					2043				
2034					2044				
2035					2045				
2036					2046				

$_________ Tax-Exempt Term Bonds

$__________ ______% Tax-Exempt Term Bonds due February 15, 2051; Initial Yield(2) ______%; CUSIP No. Suffix(1)

(Interest to accrue from the Delivery Date)

OPTIONAL REDEMPTION OF THE TAX-EXEMPT BONDS... The Corporation reserves the right, at its option, to redeem the Tax-Exempt Bonds having stated maturities on and after February 15, 2037, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2036 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – OPTIONAL REDEMPTION"). The Tax-Exempt Bonds may also be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more of the consecutive maturities as one or more “Tax-Exempt Term Bonds.” Any such Tax-Exempt Term Bonds will be described in the final Official Statement (see "THE BONDS – MANDATORY REDEMPTION OF THE BONDS").

ADDITIONAL REDEMPTION PROVISIONS OF THE TAX-EXEMPT BONDS...For information regarding additional forms of redemption see “REDEMPTION” herein.

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* Preliminary, subject to change.

(1) CUSIP numbers are included solely for the convenience of the owners of the Tax-Exempt 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 Corporation, or the Co-Municipal Advisors are responsible for the selection or correctness of the CUSIP numbers set forth herein.

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

PRELIMINARY OFFICIAL STATEMENT

Dated August 3, 2026

NEW ISSUE – Book-Entry-Only

Ratings: Moody's: "Aa2"
(See "OTHER INFORMATION – Ratings")

The interest on the Taxable Bonds is included in gross income for federal income tax purposes. See "TAX MATTERS" herein.

$18,905,000[*]
DALLAS INDEPENDENT SCHOOL DISTRICT
PUBLIC FACILITY CORPORATION
(a nonprofit corporation acting on behalf of the Dallas Independent School District)
LEASE REVENUE BONDS, TAXABLE SERIES 2026B

Dated Date: August 1, 2026
Interest to accrue from Delivery Date (defined below)

Stated Maturity: February 15, as shown on page ii

The Dallas Independent School District Public Facility Corporation Lease Revenue Bonds, Taxable Series 2026B (the "Taxable Bonds") are being issued by the Dallas Independent School District Public Facility Corporation (the "Corporation") as fully registered bonds in denominations of $5,000 or any integral multiple thereof, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC initially will act as securities depository for the Taxable Bonds. Purchases of beneficial ownership interests in the Taxable Bonds will be made in book-entry form through DTC participants, and no physical delivery of the Bond certificates will be made to such purchasers. Capitalized terms used in this cover page that are not otherwise defined shall have the meanings ascribed to them in the text of this Official Statement and in Appendix A hereto.

Interest on the Taxable Bonds, calculated on the basis of a 360-day year composed of twelve 30-day months, will accrue from their date of initial delivery to the underwriters shown below (the "Underwriters"), and is payable semiannually on February 15 and August 15 of each year, commencing August 15, 2027, until maturity or earlier redemption. Principal of, premium, if any, and interest on the Taxable Bonds will be payable to Cede & Co., as registered owner of the Taxable Bonds, at the designated payment office of U.S. Bank Trust Company, National Association, Dallas, Texas (the "Trustee"). DTC will be responsible for distributing the payments of principal of, premium, if any, and interest on the Taxable Bonds to the participating members of DTC who will in turn be responsible for distributing such payments to the owners of beneficial interests in the Taxable Bonds. See "THE BONDS - Book-Entry Only System."

The Taxable Bonds, and the Dallas Independent School District Public Facility Corporation Lease Revenue Bonds, Series 2026A (the "Tax-Exempt Bonds", together with the Taxable Bonds, the "Bonds") are being concurrently offered by the Corporation (defined herein) under a common Official Statement but are separate and distinct securities offerings being issued and sold independently except for this Official Statement. While the Bonds share certain attributes, each issue is separate from the other and should be reviewed and analyzed independently, including without limitation the type of obligation being offered, its terms for payment, the rights of the Corporation to redeem the Bonds of each series, the federal, state, or local tax consequences of the purchase, ownership, or disposition of the Bonds and other features.

The Taxable Bonds are being issued pursuant to a resolution (the "Resolution") adopted by the Board of Directors of the Corporation (the "Board") under the authority of and in full conformity with the laws of the State of Texas, particularly the provisions of the Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended, and a Trust Agreement dated as of August 1, 2026 (the "Trust Agreement"), by and between the Corporation and the Trustee. In the Resolution, the Board delegated to certain officers of the Corporation (each, a "Pricing Officer") authority to execute one or more pricing certificates (collectively, the "Pricing Certificate"). The terms of the sale of the Taxable Bonds will be set forth in a "Pricing Certificate" to be executed by the Pricing Officer and such terms are included in the Trust Agreement and a Bond Purchase Agreement between the Corporation and the Underwriters. The Resolution and the Pricing Certificate are jointly referred to as the "Bond Resolution." The Taxable Bonds are being issued to finance the acquisition, renovation, construction, rehabilitation, repair, furnishing, and equipping of certain public school facilities for the use and benefit of the Dallas Independent School District (the "District"), to be used as a new centralized warehouse, storage, maintenance, and security facility (the "Project"). A portion of the proceeds of the Taxable Bonds will also be used to pay the costs of issuing the Taxable Bonds.

The principal of, premium, if any, and interest on the Taxable Bonds are payable from lease payments to be made by the District (the "Lease Payments") to the Corporation pursuant to a certain "Lease With an Option to Purchase," dated as of August 1, 2026 (the "Lease"), as authorized by Section 271.004 of the Texas Local Government Code, as amended. The Lease Payments are due at such times and in such amounts as will be required to pay the principal of, premium, if any, and interest on the Taxable Bonds, as and when the same become due. As additional security for the Taxable Bonds, the Corporation will grant to the Trustee for the benefit of the registered owners of the Taxable Bonds (i) a first mortgage lien on the real property portion of the Project and will assign and pledge the Corporation's interest in the leases, rents, and certain other benefits from the Project, pursuant to a Mortgage, and (ii) a first priority security interest in the personal property portion of the Project, pursuant to the Security Agreement. THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS IS A CURRENT EXPENSE, PAYABLE SOLELY FROM FUNDS TO BE ANNUALLY APPROPRIATED BY THE DISTRICT FOR SUCH USE FROM (I) ANY LAWFULLY AVAILABLE FUNDS APPROPRIATED BY THE TEXAS LEGISLATURE, WHICH UNDER CURRENT LAW IS LIMITED TO THE BASIC ALLOTMENT PORTION OF TIER ONE FUNDS AND CHAPTER 46 FUNDS AND (II) ANY UNINTENDED SURPLUS MAINTENANCE TAX REVENUES. THE DISTRICT HAS NO CHAPTER 46 FUNDS AVAILABLE FOR THIS PROJECT. REMEDIES AVAILABLE UPON A FAILURE OF THE DISTRICT TO APPROPRIATE OR PAY LEASE PAYMENTS ARE LIMITED TO ACCELERATION OF THE LEASE PAYMENTS, TERMINATION OF THE DISTRICT'S LEASEHOLD INTEREST, THE RIGHT TO TAKE POSSESSION AND CONTROL OF THE PROJECT, AND THE RIGHT TO SELL OR LEASE THE PROJECT UPON FORECLOSURE UNDER THE MORTGAGE AND SECURITY AGREEMENT. THE LEASE AND THE OBLIGATIONS OF THE DISTRICT THEREUNDER DO NOT CONSTITUTE A PLEDGE, A LIABILITY, OR A CHARGE UPON THE FUNDS OF THE DISTRICT AND DO NOT CONSTITUTE A DEBT OR GENERAL OBLIGATION OF THE STATE OF TEXAS, THE DISTRICT, OR ANY OTHER POLITICAL SUBDIVISON OF THE STATE OF TEXAS. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE DISTRICT, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF TEXAS HAS BEEN PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE TAXABLE BONDS.

THE PURCHASE OF THE TAXABLE BONDS INVOLVES A DEGREE OF RISK (SEE "RISK FACTORS").

THE CORPORATION'S OBLIGATION WITH RESPECT TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE TAXABLE BONDS IS A SPECIAL, LIMITED, AND NON-RECOURSE OBLIGATION PAYABLE SOLELY FROM THE LEASE PAYMENTS PAYABLE BY THE DISTRICT PURSUANT TO THE LEASE AND FROM PROCEEDS FROM THE SALE OR OTHER LEASE OF THE PROJECT. THE CORPORATION HAS NO AUTHORITY TO LEVY TAXES. THE TAXABLE BONDS DO NOT CONSTITUTE AN OBLIGATION, EITHER SPECIAL, GENERAL, OR MORAL, OF THE DISTRICT, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF.

See page ii for Maturity Schedule, Interest Rates, Yields, Redemption Provisions and CUSIP Numbers

The Taxable 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, as Bond Counsel (see APPENDIX C – "FORM OF BOND COUNSEL'S OPINION"). Certain legal matters will be passed upon for the Corporation by Cantu Harden Montoya LLP, Dallas, Texas, Disclosure Counsel to the Corporation. Certain legal matters will be passed upon for the Underwriters by their Counsel, McCall, Parkhurst & Horton L.L.P., Dallas and Austin, Texas.

DELIVERY . . . It is expected that the Taxable Bonds will be available for initial delivery through the facilities of DTC on or about August 25, 2026[*] (the "Delivery Date").

RAYMOND JAMES

CABRERA CAPITAL MARKETS LLC

TEXAS CAPITAL SECURITIES

[*] Preliminary, subject to change.

MATURITY SCHEDULE, INTEREST RATES, INITIAL YIELDS, REDEMPTION PROVISISONS, AND CUSIP NUMBERS

$18,905,000*
DALLAS INDEPENDENT SCHOOL DISTRICT
PUBLIC FACILITY CORPORATION
(a nonprofit corporation acting on behalf of the Dallas Independent School District)
LEASE REVENUE BONDS, TAXABLE SERIES 2026B

CUSIP[(1)] Prefix: [________]

$_________ Taxable Serial Bonds

Maturity (February 15)	Principal Amount ($)	Interest Rate (%)	Initial Yield (%)[(2)]	CUSIP Suffix[(1)]	Maturity (February 15)	Principal Amount ($)	Interest Rate (%)	Initial Yield (%)	CUSIP Suffix[(1)]
2027					2035				
2028					2036				
2029					2037				
2030					2038				
2031					2039				
2032					2040				
2033					2041				
2034									

$_________ Taxable Term Bonds

$_________ ______% Taxable Term Bonds due February 15, 2051; Initial Yield[(2)] ______%; CUSIP No. Suffix[(1)]

(Interest to accrue from the Delivery Date)

OPTIONAL REDEMPTION OF THE TAXABLE BONDS... The Corporation reserves the right, at its option, to redeem the Taxable Bonds having stated maturities on and after February 15, 2037, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2036 or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – OPTIONAL REDEMPTION"). The Taxable Bonds may also be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more of the consecutive maturities as one or more "Taxable Term Bonds." Any such Taxable Term Bonds will be described in the final Official Statement (see "THE BONDS – MANDATORY REDEMPTION OF THE BONDS").

ADDITIONAL REDEMPTION PROVISIONS OF THE TAXABLE BONDS... For information regarding additional forms of redemption see "REDEMPTION" herein.

* Preliminary, subject to change.

(1) CUSIP numbers are included solely for the convenience of the owners of the Taxable 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 Corporation, or the Co-Municipal Advisors are responsible for the selection or correctness of the CUSIP numbers set forth herein.

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

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 Corporation with respect to the Bonds that has been "deemed final" by the Corporation 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 Corporation 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 Corporation 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, the Corporation 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-Municipal 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 the Corporation or other matters described herein since the date hereof.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. 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 CORPORATION, ITS CO-MUNICIPAL 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. CUSIP NUMBERS HAVE BEEN ASSIGNED TO THESE ISSUES 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.

U.S. Bank Trust Company, National Association, Dallas, Texas, in its capacity as Trustee, assumes no responsibility for the accuracy or completeness of the information concerning the Corporation or District of their respective affiliates or any other party contained in the document or the related documents of for any failure by the Corporation or the District or any other party to disclose events that may have occurred and may affect the significance or accuracy of such information.

THE TRUSTEE HAS NOT PARTICIPATED IN THE PREPARATION OF THE OFFICIAL STATEMENT AND ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OR ANY INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT OR THE RELATED TRANSACTIONS AND DOCUMENTS OR FOR ANY FAILURE BY ANY PARTY TO DISCLOSE EVENTS THAT MAY HAVE OCCURRED AND MAY AFFECT THE SIGNIFCANCE OR ACCURACY OF SUCH INFORMATION.

The agreements of the Corporation 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.

TABLE OF CONTENTS

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.

CORPORATION BOARD OF DIRECTORS, DISTRICT OFFICIALS, DISTRICT STAFF, AND CONSULTANTS AND ADVISORS

Corporation Board of Directors

Name	Office	Term Expires
Joe Carreon	President	2029
Sarah Weinberg	1st Vice President	2029
Byron Sanders	2nd Vice President	2027
Prisma Y. Garcia	Secretary	2029
Joyce Freeman	Treasurer	2029
Lance Currie	Board Member	2029
Dan Micciche	Board Member	2027
Ed Turner	Board Member	2027
Ben Mackey	Board Member	2027

District Officials

Board of Trustees	Length of Service	Term Expires [1]	Occupation
Joe Carreón President - District 8	5 Years, 10 Months	2029	Attorney
Sarah Weinberg 1st Vice President – District 2	3 Years, 4 Months	2029	Retired Community Volunteer
Byron Sanders 2nd Vice President – District 5	1 Year, 2 Months	2027	Founder/Chief Executive Officer Arete Health
Prisma Y. Garcia Board Secretary – District 4	1 Year, 2 Months	2029	Human Resources Manager Pizza Hut US (Book It!)
Lance Currie Trustee – District 1	2 Years, 3 Months	2029	Attorney Carrington, Coleman, Sloman & Blumenthal L.L.P.
Dan Micciche Trustee – District 3	13 Years, 2 Months	2027	Attorney Akin Gump Strauss Hauer & Feld, LLP
Ed Turner Trustee – District 9	1 Year, 2 Months	2027	Insurance Broker
Joyce Foreman Trustee – District 6	12 Years, 1 Months	2029	Retired Business Owner
Ben Mackey Trustee – District 7	7 Years, 1 Months	2027	Executive Director Texas Impact Network

[1] Beginning in November of 2027, all board members shall hold office for 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 from that date forward, 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, 10 months
Eduardo Ramos, RTSBA	Deputy Superintendent of Business Services	1 year, 8 months
Jordan Roberts, RTSBA	Executive Director of Treasury Services	22 years, 8 months
Edward Sorola	Executive Director of Financial Services	12 years, 10 months
Sarbani Majumdar	Director of Accounting Services	10 years, 10 months

Consultants and Advisors

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

Disclosure Counsel .... Cantu Harden Montoya LLP
Dallas, Texas

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

Nickel Hayden Advisors
Austin, Texas

For additional information regarding the District, please contact:

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Mr. Jordan Roberts
Executive Director of Treasury Services
Dallas Independent School District
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Mr. R. Dustin Traylor
RBC Capital Markets, LLC
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San Antonio, Texas 78215
(210) 805-1117

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

$109,095,000[*]
DALLAS INDEPENDENT SCHOOL DISTRICT
(a nonprofit corporation acting on behalf of the Dallas Independent School District)
LEASE REVENUE BONDS, SERIES 2026A

$18,905,000[*]
DALLAS INDEPENDENT SCHOOL DISTRICT
(a nonprofit corporation acting on behalf of the Dallas Independent School District)
LEASE REVENUE BONDS, TAXABLE SERIES 2026B

INTRODUCTION

This Official Statement, which includes the preceding pages and the Appendices hereto, provides certain information regarding the issuance of the Dallas Independent School District Public Facility Corporation (the "Corporation"), provides certain information regarding the issuance of the Corporation's $109,095,000* Lease Revenue Bonds, Series 2026A (the "Tax-Exempt Bonds") and $18,905,000*Lease Revenue Bonds, Taxable Series 2026B (the "Taxable Bonds", together with the Tax-Exempt Bonds, the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in Appendix A hereto, except as otherwise indicated herein.

The Bonds are being issued pursuant to a resolution (the "Resolution") adopted on August 13, 2026 by the governing body of the Corporation (the "Board") under the authority of and in full conformance with the laws of the State of Texas (the "State"), particularly the provisions of Chapter 303 of the Texas Local Government Code, as amended (the "Public Facility Corporation Act") and the Trust Agreement, to finance the Project for the benefit and use of the District. In the Resolution, the Board delegated to certain officers of the Corporation (each, a "Pricing Officer") authority to complete the sale of the Bonds. The terms of the sale of the Bonds are set forth in a "Pricing Certificate" executed by the Pricing Officer and such terms are included in the Trust Agreement and a Bond Purchase Agreement between the Corporation and the Underwriters. The Resolution and the Pricing Certificate are jointly referred to as the "Bond Resolution." The Corporation will lease the Project to the District pursuant to the "Lease with an Option to Purchase" (the "Lease"). Under the Lease, the District is required to make Lease Payments semiannually, commencing August 15, 2027, in consideration of the lease of the Project, which Lease Payments comprise principal and interest to be distributed semiannually to the Bondholders. The Corporation has assigned its interest in the Lease, the Lease Payments, and the real property portion of the Project to the Trustee for the benefit of the Bondholders pursuant to a Deed of Trust, Security Agreement and Assignment of Rents and Leases, dated as of the Delivery Date (the "Mortgage"), executed by the Corporation for the benefit of the Trustee. The Corporation has also granted a first priority security interest in the personal property portion of the Project pursuant to a Security Agreement dated as of the Delivery Date (the "Security Agreement") (See "SECURITY FOR THE BONDS").

THE PURCHASE OF THE BONDS INVOLVES A DEGREE OF RISK (SEE "RISK FACTORS").

THE CORPORATION'S OBLIGATION WITH RESPECT TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS IS A SPECIAL, LIMITED, AND NON-RECOURSE OBLIGATION PAYABLE SOLELY FROM THE LEASE PAYMENTS PAYABLE BY THE DISTRICT PURSUANT TO THE LEASE AND FROM PROCEEDS FROM THE SALE, INSURANCE PROCEEDS, OR OTHER LEASE OF THE PROJECT. THE CORPORATION HAS NO AUTHORITY TO LEVY TAXES. THE BONDS DO NOT CONSTITUTE AN OBLIGATION, EITHER SPECIAL, GENERAL, OR MORAL, OF THE DISTRICT, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF.

The obligation of the District to make Lease Payments is a current expense, payable solely from funds to be annually appropriated by the District for such use from (i) any lawfully available funds appropriated biennially by the Texas Legislature, which under current law is limited to the Basic Allotment portion of Tier One Funds and Chapter 46 Funds (if any), and (ii) any unintended surplus maintenance tax revenues. However, the District has not submitted an application to the Texas Education Agency for the receipt of Chapter 46 Funds to be used to make lease payments. Remedies available upon a failure of the District to appropriate or pay Lease Payments are limited to acceleration of the Lease Payments, termination of the District's leasehold interest, the right to take possession and control of the Project, and the right to sell or lease the Project upon foreclosure under the Mortgage and Security Agreement. The Lease and the obligations of the District thereunder do not constitute a pledge, a liability, or a charge upon the funds of the District and do not constitute a debt or general obligation of the State, the District, or any other political subdivision of the State. Neither the faith and credit nor the taxing power of the State, the District, or any other political subdivision of the State has been pledged to the payment of the principal of, premium, if any, or interest on the Bonds. The Corporation has no taxing authority (see "REDEMPTION - Redemption - Casualty Loss or Condemnation").

The proceeds from the sale of the Bonds will be deposited into the Project Account created by the Trust Agreement and used, together with the interest earnings thereon, to pay or reimburse the Corporation for payment of Project Costs, including costs of (i) acquisition, renovation, construction, rehabilitation, repair, furnishing, and equipping the Project (herein defined) and (ii) issuance of the Bonds.

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[*] Preliminary, subject to change.

THE PROJECT

The Project consists of the acquisition, renovation, construction, rehabilitation, repair, furnishing, and equipping of certain public school facilities for the use and benefit of the Dallas Independent School District (the "District"), to be used as a new centralized warehouse, storage, maintenance, and security facility (the "Project").

There follows in this Official Statement descriptions of the plan of financing and the Bonds and certain information regarding the District and its finances. Such descriptions do not purport to be comprehensive or definitive. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document, copies of which may be obtained from the District upon payment of reasonable copying and delivery charges. All references to the Bonds are qualified in their entirety by reference to the definitive forms thereof and the information with respect thereto contained in the Trust Agreement.

RISK FACTORS

THE PURCHASE OF THE BONDS IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE BONDS IS URGED TO READ THIS OFFICIAL STATEMENT IN ITS ENTIRETY INCLUDING ITS APPENDICES. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF DEBT SERVICE ON THE BONDS, AND WHICH COULD ALSO AFFECT THE MARKETABILITY OF THE BONDS TO AN EXTENT THAT CANNOT BE DETERMINED.

NON-APPROPRIATION... Except to the extent that the Bonds may be payable from insurance proceeds or the proceeds of the Bonds not needed to acquire, construct, improve, renovate, or equip the Project or to pay the costs of issuance of the Bonds, and income from the investment thereof, the Bonds and the interest thereon are payable solely from Lease Payments and other payments paid or payable by the District from and after the date of the Lease, and other income, charges, and funds realized from the lease, sale, transfer, or other disposition of the Project, together with all funds and investments in all accounts established under the Trust Agreement, and all funds deposited with the Trustee pursuant to the Financing Documents. The obligation of the District to pay Lease Payments is limited to those funds appropriated by the District from (i) money appropriated biennially by the Legislature of the State that may lawfully be used with respect to any payment obligated or permitted under the Lease, which under current law is limited to the Basic Allotment portion of Tier One Funds and Chapter 46 Funds and (ii) any unintended surplus maintenance tax funds of the District at the end of each fiscal year after payment of all maintenance and operating expenses of the District for that fiscal year, which includes both (a) investment earnings on the District's maintenance tax funds, and (b) undesignated (unassigned) general fund balance (i) and (ii), together, "Available Funds"). See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS." If Available Funds sufficient to pay the Lease Payments during the succeeding fiscal year are not appropriated by the District, the Lease will automatically terminate at the end of the fiscal year for which sufficient funds have been appropriated. In such event, the District must immediately, upon expiration of such fiscal year, surrender possession and control of the Project to the Corporation or the Trustee. No assurances may be given that the Corporation or the Trustee will be able to manage or sell the Project such that there will be sufficient revenues therefrom to pay debt service on the Bonds.

There can be no assurance that the District will annually appropriate sufficient funds to pay the Lease Payments due in any given fiscal year. Accordingly, the likelihood that there will be sufficient funds to pay the principal of, premium, if any, and interest on the Bonds is dependent upon certain facts which are beyond the control of the registered owners, including (a) the continuing need of the District for the Project, (b) the ability of the District to obtain funds from the Texas Legislature to pay obligations associated with the Lease, (c) the demographic and economic conditions within the service area of the District, (d) the value, if any, of the Project in a sale instituted by the Corporation or the Trustee pursuant to the Trust Agreement and the Mortgage, and (e) the rental value of the Project in the event the Trustee re-leases the Project to a third party or to the District pursuant to an operating lease.

THE DISTRICT HAS NO OBLIGATION TO ADOPT OR MAINTAIN A BUDGET TO AVOID A TERMINATION OF THE LEASE OR TO MAKE LEASE PAYMENTS SUBSEQUENT TO THE TERMINATION OF THE LEASE UPON THE OCCURRENCE OF AN EVENT OF NON-APPROPRIATION. IF THE DISTRICT FAILS TO APPROPRIATE SUFFICIENT FUNDS TO MAKE LEASE PAYMENTS, IT IS PROBABLE THAT THERE WILL NOT BE SUFFICIENT FUNDS TO PAY THE BONDS, WHEN DUE.

CONTINUED STATE APPROPRIATION OF TIER ONE FUNDS AND CHAPTER 46 FUNDS... Since 1989, State funding of education has been challenged on constitutional grounds requiring the State Legislature to enact several funding programs, each of which differed in the manner in which State and local funds have been allocated to school districts. In its most recent decision, *Morath, et. Al v. The Texas Taxpayer and Student Fairness Coalition, et al.*, 490 S.W.3d 826 (Tex. 2016) ("*Morath*"), the Texas Supreme Court (the "Court") held that "despite the imperfections of the current school funding regime, it meets minimum constitutional requirements." While the current funding system survived the challenges raised in *Morath*, there can be no assurance that the Texas Legislature will not change the current system of funding for school districts in Texas and thereby adversely affect the District's anticipated Basic Allotment funds. (See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM.")

DISTRICT'S FUTURE LEVEL OF TIER ONE FUNDS... The money which may lawfully be used by the District for the Lease Payments is primarily from the Basic Allotment portion of its Tier One Funds received from the State. Tier One Funds are provided to school districts based on a formula that includes, among other factors, the following primary factors relating to the District: (1) tax rate, (2) average daily attendance, (3) tax collection rate, and (4) assessed valuation of property. A significant decrease in items (1), (2), or (3) or a significant increase in item (4) could have a material adverse effect on the amount of Tier One Funds allocated to the District and, therefore, on its ability to make the Lease Payments. For more information on Tier One Funds, see "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS."

POSSIBLE FUTURE CHANGES TO OR REDUCTIONS OF THE TEXAS PUBLIC SCHOOL FINANCE SYSTEM... Neither the Corporation nor the District can make any representation or prediction concerning how or if the Texas public school finance system may be changed by the State Legislature. Changes to or funding reductions for the school finance system could substantially adversely affect the financial condition of the District. (See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM.").

PREPAYMENT RISK... On each Purchase Option Date during the Term of the Lease beginning on August 1, 2026, the District has the option to purchase the Corporation's interest in the Project for an amount equal to the Purchase Option Price on such date as provided in the Lease. In such event, the Bonds will be redeemed prior to their final maturity and Bondholders may not receive the full yield-to-maturity on their Bonds.

DAMAGE OR DESTRUCTION RISK...In the event of damage, destruction, or condemnation of all or a portion of the Project, the District is required to promptly repair, restore, or replace the Project, but solely from Available Funds, and is required to use the Net Proceeds of any insurance or condemnation award for such repair or replacement or for the redemption of Bonds. Regardless of the sufficiency or insufficiency of the Net Proceeds for such purposes, the District is obligated to continue to pay the Lease Payments from Available Funds. If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration or replacement of the Project, the District may apply Available Funds in excess of the Lease Payments to fund the excess costs or, in lieu of making the repairs, restorations, or replacements, the District has the option to terminate the Lease and all of the Corporation's interest in the Project, by exercising its option to purchase on the next succeeding Bond Payment Date for which it is possible to give notice of intent to exercise its option to purchase in accordance with the Lease. See "REDEMPTION - Redemption - Casualty Loss or Condemnation." There can be no assurance that the Net Proceeds of an insurance or condemnation award will be sufficient to repair or restore the Project or that, if such Net Proceeds are insufficient for such purpose, the District will appropriate sufficient funds for the repair, replacement, or restoration of the Project, or for the payment of the principal of, premium, if any, and interest on the Bonds necessary in order to exercise its option to purchase under the Lease.

POWER OF EMINENT DOMAIN... Pursuant to State law, the District has the power to exercise its rights under the doctrine of eminent domain to condemn and take ownership of property for public use. There is no assurance that the District will not exercise its power of eminent domain in order to take possession of the Project and to terminate its obligations under the Lease. Under the eminent domain process, a State judge appoints a three-member panel of commissioners to arrive at a fair price for the District to purchase the property. The District and the Corporation have agreed in the Lease, to the extent permitted by law, that in the event the District determines to exercise its power of eminent domain to take the Corporation's or the Trustee's interest in the Project or any part thereof, that the damages payable to the Corporation or the Trustee will be an amount which will be sufficient to pay the principal of, premium, if any, and accrued interest on all outstanding Bonds to the earliest date for which notice of redemption can be given pursuant to the Trust Agreement. Any condemnation proceeds are to be deposited with the Trustee and distributed to the registered owners in accordance with the provisions of the Trust Agreement.

There is no reported precedential case law in the State to indicate (i) whether or not the courts would prevent the District's condemnation of the Project as an abuse of its eminent domain power in the event the District condemns the Project, or (ii) whether or not the courts would uphold the validity of the agreement of the District and the Corporation under the Lease to establish, in advance, the damages to be paid to the Corporation or the Trustee in the event that the District determines to exercise its power of eminent domain to acquire title to the Project. If the agreement of the District and the Corporation is not upheld, there is no assurance that the "fair price" arrived at by the panel of commissioners will be sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds then outstanding.

REMEDIES... If an Event of Default occurs under the Financing Documents, the practical realization of any rights upon any default will depend on the exercise of various remedies specified in the Trust Agreement, the Mortgage, the Security Agreement, and the Lease. The enforcement of any remedies granted to the Trustee under these agreements may be affected by various matters including: (i) federal bankruptcy laws; (ii) rights of third parties in cash, securities, and instruments not in possession of the Trustee, including accounts and general intangibles converted for cash; (iii) rights arising in favor of the United States of America or any agency thereof; (iv) present or future prohibitions against assignments in any federal statutes or regulations; (v) constructive trusts, equitable liens, or other rights imposed or conferred by any state or federal court in the exercise of its equitable jurisdiction; (vi) the necessity for judicial action with respect to certain remedies, which is often subject to judicial discretion and delay; (vii) claims that might obtain priority if continuation statements are not filed in accordance with applicable laws; (viii) rights to proceeds of any collateral may be impaired if appropriate action is not taken to continue the perfection of a security interest therein as required by the Texas Business and Commerce Code; (ix) statutory liens; and (x) any rights of parties secured by encumbrances permitted by the Lease.

The various legal opinions to be delivered concurrently with the issuance of the Bonds will be qualified as to the enforceability of the remedies provided under the Bond documents as a result of limitations imposed by bankruptcy, reorganization, insolvency, fraudulent conveyance, or other similar laws affecting the rights of creditors generally and by general principles of equity and public policy considerations. If any of such limitations are imposed they may adversely affect the ability of the Trustee and the Bondholders to enforce their claims and rights against the Corporation, the District, and the Project. Consequently, in the event of a default, it is uncertain that the Trustee could successfully obtain an adequate remedy at law or in equity on behalf of the owners of the Bonds.

INABILITY TO LIQUIDATE OR DELAY IN LIQUIDATING THE PROJECT... An Event of Default or an Event of Non-appropriation gives the Trustee the right to sell or lease the Project. The Project is intended to be used as an administration building. There can be no assurance of the value of the Project for any other use. Accordingly, a potential purchaser of the Bonds should not anticipate that the sale or re-lease of the Project could be accomplished rapidly, on favorable terms or at all. Furthermore, any delay in the ability of the Trustee to obtain possession of the Project may result in delays in the payment of debt service on the Bonds.

There is no assurance that the Trustee will be able to sell or lease the Project after a termination of the Lease for an amount equal to the aggregate principal amount of the Bonds then outstanding plus accrued interest thereon. If the Project is sold or leased by the Trustee for an amount less than the aggregate principal amount of and accrued interest on the Bonds, such partial payment would be the only remedy of the registered owners of the Bonds; upon such a partial payment, no registered owner will have any further claim for payment upon the Corporation, the Trustee, or the District.

CONSTITUTIONALITY OF THE LEASE OBLIGATION... In *City-County Solid Waste Control Board* v. *Capital City Leasing*, 813 S.W.2d 705 (Tex. Civ. App. 1991, writ den.), a Texas appellate court ruled that an equipment lease which required a governmental unit to pursue annual appropriations creates an unconstitutional debt, thus rendering the lease void and unenforceable. The Texas Supreme Court declined, without comment, to hear the case on appeal. Although the Lease and the Trust Agreement acknowledge that the Lease Payments and certain other financial obligations of the District and the Corporation are payable from funds that must be appropriated by the Texas Legislature and by the District, there is no explicit covenant in the Lease requiring the District to seek an appropriation. Accordingly, the District believes the facts of such case are distinguishable from the language contained in the Lease. However, there can be no guarantee that another court would not apply reasoning similar to that of the appellate court in the Capital City Leasing case to the Lease.

OTHER OBLIGATIONS OF THE DISTRICT... The obligation of the District to make Lease Payments will be satisfied from the funds of the District which are appropriated for such use. To the extent the Basic Allotment and surplus maintenance tax revenues are used by the District to make the Lease Payments, the District may enter into other obligations which may constitute additional charges against such funds from which the Lease Payments may be appropriated and, therefore, such funds available for appropriation for Lease Payments may be decreased. The Corporation has not previously issued lease revenue bonds.

TRANSFERABILITY OF BONDS UPON A TERMINATION EVENT... Bond Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Bond subsequent to a termination of the Lease by reason of an Event of Default or an Event of Non-appropriation thereunder or due to an Event of Default under the Trust Agreement. If the Lease is terminated by reason of an Event of Default or an Event of Non-appropriation, there is no assurance that the Bonds may be transferred by a holder thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

LOSS OF TAX-EXEMPT STATUS UPON A TERMINATION EVENT... Bond Counsel has rendered no opinion as to the treatment for federal income tax purposes of any money received by a registered owner of the Tax-Exempt Bonds subsequent to a termination of the Lease by reason of an Event of Default or an Event of Non-appropriation thereunder or due to an Event of Default under the Trust Agreement. There is no assurance that any money received by the registered owners of the Bonds subsequent to such event will continue to be excludable from gross income for federal income tax purposes.

NONCOMPLIANCE WITH FEDERAL TAX PROVISIONS OCCURRENCE OF TAXABILITY... The Lease and the Trust Agreement obligate the District and the Corporation to comply with requirements of federal law related to the tax-exempt status of the Tax-Exempt Bonds, including a requirement rebate certain investment proceeds to the federal government. If the District or the Corporation fails to comply with those requirements, the interest portion of the Bond Payments could become includable in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. Such a failure by the Corporation or the District to comply with the covenants, conditions, or agreements on their part to be observed or performed by them under the Lease or the Trust Agreement, if not cured within 20 days of written notice thereof, will constitute an Event of Default under the Lease or the Trust Agreement, as applicable. Thereafter, the Trustee will have the right to exercise one or more of the remedies set forth in the Trust Agreement or the Lease, which may or may not include the acceleration of the principal of and accrued but unpaid interest on the Tax-Exempt Bonds. In no event, however, would the registered owners of the Tax-Exempt Bonds be entitled to an increase in the interest rate on the Tax-Exempt Bonds and, accordingly, the after-tax yield to the registered owners would be materially decreased.

NON-RECOURSE OBLIGATION... The payment of principal, premium, if any, and interest on the Bonds is without recourse to the Corporation and the ability of the Corporation to pay debt service on the Bonds is completely dependent upon the receipt of Lease Payments from the District. The only obligation of the Corporation is to provide the District with continued quiet enjoyment of the Project, provided the District is not in default under the Lease. The District's ability to perform its obligations under the Lease and its capability to appropriate money for the Lease may be adversely affected by the financial condition of the District. See "FINANCIAL AND OPERATING INFORMATION FOR THE DISTRICT."

RESALE OF BONDS... There may not be a secondary market for the Bonds, and the Underwriters have not committed to maintain such a market. In the secondary market for securities similar to the Bonds, the difference between the bid and asked price may be greater than the difference between the bid and asked price for more traditional types of municipal securities.

BONDS WILL NOT BE DELIVERED IF PROPERTY ACQUISITION DOES NOT OCCUR CONCURRENTLY WITH DELIVERY... A portion of the proceeds of the Bonds will be used for the Corporation's acquisition (the "Property Acquisition") of an existing building located at 4235 Norwich Street, Dallas, Texas 75212(the "Property"), which will become the Project, from a third party seller (the "Property Seller"). The Property Acquisition shall occur pursuant to a real estate sales contract (the "Property Contract") between the District and the Property Seller which the District has assigned to the Corporation. Pursuant to the Property Contract, the Property Acquisition shall occur concurrently with delivery of the Bonds on the Delivery Date. If the Property Acquisition does not occur concurrently with delivery of the Bonds on the Delivery Date, due to the Property Seller's inability to perform its duties under the Property Contract or otherwise, the Bonds will not be delivered on the Delivery Date. Neither the District nor the Corporation may provide any assurance that the Property Acquisition will occur concurrently with delivery of the Bonds on the Delivery Date in accordance with the Property Contract.

PROPERTY ACQUISITION MATTERS... The Property is currently subject to a deed restriction which prohibits use of the Property as a training or educational facility. However, the District anticipates such restriction to be removed in connection with the Property Acquisition on the Delivery Date, and the District plans to use the Property for administrative purposes. Additionally, the District negotiated the sale price of the Property with the Property Seller pursuant to an arms-length transaction and determined the sales price of the Property based on various factors including but not limited to District needs, location, and layout of the existing facility. Neither the Corporation nor the District has procured an appraisal of the Property to determine the market value of the Property and, therefore, the appraised value of the Property may differ from the negotiated sale price. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Corporation and the Underwriters believe to be reliable, but neither the Corporation nor the Underwriters take any responsibility for the accuracy thereof.

PLAN OF FINANCING

The Project is being financed pursuant to Section 271.001 et. seq., Texas Local Government Code, as amended (the "Public Property Finance Act"), the Public Facility Corporation Act, and Section 48.051 et. seq., Texas Education Code, as amended (the "Tier One Act") and Chapter 46, Texas Education Code, as amended ("Chapter 46").

Section 271.004 of the Public Property Finance Act authorizes school districts to acquire real property and improvements by entering into lease purchase contracts provided that a notice of intent to enter into such contract is published at least 60 days prior to execution of the contract. The District adopted a resolution on February 26, 2026, pursuant to the Public Property Finance Act, to publish a notice of intention to enter into a lease purchase agreement for an amount not to exceed $121,000,000. Such notice was published on March 17, 2026. Pursuant to the authority of the resolution adopted on February 26, 2026, the District published a new notice of intent to enter into a lease purchase agreement for an amount not to exceed $135,000,000. The Public Property Finance Act imposes a duty upon the District to obtain the approval of its electorate if a valid petition containing the signatures of at least five percent of the registered voters of the District is filed with the Board of Trustees of the District within sixty (60) days of the date of publication of the notice of intent. The notice of intention was published and no petition was presented within the prescribed sixty (60) day period.

The Public Facility Corporation Act authorizes the creation and utilization by school districts (and other governmental entities) of public facility corporations to issue bonds to provide for the acquisition, construction, rehabilitation, renovation, repair, equipping, furnishing, and placing in service of public facilities of its governmental sponsor. The Public Facility Corporation Act further authorizes school districts (and other governmental entities) to incur obligations in favor of public facility corporations to serve as security for the bonds to be issued by such corporations. The Corporation was formed pursuant to the Public Facility Corporation Act to issue bonds, and to enter into leases, as lessor, with the District, as lessee, in order to finance school facilities as described herein.

One of the District's primary sources of funds for making the Lease Payments under the Lease, which will in turn be used to make payments of principal and interest on the Bonds, are revenues to be received by the District from biennial legislative appropriations pursuant to the Tier One Act. Texas law provides a two-tiered education finance structure known as the Foundation School Program. The Tier One Act provides that the purpose of Tier One is to guarantee sufficient financing for all school districts to provide a basic program of education that meets accreditation and other applicable legal standards. For additional information regarding Tier One funding, see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - State Funding for School Districts - Tier One" herein. See also "FINANCIAL AND OPERATING INFORMATION OF THE DISTRICT - Tier One Allotment History".

The District has not filed an application and has not been awarded any instructional facilities allotment funding under Chapter 46 of the State Education Code in connection with the Bonds. Under the current school funding system, the District's unintended maintenance tax funds, which include both (a) investment earnings on maintenance tax funds, and (b) undesignated (unassigned) general fund balance will be the primary source of funds for the District to make its Lease Payments under the Lease. For more information on Tier One Funds, see "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS."

Another of the District's sources of funds for making the Lease Payments under the Lease, which will in tum be used to make payments of principal and interest on the Bonds, is unintended surplus maintenance tax funds. Since these funds are "unintended," these funds cannot be budgeted by the District, and, as such, there can be no assurance that such funds, if any, will be available for making the Lease Payments. For more information on unintended surplus maintenance tax funds, see "FINANCIAL AND OPERATING INFORMATION FOR THE DISTRICT."

To provide funds for the acquisition, construction, improvement, renovation, and equipping of the Project, the District and the Corporation will enter into the Lease whereby the Corporation will agree to lease the Project to the District, and the District will agree to pay semiannual Lease Payments sufficient to pay principal, interest, and redemption premium, if any, on the Bonds when due. The District may terminate the Lease by failing to appropriate money in any fiscal year for this purpose (see "RISK FACTORS - Non-Appropriation"). For a summary of certain provisions of the Lease, see APPENDIX A- Selected Provisions of the Financing Documents - The Lease."

The Bonds are being issued pursuant to the Bond Resolution and the Trust Agreement to finance the acquisition, construction, improvement, renovation, and equipping of the Project. See "THE PROJECT." A portion of the proceeds of the Bonds will also be used to pay the costs of issuing the Bonds. For more information on the Trust Agreement, see APPENDIX A- "Selected Provisions of the Financing Documents - The Trust Agreement."

To secure its obligations under the Trust Agreement, the Corporation will grant a first mortgage lien on and first deed of trust lien to the real property portion of the Project and will assign and pledge the Corporation's interest in the leases, rents, issues, profits, revenues, income, receipts, money, rights, and benefits of and from the Project for the use and benefit of the Trustee, on behalf of the registered owners of the Bonds, pursuant to the Mortgage. The Corporation will also grant to the Trustee for the benefit of the Bondholders a first priority security interest in the machinery, equipment, furnishings, or other personal property acquired by the Corporation with the proceeds of the Bonds, and at any time installed or located at the Project site, and in the accounts, documents, chattel paper, instruments, and general intangibles arising in any manner from the Corporation's ownership and operation of the Project pursuant to the Security Agreement.

The Trust Agreement, the Lease, the Mortgage, and the Security Agreement are collectively referred to herein as the "Financing Documents." See "RISK FACTORS" herein.

THE BONDS

DESCRIPTION OF THE BONDS... The Bonds will be issued in an aggregate principal amount of $______ as fully registered Bonds in denominations of $5,000 or any integral multiple thereof, be dated August 1, 2026 (the "Dated Date") and mature on February 15 in each of the years and in the amounts shown on page ii of this Official Statement. The Bonds will accrue interest from the date of their delivery (the "Delivery Date"), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable semiannually on each February 15 and August 15 commencing on August 15, 2027, until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar (defined herein) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – BOOK-ENTRY-ONLY SYSTEM" herein. If the date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment was due.

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-Municipal 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-Municipal 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 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, physical 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 Corporation, the Underwriters and the Co-Municipal Advisors believe to be reliable, but neither the Corporation nor the Underwriters and the Co-Municipal 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, physical 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 Trust Agreement.

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 Trust Agreement will be given only to DTC.

REDEMPTION

REDEMPTION UPON DISTRICT'S EXERCISE OF PURCHASE OPTION... The Bonds shall be subject to optional redemption in whole, but not in part, prior to their stated maturity, on February 15, 2036, or any Purchase Option Date thereafter upon the exercise by the District of its Option to Purchase the Project pursuant to the Lease only after receipt by the Trustee of the Purchase Option Price for deposit in the Redemption Account and payment of the Trustee's reasonable fees and expenses. Bonds redeemed pursuant to this paragraph shall be redeemed at a redemption price equal to ___% of the outstanding principal amount thereof, plus accrued interest to the redemption date.

REDEMPTION-CASUALTY LOSS OF CONDEMNATION... The Bonds are subject to optional redemption and prepayment, in whole, but not in part, at a redemption price of 100% of the principal amount of the Bonds being redeemed, plus accrued interest to the date of redemption, in the event of the exercise by the District of its Option to Purchase upon a casualty loss or condemnation of the Project, and the payment by the District to the Trustee of the Purchase Option Price.

OPTIONAL REDEMPTION OF THE TAX-EXEMPT BONDS... The Tax-Exempt Bonds maturing on or after February 15, 2037 shall be subject to redemption prior to their Stated Maturity, at the option of the Corporation, on February 15, 2036, or on any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple of $5,000 in excess thereof (and if within a Stated Maturity selected at random and by lot by the Trustee) at the redemption price of par plus accrued interest to the date of redemption.

OPTIONAL REDEMPTION OF THE TAXABLE BONDS... The Taxable Bonds maturing on or after February 15, 2037 shall be subject to redemption prior to their Stated Maturity, at the option of the Corporation, on February 15, 2036, or on any date thereafter, in whole or in part, in principal amounts of $5,000 or any integral multiple of $5,000 in excess thereof (and if within a Stated Maturity selected at random and by lot by the Trustee) at the redemption price of par plus accrued interest to the date of redemption.

MANDATORY SINKING FUND REDEMPTION OF THE TAX-EXEMPT BONDS... The Tax-Exempt Bonds may also be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more of the consecutive maturities as one or more term bonds (the "Tax Exempt Term Bonds").

MANDATORY SINKING FUND REDEMPTION OF THE TAXABLE BONDS... The Taxable Bonds may also be subject to mandatory sinking fund redemption in the event the Underwriters elect to aggregate two or more of the consecutive maturities as one or more term bonds (the "Taxable Term Bonds").

NOTICE OF REDEMPTION... If any of the Bonds are called for redemption, provided the Corporation has timely delivered to the Trustee written notice of redemption pursuant to the Indenture, the Trustee will give written notice by first class (postage prepaid) mail not less than 30 days prior to the date fixed for redemption, in the name of the Corporation, of the redemption of such Bonds to the registered owner of each Bond to be redeemed in whole or in part at the address shown on the registration books at the close of business on a day not later than the fifth day preceding the date of mailing. Any notice so mailed will be conclusively presumed to have been duly given, whether or not the owner of such Bonds actually receives the notice. Failure to give such notice by mail to any registered owner, or any defect therein, will not affect the validity of any proceedings for the redemption of other Bonds.

In the Trust Agreement, the Issuer reserves the right to give conditional notice of its election or direction to redeem Bonds under the provisions of the Trust Agreement conditioned upon the occurrence of subsequent events, with applicable conditions specified in any such notice, and the Issuer may, at its option, at least five (5) days prior to the date fixed for redemption in any notice, of redemption, rescind and cancel such notice of redemption if the Issuer delivers a certificate to the Trustee instructing the Trustee to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. 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 Trustee, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the Issuer retains the right to rescind such notice at any time prior to the scheduled redemption date if the Issuer delivers a certificate of the Issuer to the Trustee instructing the Trustee 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 Trustee shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Bondholders. 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 Trust Agreement or under any Bond.

PARTIAL REDEMPTION... If less than all of the Bonds are called for redemption, the particular Bonds or portions thereof of such series to be redeemed shall be in amounts equal to $5,000 or an integral multiple thereof and shall be selected by the Trustee ratably among each maturity of the Bonds and at random within each maturity. In selecting Bonds for redemption, the Trustee shall select Bonds to be redeemed in such a manner that, after such redemption, all remaining Bondholders own only Bonds in denominations of $5,000 or any integral multiple thereof. Upon surrender of any Bond for redemption in part, the Corporation shall execute and the Trustee shall authenticate and deliver to the owner thereof a new Bond or Bonds of the same series, interest rate, and maturity and of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

EFFECT OF REDEMPTION... Notice of redemption having been given as provided above, the Bonds or portions thereof designated for redemption will become and be due and payable on the date fixed for redemption at the redemption price provided for herein, provided funds for their redemption are on deposit at the place of payment at that time, and, unless the Corporation defaults in the payment of the principal thereof, such Bonds or portions thereof will cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date. Thereafter, the owners of such Bonds will no longer be entitled to any security or benefit under the Trust Agreement except to receive payment of the redemption price thereof. If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender thereof for redemption, such Bond or portion thereof will continue to bear interest at the rate set forth therein until paid or until due provision is made for the payment of the same.

SOURCES AND USES OF FUNDS

Proceeds from the sale of the Tax-Exempt Bonds are expected to be expended approximately as follows:

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

Proceeds from the sale of the Taxable Bonds are expected to be expended approximately as follows:

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

*Includes the Corporations' legal fees, municipal advisory fees, rating agency fees, Texas Attorney General fees, Paying Agent/Registrar fees, and other costs of issuance.

SECURITY FOR THE BONDS

Payments of principal and interest with respect to the Bonds are payable only from the Lease Payments to be paid by the District under the Lease, from certain money held by the Trustee under the Trust Agreement, and from amounts received by the Trustee from the sale or other transfer of the Corporation's interest in the Project after termination of the Lease following an Event of Default or Event of Non-appropriation by the District.

TRUST ESTATE... All payments to be made by the Trustee under the Trust Agreement to the registered owners may be made only from the income and proceeds from the Trust Estate and only to the extent that the Trustee has received income or proceeds from the Trust Estate. The "Trust Estate" consists of all right, title, and interest of the Corporation (i) in and to the Project, (ii) in and under the Lease and the other Financing Documents (excluding the amounts in the Rebate Fund created by the Trust Agreement), (iii) in and to all Lease Payments and other payments paid or payable by the District from and after the date of the Trust Agreement, (iv) other income, charges, and funds realized from the lease, sale, transfer, or other disposition of the Project, (v) all funds and investments in all accounts established under the Trust Agreement (other than the Rebate Fund), and (vi) all funds deposited with the Trustee pursuant to the Financing Documents (other than the Rebate Fund).

LEASE PAYMENTS... The District is required to pay to the Trustee, for the account of the Corporation, the Lease Payments from Available Funds on August 15, 2027, and each February 15 and August 15 thereafter for so long as the Lease is in effect. The amount of each Lease Payment required under the lease is equal to an amount of money which, when added to the amount then on deposit in the Payment Account, will equal (i) the amount of interest to become due on the Bonds on the next Bond Payment Date and (ii) the amount of principal to become due on the Bonds, whether by maturity or by mandatory sinking fund redemption on the next Bond Payment Date. **THE OBLIGATIONS OF THE DISTRICT UNDER THE LEASE, INCLUDING ITS OBLIGATION TO PAY THE LEASE PAYMENTS, CONSTITUTE A CURRENT EXPENSE OF THE DISTRICT IN EACH FISCAL YEAR, AND DO NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT WITHIN THE MEANING OF THE LAWS OF THE STATE. NOTHING IN THE LEASE IS TO CONSTITUTE A PLEDGE BY THE DISTRICT OF ANY TAXES OR OTHER MONEY, OTHER THAN AVAILABLE FUNDS FOR THE CURRENT FISCAL YEAR, TO THE PAYMENT OF LEASE PAYMENTS DUE THEREUNDER.**

MORTGAGE AND SECURITY AGREEMENT... To secure its obligations under the Trust Agreement, the Corporation will grant a first mortgage lien on and first deed of trust lien to the real property portion of the Project and will assign and pledge the Corporation's interest in the leases, rents, issues, profits, revenues, income, receipts, money, rights, and benefits of and from the Project for the use and benefit of the Trustee for the benefit of the Bondholders on behalf of the owners of the Bonds, pursuant to the Mortgage. Additionally, the Corporation will grant to the Trustee a first priority security interest in the machinery, equipment, furnishings, or other personal property acquired by the Corporation with the proceeds of the Bonds, and at any time installed or located on the Project site, and substitutions or replacements therefore, in any inventory of the Corporation now or hereafter located at the Project, and in the accounts, documents, chattel paper, instruments, and general intangibles arising in any manner from the Corporation's ownership and operation of the Project pursuant to the Security Agreement.

REMEDIES... Remedies available upon a failure of the District to appropriate or pay lease payments are limited to acceleration of the Lease Payments, termination of the District's leasehold interest, the right to take possession and control of the Project, and the right to sell or lease the Project upon foreclosure under the Mortgage and the Security Agreement. See "RISK FACTORS - Remedies" and "Inability to Liquidate or Delay in Liquidating the Project" and "APPENDIX A- SELECTED PROVISIONS OF THE FINANCING DOCUMENTS."

The enforcement by the Trustee of the remedies provided in the Financing Documents is subject to the application of principles of equity and state and federal laws relating to bankruptcy, moratorium, reorganization, and creditors' rights generally, and such remedies may require the expenditure of money and considerable time to enforce.

ADDITIONAL BONDS... The Corporation has covenanted and agreed that other than bonds or other obligations issued to refund the Bonds, no other bonds or other obligations will be issued which are secured by a lien on the Trust Estate. The Corporation, however, has reserved the right to issue additional bonds or obligations payable from and secured by lease payments paid from Available Funds received by the Corporation ("Additional Bonds"); provided, however, that no such Additional Bonds may be issued unless and until the following conditions, as certified by a certificate executed by a Corporation Representative, will have all been met:

(a) No Event of Default under the Trust Agreement is in existence at the time of issuance of the Additional Bonds;

(b) The issuance of the Additional Bonds is permitted by the laws of the State effective at the time of the authorization of such Additional Bonds; and

(c) The funds eligible to be Available Funds (other than unintended surplus maintenance tax funds of the District remaining at the end of each Fiscal Year after payment of all maintenance and operating expenses of the District for that Fiscal Year) as estimated by the Texas Education Agency for the District's current or next succeeding Fiscal Year at the time of adoption of the order authorizing the issuance of the Additional Bonds, are equal to or not less than two (2.0) times the maximum annual principal and interest requirements during any Fiscal Year, prior to the maturity of the Bonds, for the Bonds, all Additional Bonds, including the proposed Additional Bonds, and the portion of all other contractual obligations at the time outstanding and payable from funds eligible to be Available Funds (other than unintended surplus maintenance tax funds of the District remaining at the end of each Fiscal Year after payment of all maintenance and operating expenses of the District for that Fiscal Year).

THE CORPORATION

The Corporation is a non-profit public corporation and instrumentality of the District, formed on behalf of the District pursuant to the Public Facility Corporation Act and a resolution of the Board of Trustees of the District. The Corporation was formed for the purpose of assisting the District with its financing, refinancing, or placing into service public facilities of the District under the terms of the Act. The Corporation currently has no assets other than its interest in the Project and its rights under the Lease, which will be assigned to the Trustee for the benefit of the registered owners of the Bonds upon the initial delivery of the Bonds.

Pursuant to the Articles of Incorporation and the Bylaws of the Corporation, the Corporation is governed by a nine-member Board of Directors, composed entirely of those persons who are members of the Board of Trustees of the District and whose terms of office shall be fixed by and run conterminously with their respective terms of office as Trustees of the District. Each director serves as a member of the Board of Directors of the Corporation for the term to which the director is qualified and/or until his or her successor is qualified as a member of the Board of Directors of the Corporation; provided, however, that any director may be removed from office at any time, for cause or at will, by the Board of Trustees of the District. The Directors serve without compensation.

The Corporation's obligation with respect to the payment of the principal of, premium, if any, and interest on the Bonds is a special, limited, and non-recourse obligation payable solely from the Lease Payments payable by the District pursuant to the Lease, and from proceeds from the sale or other lease of the Project. The Corporation has no authority to levy taxes. The Bonds do not constitute an obligation, either special, general or moral, of the District, the State or any other political subdivision thereof.

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 an enrollment of approximately 134,500 students and serves a population of approximately 1,326,087. The District is governed by a nine-member Board of Trustees (the "Board"). Beginning in November of 2027, 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. Policy-making and supervisory functions are the responsibility of, and are vested in, the Board. The Board delegates administrative responsibilities to the Superintendent of Schools who is the chief administrative officer of the District. Support services are supplied by consultants and advisors. For more information regarding the District, see "APPENDIX B - GENERAL INFORMATION REGARDING THE DISTRICT."

The District operates under the statutory and administrative requirements of the Texas Education Code and the State, and is accredited by the Texas Education Agency.

THE DISTRICT'S ONLY OBLIGATION WITH RESPECT TO THE PAYMENT OF THE BONDS IS TO PAY LEASE PAYMENTS TO THE TRUSTEE PURSUANT TO THE LEASE FROM MONEY TO BE APPROPRIATED ANNUALLY FOR THE PAYMENT THEREOF. FOR A DESCRIPTION OF THE DISTRICT'S OBLIGATIONS WITH RESPECT TO THE BONDS, SEE "THE PLAN OF FINANCING" AND "SECURITY FOR THE BONDS." THE SOURCE OF FUNDS TO BE APPROPRIATED BY THE DISTRICT FOR LEASE PAYMENTS IS FUNDS APPROPRIATED BIENNIALLY BY THE TEXAS LEGISLATURE, AND ANY UNINTENDED SURPLUS MAINTENANCE TAX REVENUES. THE DISTRICT HAS NO AUTHORITY TO LEVY TAXES SPECIFICALLY FOR THE PAYMENT OF THE LEASE PAYMENTS. THE LEASE IS A SPECIAL, LIMITED, NON-RECOURSE OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM THE FUNDS SPECIFIED ABOVE DURING EACH FISCAL YEAR AND IN NO WAY CONSTITUTES AN OBLIGATION, EITHER SPECIAL, GENERAL, OR MORAL OF THE DISTRICT, THE STATE, OR ANY OTHER POLITICAL SUBDIVISION THEREOF. SEE "SECURITY FOR THE BONDS."

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 I*"). 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.

CURRENT LITIGATION RELATING TO THE TEXAS PUBLIC SCHOOL FINANCE SYSTEM…On July 22, 2026, Midland Independent School District filed a suit in a district court of Travis County, Texas, styled *Midland Independent School District, et al. v. Mike Morath, Commissioner of Education, et al*. (Cause No. TBD), against Mike Morath, in his official capacity as Commissioner of Education, and the State of Texas ("*Morath II*"). The suit is an original action for declaratory judgment and challenges the constitutionality of the Finance System.

The District is not a party to this litigation, and at this time, the District is still in the process of obtaining documentation regarding this litigation and reviewing the same. The District can make no representations or predictions concerning the outcome of this litigation or the effect, if any, that this litigation may have on the Finance System, or on the District's financial condition, revenues, or operations. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" and "TAX RATE LIMITATIONS" herein.

POSSIBLE EFFECTS OF CHANGES IN LAW ON DISTRICT BONDS... The Court's decision in *Morath I* upheld the constitutionality of the Finance System but noted that the Finance System was "undeniably imperfect". While not compelled by the *Morath I* 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 *Morath II* or any future legislation, or any litigation that may be associated with such legislation, on the District's financial condition, revenues or operations. While the enactment of future legislation to address school funding in Texas could adversely affect the financial condition, revenues or operations of the District, the District does not anticipate that the security for payment of the Bonds, specifically, the District's obligation to levy an unlimited debt service tax and any Permanent School Fund guarantee of the Bonds would be adversely affected by any such legislation. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM".

CURRENT PUBLIC SCHOOL FINANCE SYSTEM

OVERVIEW... The following language constitutes only a summary of the Finance System as it is currently structured. The information contained under the captions "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" and "TAX RATE LIMITATIONS" is subject to change, and only reflects the District's understanding based on information available to the District as of the date of this Official Statement. 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.

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 Sessions, 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.

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

LOCAL REVENUE LEVEL IN EXCESS OF ENTITLEMENT... A school district that has sufficient property wealth per student in ADA to generate local revenues on the school district's Tier One Tax Rate and Copper Pennies in excess of the school district's respective funding entitlements (a "Chapter 49 school district"), is subject to the local revenue reduction provisions contained in Chapter 49 of Texas Education Code, as amended ("Chapter 49"). Additionally, in years in which the amount of State funds appropriated specifically excludes the amount necessary to provide the guaranteed yield for Golden Pennies, local revenues generated on a school district's Golden Pennies in excess of the school district's respective funding entitlement are subject to the local revenue reduction provisions of Chapter 49. To reduce local revenue, 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 2026 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5.32 million dollars (the "maximum property value") to an amount 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 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" 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 and reductions 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.

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 $62,883,169 for the 2026 tax year and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

LEVY AND COLLECTION OF TAXES... The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and 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.

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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.

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 being issued as lease revenue bonds, and as such are not subject to the $0.50 threshold tax rate 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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FINANCIAL AND OPERATING INFORMATION FOR THE DISTRICT

The District's only obligation with respect to the payment of the Bonds is its indirect obligation to pay the Lease Payments to the Trustee pursuant to the Lease from money to be appropriated annually for the payment thereof. The source of funds to be appropriated by the District for Lease Payments are funds appropriated biennially to the district by the Texas Legislature, which under current law is limited to the Basic Allotment and any unintended surplus maintenance tax revenues. The District has no authority to levy taxes specifically for the payment of the Lease Payments. The Lease is a special, limited, and non-recourse obligation of the District payable solely from the funds specified above during each fiscal year and in no way constitutes an obligation, either special or moral, of the State or any political subdivision thereof.

TIER ONE FUNDS… In addition to Tir One allotments described below, the District's other lawfully available sources of revenue from which the Lease Payments may be paid is its State portion of its Tier One funds received from the State and both the district's 9a) investment earnings on maintenance tax funds, and (b) undesignated (unassigned) general fund balance at the end of the fiscal year. The amount of Tier One allotments to the District in each year is based upon average daily attendance, the District's tax rate, its assessed valuation, and the collection rate. See "STATE AND Local Funding of School Districts in Texas – State Funding for School Districts."

TIER ONE ALLOTMENT HISTORY[1]

Fiscal Year Ended 6/30	Local Share ($)	State Share ($)	Total Tier 1 Allotment ($)
2023	1,333,192,114	0	1,333,192,114
2024	1,114,954,067	0	1,114,954,067
2025	1,183,263,750	0	1,183,263,750
2026	1,233,907,987	0	1,233,907,987
2027	1,264,159,750	0	1,264,159,750

(1) Source: The latest available Texas Education Agency Summary of Finances for each respective year reported.

The District is permitted under current law to pay the Lease Payments from the investment earnings of the District's M&O funds at the end of each Fiscal Year. Below is a summary of the investment earnings of the District's M&O funds at the end of each Fiscal Year for each of the last five fiscal years.

INTEREST AND INVESTMENT EARNINGS FROM MAINTENANCE AND OPERATIONS FUNDS HISTORY

Fiscal Year Ended 6/30	Interest and Investment Earnings ($)
2022	6,609,467
2023	43,091,562
2024	59,382,731
2025	54,876,587
2026	51,556,353

UNDESIGNATED FUND BALANCES… The District is permitted under current law to pay the Lease Payments from unintended surplus maintenance tax funds, in addition to the Basic Allotment of Tier 1 funds. Because undesignated fund balances result, in part, from surplus maintenance tax money which was "unintended" by the District, there can be no assurance that undesignated fund balances in future years will be consistent with those of the prior years.

UNDESIGNATED GENERAL FUND BALANCE HISTORY[1]

Fiscal Year Ended 6/30	Undesignated General Fund Balance ($)
2022	660,038,803
2023	660,000,000
2024	675,000,000
2025	635,000,000
2026[2]	635,000,000

(1) Source: District's Comprehensive Annual Financial Reports.
(2) Source: The District. Unaudited.

AVERAGE DAILY ATTENDANCE… The amount of a school district's Tier One allotment is calculated, in part, based upon the average daily attendance of the District. The Basic Allotment is that portion of the Tier One allotment to school districts which is based upon the number of students in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or career and technology education programs, and is equal to at least $12,399 per student (includes, Local, State and Federal funds) for fiscal year ending 2026. A significant decrease in the District's daily attendance may result in a decrease in the District's Tier One allotment in future years, thereby decreasing the amount of money from which the District may appropriate the Lease Payments.

The following table reflects the District's average daily attendance for the years stated.

AVERAGE DAILY ATTENDANCE HISTORY[(1)]

School Year	Average Daily Attendance
2022	143,430
2023	141,042
2024	139,096
2025	139,776
2026	134,302

(1) Source: The Texas Education Agency and the District.

TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT

Calendar Year Ending 2026, Fiscal Year Ending 2026 Market Value Established by the Dallas Central Appraisal District as of July 25, 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)(2)]
Outstanding Tax Supported Debt (as of August 1, 2026)		$ 5,630,425,000[(3)]
Ratio General Obligation Tax Debt to Taxable Assessed Valuation		2.84%

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

Per Capita Taxable Assessed Valuation - $149,700

Per Capita Debt Payable from Ad Valorem Taxes - $4,246

(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) The certified Taxable Assessed Valuation was $209,951,637,486, as provided by Dallas Central Appraisal District, as of July 25, 2026.
(3) Includes the District's unlimited tax and limited tax debt. Does not include the Bonds.
(4) Source: FYE 2025 audited financials of the District (U.S. Census Bureau).

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Table 2 - Taxable Assessed Valuations by Category[1][2]

	Taxable Appraised Value for Fiscal Year Ended June 30,					
	2026[2][3]		2025[2]		2024	
Category		% 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 & 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%	511,2259,410	0.19%	523,648,950	0.22%
Total Appraised Value Before Exemptions	$ 277,188,050,200	100%	$ 266,126,523,220	100.00%	$37,679,689,420	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%	5,887,610,610	3.14%
Real, Acreage (Land Only)	309,421,200	0.15%	298,590,700	0.16%
Real, Farm & 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."
[3] The certified Taxable Assessed Valuation was $209,951,637,486, as provided by Dallas Central Appraisal District, as of July 25, 2026.

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	Ratio of Tax Debt to Taxable Assessed Valuation	Tax Debt Per Capita
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[(5)]	149,700	5,630,425,000[(6)]	2.84	4,246

(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) 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."
(5) The certified Taxable Assessed Valuation was $209,951,637,486, as provided by Dallas Central Appraisal District, as of July 25, 2026.
(6) Includes unlimited and limited tax debt. Does not include the Bonds.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ending 6/30	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	97.90	98.00
2026	0.993835	0.751800	0.242035	1,895,841,262	99.39[(1)]	99.39[(1)]

(1) Collections as of 6/30/2026

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	Debt Amount	% Overlap	Overlap Amount
Dallas ISD[(2)]	**$5,420,660,000**	**100.00%**	**$5,420,660,000**
Addison, Town of	168,490,000	88.34%	148,844,066
Balch Springs, City of	21,325,000	29.56%	6,303,670
Carrollton, City of	232,020,000	8.25%	19,141,650
Cockrell Hill, City of	4,515,000	98.32%	4,439,148
Combine, City of	245,000	13.11%	32,120
Dallas Co	502,665,000	46.03%	231,376,700
Dallas Co Hosp District	511,285,000	46.03%	235,344,486
Dallas College	177,300,000	46.03%	81,611,190
Dallas, City of	2,544,258,469	79.14%	2,013,526,152
DeSoto, City of	156,250,000	23.31%	36,421,875
Duncanville, City of	26,605,000	0.18%	47,889
Farmers Branch, City of	70,970,000	33.02%	23,434,294
Garland, City of	593,380,000	1.20%	7,120,560
Grand Prairie, City of	500,471,000	**[(3)]	-
Hutchins, City of	77,663,000	91.33%	70,929,618
Lancaster, City of	121,729,220	7.69%	9,360,977
Mesquite, City of	331,240,000	1.93%	6,392,932
Seagoville, City of	16,410,000	81.00%	13,292,100
Univ Pk, City of	11,355,000	0.13%	14,762
Wilmer MUD # 1	8,140,000	99.49%	8,098,486
Wilmer, City of	37,013,000	97.00%	35,902,610

Total Direct and Overlapping Tax Supported Debt	$ 8,372,295,283
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation	4.22%
Per Capita Direct and Overlapping Tax Supported Debt	$ 6,314

(1) As of 6/30/2026
(2) Includes The District's unlimited tax and limited tax debt. Does not include the Bonds.
(3) Less than 0.01%

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TABLE 7 – UNLIMITED TAX SUPPORTED DEBT SERVICE REQUIREMENTS

Calendar Year Ending [(1)]	Principal	Interest [(2)]	Total	Percent of Principal
2026	$ 157,585,000	$ 232,787,036	$ 390,372,036	
2027	184,780,000	269,870,333	454,650,333	
2028	190,620,000	237,085,619	427,705,619	
2029	198,720,000	227,708,872	426,428,872	
2030	212,175,000	221,101,149	433,276,149	16.98%
2031	240,065,000	214,671,784	454,736,784	
2032	267,815,000	203,863,904	471,678,904	
2033	436,200,000	189,493,258	625,693,258	
2034	296,490,000	166,736,253	463,226,253	
2035	330,880,000	149,999,167	480,879,167	45.24%
2036	148,280,000	138,353,140	286,633,140	
2037	126,945,000	132,909,627	259,854,627	
2038	132,235,000	127,609,296	259,844,296	
2039	137,760,000	122,080,009	259,840,009	
2040	143,510,000	116,326,493	259,836,493	57.63%
2041	127,345,000	110,629,409	237,974,409	
2042	132,995,000	104,981,440	237,976,440	
2043	138,925,000	99,041,862	237,966,862	
2044	145,165,000	92,798,284	237,963,284	
2045	151,680,000	86,287,929	237,967,929	70.15%
2046	144,150,000	79,537,598	223,687,598	
2047	151,215,000	72,480,801	223,695,801	
2048	158,810,000	64,883,081	223,693,081	
2049	166,860,000	56,835,069	223,695,069	
2050	175,095,000	48,590,494	223,685,494	84.47%
2051	170,155,000	40,167,375	210,322,375	
2052	178,695,000	31,626,769	210,321,769	
2053	170,925,000	23,039,059	193,964,059	
2054	145,710,000	14,935,016	160,645,016	
2055	122,955,000	7,723,266	130,678,266	98.66%
2056	74,685,000	2,160,344	76,845,344	100.00%
Total	$ 5,559,425,000	$ 3,686,313,735	$ 9,245,738,735	

[(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)] Interest calculated at an assumed rate for illustrative purposes only.

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TABLE 7-A – LIMITED TAX DEBT SERVICE REQUIREMENTS

	Outstanding Limited Tax Debt[2][3]			
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	$ 50,660,656	$ 194,000,656	

[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 only. For Unlimited Tax Debt, please refer to Table 7 - Tax Supported Debt Service Requirements.
[3] On May 2, 2026, voters authorized the issuance of refunding bonds to pay off the Maintenance Tax Notes. See "TABLE 9 – AUTHORIZED BUT UNISSUED TAX DEBT". When and if issued, the refunding bonds would effectively shift the debt service on the Maintenance Tax Notes from the District's maintenance and operations tax to its interest and sinking fund tax.

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TABLE 7-B – PRO-FORMA PFC DEBT SERVICE REQUIREMENTS

Calendar Year Ending [1]	Series 2026A Bonds [2] [3] Principal	Series 2026A Bonds Interest	Series 2026A Bonds Total	Taxable Series 2026B Bonds [2] [3] Principal	Taxable Series 2026B Bonds Interest	Taxable Series 2026B Bonds Total	Total Debt Service	Percent of Principal
2027	$ 1,535,000	$ 5,338,758	$ 6,873,758	$ 1,535,000	$ 928,060	$ 2,463,060	$ 9,336,818	
2028	1,455,000	5,418,688	6,873,688	1,580,000	881,878	2,461,878	9,335,566	
2029	1,525,000	5,349,867	6,874,867	1,655,000	806,260	2,461,260	9,336,126	
2030	1,600,000	5,277,734	6,877,734	1,735,000	726,224	2,461,224	9,338,958	
2031	1,675,000	5,202,054	6,877,054	1,820,000	641,729	2,461,729	9,338,783	11.94%
2032	1,755,000	5,122,827	6,877,827	1,910,000	551,275	2,461,275	9,339,102	
2033	1,835,000	5,039,815	6,874,815	2,005,000	455,279	2,460,279	9,335,094	
2034	1,925,000	4,953,020	6,878,020	2,110,000	352,502	2,462,502	9,340,522	
2035	2,015,000	4,861,967	6,876,967	2,220,000	242,719	2,462,719	9,339,686	
2036	2,110,000	4,766,658	6,876,658	2,335,000	124,993	2,459,993	9,336,650	26.91%
2037	4,665,000	4,666,855	9,331,855			-	9,331,855	
2038	4,890,000	4,446,200	9,336,200			-	9,336,200	
2039	5,120,000	4,214,903	9,334,903			-	9,334,903	
2040	5,360,000	3,972,727	9,332,727			-	9,332,727	
2041	5,615,000	3,719,199	9,334,199			-	9,334,199	45.91%
2042	5,880,000	3,453,610	9,333,610			-	9,333,610	
2043	6,160,000	3,175,486	9,335,486			-	9,335,486	
2044	6,450,000	2,884,118	9,334,118			-	9,334,118	
2045	6,755,000	2,579,033	9,334,033			-	9,334,033	
2046	7,075,000	2,259,521	9,334,521			-	9,334,521	69.86%
2047	7,410,000	1,924,874	9,334,874			-	9,334,874	
2048	7,760,000	1,574,381	9,334,381			-	9,334,381	
2049	8,125,000	1,207,333	9,332,333			-	9,332,333	
2050	8,510,000	823,020	9,333,020			-	9,333,020	
2051	8,890,000	420,497	9,310,497			-	9,310,497	100.00%
Total	$ 116,095,000	$ 92,653,139	$ 208,748,139	$ 18,905,000	$ 5,710,920	$ 24,615,920	$ 233,364,058	

[1] The District's fiscal year end is June 30. However, calculates debt service on a calendar year basis.
[2] Includes Lease Revenue Debt Only. For Unlimited Tax Debt, please refer to Table 7, for Maintenance Tax Notes, please refer to Table 7A - Limited Tax Debt Service
[3] Preliminary; subject to change. Interest calculated at an assumed rate for illustrative purposes only.

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

Tax Supported Debt Service Requirements, Calendar Year 2027		$ 385,553,449
Interest and Sinking Fund Balance as of 6/30/2026	$ 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 6/30/2027		$ 458,172,832

TABLE 9 - AUTHORIZED BUT UNISSUED UNLIMITED TAX BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Unissued Balance
School Building & Buses	5/2/2026	$ 5,928,820,000	$ --	$ --
Technology	5/2/2026	144,700,000	--	--
Refunding[1]	5/2/2026	143,340,000	--	--
Athletics	5/2/2026	26,250,000	--	--
Total		$ 6,243,110,000	$ --	$ --

[1]The voters authorized the refunding of the District's Limited Maintenance Tax Qualified School Construction Notes, Taxable Series 2013 (Direct-Pay Subsidy Notes), enabling the District to issue Unlimited Tax Refunding Bonds, payable from the District's interest and sinking fund tax levy.

ANTICIPATED ISSUANCE OF ADDITIONAL TAX DEBT... As reflected above, the District held a bond election on May 2, 2026, in the amount of $6.243 billion dollars, and the voters approved all the propositions. Within the next twelve months, the District anticipates issuing a portion of this voted authorization which will be payable from the District's interest and sinking fund tax levy.

TABLE 10 - OTHER OBLIGATIONS

Operating Lease Agreements

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. 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.

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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

Source: Dallas ISD CAFR, June 30, 2025.

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. 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)[1]
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

[1] On May 2, 2026, voters authorized the issuance of refunding bonds to pay off the Maintenance Tax Notes. See "TABLE 9 – AUTHORIZED BUT UNISSUED TAX DEBT". When and if issued, the refunding bonds would effectively shift the debt service on the Maintenance Tax Notes from the District's maintenance and operations tax to its interest and sinking fund tax.

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 - EXCERPTS FROM 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 - EXCERPTS FROM 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.

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(3)	$ 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.
(3)To the best of the knowledge of the District, there has not been any material changes to the District's finances since the end of Fiscal Year 2025 that has not otherwise been dislcosed herein.

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(3)	$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 the 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 a "balanced budget" as possible through continued monitoring, targeted cost controls, and disciplined spending management.

(3)To the best of the knowledge of the District, there has not been any material changes to the District's finances since the end of Fiscal Year 2025 that has not otherwise been dislcosed herein.

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 Corporation invests its funds pursuant to the District's investment policy. 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 clauses (1) or (12), which are pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less from date of issuance, will be liquidated in full at maturity, are eligible for collateral for borrowing from a Federal Reserve Bank, and, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less from the date of issuance that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and provides the District with a prospectus required by the Securities Exchange Act of 1934 and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the District is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract and is pledged to the District and deposited to the District or third party selected by the District; (16) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 2256.011 of the PFIA; and (17) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party designated by the District, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The District 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 June 30, 2026 (unaudited), the following are the District's cash equivalents and investments:

Description	Book Value	Market Value
Cash	$ 3,015,045,763	$ 3,015,045,763
Money Market Funds & FDIC Insured	48,805,805	48,805,805
LOGIC Investment Pool	377,348,567	377,348,567
Lone Star Investment Pool	540,164,829	540,164,829
Texas CLASS Investment Pool	402,748,267	402,748,267
Texas CLASS Fixed Term	25,208,849	25,208,849
Texas Range Daily/Daily Select	271,544,814	271,544,814
Texas Range Fixed Term	298,052,982	298,052,982
TexPool	470,941,061	470,941,061
Texas Connect	136,727,502	136,727,502
Texas FIT	376,741,249	376,741,249
Texas FIT Fixed Term	75,767,788	75,767,788
Investments	22,853,644	22,564,941
TOTAL	$ 6,061,951,120	$ 6,061,662,416

TAX MATTERS

Tax-Exempt Bonds

General… The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which apply to the Tax-Exempt Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of Tax-Exempt Bond proceeds and the facilities financed therewith, and certain other matters. The Corporation has covenanted to comply with all requirements that must be satisfied in order for the interest on the Tax-Exempt Bonds to be excludable from gross income of the owners of the Tax-Exempt Bonds for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Tax-Exempt Bonds to become includable in gross income for federal and State income tax purposes retroactively to the date of issuance of the Tax-Exempt Bonds.

Subject to the Corporation's and the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Tax-Exempt Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and will not be treated as an item of tax preference in computing the federal alternative minimum tax for individuals. With respect to certain applicable corporations (as defined in Section 59(k) of the Code), generally a corporation (other than an S corporation, a regulated investment company or a real estate investment trust) having an average adjusted financial statement income exceeding $1,000,000,000 over such corporation's three preceding tax years, interest on tax-exempt bonds, such as interest on the Tax-Exempt Bonds, is taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations.

In rendering their opinion, Bond Counsel will rely upon certifications of the Corporation and the District with respect to certain material facts within the Corporation's knowledge. Ownership of the Tax-Exempt Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Tax-Exempt Bonds should consult their tax advisors as to applicability of any such collateral consequences.

Bond Counsel's opinion is based on existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. The opinion of Bond Counsel expresses the professional judgment of Bond Counsel regarding the legal issues expressly addressed therein. By rendering its legal opinion, Bond Counsel does not become an insurer or guarantor of the result indicated by that expression of professional judgment of the transaction on which the opinion is rendered or of the future performance of the parties to the transaction. Nor does the rendering of the opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Tax-Exempt Bonds, including proposals to eliminate or limit the exclusion of the interest on the Tax-Exempt Bonds from gross income. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment.

Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding any pending or proposed legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Information reporting to the U.S. Department of the Treasury's Internal Revenue Service (the "IRS") will generally apply to payments of principal, interest and premium paid on the Tax-Exempt Bonds, and the proceeds paid on the sale of the Tax-Exempt Bonds, in a manner similar to payments of principal, interest and premium paid on taxable obligations. Interest on the Tax-Exempt Bonds may be subject to back-up withholding if such interest is paid to an owner that (1) fails to provide certain information (such as the owner's taxpayer identification number) in the manner required by the IRS or (2) has been identified by the IRS as being subject to withholding.

Original Issue Discount… An amount equal to the excess of the principal amount payable at maturity of any Bonds (the "Discount Bonds") over the initial public offering price of such Discount Bonds, assuming that a substantial amount of such maturity is first sold at such price (the "Offering Price"), will be treated as "original issue discount." With respect to a taxpayer who purchases a Discount Bond in the initial public offering at the Offering Price and who holds such Discount Bond to maturity, the full amount of original issue discount will constitute interest which is not includible in the gross income of the owner of such Discount Bond for federal income tax purposes to the same extent as current interest and will not be treated as taxable capital gain upon payment of such Discount Bond upon maturity.

The original issue discount on each of the Discount Bonds is treated as accruing daily over the term of such Discount Bond on the basis of a constant yield computed at the end of each six-month period (or shorter period from the date of original issue). The amount of original issue discount accruing during such period will be added to the owner's tax basis for the Discount Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale, redemption or payment at maturity). An owner of a Discount Bond who disposes of it prior to maturity should consult such owner's tax advisor as to the amount of original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Discount Bond prior to maturity.

Owners who purchase Discount Bonds in the initial public offering but at a price different from the Offering Price or who do not purchase Discount Bonds in the initial public offering should consult their tax advisors with respect to the tax consequences of the ownership of such Discount Bonds.

Market Discount… If a Tax-Exempt Bond is purchased at any time for a price that is less than such Tax-Exempt Bond's Offering Price plus accrued original issue discount, if any, the purchaser may be treated as having purchased the Tax-Exempt Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Taxable Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Tax-Exempt Bond. Purchasers should consult their own tax advisors regarding the potential implications of the market discount rules with respect to the Tax-Exempt Bonds.

Bond Premium... An amount equal to the excess of the purchase price of a Tax-Exempt Bond over the principal amount payable at maturity of such Tax-Exempt Bond constitutes amortizable bond premium that may not be deducted for federal income tax purposes. For purposes of determining gain or loss on the sale or other disposition of such Tax-Exempt Bond, the tax basis of each Bond is decreased by the amount of the bond premium that has been amortized. Bond premium is amortized by offsetting the interest on the Tax-Exempt Bond allocable to an accrual period with the bond premium allocable to the accrual period. The bond premium allocable to an accrual period is the excess of the interest on the Tax-Exempt Bond allocable to the accrual period over the product of the owner's adjusted acquisition price at the beginning of the accrual period and the owner's yield (determined on the basis of a constant yield over the term of the Tax-Exempt Bond). If the bond premium allocable to an accrual period exceeds the interest on the Tax-Exempt Bond allocable to the accrual period, the excess is a nondeductible loss for federal income tax purposes that reduces the owner's basis in such Tax-Exempt Bond.

Purchasers of any Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the federal income tax consequences of owning such Tax-Exempt Bonds.

IRS Audits… The IRS conducts a program of audits of issues of tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is properly excluded from the gross income of the owners of such obligations for federal income tax purposes. Whether or not the IRS will decide to audit the Tax-Exempt Bonds cannot be predicted. If the IRS begins an audit of the Tax-Exempt Bonds, under current IRS procedures, the IRS will treat the Corporation as the taxpayer subject to the audit and the holders of the Tax-Exempt Bonds may not have the right to participate in the audit proceedings. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Corporation legitimately disagrees may not be practicable. The fact that an audit of the Tax-Exempt Bonds is pending could adversely affect the liquidity or market price of the Tax-Exempt Bonds until the audit is concluded even if the result of the audit is favorable.

Taxable Bonds

No Federal Exemption… The interest on the Taxable Bonds is included in gross income for federal income tax purposes, in accordance with an owner's normal method of accounting. Bond Counsel is expressing no opinion regarding income tax consequences arising with respect to the Taxable Bonds. Purchasers of Taxable Bonds should consult their tax advisors as to the applicability of these tax consequences and other income tax consequences of the purchase, ownership and disposition of the Taxable Bonds, including the possible application of state, local, foreign and other tax laws.

Collateral Federal Income Tax Consequences… Prospective purchasers of the Taxable Bonds should be aware that ownership of the Taxable Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Taxable Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Taxable Bonds, including the possible application of state, local, foreign and other tax laws.

CONTINUING DISCLOSURE OF INFORMATION

In the Trust Agreement, the Corporation covenanted to enter into a continuing disclosure agreement pursuant to the Lease Agreement. In the lease Agreement, the Corporation and the District have made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS... The District 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 "FINANCIAL AND OPERATING INFORMATION OF THE DISTRICT – Tier One Allotment History," "- Undesignated General Fund Balance History", and "- Average Daily Attendance History," and the Tables numbered 1 through 5 and 7 through 12 and in APPENDIX C. 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 C 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 Resolution 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.

The Corporation has not previously entered into any continuing disclosure undertakings 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") have assigned underlying unenhanced ratings of "Aa2" to the Bonds. The ratings reflect only the respective views of such organizations and the District nor the Corporation make any 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.

LITIGATION... The District nor the Corporation 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 nor the Corporation assumes any 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 and the Corporation agree 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 nor the Corporation 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 nor the Corporation have 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 Corporation 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 Bond Counsel to like effect, a form of which opinion is attached to this Official Statement as APPENDIX C. Though they represent the Co-Municipal Advisors from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel have been engaged by and only represent the District in connection with the issuance of the Bonds. 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 Bond Counsel, such firms have reviewed the information under the captions and subcaptions “PLAN OF FINANCING,” “THE BONDS,” (except for the subcaption “Book-Entry-Only System”), “REDEMPTION,” “SECURITY FOR THE BONDS,” “CONTINUING DISCLOSURE OF INFORMATION,” “TAX MATTERS,” and “APPENDIX A – SELECTED PROVISIONS OF THE FINANCING DOCUMENTS”. 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 Resolution, the Trust Agreement, and the Lease Agreement. 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 Cantu Harden Montoya LLP, Dallas, Texas, Disclosure Counsel to the District. Disclosure Counsel has reviewed the statements and information contained in this Official Statement under the captions and subcaptions “STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS,” “CURRENT PUBLIC SCHOOL FINANCE SYSTEM” (except for the information under the subcaption “The School Finance System as Applied to the District” as to which no opinion is expressed), “TAX RATE LIMITATIONS - M&O Tax Rate Limitations” (first paragraph only), and “OTHER INFORMATION - Registration and qualification of Bonds for Sale,” “OTHER INFORMATION - Legal Investments and Eligibility to Secure Funds in Texas,” and “OTHER INFORMATION- Legal Matters,” and Disclosure Counsel is of the opinion that the statements and information contained therein are correct as to matters of law. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Dallas and Austin, Texas, 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-MUNICIPAL ADVISORS... RBC Capital Markets, LLC and Nickel Hayden Advisors are employed as Co-Municipal Advisors to the District in connection with the issuance of the Bonds. The Co-Municipal 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-Municipal 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-Municipal 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 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 of such Bonds are purchased.

The Underwriters have provided the following paragraphs for inclusion in this Official Statement, and the District nor the Corporation takes no responsibility for the accuracy thereof.

The Underwriters have reviewed the information in this Preliminary 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.

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 the Corporation and to persons and entities with relationships with the District and the Corporation, 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 or the Corporation. 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 or the Corporation, that are not purely historical, are forward-looking statements, including statements regarding the District's or the Corporation'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 or Corporation assumes no obligation to update any such forward-looking statements. The District's or Corporation'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 or the Corporation. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

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

In the Resolution, the Board authorized the Pricing 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 Pricing Officer of the District in accordance with the provisions of the Rule.

/s/ ____

Pricing Officer, Dallas Independent School District
Public Finance Corporation

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APPENDIX A

SELECTED PROVISIONS OF THE FINANCING DOCUMENTS

APPENDIX A

SELECTED PROVISIONS OF THE FINANCING DOCUMENTS

The following statements summarize certain provisions of the Trust Agreement and the Lease. These statements do not purport to be comprehensive or definitive and are qualified in their entirety by reference to the Trust Agreement and the Lease, copies of which may be obtained from the District upon payment of reasonable copying and delivery charges.

EXCERPTS FROM

THE TRUST AGREEMENT RELATING TO THE DALLAS INDEPENDENT SCHOOL DISTRICT SCHOOL FACILITY PROJECT dated as of August 1, 2026 by and between U.S. Bank Trust Company, National Association, as trustee and the Dallas Independent School District Public Facility Corporation.

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1. Definitions. Terms defined in the Trust Agreement shall have the meanings given them in the Trust Agreement unless the context requires otherwise. Terms defined in the Lease and capitalized in the Trust Agreement without being defined herein shall, for the purposes of the Trust Agreement, have the meanings given them in the Lease unless the context otherwise requires.

Appropriate or Appropriated or Appropriation - The adoption by the Board of Trustees of a budget or amendment to the budget for a Fiscal Year which includes the Lease Payments and other payments required or any other payments elected, if any, to be made by the District under the Lease during the respective Fiscal Year.

Available Funds - Money Appropriated by the District from (i) money appropriated biennially by the Legislature of the State that may lawfully be used with respect to any payment obligated or permitted under the Lease, which under current law is limited to the Basic Allotment portion of Tier One Funds, and (ii) any unintended surplus maintenance tax funds of the District at the end of each Fiscal Year after payment of all maintenance and operating expenses of the District for that Fiscal Year.

Basic Allotment portion of Tier One Funds - Funds which are allotted to the District pursuant to Section 48.051 et seq., Texas Education Code.

Bond or *Bonds* - Any bond issued pursuant to the Trust Agreement, the form of which is attached as Exhibit A for the definitive bonds and the Exhibit B for the Initial Bond herein defined and incorporated by reference herein.

Bond Counsel – West & Associates, L.L.P. or another attorney-at-law or a firm of attorneys, acceptable to the Corporation, the District, and the Trustee, of nationally recognized standing in matters pertaining to the issuance of tax-exempt bonds by states and their political subdivisions, duly admitted to the practice of law before the highest court of any state of the United States of America, or the District of Columbia.

Bondholder - The person in whose name any Bond is registered in the Bond Register. As used herein, an “owner” or a “holder” of Bonds means a Bondholder.

Bond Payment - The payments of principal of, premium, if any, and/or interest on the Bonds to be made to each Bondholder in accordance with the Trust Agreement.

Bond Payment Date - February 15 and August 15 of each year, commencing August 15, 2027, and continuing for so long as any Bonds are outstanding.

Bond Register - The register of owners of the Bonds, maintained by the Trustee.

Building - The improvements now existing on the Land and all improvements hereafter developed, constructed, renovated, installed and/or equipped on the Land for use as school facilities consisting of an administration building by the District.

Business Day - Any day other than a Saturday, Sunday, or a day on which banking institutions in the city in which the designated corporate trust office of the Trustee is located, or on which banking institutions located in the City of New York, New York, are required or authorized by law to be closed, or a day other than a day on which the New York Stock Exchange is closed.

Closing Date – August 25, 2026, the date of initial delivery of and payment for the Bonds by the Underwriters.

Code - The United States Internal Revenue Code of 1986, as amended.

Construction Contract - Each agreement between any Contractor and the Corporation, pursuant to which such Contractor will provide services and materials for the Project.

Contractor - any person or entity which contracts with Lessor pursuant to Article V hereof to develop, construct, and/or install the Project or any part thereof.

Corporation or *Issuer* - The Dallas Independent School District Public Facility Corporation, a Texas nonprofit corporation created by the District pursuant to the provisions of Chapter 303, as amended, Texas Local Government Code ("Chapter 303") and its successors and assigns.

Corporation Representative - The Executive Director or the Deputy Executive Director of the Corporation, the President, 1st Vice President, 2nd Vice President, Secretary or Treasurer of the Corporation's Board of Directors, or any other officer, agent, or employee of the Corporation who is designated in writing by resolution of the Board of Directors as a Corporation Representative for the purposes of the Trust Agreement, such designation to remain effective until the Corporation files with the Trustee a certification signed by a Corporation Representative or a resolution of such Board designating a different or alternative representative.

Defeasance Securities - Means (a) direct, non-callable obligations of United States of America, including obligations that are unconditionally guaranteed by the United States of America; or (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the Issuer, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, which, in the case of (a) or (b), may be in book-entry form.

District - The Dallas Independent School District, a political subdivision of the State created pursuant to Article VII, Section 3 of the Texas Constitution, and its successors and assigns.

District Representative - The Superintendent of Schools, the Deputy Superintendent of Business Services , or the President of the Board of Trustees, or any other officer, agent, or employee of the District who is designated in writing by resolution of the Board of Trustees as a District Representative for the purposes of the Trust Agreement, such designation to remain effective until the District files with the Trustee a certification signed by a District Representative or a resolution of the Board designating a different or alternative representative.

Event of Default - Those events of default provided for in Section 5.1 of the Trust Agreement.

Event of Nonappropriation - The failure of the District to Appropriate for any Fiscal Year, from Available Funds, sufficient funds to pay the Lease Payments, or the reduction of any Appropriation to an amount insufficient to permit the District to pay the Lease Payments.

Financing Documents - Collectively, the Trust Agreement, the Lease, the Security Agreement, and the Mortgage.

Fiscal Year - A 12 month fiscal period of Lessee commencing on July 1 and ending on June 30 of the following year, or such other annual accounting period as the Lessee may hereafter adopt.

Issuance Costs - The costs of issuance incurred in connection with the sale of Bonds and the execution and delivery of the Lease, including, but not limited to initial and first year's Trustee's fees (including the initial fees of Trustee's counsel), the District's financial advisor's fees and expenses, fees and expenses of counsel to the District, Corporation, Bond Counsel, and counsel to the Underwriters, printing and other costs, the Underwriters' fees and expenses, Rating Agency fees, and the examination fees of the Attorney General of Texas, filing fees, and other miscellaneous costs and expenses.

Land - The parcel of real property located within the District at 4235 Norwich Street, Dallas, Texas 75212 on which the Building is to be acquired, developed, constructed, installed, and/or equipped, and easements affording ingress, egress and parking in connection therewith as more particularly described in Exhibit A to the Lease.

Lease - That certain Lease with an Option To Purchase dated as of August 1, 2026 by and between the Corporation and the District, together with all amendments thereto.

Mortgage - That certain Deed of Trust, Security Agreement and Assignment of Rents and Leases, dated as of August 1, 2026, from the Corporation to U.S. Bank Trust Company, National Association, as mortgage trustee for the benefit of the Trustee.

Outstanding - As of the date of determination, all Bonds theretofore issued and delivered under the Trust Agreement, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Bonds for whose payment or redemption money in the necessary amount has been theretofore deposited in an account, other than the "Payment Account" identified in Article IV of the Trust Agreement, with the Trustee in trust irrevocably for the holders of such Bonds;

(c) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered pursuant to the Trust Agreement; and

(d) Bonds alleged to have been mutilated, destroyed, lost, or stolen which have been paid as provided in the Trust Agreement.

Payment Account - That certain account so designated and established in accordance with Section 4.3 of the Trust Agreement.

Permitted Investments - Any investment permitted by Chapter 2256, as amended, Texas Government Code and the District's Investment Policy.

Pricing Certificate - A certificate of a Corporation Representative acting as Pricing Officer pursuant to the authority granted by the Resolution.

Principal Office - When used with respect to the Trustee means the designated office of the Trustee situated in Austin, Texas, at which the Trustee conducts its corporate business.

Project - The Land and the Building located thereon.

Project Account - That certain account so designated and established in accordance with Section 4.2 of the Trust Agreement.

Project Costs - All costs of, payment of, or reimbursement for design, acquisition, construction, installation, equipping, and financing of the Project, including but not limited to acquisition of the Land; architectural, engineering, installation and management costs; project coordination and supervisory costs; administrative costs (subject to the limitations of Section 1201.042, as amended, Texas Government Code); capital expenditures relating to design, construction, and installation; financing payments; sales tax, if any, on the Project; costs of feasibility, environmental, appraisal, and other reports; inspection costs; permit fees; filing and recording costs; title insurance premiums; survey costs; Issuance Costs; and all other costs related to the Project or the financing thereof, authorized by Chapter 303 or required by applicable Texas law.

Rating Agency - Any nationally recognized rating agency for municipal securities.

Rebate Fund - That certain fund so designated and established in accordance with Section 4.5 of the Trust Agreement.

Record Date - The last business day of the month (whether or not a Business Day) next preceding each Bond Payment Date.

Redemption Account - That certain account so designated and established in accordance with Section 4.4 of the Trust Agreement.

Regulations - Any proposed, temporary, or final income tax regulations, including but not limited to those issued pursuant to sections 103 and 141 through 150 of the Code, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary, or final income tax regulation designed to supplement, amend, or replace the specific Regulation referenced.

Security Agreement - That certain Security Agreement dated as of August 1, 2026 by and between the Corporation and the Trustee.

State - The State of Texas.

Tax-Exempt Bonds – Bonds designated as “tax-exempt bonds” the interest on which is excludable from gross income for federal income tax purposes.

Taxable Bonds – Bonds designated as “taxable bonds” the interest on which is not excludable from gross income for federal income tax purposes.

Trustee - U.S. Bank Trust Company, National Association, or its successors and permitted assigns, in its capacity as trustee hereunder.

Trustee Representative - Any Executive Vice President, any Senior Vice President, any Vice President, authorized officer, or any other employee of the Trustee, who by virtue of such person’s position with the corporate trust department of the Trustee has been authorized by the Bylaws of the Trustee to execute trust agreements similar to the Trust Agreement and related documents.

Trust Estate - All right, title, and interest of the Corporation (i) in and to the Project, (ii) in and under the Lease and the other Financing Documents (excluding amounts held in the Rebate Fund), (iii) in and to all Lease Payments and other payments paid or payable by the District from and after the date of the Trust Agreement, (iv) other income, charges, and funds realized from the lease, sale, transfer, or other disposition of the Project, (v) all funds and investments in all accounts established under the Trust Agreement (other than the Rebate Fund), and (vi) all funds deposited with the Trustee pursuant to the Financing Documents (other than the Rebate Fund).

Trust Fund - That certain fund as designated and established pursuant to Section 4.1 of the Trust Agreement, consisting of the Project Account, the Payment Account, and the Redemption Account.

Underwriters – Collectively, Raymond James & Associates, Inc., as the representative of, and together with, the underwriters of the Bonds identified in the Bond Purchase Agreement for the Bonds.

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ARTICLE II
RECITALS AND REPRESENTATIONS

Section 2.1. Lease. The Corporation and the District have entered into the Lease whereby the Corporation has agreed to lease the Project to the District and the District has agreed to lease the Project from the Corporation.

Section 2.2. The Project. The Project will be accepted by the District in accordance with the provisions of the Lease.

Section 2.3. Payments. Under the Lease, the District is obligated to pay to the Corporation, or its assigns, but solely from Available Funds, Lease Payments for the lease of the Project.

Section 2.4. Deposit of Funds. Under the Lease, the Corporation is required to deposit or cause to be deposited with the Trustee all Lease Payments and other money received pursuant to the Lease, to be held, credited, and applied in accordance with the terms hereof.

Section 2.5. Assignment to Trustee. For good and valuable consideration set forth in the Financing Documents, the Corporation is assigning hereby to the Trustee for the benefit of the Bondholders all of its present and future right, title, and interest in and to, but none of its obligations and responsibilities under, the Lease, including, but not limited to, the right to receive the Lease Payments and other payments for the Project made by the District as set forth in the Lease, and to secure its obligations under the Trust Agreement, the Corporation has granted to the Trustee for the benefit of the Bondholders (i) a first mortgage lien on and deed of trust title to the Land and the Project and has assigned and pledged to the Trustee the Corporation's interest in the leases, rents, issues, profits, revenues, income, receipts, money, rights, and benefits of and from the Project including, but not limited to, the Lease Payments pursuant to the Mortgage, and (ii) a first priority security interest in the machinery, equipment, furnishings, or other property owned by the Issuer at any time installed or located on the Land acquired with the proceeds of the Bonds, and substitutions or replacements therefor, in any inventory of the Issuer now or hereafter located at the Project, and in the accounts, documents, chattel paper, instruments, and general intangibles arising in any manner from the Corporation's ownership and operation of the Project, pursuant to the Security Agreement.

Section 2.6. Trustee. The Issuer hereby appoints the Trustee to act, for and on behalf of the Bondholders, and the Trustee hereby accepts such appointment to: (i) receive the proceeds from the sale of the Bonds; (ii) receive all Lease Payments and all other amounts received pursuant to the Lease; (iii) apply and disburse the proceeds from the sale of the Bonds and the payments received hereunder as hereinafter provided; and (iv) perform all the other duties and obligations of the Trustee expressly provided for herein.

Section 2.7. Authority to Contract. Each of the parties has authority to enter into the Trust Agreement and has taken all actions necessary to authorize its execution and delivery by its duly authorized officers signing at the signature page hereof and the performance of its respective obligations hereunder.

Section 2.8. Conditions Precedent Satisfied. The Issuer hereby represents that all acts, conditions, and things required by law to exist, happen and be performed precedent to and in connection with the execution and entering into of the Trust Agreement by such party have happened, and have been performed in regular and due time, form, and manner required by law, and each of the parties hereto are now fully empowered to execute and enter into the Trust Agreement.

NOW, THEREFORE, in consideration of the mutual undertakings, provisions, and agreements herein contained, in order to secure the payment of Bond Payments according to their true intent and meaning and to the extent herein provided, to secure the performance and observance of all covenants and conditions herein contained for and in consideration of these premises and of the acceptance by the Trustee of the trust hereby created and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Trust Agreement has been executed and delivered by the Corporation and the Trustee, and, pursuant to the Financing Documents, the Trustee has received from the Corporation for the benefit of the owners of Bonds, the Trust Estate. The Trustee hereby declares that it will hold the Trust Estate in trust for the benefit of the owners of Bonds in accordance with the terms of the Trust Agreement.

TO HAVE AND TO HOLD all and singular the Trust Estate whether now owned or hereafter acquired unto the Trustee and its successors in trust and to its assigns forever;

BUT IN TRUST NEVERTHELESS, for the equal and proportionate benefit, security, and protection of all present and future owners of the Bonds whose Bonds are governed by the Trust Agreement, and to secure the performance of and compliance with the covenants, terms, and conditions of the Trust Agreement, without preference, priority, or distinction, as to lien or otherwise, (except as hereinafter expressly provided) of any Bondholder over any other, so that each and every Bondholder shall have the same right, lien, and privilege under the Trust Agreement and shall be equally and ratably secured on a pro rata basis.

ARTICLE III
BONDS

Section 3.1. Authorization of Bonds; Payments from Trust Estate Only. (a) The Issuer hereby authorizes the issuance of two series of Bonds issued under and secured by the Agreement a tax-exempt series of Bonds designated as "Dallas Independent School District Public Facility Corporation, Series 2026A" in an aggregate principal amount of $ ___________ (the "Tax-Exempt Bonds"), and a taxable series of Bonds designated as "Dallas Independent School District Public Facility Corporation, Taxable Series 2026B" in an aggregate principal amount of $ ___________ (the "Taxable Bonds" and together with the Tax-Exempt Bonds, collectively, the "Bonds").

(b) All Bond Payments to be made by the Trustee under the Trust Agreement to the Bondholders shall be made only from the income and proceeds from the Trust Estate and only to the extent that the Trustee shall have received income or proceeds from the Trust Estate. The owners of the Bonds agree that they shall look solely to the income and proceeds from the Trust Estate to the extent available for payment of the Bonds.

(c) Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the payment of the Bonds under Section 3.1(a) of the Trust Agreement, and such payment is therefore valid, effective, and perfected. If Texas law is amended at any time while any Bonds are outstanding and unpaid such that the payment of the Bonds by the Corporation under Section 3.1(a) of the Trust Agreement is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said payment, the Corporation agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

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Section 3.15. Additional Bonds. The Issuer hereby covenants and agrees that, other than bonds or other obligations issued to refund the Bonds, no other bonds or other obligations shall be issued which are secured by a lien on the Trust Estate. However, no refunding bonds or obligations may have a lien on the Trust Estate prior and superior to that securing the Bonds which will remain Outstanding after the refunding. The Issuer reserves the right to issue additional bonds or obligations payable from and secured by rental payments paid from funds eligible to be Available Funds received by the Issuer ("Additional Bonds"); provided, however, that the Issuer covenants and agrees that no such Additional Bonds shall be issued unless and until the following conditions, as certified by a certificate executed by the Corporation Representative shall have all been met:

(a) No Event of Default hereunder is in existence at the time of issuance of the Additional Bonds;

(b) The laws of this State effective at the time of the authorization of such Additional Bonds shall permit their issuance; and

(c) The funds eligible to be Available Funds of the District (other than unintended surplus maintenance tax funds of the District remaining at the end of each Fiscal Year after payment of all maintenance and operating expenses of the District for that Fiscal Year) as estimated by the Texas Education Agency for the District's current or next succeeding Fiscal Year at the time of adoption of the resolution authorizing the issuance of the Additional Bonds, are equal, based upon a certification by the District, to not less than two (2.0) times the maximum annual principal and interest requirements, during any fiscal year prior to the Bonds' maturity, of the Bonds, all Additional Bonds, including the proposed Additional Bonds, and the portion of all other contractual obligations at the time outstanding and payable from funds eligible to be Available Funds (other than unintended surplus maintenance tax funds of the District remaining at the end of each Fiscal Year after payment of all maintenance and operating expenses of the District for that Fiscal Year).

ARTICLE IV
ESTABLISHMENT AND ADMINISTRATION OF FUND AND ACCOUNTS

Section 4.1. Trust Fund. There is hereby established with the Trustee a special trust fund to be designated the "Dallas Independent School District Public Facility Corporation 2026 Trust Fund," referred to herein as the "Trust Fund." The Trustee shall keep the Trust Fund separate and apart from all other funds held by it. Within the Trust Fund, there are hereby established, for the benefit of the Bondholders, the separate and distinct accounts (except the Rebate Fund) more particularly described in this Article. On the Closing Date, the Trustee agrees to accept and deposit the proceeds from the sale of the Bonds, plus accrued interest, if any, on the Bonds, which amounts shall thereafter be subject to and be administered pursuant to the terms of this Article.

Section 4.2. Establishment and Application of Project Account. (a) Within the Trust Fund, there is hereby established a special account to be designated as the "Dallas Independent School District Public Facility Corporation 2026 Project Account," (the "Project Account").

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Section 4.3. Establishment and Application of Payment Account. (a) Within the Trust Fund, there is hereby established a special account to be designated the Dallas Independent School District Public Facility Corporation 2026 Payment Account" (the "Payment Account"). The Payment Account shall be maintained by the Trustee until either (i) the Lease Payment and all other amounts payable under the Lease are paid in full or (ii) the Purchase Option Price and all other amounts payable under the Lease are paid in full pursuant to the terms of the Lease. The Payment Account shall be used only for paying the Debt Service Requirements on the Bonds. Accrued interest on the Bonds, if any, Lease Payments, Net Proceeds of insurance or condemnation, and, subject to Section 5.12 hereof, all other funds derived from the lease, sale, sublease, or other disposition of the Project, payment of the Purchase Option Price, and such other amounts as may be paid to the Trustee as assignee of the Corporation pursuant to the Financing Documents, and such amounts as are transferred by the Trustee upon closing of the Project Account shall be immediately deposited, as soon as practicable, by the Trustee in the Payment Account, subject to the provisions of Section 6.1 hereof.

(b) To the extent of funds contained therein, the Trustee shall withdraw from the Payment Account, on each Bond Payment Date, an amount equal to the amount of interest and principal payments due on such Bond Payment Date and shall cause the same to be applied to the payment of interest and principal payments due on such Bond Payment Date.

(c) Upon a redemption of all the Bonds pursuant to Section 6.1 all funds in the Payment Account shall be transferred to the Redemption Account. In the event of a partial redemption of the Bonds, pursuant to Section 6.1(a) or (e), one Business Day prior to the date fixed for redemption of the Bonds, the Trustee shall transfer from the Payment Account to the Redemption Account the funds required to pay the redemption price of such Bonds to be redeemed, to the extent of funds contained therein.

(d) No amounts shall be withdrawn or transferred from or paid out of the Payment Account except as provided in this Article IV and in Section 5.12 hereof.

Section 4.4. Establishment and Application of Redemption Account. Within the Trust Fund, there is hereby established an account designated the "Dallas Independent School District Public Facility Corporation 2026 Redemption Account" (the "Redemption Account"). Money to be used for redemption of the Bonds shall be transferred by the Trustee one Business Day prior to the date fixed for redemption of the Bonds, first from the Payment Account and, if not sufficient, then from the Project Account, and deposited in the Redemption Account. Said money shall be set aside in the Redemption Account solely for the purpose of redeeming the Bonds in advance of their maturity and shall be applied on or after the date fixed for redemption to the payment of the principal of and interest on the Bonds to be redeemed upon delivery of the Bonds being redeemed to the Trustee. If there is not sufficient money available to pay in full all Trustee's fees, and interest and principal then due on the Bonds to be redeemed, the Trustee shall apply the money on deposit in the Redemption Account first, to the payment of its reasonable fees and expenses (including reasonable attorney fees), and second, to the payment of all interest due with respect to such Bonds, pro rata in proportion to the respective aggregate amount of interest due if necessary, and third, to the payment of the principal of such Bonds, pro rata in proportion to the respective amount of the total amount of principal to be redeemed, if necessary. Any money remaining in the Redemption Account following redemption of, and payment of all principal and interest due with respect to, all Bonds shall be transferred to the District after the payment of the fees and expenses of the Trustee as provided in Section 7.7 hereof.

Section 4.5. Rebate Fund. (a) The Corporation hereby establishes with the Trustee, which shall maintain separate and apart from the Trust Fund, for the benefit of all persons who are or have at any time from and after the Closing Date been owners of any Bonds, at all times prior to the final payment to the United States of America of the amounts described in subsection (b) of this Section, a special fund designated its "Dallas Independent School District Public Facility Corporation 2026 Rebate Fund" (hereinafter referred to as the "Rebate Fund"). The money deposited to the Rebate Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in this Section, unless in the opinion of Bond Counsel failure to make such application as so provided will not adversely affect any exclusion from gross income of interest on any Bond under the Code.

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ARTICLE V
DEFAULT; LIMITATION OF LIABILITY

Section 5.1. Events of Default. An Event of Default is an event of default under the Lease or the occurrence of any one or more of the following:

(a) failure by the District to make a Lease Payment, whether such failure is a result of an Event of Default, an Event of Nonappropriation, or otherwise, within ten calendar days after the due date thereof, or failure by the Corporation to make a Bond Payment when due;

(b) failure by the District or the Corporation to observe and perform any covenant, condition, or agreement, on its part to be observed or performed by it under the Financing Documents, other than as referred to in (a) above or the failure to pay the Purchase Option Price when required by Section 11.1 of the Lease, and such failure is not cured within 20 business days after written notice thereof is provided to the defaulting party by the non-defaulting party to such document or by the Trustee;

(c) any material statement, representation, or warranty made by the Corporation or the District in any of the Financing Documents or in any writing ever delivered by the Corporation or the District pursuant to or in connection with the Financing Documents is false, misleading, or erroneous in any material respect;

(d) the filing by the District or the Corporation of a voluntary petition in bankruptcy, or failure of the District or the Corporation promptly to lift any execution, garnishment, or attachment of such consequence as would impair the ability of the District or the Corporation to carry on its operations at the Project, or adjudication of the District or the Corporation as a bankrupt or assignment by the District or the Corporation for the benefit of creditors, or the entry by the District or the Corporation into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District or the Corporation in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar federal or State acts which may hereafter be enacted;

(e) any event which shall occur or any condition which shall exist the effect of which is to cause (i) more than $100,000 of aggregate indebtedness of the Corporation or the District to become due prior to its stated due date, or (ii) a lien to be placed on the Project or the Corporation's or the District's interest in the Project, and not released within 60 days; or

(f) a final judgment against the Corporation or the District for an amount in excess of $100,000 shall be outstanding for any period of 60 days or more from the date of its entry and shall not have been discharged in full or stayed pending appeal, and a lien is placed on the Project or the Corporation's or the District's interest in the Project. The Corporation or the District, as applicable, shall provide written notification to the Trustee upon the occurrence of any Event of Default identified in this Section 5.1 other than subsection (a) hereof.

Section 5.2. Remedies Upon Event of Default.

(a) Upon the occurrence of an Event of Default (and subject to the provisions of Section 3.1 of the Lease), the Trustee shall have the right, to the extent permitted by law, at its option and without any further demand or notice, to take one or any combination of the following remedial steps to the extent permitted by law:

(i) with or without terminating the Lease, declare the principal of all Outstanding Bonds and all unpaid accrued interest thereon to be due and payable immediately, by a notice in writing to the Corporation and the District, and upon any such declaration, such principal and all unpaid accrued interest thereon shall become immediately due and payable; or

(ii) terminate the Lease upon giving thirty (30) days written notice to the District and the Corporation at the expiration of which period of time the Corporation shall cause the District to immediately surrender possession and control of the Project to the Trustee and the Trustee shall have the right, thereafter, to sell, lease, sublease, or otherwise dispose of the Project; or

(iii) exercise any rights, powers, or remedies it may have as a secured party under the Uniform Commercial Code of the State, or other similar laws in effect, and shall have the power to proceed with any available right or remedy granted by the Financing Documents under the laws of the State, as it may deem best, including any suit, action, mandamus, or special proceeding in equity or at law or in bankruptcy or otherwise for the collection of all amounts due and unpaid under the Financing Documents, for specific performance of any covenant or agreement contained herein or therein, or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effective to protect the rights aforesaid, insofar as such may be authorized by law; or

(iv) exercise any right, power or remedy available to it under the Lease if the Event of Default is also a default under the Lease.

(b) If an Event of Default shall have occurred and be continuing or there shall occur an Event of Nonappropriation, and the Trustee shall have received a direction from the Bondholders owning a majority in aggregate principal amount of the Bonds then Outstanding to foreclose on the Mortgage, or may otherwise be requested to take possession of the Project upon an Event of Nonappropriation or otherwise, the Trustee shall not be required to proceed with the foreclosure or otherwise take possession of the Project if the Trustee determines, in its reasonable discretion that it desires a "Phase I Environmental Report" and the Trustee is indemnified for the costs of such report and any other report recommended therein. Further, if the Trustee reasonably determines on the basis of the Phase I Environmental Report and any other report recommended therein that it does not desire to become, as Trustee, the owner of the Project or otherwise take possession of the Project because it reasonably believes that the indemnification provided by Section 7.3(h) herein is not adequate with respect to its lender liability or mortgagee in possession, if any, exposure with respect to environmental matters, the Trustee shall not be required to proceed with the foreclosure or otherwise take possession of the Project and shall give notice of such determination to the Bondholders, the Corporation, and the District. If the holders of the Bonds nevertheless desire to proceed with foreclosure or for the Trustee to otherwise take possession of the property and so notify the Trustee in writing, the Trustee may resign, and such resignation shall become effective upon the acceptance of an appointment by a successor Trustee under Section 7.4 hereof. If the successor Trustee requests any indemnification for any loss, cost, or expense arising out of foreclosure or otherwise taking possession of the Project, such indemnification shall be the sole responsibility of the Bondholders.

Section 5.3. Notice of Nonappropriation. The District is obligated to provide the Corporation and the Trustee with written notice within 72 hours of (i) the enactment of appropriations legislation by the Texas Legislature which fails to appropriate to the District the Basic Allotment portion of Tier One Funds, or other funds that may lawfully be used with respect to any payment obligated or permitted under the Lease, in an amount which is sufficient to pay the Lease Payments for the succeeding Fiscal Year, (ii) an Event of Nonappropriation, or (iii) any other action which constitutes failure by the Board of Trustees of the District to Appropriate funds sufficient to pay the Lease Payments due during the succeeding Fiscal Year.

Section 5.4. Delay; Notice. No delay or omission to exercise any right or power accruing upon any Event of Default or upon any Event of Nonappropriation shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved to it in the Lease and the Trust Agreement, it shall not be necessary to give any notice, other than such notice as may be required in the Lease and the Trust Agreement.

Section 5.5. No Remedy Exclusive. No remedy herein conferred upon or reserved to Trustee is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Financing Documents or now or hereafter existing at law or in equity.

Section 5.6. No Additional Waiver Implied by One Waiver. Subject to the requirements of Section 5.11 of the Trust Agreement, the Trustee may waive any Event of Default and its consequences and rescind any declaration of maturity of principal upon notice to the owners of the Bonds of such waiver. No waiver of any breach or Event of Default hereunder shall extend or shall affect any subsequent breach or Event of Default or shall impair any rights or remedies consequent thereon or create liability on the part of the Trustee for doing so.

Section 5.7. Notice of Event of Default. The Trustee shall give written notice of an Event of Default or Event of Nonappropriation of which a Trustee Representative has actual knowledge or the Trustee is deemed to have knowledge under Section 7.8 hereof, by registered or certified mail to the Corporation and the District, and by first class mail to the Bondholders as soon as practicable upon the occurrence of an Event of Default (or an event which with the passage of time could become an Event of Default), or an Event of Nonappropriation, but in no event shall such notice be given later than ten Business Days after the District's failure to make any Lease Payment when due (without regard to any grace period) or the occurrence of any other Event of Default or Event of Nonappropriation of which the Trustee has actual knowledge or has received notice. If such notice relates to a failure to make an obligated payment or transfer, it shall specify the amount. If such notice relates to a matter other than a failure to make an obligated payment or transfer, it shall specify the manner in which the District has failed to comply with the provisions of the Lease and demand such compliance. Notice under this Section is not a condition precedent to the exercise of any remedy under the Trust Agreement.

Section 5.8. Initiation of Remedies. All rights of action hereunder may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Trustee may be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants the Bondholders. Any recovery of judgment shall be for the ratable benefit of the Bondholders, after payment of the Trustee's reasonable costs and expenses in connection therewith.

Section 5.9. Rights and Remedies of Bondholders. (a) No Bondholder shall have any right to institute any suit, action, or proceeding for the enforcement of the Trust Agreement, the execution of any trust hereof, or any other remedy hereunder unless:

(i) either an Event of Default has occurred, the Lease is terminated pursuant to an Event of Nonappropriation, or the Trustee has failed to make a payment to a Bondholder when due;

(ii) Bondholders owning not less than 25% of the aggregate principal amount of Bonds shall have made written request to the Trustee and shall have offered the Trustee reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in its own name;

(iii) if the Trustee so requests, such Bondholders have provided the Trustee indemnification satisfactory to it for any liability and expense it might incur in carrying out the aforementioned request; and

(iv) the Trustee shall thereafter (within 60 days after receipt by the Trustee of the written request) fail or refuse to exercise the powers hereinbefore granted or to institute such action, suit, or proceeding in its, his, her, or their own name or names.

(b) Such request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Trust Agreement and to the initiation of any action or cause of action for the enforcement of the Trust Agreement; however, the Trustee may not, as condition precedent to the execution of the powers and trusts hereunder request indemnification for liability arising out of the Trustee's negligent action or negligent failure to act, or willful misconduct.

(c) No one or more of the Bondholders shall have any right in any manner whatsoever to affect, disturb, or prejudice the lien of the Trust Agreement by its, his, her, or their action or to enforce any right hereunder except in the manner herein provided, and proceedings shall be instituted, had, and maintained in the manner herein provided and for the ratable benefit of all Bondholders. Nothing in the Trust Agreement shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof or the obligation of the Trustee to pay the principal of and premium, if any, and interest on each of the Bonds hereunder to the respective Bondholders thereof at the time and place, from the source and in the manner provided in the Trust Agreement.

Section 5.10. Termination of Proceedings. In the event the Trustee shall have proceeded to enforce any right under the Financing Documents and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then the Bondholders, the Corporation, and the Trustee shall be restored to their former positions and rights under the Financing Documents, and all rights, remedies, and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 5.11. Waivers of Events of Default. The Trustee shall waive any Event of Default and its consequences and rescind any acceleration of maturity of principal upon the written request of Bondholders owning a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, there shall not be waived any Event of Default in the payment of the Lease Payments unless, prior to such waiver or rescission or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely to the Trustee and all arrears of Lease Payments and Trustee's fees and expenses under Section 7.7 hereof, and all expenses of the Trustee in connection with such Event of Default shall have been fully paid. In case of any such waiver or rescission or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely to the Trustee, then the Corporation, the District, the Trustee, and the Bondholders shall be restored to their former positions and rights hereunder and under the Lease, respectively, but no such waiver or rescission shall extend to any subsequent or other Events of Default or impair any right consequent thereon.

Section 5.12. Application of Money. (a) Upon an Event of Default or an Event of Nonappropriation and if money held by the Trustee is insufficient to pay the principal of, premium, if any, and interest on the Bonds, all money received and held by the Trustee pursuant to the Trust Agreement as a part of the Trust Estate and all money received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such money and of the expenses (including reasonable attorney fees), liabilities, and advances incurred or made by the Trustee, be applied as follows:

FIRST - To the payment of the Trustee's unpaid fees and expenses and the costs and compensation of any advances made by the Trustee, and any receiver and the reasonable attorneys' fees of the Trustee, or any receiver;

SECOND - To the payment of operating expenses of the Project and for reasonable renewals, repairs, and replacements of the Project necessary to prevent impairment of the Trust Estate;

THIRD - To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which money are held pursuant to the provisions of the Trust Agreement), in the order of their due dates, and, if the amount available shall not be sufficient to pay in full the principal of and premium, if any, on the Bonds due on any particular date, then to the payment ratably, according to the amount of the principal and premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege;

FOURTH - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

FIFTH - To be held for the payment to the Bondholders entitled thereto as the same shall become due of the principal of, premium, if any, and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with interest and premium, if any, then due and owing thereon, payment shall be made ratably according to the amount of principal, premium, if any, and interest due on such date to the Bondholders entitled thereto without any discrimination or privilege.

(b) Whenever money is to be applied pursuant to the provisions of this Section, such money shall be applied at such times and from time to time as the Trustee shall determine, having due regard to the amount of such money available for such application and the likelihood of additional money becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be a Bond Payment Date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue to the extent funds are available on such date to pay the amounts due. The Trustee shall give written notice to the Issuer, the District, and the Bondholders of the deposit with it of any such money and of the fixing of any such date and shall not be required to make payment to the owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

(c) Whenever all principal of, premium, if any, and interest on all Bonds have been paid under the provisions of this Section 5.12 and whenever all fees, expenses (including reasonable attorney fees), and charges of the Trustee shall have been paid, any portion of the properties comprising the Trust Estate remaining hereunder shall be paid, transferred, and assigned to the District.

Section 5.13. No Obligation with Respect to Performance by Trustee. The District and the Corporation shall have no obligation or liability to any of the other parties or to the Bondholders with respect to the performance by the Trustee of any duty imposed upon it under the Trust Agreement.

Section 5.14. No Liability to Bondholders for Lease Payments or Covenants. Except as expressly provided in the Trust Agreement, neither the Corporation nor the Trustee shall have any obligation or liability to the Bondholders with respect to the payment of Lease Payments by the District when due or with respect to the performance by the District of any other covenant made by it in the Lease.

Section 5.15. No Responsibility for Sufficiency of Lease. The Trustee shall not be responsible for the sufficiency of the Lease, the assignment made to it of the right to receive Lease Payments, or the value of the Project; provided, however, that the foregoing does not reduce or eliminate any of the Trustee's specified responsibilities or obligations under the Financing Documents. The Trustee shall not be responsible or liable for any loss or penalties suffered in connection with any investment of funds made by it under the terms of and in accordance with the Trust Agreement. Further, the Trustee shall not be responsible or liable for the loss of investment income resulting from the failure of the District to provide written instructions to the Trustee directing the investment of money held in the Trust Fund; provided the Trustee invests such money in accordance with the provisions of Section 4.6 hereof.

Section 5.16. No Liability of Trustee. (a) The Trustee shall not be liable to anyone for any delay in the delivery of any property to the District, for any default on the part of any supplier, manufacturer, or builder, or for any defect in any of the property or in the title thereto, nor shall anything herein be construed as a warranty on the part of the Trustee in respect thereof or as a representation in respect of the title thereto. The Trustee shall not be liable for actions taken in good faith or actions taken at the direction of the Bondholders owning a majority in aggregate principal amount of the Bonds then Outstanding. The Trustee shall not be liable for costs, expenses, suits, judgments, actions, claims, losses, damages, and liabilities whatsoever, including consequential damages, litigation and court costs, amounts paid in settlement, amounts paid to discharge judgments, and legal fees and expenses, directly or indirectly arising out of (i) the use, maintenance, condition, or management of, or from any work or thing done in connection with, the Project by any third party; (ii) any act of negligence of any third party or of any officer, agent, contractor, servant, employee, licensee, or invitee of such third party in connection with the Project or the Lease; or (iii) the authorization of payment of costs by any third party who is not acting as an attorney, agent or servant of the Trustee.

(b) The Trustee may perform its powers and duties hereunder by or through such attorneys, agents, and servants as it shall appoint, shall be entitled to rely conclusively upon the advice of counsel and shall be answerable for only its own negligence, or willful misconduct, as provided herein, and not for any negligence or willful misconduct of any attorney, agent, or servant appointed by it with reasonable care. The Trustee shall not be responsible in any way for the recitals herein contained or for the execution (except for its own execution) or validity of the Trust Agreement or of the Bonds or for any mistake of fact or law. IN NO EVENT SHALL THE TRUSTEE BE LIABLE TO ANY PARTY OR THIRD PARTY FOR SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES, LOST PROFITS, OR LOSS OF BUSINESS ARISING UNDER OR IN CONNECTION WITH THE TRUST AGREEMENT OR THE OTHER FINANCING DOCUMENTS OR THE OWNERSHIP OF THE PROJECT, EVEN IF APPRISED OF THE LIKELIHOOD OF SUCH DAMAGES AND REGARDLESS OF THE FORM OF ACTION. THE TRUSTEE SHALL NOT BE RESPONSIBLE OR LIABLE TO ANY BONDHOLDER TO PAY ANY INTEREST, PRINCIPAL, OR PREMIUM DUE OR TO BECOME DUE ON THE BONDS EXCEPT OUT OF FUNDS AVAILABLE TO THE TRUSTEE IN THE TRUST FUND OR ANY ACCOUNT THEREIN.

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ARTICLE VII
THE TRUSTEE

Section 7.1. Employment of Trustee. In consideration of the recitals hereinabove set forth and for other valuable consideration, the Issuer hereby appoints the Trustee, for the benefit of the Bondholders, to: (a) receive the proceeds from the sale of the Bonds; (b) receive all payments to be made pursuant to the Lease; (c) apply and disburse the proceeds from the sale of the Bonds and the payments received hereunder as provided for herein; and (d) perform all the other duties and obligations of the Trustee expressly provided for herein and in the Lease. The Trustee shall not be required to give any bond or surety in respect of the execution of the trust and powers given to it by the Trust Agreement.

Section 7.2. Acceptance of Appointment. The Trustee hereby accepts the appointment above referred to, subject to the terms and conditions of the Trust Agreement.

Section 7.3. Rights and Duties of Trustee. (a) By executing and delivering the Trust Agreement, the Trustee accepts the duties and obligations of the Trustee expressly provided in the Trust Agreement, but only upon the terms and conditions set forth in the Trust Agreement and no implied covenants or obligations shall be read into the Trust Agreement against the Trustee. Prior to an Event of Default hereunder of which the Trustee is deemed to have knowledge under Section 7.8 hereunder and after the curing of any such Event of Default, (i) the Trustee shall not be liable for the performance of any duties, except such duties as are specifically set forth in the Trust Agreement and no implied covenants or obligations shall be read into the Trust Agreement against the Trustee, and (ii) in the absence of bad faith on the part of the Trustee, the Trustee shall be protected in acting or refraining from acting and may rely conclusively upon the truth, completeness, validity, and accuracy of instructions, statements, certificates, opinions, resolutions, consents, orders, reports, notices, request, direction, or other paper or document and other showings conforming to the requirements of the Trust Agreement and the Lease and shall not be obligated to make any independent investigation with respect thereto. The Trustee, upon receipt of documents which are expressly required to be furnished to it by or on behalf of the Corporation or the District pursuant to the Trust Agreement or the Lease, shall examine the same to determine whether or not such documents conform on their face to the requirements, if any, of the Trust Agreement; provided, however, that the Trustee shall be protected in acting upon any such documents believed by the Trustee in good faith to be genuine and correct and to have been signed or sent by the proper person or persons.

(b) In case there is an Event of Default or Event of Nonappropriation which is continuing, which Event of Default or Event of Nonappropriation has not been cured and of which the Trustee has actual knowledge or is deemed to have knowledge under Section 7.8 hereof, the Trustee shall exercise such rights and powers vested in it by the Trust Agreement and shall use the same degree of care and skill in the exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of his or her own business affairs.

(c) Nothing herein contained shall relieve the Trustee from liability for its own negligent action or negligent failure to act or its own willful misconduct, except that (i) this subsection shall not be considered to limit the effect of subsection (a) above; (ii) the Trustee shall not incur any liability for any error of judgment made in good faith by a responsible officer thereof, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and (iii) the Trustee shall incur no liability in respect to any action taken by it in good faith in accordance with the direction of Bondholders owning a majority in aggregate principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or in exercising any trust or power conferred upon the Trustee under the Trust Agreement.

(d) Any request or direction of a Bondholder, the District, or the Corporation mentioned herein shall be sufficiently evidenced by a writing originally signed by a Bondholder or a duly authorized representative thereof, a District Representative, or a Corporation Representative, as appropriate.

(e) When in the administration of the Trust Agreement the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a certificate originally signed by a Bondholder and acknowledged, or a duly authorized representative thereof, a District Representative, or a Corporation Representative.

(f) The Trustee shall not be bound to make any investigation into the facts, the validity of any instrument, paper, or proceeding, or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document, but the Trustee may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records, and premises of the District or the Corporation personally or by agent or attorney and/or conclusively rely upon a certificate signed by a Corporation Representative or District Representative as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in Section 7.8 hereof, or of which by Section 7.8 it is deemed to have notice, the Trustee shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of a Corporation Representative under the seal of the Corporation to the effect that an authorization in the form therein set forth has been adopted by the Corporation as conclusive evidence that such authorization has been duly adopted, and is in full force and effect. At any and all reasonable times and after reasonable notice has been provided, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right to inspect any and all of the property herein conveyed, including all books, papers and records of the Corporation pertaining to the Project and the Bonds, and to take such memoranda from and with regard thereto as may be desired provided no undue interruption of business results therefrom.

(g) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, but shall not responsible for any misconduct or negligence on the part of any attorney, agent, receiver or employee, for the conduct of the same if appointed or chosen by the Trustee in good faith and without negligence. The Trustee may in all cases pay such reasonable compensation to all such attorneys, agents and receivers as may reasonably be employed in connection with the trusts hereof or thereof. The Trustee may consult with legal counsel concerning its duties, and the written advice of such counsel or any opinion of such counsel selected with reasonable care shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Trustee hereunder in good faith and in reliance thereon.

(h) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Trust Agreement at the request or direction of any of the Bondholders, unless such Bondholders shall have provided to the Trustee security or indemnity satisfactory to it against the costs, expenses (including, without limitation, attorney's fees and expenses), and liabilities which might be incurred by it in compliance with such request or direction.

(i) No provision of the Trust Agreement shall require the Trustee to expend or risk its funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

(j) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers.

(k) The permissive right of the Trustee to do things enumerated in the Trust Agreement or in the Lease shall not be construed as duties.

(l) The Trustee shall not be personally liable for any debts contracted or for damages to persons or personal property injured or damaged, or for salaries or non-fulfillment of contracts, relating to the Project.

(m) The Trustee shall not be bound to ascertain or inquire as to the performance of the obligations of the Corporation under the Trust Agreement or of the Corporation, the District or any other person under the Lease, and shall not have any liability for the contents of any document submitted to or delivered to any Bondholder in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document.

(n) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder after such Bonds shall have been delivered in accordance with instructions of the Issuer or for the use by the District of the proceeds from the sale of such Bonds. The Trustee may become the owner of the Bonds secured hereby with the same rights as any other Bondholder.

(o) The Trustee shall not be liable for interest on any funds deposited with it hereunder, except as provided herein or as the Trustee may otherwise specifically agree in writing.

(p) In acting or omitting to act pursuant to provisions of the Lease, the Security Agreement, or the Mortgage, the Trustee shall be entitled to the rights and immunities accorded by the terms of the Trust Agreement.

(q) The Trustee may seek the approval of the Bondholders by any means it deems appropriate and not inconsistent with the terms of the Trust Agreement in connection with the giving of any consent or taking of any action. Any action taken by the Trustee pursuant to the Trust Agreement upon the request, authority or consent of any person, who at the time of the making of such request or giving of such authority or consent is the owner or holder of any Bond secured hereby, shall be conclusive and binding upon all future holders of such Bond.

(r) The Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under the Trust Agreement.

(s) In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of Bonds, each representing less than a majority in aggregate principal amount of the Bonds then Outstanding, pursuant to the provisions of the Trust Agreement, the Trustee, in its sole discretion, may determine what action, if any, shall be taken.

(t) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under the Trust Agreement shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Trustee's right to compensation, shall survive the Trustee's registration or removal, the discharge of the Trust Agreement and final payment of the Bonds.

(u) Naming of the Trustee as an insured or additional insured under any insurance policy, or the furnishing to the Trustee of information relating thereto, shall not impose upon the Trustee any responsibility or duty to approve the form of such policy, the qualifications of the company issuing same or any other matters relating thereto; provided, however, the Trustee shall not be liable or responsible for the failure of the District to maintain insurance on the Project as provided in the Lease, nor shall it be responsible for any loss due to the insufficiency of such insurance or by reason of the failure of any insurer to pay the full amount of any loss against which it may have insured to the Corporation, the District, the Trustee or any other person.

(v) The Trustee shall not be responsible for and makes no representation as to existence, genuineness, value or protection of any property pledged pursuant to the Mortgage or the Security Agreement, for the legality, effectiveness or sufficiency of any Financing Document, or for the creation, perfection, priority, sufficiency or protection of any liens securing the Bonds and, except as set forth in Section 9.4 hereof, shall have no obligation with respect to the filing of any financing statement or amendment thereto or any other security document.

(w) Whether or not therein expressly so provided, every provision of the Trust Agreement or the Lease relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VII.

Section 7.4. Removal and Resignation. A bank or trust company authorized to provide corporate trust services may be substituted to act as successor trustee under the Trust Agreement, after payment in full of the current Trustee's fees and expenses upon written request of the Bondholders owning a majority in aggregate principal amount of the Bonds then Outstanding. Such substitution shall not be deemed to affect the rights or obligations of the Bondholders. Upon any such substitution, the Trustee agrees to assign to such substituted Trustee its rights under the Trust Agreement and the other Financing Documents and deliver all documents and funds held in connection with the Trust Agreement to such substituted Trustee. Any such successor shall have, or shall be a member of a holding company that has, capital and surplus exclusive of borrowed capital aggregating at least $100,000,000 and shall be subject to examination or supervision by a federal or state banking authority. The Trustee or any successor may at any time resign by giving mailed notice to all Bondholders, the District, and the Corporation of its intention to resign and of the proposed date of resignation, which shall be a date not less than 30 calendar days after such notice is deposited in the United States mail with postage fully prepaid, unless an earlier resignation date and the appointment of a successor Trustee shall have been or is approved in writing by the Bondholders owning a majority in aggregate principal amount of the Bonds Outstanding. In the event that a successor Trustee is not appointed within 30 calendar days after such notice is deposited in the United States mail, the Bondholders owning a majority in aggregate principal amount of the Bonds Outstanding or the resigning Trustee may petition the appropriate court having jurisdiction to appoint a successor Trustee. No resignation or removal of the Trustee and appointment of a successor Trustee shall become effective until acceptance of appointment by the successor Trustee.

Section 7.5. Appointment of Agent. The Trustee may appoint an agent to exercise any of the powers, rights, or remedies granted to the Trustee under the Trust Agreement and to hold title to property or to take any other action which may be desirable or necessary.

Section 7.6. Merger or Consolidation of Trustee. Any corporation resulting from any merger or consolidation to which the Trustee or any successor to it shall be a party, or any corporation in any manner succeeding to all or substantially all of the corporate trust business of the Trustee or any successor Trustee shall be the successor Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation, if not an affiliate of the Trustee, shall have, or shall be a member of a holding company that has, capital, surplus, and undivided profits aggregating at least $100,000,000.

Section 7.7. Trustee Compensation. The Trustee shall be entitled to payment by the District in accordance with Section 10.4 of the Lease for the Trustee's fees for services and expenses based upon the Trustee's Fee Schedule attached hereto as Exhibit E. In the event the Trustee incurs expenses or renders services in any proceedings which result from an Event of Default under Section 5.1(d) of the Trust Agreement, or from any default which, with the passage of time, would become such Event of Default, the expenses so incurred and compensation for services so rendered are intended to constitute expenses of administration under the United States Bankruptcy Code or equivalent law. Upon the occurrence of and during the continuance of an Event of Default, the Trustee shall have a lien prior to the Bonds on all money or property held or collected by the Trustee except such money or property held in trust to pay principal of (and premium, if any) and interest on particular Bonds.

Section 7.8. Trustee Notice. The Trustee shall be required to take notice of any Event of Default hereunder arising from failure by the District to pay Lease Payments to the Trustee when due. Unless a Trustee Representative shall be specifically notified in writing of any other Event of Default by the District, the Corporation, or the Bondholders owning a majority in aggregate principal amount of the Bonds then Outstanding, the Trustee shall not be required to take notice or be deemed to have notice of any other Event of Default hereunder or under any of the Financing Documents, or the occurrence of any event which with the passage of time would lead to an Event of Default hereunder or under any other Financing Documents. Further, the Trustee shall not be deemed to have notice of any other events or occurrences under the Lease unless it shall have received actual, written notice thereof from the District, the Corporation, or Bondholders owning a majority in aggregate principal amount of the Bonds then Outstanding.

Section 7.9. Directors, Officers, Employees, and Agents, Exempt from Personal Liability. The Trust Agreement is solely a corporate obligation of the Trustee and no recourse under or upon any obligation, covenant, or agreement of the Trust Agreement, or for any claim based hereon, shall be asserted against any past, present, or future director, officer, employee, or agent as such of the Trustee whether by virtue of any law or otherwise. All such liability and claims against such persons are expressly waived as a condition of, and in consideration for, the execution and delivery of the Trust Agreement.

Section 7.10. Fees, Charges, Indemnities and Expenses of the Trustee. The Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and under the other Financing Documents and all advances, counsel fees, and other expenses reasonably made or incurred by the Trustee, in connection with such services and in connection with entering into the Trust Agreement and the other Financing Documents, including any such fees and expenses incurred in connection with action taken under Article V hereof. The Trustee shall also be entitled to payment of its reasonable fees, charges and expenses in the event that provision for the payment of the Bonds is made pursuant to Section 9.2 hereof. The Corporation, to the extent permitted by law, agrees to indemnify and hold harmless the Trustee from and against any and all liabilities, costs, damages, expenses and claims whatsoever arising in connection with the Trust Agreement and the other Financing Documents, however, the Corporation shall not be obligated to so indemnify the Trustee to the extent such liabilities, costs, damages, expenses and claims are attributable to the Trustee's negligence or willful misconduct. The Trustee's right to indemnification payment for its services and reimbursement for its costs and expenses shall survive the termination of the Trust Agreement.

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ARTICLE IX
AMENDMENT; DEFEASANCE; ADMINISTRATIVE PROVISIONS

Section 9.1. Amendment. (a) The Issuer and the Trustee, without the consent of the Bondholders, may amend the Trust Agreement, the Lease or other instruments evidencing the existence of a lien on the Trust Estate as shall not be inconsistent with the terms and provisions hereof for any of the following purposes:

(i) to cure any ambiguity, inconsistency, formal defect, or omission in the Trust Agreement or the Lease;

(ii) to grant to or confer upon the Trustee for the benefit of the owners of the Bonds any additional rights, remedies, powers, or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee or either of them under the Trust Agreement or the Lease;

(iii) to subject additional revenues to the lien and pledge of the Trust Agreement;

(iv) to add to the covenants and agreements contained in the Trust Agreement other covenants and agreements thereafter to be observed for the protection of the Bondholders or to surrender or limit any right, power, or authority herein reserved to or conferred upon the Corporation; or

(v) to evidence any succession by the District, the Trustee, or the Corporation and the assumption by such successor of the requirements, covenants, and agreements of the District, the Trustee, or the Corporation in the Financing Documents and the Bonds.

(b) Exclusive of the aforementioned types of amendment and subject to the terms and provisions contained in this Section, and not otherwise, the Issuer and the Trustee, with the prior approval of Bondholders owning not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Trust Agreement to the contrary notwithstanding, to amend any of the terms or provisions contained in the Trust Agreement; provided, however, that nothing in this Section shall permit or be construed as permitting: (i) without the consent of each Bondholder so affected, an extension of maturity of the principal of or the interest on any Bond, a reduction in the principal amount of any Bond or a reduction in the rate of interest thereon; (ii) without the consent of all of the Bondholders, a privilege or priority of any Bond over any other Bond or a reduction in the aggregate principal amount of the Bonds required for consent to an amendment; or (iii) without the consent of all of the Bondholders, creation of any prior or parity liens on the Trust Estate.

(c) Subject to Subsection 9.1(a), the Trustee, without the consent of the Bondholders owning not less than a majority in aggregate principal amount of the Bonds then Outstanding may not consent to any amendment to the Lease. Unless each Bondholder so affected consents, no amendment to the Lease shall be consented to if the amendment would result in an extension of the maturity of the principal of or the interest on any Bond or a reduction in the principal amount, or premium, if any, of any Bond or a reduction in the rate of interest thereon. Unless all the Bondholders consent, no amendment to the Lease shall be consented to if the amendment would result in a privilege or priority of any Bond over any other Bond or a reduction in the aggregate principal amount of the Bonds required for consent to such amendment.

(d) If at any time an amendment shall be proposed for any of the purposes of this Section requiring the approval of the Bondholders, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, notify all Bondholders of the proposed amendment in the manner provided by Section 9.6. Such notice shall briefly set forth the nature of the proposed amendment and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Bondholders. If, within 60 calendar days after mailing of the notice or such longer period not to exceed 120 calendar days as the Trustee may prescribe, the requisite number of Bondholders at the time notice of such amendment is given shall have consented to and approved the execution thereof as herein provided, no Bondholder shall have any right to object to any of the terms and provisions contained therein or the operation thereof, in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Corporation from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such amendment, the Trust Agreement or the Lease shall be and is deemed to be modified and amended in accordance with such amendment.

(e) There shall be filed with the Trustee with respect to each amendment to the Trust Agreement or the Lease an opinion of counsel acceptable to the Trustee to the effect that such amendment is authorized or permitted by the Trust Agreement or the Lease, as the case may be, and that all conditions precedent with respect to the execution and delivery thereof have been fulfilled.

Section 9.2. Defeasance. In the event the Bonds delivered pursuant hereto shall become due and payable in accordance with their terms (whether pursuant to early redemption or otherwise) and

(1) the whole amount of the principal and interest so due and payable upon all of the Bonds shall be paid; or

(2) (a) in the event there has been deposited with the Trustee, by way of book entry delivery or actual deposit Defeasance Securities in an amount sufficient, without reinvestment (together with interest earnings thereon) to provide for payment of the whole amount of the principal, premium, if any, and interest when due and payable (whether pursuant to early redemption or otherwise) upon all of the Bonds; (b) there has been filed with the Trustee a certificate of an independent certified public accountant to the effect that such deposit will be sufficient to cause the said whole amount to be paid when due (whether pursuant to early redemption or otherwise) until all the Bonds have been paid; and (c) if all other conditions precedent herein relating to the satisfaction and discharge of the Trust Agreement have been complied with;

and if, in either such event, all administrative expenses and amounts due or to become due hereunder shall have been paid or provided for, then and in either such event, the right, title, and interest of the Trustee and the Corporation under the Trust Agreement shall thereupon cease, terminate, and become void, and the Trustee shall assign and transfer to the Corporation or the District, upon the order of the District, all property (in excess of the amounts required for the foregoing) then held by the Trustee (including the Lease and all payments thereunder and all balances in any fund or account created under the Trust Agreement) and shall execute such documents as may be reasonably required by the District or the Corporation in this regard.

Notwithstanding any other provision of the Trust Agreement to the contrary, it is hereby provided that any determination not to redeem defeased Bonds that is made in conjunction with the payment arrangements specified above shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the Corporation expressly reserves the right to call the defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the defeased Bonds immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions of (i) or (ii) above with respect to such defeased debt as though it was being defeased at the time of the exercise of the option to redeem the defeased Bonds, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Bonds.

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EXCERPTS FROM

THE LEASE WITH AN OPTION TO PURCHASE dated as of August 1, 2026, by and between the DALLAS INDEPENDENT SCHOOL DISTRICT and the DALLAS INDEPENDENT SCHOOL DISTRICT PUBLIC FACILITY CORPORATION.

ARTICLE I
DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Definitions. Unless the context otherwise requires, the terms defined in this Section 1.1 shall, for all purposes of the Lease, have the meanings herein specified. Capitalized terms used herein without being defined herein shall, for the purposes of the Lease, have the meanings assigned them in the Trust Agreement unless the context requires otherwise.

Act shall have the meaning set forth in the recitals to the Lease.

Appropriate or Appropriated shall mean the adoption by the Board of Trustees of a budget or amendments to the budget for a Fiscal Year which includes the Lease Payments and other payments required or any other payments elected, if any, to be made by the District under the Lease during the respective Fiscal Year.

Available Funds shall mean funds Appropriated by the District from (i) money appropriated biennially by the Legislature of the State that may lawfully be used with respect to any payment obligated or permitted under the Lease (which under current law is limited to Basic Allotment portion of Tier One Funds), and (ii) any unintended surplus maintenance tax funds of the District at the end of each Fiscal Year after payment of all maintenance and operating expenses of the District for that Fiscal Year.

Basic Allotment portion of Tier One Funds shall mean funds which are allotted to the Lessee pursuant to Section 48.051 et seq., Texas Education Code.

Board of Directors shall mean the Board of Directors of the Lessor.

Board of Trustees shall mean the Board of Trustees of the Lessee.

Bonds shall have the meaning set forth in the recitals to the Lease.

Building shall mean the improvements now existing on the Land and all improvements hereafter developed, constructed, renovated, installed and/or equipped on the Land for use as school facilities consisting of an administration building by the District.

Chapter 303 shall have the meaning set forth in the recitals to the Lease.

Code shall mean the United States Internal Revenue Code of 1986, as amended.

Construction Contract shall mean each agreement between any Contractor and the Corporation pursuant to which such Contractor will provide services and materials for the Project.

Contractor shall mean any person or entity which contracts with Lessor pursuant to Article V hereof to develop, construct, and/or install the Project or any part thereof.

Corporation Representative shall mean the Executive Director or the Deputy Executive Director of the Corporation, the President, 1st Vice President, 2nd Vice President, Secretary or Treasurer of the Corporation's Board of Directors, or any other officer, agent, or employee of the Corporation who is designated in writing by resolution of the Board of Directors as a Corporation Representative for the purposes of the Lease, such designation to remain effective until the Corporation files with the Trustee a certification signed by a Corporation Representative or a resolution designating a different or alternative representative.

Event of Default shall mean the occurrence of any of the following events:

(a) Lessee's failure to make an Appropriated Lease Payment within ten calendar days after the due date thereof;

(b) failure by the Lessor to acquire or construct the Project in accordance with the terms and conditions hereof, and such failure is not cured within ninety (90) calendar days after written notice thereof; provided, that if such failure cannot be cured within such ninety (90) day period, such failure shall not be an Event of Default if Lessor has commenced to cure such failure within such ninety (90) day period and diligently prosecutes the cure of such failure;

(c) failure by the Lessee or the Lessor to observe and perform any covenant, condition, or agreement, on its part to be observed or performed by it hereunder, other than as referred to in (a) or (b) above, and such failure is not cured within thirty (30) calendar days after written notice thereof is provided to the party in default by the other party hereto or the Trustee;

(d) any material statement, representation, or warranty made by the Lessee in the Lease or in any writing ever delivered by the Lessee, pursuant to or in connection with the Lease or the Bonds, is false, misleading, or erroneous in any material respect;

(e) the filing by the Lessee of a voluntary petition in bankruptcy, or failure by the Lessee promptly to lift any execution, garnishment, or attachment of such consequence as would impair the ability of the Lessee to carry on its operations at the Project, or adjudication of the Lessee as a bankrupt or assignment or the entry by the Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar federal or State laws which may hereafter be enacted;

(f) any event which shall occur or any condition which shall exist the effect of which is to cause (i) more than $1,000,000 of aggregate indebtedness of the Lessee to become due prior to its stated due date, or (ii) a lien to be placed on the Project or the Lessee's interest in the Project, and not released within ninety (90) days; or

(g) a final judgment against the Lessee for an amount in excess of $1,000,000 shall be outstanding for any period of 90 days or more from the date of its entry and shall not have been discharged in full or stayed pending appeal, and, as a result thereof, a lien shall be placed on the Project or the Lessee's interest in the Project.

Lessee shall provide written notification to Lessor and Trustee upon the occurrence of any Event of Default identified in subsection (c), (d), (e), (f) or (g) of this definition.

Event of Nonappropriation shall mean the failure of the District to Appropriate for any Fiscal Year from Available Funds, sufficient funds to pay the Lease Payments or any other amounts due hereunder, or the reduction of any Appropriation to an amount insufficient to permit the District to pay the Lease Payments or any other amounts due hereunder.

Financial Obligation shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

Financing Documents shall mean collectively, the Trust Agreement, the Lease, the Security Agreement, and the Mortgage.

Fiscal Year shall mean a 12 month fiscal period of Lessee commencing on July 1 and ending on June 30 of the following year, or such other annual accounting period as the Lessee may hereafter adopt.

Issuance Costs shall mean the costs of issuance incurred in connection with the sale of Bonds and the execution and delivery of the Lease, including, but not limited to initial and first year's Trustee's fees (including the fees of Trustee's counsel), the District's financial advisor/consultant's fees and expenses, fees and expenses of counsel to the District and the Corporation, Bond Counsel, and counsel to the Underwriters, printing and other costs, the Underwriters' fees and expenses, Rating Agency fees, and the examination fees of the Attorney General of Texas, filing fees, and other miscellaneous costs and expenses.

Land shall mean the parcel of real property located within the Lessee at 4235 Norwich Street, Dallas, Texas 75212 on which the Building is to be acquired, developed, constructed, installed, and/or equipped, and easements affording ingress, egress and parking in connection therewith as more particularly described in Exhibit A, attached hereto and made a part hereof.

Lease shall mean the Lease With an Option to Purchase dated as of August 1, 2026, by and between the District and the Corporation, and any duly authorized and executed amendment thereto.

Lease Payment shall mean on the first Lease Payment Date, an amount of money which, when added to the amount on deposit in the Payment Account, will equal the amount of principal and interest to become due on the first Bond Payment Date, and thereafter, while any Bonds are outstanding under the Trust Agreement, an amount of money which, when added to the amount then on deposit in the Payment Account, will equal the amount of interest to become due on the Bonds on the next Bond Payment Date and the next maturing principal installment to become due on the Bonds, either pursuant to a mandatory sinking fund redemption or upon maturity of the Bonds. Attached as Exhibit D hereto is an initial schedule of Lease Payments.

Lease Payment Date shall mean August 15, 2027 and each February 15 and August 15 thereafter for so long as the Lease is in effect.

Lessee or District shall mean the Dallas Independent School District and its successors and permitted assigns.

Lessee Representative shall mean the Superintendent of Schools, the Deputy Superintendent of Business and Finance, or the President of the Board of Trustees, or any other officer, agent, or employee of the Lessee who is designated in writing by resolution of the Board of Trustees as a Lessee Representative for the purposes of the Lease, such designation to remain effective until the Lessee files with the Trustee a certification signed by a Lessee Representative or a resolution of the Board designating a different or alternative representative.

Lessor or Corporation shall mean the Dallas Independent School District Public Facility Corporation, and its permitted successors and assigns.

Lessor Representative shall mean the Corporation Representative.

Mortgage shall mean that certain Deed of Trust, Security Agreement and Assignment of Rents and Leases, dated effective as of the Closing Date, and executed by Lessor to U.S. Bank Trust Company, National Association, as Mortgage Trustee for the benefit of Trustee under the Trust Agreement.

Mortgage Trustee shall mean the mortgage trustee named in the Mortgage and any successor.

Net Proceeds shall mean any insurance proceeds or condemnation award paid with respect to the Project remaining after payment of all reasonable expenses incurred in the collection thereof.

Outstanding shall mean as of the date of determination, all Bonds theretofore issued and delivered under the Trust Agreement, except:

(a) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Bonds for whose payment or redemption money in the necessary amount has been theretofore deposited in an account, other than the "Payment Account" identified in Article IV of the Trust Agreement, with the Trustee in trust irrevocably for the holders of such Bonds;

(c) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered pursuant to the Trust Agreement; and

(d) Bonds alleged to have been mutilated, destroyed, lost, or stolen which have been paid as provided in the Trust Agreement.

Permitted Assignee shall mean (a) the Trustee, (b) the purchaser at a foreclosure sale held pursuant to the Mortgage or in connection with a sale in lieu thereof, or (c) any other person approved by the Lessor and the Trustee to acquire the interest of Lessee under the Lease, including the successors and assigns of any such persons.

Permitted Encumbrances shall mean the matters described in Exhibit B attached hereto and made a part hereof.

Project shall mean the Land and the Building located thereon.

Project Costs shall mean all costs of, payment of, or reimbursement for, the acquisition, design, development, construction, improvement, renovation, installation, equipping, and financing of the Project, including but not limited to acquisition of the Land; architectural, engineering, installation and management costs; project coordination and supervisory costs; administrative costs (subject to the limitations of Section 1201.042, as amended, Texas Government Code); capital expenditures relating to design, construction, and installation; financing payments; sales tax, if any, on the Project; costs of feasibility, environmental, appraisal, and other reports; inspection costs; permit fees; filing and recording costs; title insurance premiums; survey costs; Issuance Costs; and all other costs related to the Project or the financing thereof, authorized by Chapter 303 or required by applicable Texas law.

Purchase Option Date shall mean (i) any date while the Bonds remain Outstanding on and after February 15, 20__ and (ii) prior thereto in the event of damage, destruction, or condemnation of the Project, a date established pursuant to Section 9.2 of the Lease.

Purchase Option Price shall mean the amount which will be sufficient on the Purchase Option Date to pay the principal of all Bonds then Outstanding, the redemption premium, if any, and accrued interests thereon to the date fixed for redemption or the amount necessary to effectuate a redemption in accordance with Section 6.1 of the Trust

Agreement, provided, however, that on February 15, 20__ the Purchase Option Price shall be One Dollar ($1.00) provided that all amounts due and payable hereunder have been paid.

Regulations shall mean any proposed, temporary, or final income tax regulations issued pursuant to sections 103 and 141 through 150 of the Code, which are applicable to the Bonds. Any reference to any specific Regulations shall also mean, as appropriate, any proposed, temporary, or final income tax regulation designed to supplement, amend, or replace the specific Regulation referenced.

Security Agreement shall mean that certain Security Agreement dated as of the Closing Date, from the Corporation in favor of the Trustee.

State shall mean the State of Texas.

Tax-Exempt Bonds shall mean Bonds designated as "tax-exempt bonds" the interest on which is excludable from gross income for federal income tax purposes, and which include the Bonds defined in the Recitals as "Dallas Independent School District Public Facility Corporation Lease Revenue Bonds, Series 2026A".

Taxable Bonds shall mean Bonds designated as "taxable bonds" the interest on which is not excludable from gross income for federal income tax purposes, and which include the Bonds defined in the Recitals as "Dallas Independent School District Public Facility Corporation Lease Revenue Bonds, Taxable Series 2026B".

Term shall mean the term of the Lease as determined pursuant to Section 3.3 hereof.

Trust Agreement shall have the meaning set forth in the recitals to the Lease.

Trustee shall have the meaning set forth in the recitals to the Lease.

Underwriters shall mean, collectively, Raymond James & Associates, Inc., as the representative of the underwriters identified in the Bond Purchase Agreement for the Bonds.

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ARTICLE II
REPRESENTATIONS, COVENANTS, AND WARRANTIES

Section 2.1 Representations, Covenants, and Warranties of Lessee. The Lessee represents, covenants, and warrants as follows:

(a) the Lessee is a duly formed and validly existing independent school district and political subdivision of the State created pursuant to Article VII, Section 3 of the Texas Constitution and governed by the laws of the State;

(b) the Lessee has full power and authority to execute the Lease and perform its obligations hereunder and thereunder;

(c) the Board of Trustees of the Lessee has duly authorized the execution of the Lease and the performance of its obligations hereunder;

(d) the execution of the Lease and the performance of its obligations hereunder and compliance with the terms thereof by the Lessee will not conflict with, violate, or constitute a default under, any law (including administrative rule), judgment, decree, order, permit, license, agreement, mortgage, lease, or other instrument to which the Lessee is subject or by which the Lessee or any of its property is bound;

(e) the Lessee is not in violation of any law, which violation could adversely affect the performance of its obligations under the Lease;

(f) the Lessee presently expects to have sufficient Available Funds or other lawfully available Appropriated funds, as applicable, hereunder, to satisfy its obligations under the Lease, and hereby appropriates sufficient funds into the Payment Account representing currently available and unencumbered funds for the payment of the Lease Payment on August 15, 2026, and the Lessee will use its best efforts to manage its affairs in such a way as to maximize the amount of funds, available to the Lessee to pay Lease Payments; provided, however, the Lessee has no obligation to Appropriate, regardless of the amount of Available Funds or other lawfully available funds, as applicable, or request the Legislature of the State to appropriate available funds in any Fiscal Year;

(g) the Lease is the legal, valid, and binding obligation of the Lessee, enforceable in accordance with its terms;

(h) the Lessee will be the primary user of the Project, and the Lessee will use the Project during the Term for the purpose of operating school facilities or for other educational purposes of the Lessee;

(i) the Lessee agrees to keep the Project free and clear of all liens, encumbrances, and security interests (other than the Permitted Encumbrances);

(j) the Lessee has complied and will continue to comply with all open meeting laws, all public bidding or procurement laws and all other State and federal laws applicable to the execution, delivery, and performance of the Lease;

(k) the Lessee has published notice of intent to enter into the Lease in a form which complies with Section 271.004(a) Local Government Code, as amended, not less than 60 days before the date set to approve execution of the Lease, in a newspaper with general circulation in the school district, and the Lessee has not received a written petition complying with the provisions of Section 271.004(b), Local Government Code, as amended, and is fully authorized to execute the Lease; and

(l) except for approval of the Attorney General of Texas, no further approval, consent, or withholding of objections is required from any governmental authority with respect to the Lease.

Section 2.2 Representations, Covenants, and Warranties of Lessor. The Lessor represents, covenants, and warrants as follows:

(a) the Lessor is a validly existing nonprofit corporation authorized to operate under Chapter 303;

(b) the Lessor has the full power and authority to execute the Lease, the Mortgage, the Security Agreement, and the Trust Agreement and perform its obligations hereunder and thereunder;

(c) the Lessor has the full power and authority to issue, sell and deliver the Bonds and to use the proceeds thereof for the Project and agrees to take all steps legally required for the valid, lawful, and enforceable authorization, issuance, sale and delivery thereof;

(d) the Board of Directors of the Lessor has duly authorized the execution of the Lease, the Mortgage, Security Agreement, and the Trust Agreement, and has authorized the performance of the Lessor's obligations hereunder and thereunder;

(e) the execution of the Lease, the Trust Agreement, the Mortgage, and the Security Agreement, and the performance of its obligations hereunder and thereunder and compliance with the terms thereof by the Lessor will not conflict with, or constitute a default under, any law (including administrative rule), judgment, decree, order, permit, license, agreement, mortgage, lease, or other instrument to which the Lessor is subject or by which the Lessor or any of its property is bound;

(f) the Lessor is not in violation of any law, which violation could adversely affect the performance of its obligations under the Lease;

(g) upon termination of the Lease, pursuant to Sections 3.3(a) or (d) hereof, the Lessor will either retain title to the Project, if the Lessee so directs as provided by Section 11.2, or deliver to the Lessee all documents which are or may be necessary to vest all of the Lessor's right, title and interest in and to the Project in the Lessee, and in either case such termination will release all liens and encumbrances in favor of the Lessor created under the Lease with respect to the Project as provided in Article XI hereof;

(h) the Lessor agrees to keep the Project free and clear of all liens, encumbrances, and security interests (other than the Permitted Encumbrances, the Mortgage, the Security Agreement and the other Financing Documents);

(i) On the Closing Date, the Lessor will hold indefeasible fee simple title to the Land upon which the Building is or will be situated, subject to Permitted Encumbrances and the encumbrances created by the Financing

Documents and, for the period of time commencing on the date of the execution of the Lease and expiring on the termination of the Lease, will warrant and defend, subject to the Permitted Encumbrances and the terms of the Financing Documents, all and singular the Lessee's leasehold interest in such property unto the Lessee, its successors, and assigns against every person whomsoever lawfully claiming or to claim the same, or any part thereof, claiming by, through or under the Lessor, but not otherwise. Subject to compliance by the Lessee with the provisions of the Lease, the Lessor hereby covenants to provide the Lessee during the Term with the quiet use and enjoyment of such Land, subject to the Permitted Encumbrances and the terms of the Financing Documents, and the Lessee shall peaceably and quietly have and hold and enjoy such property, without suit, trouble, or hindrance from the Lessor;

(j) Except for the approval of the Attorney General of Texas, no further approval, consent, or withholding of objections is required from any governmental authority with respect to the execution, delivery and performance of the Lease;

(k) The Project will comply with all State standards and governmental requirements pertaining to the operation of school facilities and will be suitable for the Lessee's purposes;

(l) The Lease is the legal, valid and binding obligation of Lessor, enforceable in accordance with its terms; and

(m) Lessor has complied and will comply with all open meetings, all public contract procurement laws and all other State and federal laws applicable to Lessee and/or Lessor relating to the approval, construction and management and operation of the Project, and the payment of Project Costs.

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ARTICLE III
LEASE OF PROPERTY AND TERM

Section 3.1 Lease of Premises. In consideration of the rents, covenants, agreements and conditions herein set forth, which Lessee agrees to pay, keep and perform, Lessor does hereby let, demise and rent unto Lessee, and Lessee agrees to rent and lease from Lessor, the Project; provided, however, if a Lessee Event of Default or an Event of Nonappropriation has not occurred, the Lessee may not be deprived of its rights with respect to the Project as provided in the Lease, including its right of possession and use of the Project and its right to exercise its option to purchase.

Section 3.2 Title Matters. During the Term, legal title to the Project and any and all repairs, replacements, substitutions and modifications to the Project shall be in the Lessor. The Lessee shall not permit any lien or encumbrance of any kind to exist against the title to the Project, other than the Permitted Encumbrances and the liens and encumbrances created by the Financing Documents. Upon termination of the Lease under Sections 3.3(a), (d) or (e) hereof, full and unencumbered, with the exception of the Permitted Encumbrances, legal title to the Project shall either be retained by the Lessor at the Lessee's direction should the Lease be released and terminated due to the making of firm banking and financial arrangements for the final payment and discharge of the Lease and the Bonds or due to the final payment and discharge of the Bonds with the proceeds of a financing secured by the Project, or otherwise shall be immediately conveyed by Lessor to the Lessee, and the Lessor and the Trustee shall execute and deliver to the Lessee such documents as the Lessee may reasonably request to evidence the conveyance of such title to the Lessee and the termination of the Lessor's and the Trustee's interest in the Project.

Section 3.3 Term. The Lease shall be and remain in effect with respect to the Project for a lease term (the "Term") commencing on the Closing Date and continuing until terminated upon the occurrence of the first of the following events:

(a) upon the exercise by the Lessee of its option to purchase pursuant to Article XI of the Lease, or the execution of a new lease related to the Project, and the payment of all sums due and owing hereunder;

(b) the last day of the Fiscal Year in which an Event of Nonappropriation occurs;

(c) the effective date of termination of the Lease by Lessor or Trustee pursuant to the exercise of the rights of Lessor to terminate the Lease pursuant to Section 9.2(c) or upon the occurrence of an Event of Default pursuant to Article XIV;

(d) the date on which Lessee pays all Lease Payments and other amounts required to be paid by Lessee pursuant to the terms of the Lease; or

(e) the Lessee deposits or causes to be deposited an amount with the Trustee sufficient to defease the Bonds in whole pursuant to the terms of the Trust Agreement;

but in all events upon and subject to the covenants, agreements, terms, provisions and limitations hereafter set forth, all of which the Lessee covenants to perform and observe.

ARTICLE IV
USE OF LEASED PREMISES AND COMPLIANCE WITH LAW

Section 4.1 Use. Lessee shall occupy, operate and maintain the Project for use as an administration building or other school facility and associated community purposes, provided in no event may the Project be used for a purpose which may adversely affect the treatment of the Bonds as obligations described in section 103 of the Code, the interest on which is excludable from "gross income" of the holders thereof for purposes of federal income taxation.

Section 4.2 Compliance With Laws.

(a) Lessee shall comply with all laws, statutes, ordinances, rules and regulations of applicable governmental authorities, now existing or enacted or promulgated in the future, which affect the Project and the use and occupancy thereof. Lessee shall obtain all permits and licenses necessary for the operation, possession and use of the Project. Lessee shall make, at Lessee's own cost and expense from Available Funds, any and all repairs, additions and alterations (whether the same constitute a capital improvement or expenditure) to the Project, that are required by local, State or federal statutes, rules, ordinances or regulations or as may be ordered or required by any governmental authority, whether (i) in order to meet the special needs of Lessee, or by reason of the occupancy of Lessee, or otherwise, and (ii) regardless of whether such laws, rules and regulations, and the cost of implementing them, are imposed upon the fee owner or Lessor. In making any such alterations and improvements, Lessee shall comply with Sections 5.3 and 5.6, below.

(b) Lessee may, after written notice to Lessor, by appropriate proceedings conducted promptly in Lessee's name and at Lessee's expense, contest the validity or enforcement of any such laws, statutes, rules, regulations or ordinances, and Lessee may defer compliance with same during such contest, provided Lessee diligently prosecutes such contest to a final determination by the authority having jurisdiction thereof and the delay in complying with such regulations and ordinances does not create a lien or encumbrance on the Project or subject the Lessor or the Project to any liability for damages, fines, or penalties.

ARTICLE V
DEVELOPMENT AND CONSTRUCTION OF THE PROJECT

Section 5.1 Local Conditions. Lessor and Lessee hereby declare that they are familiar with local conditions with respect to the acquisition, design, development, construction, renovation, improvement, installation, and equipping of the Project. The Lessee hereby represents and warrants that as of the date hereof, all utility services necessary for the Lessee to use the Project for its intended purposes are available at the boundaries of the Land in public rights-of-ways, including without limitation, water supply, all required storm drainage facilities, sanitary sewer facilities, gas, electric and telephone facilities; and all necessary steps have been taken by Lessee and any such governmental authorities or other entities to assure complete construction and installation of such utility services. The Lessee further represents and warrants that the Lessee has obtained or, as and when applicable will obtain timely, all necessary approvals, including, without limitation, all environmental approvals, from any and all governmental, administrative or judicial bodies having jurisdiction over the Project or the Lessee requisite for the Lessee to use the Project for its intended purposes.

Section 5.2 Project Contract Requirements. All Construction Contracts must: (i) be awarded in compliance with applicable State law relating to procurement and contracts with school districts; (ii) require the Contractor to obtain all required approvals from governmental entities for the work to be performed thereunder; (iii) require the Contractor to obtain and file statutory payment bonds and performance bonds, each of which shall name the Trustee as an obligee and each of which shall be in such amounts as to meet statutory requirements to avoid the effective encumbrance of the Project with a statutory or constitutional mechanic's or materialman's lien, but in no event less than the amount of the Contract sum stated in the Construction Contract, and in all events be in form and issued by surety companies satisfactory to the Lessor and the Lessee; (iv) require that all materials furnished be of good and serviceable quality and all labor performed be good and workmanlike; (v) require the Contractor and its subcontractors to obtain the insurance set out in Section 5.6 below; (vi) require that the Construction Contract and any warranties contained therein can be assigned to and directly enforced by the Lessee, Trustee or a Permitted Assignee; (vii) provide for an express subordination of any mechanic's or materialman's lien to the Mortgage lien securing the Bonds; (viii) contain the limitations on change orders set out in Section 5.4 below; and (ix) provide that all payments under the Construction Contract are payable solely from funds on deposit in the Project Account created under the Trust Agreement.

Section 5.3 Change Orders. Change orders with respect to the Project may only be made with the prior written approval of the Lessor and Lessee. No change order shall be approved which would: (i) either separately, or in the aggregate, cause the Project Costs to exceed $135,000,000, being the amount of the Project as disclosed to the public in the notice of intent; (ii) either separately, or in the aggregate, cause Project Costs to be paid from the Project Account to exceed $121,000,000.00 unless there shall be deposited into the Project Account funds equal to the amount of any increase; (iii) materially reduce the gross square feet to be contained in the Project, materially alter the basic layout of the Project, or provide for materials to be furnished that are not at least of the same quality and grade as that for which such materials are substituted; or (iv) reduce the fair market value of the Project to less than the fair market value of the Project without the modification. In no event shall change orders result in a change in the Lease Payments or the Purchase Option Price.

Section 5.4 Ownership of Project. All materials and other property of any nature whatsoever incorporated into the Project shall become a permanent part of the Project for the purposes of the Lease.

Section 5.5 Insurance Required of Contractors. During the initial construction of the Project and during any major renovation or restoration involving an aggregate expenditure of more than $100,000, all Contractors shall be required to obtain the insurance coverage set out in Exhibit C attached hereto and incorporated by reference herein for all purposes.

ARTICLE VI
ACCEPTANCE AND CONDITION OF PREMISES

Section 6.1 Lessee's Inspection and Acceptance. Lessee is familiar with the Land and the Building and has been provided the opportunity to fully inspect the Project prior to the execution of the Lease. Lessee's execution of the Lease shall be conclusive evidence of Lessee's acceptance of the Project for purposes of the Lease in its "AS-IS" condition, with all faults latent or patent, and that the Land and the Building are suitable for their intended purposes.

Section 6.2 No Representations. Lessee agrees that Lessor has made no representations or warranties respecting the condition of the Land or the Project, and no promises to alter or improve the Land have been made by Lessor or its agents other than those specifically contained herein or incorporated herein by specific reference.

ARTICLE VII
ALTERATIONS AND IMPROVEMENTS

Section 7.1 Lessee's Right to Alter or Improve.

(a) Provided the conditions set out in this Article VII are met, Lessee shall have the right, upon prior written notice to the Trustee, to make alterations, additions or improvements to the Project. Project Costs incurred by the Lessee in connection with such alterations, additions and improvements to the Project may be (i) reimbursed to the Lessee by the Lessor upon written request from the Lessee and disbursement from the Project Account in accordance with Section 4.2(d) of the Trust Agreement, or (ii) paid by the Lessee from and to the extent of Available Funds in excess of the Lease Payments or from other lawfully available funds of the Lessee. All alterations, improvements, and additions shall be part of the Project, owned by Lessor subject to the terms of the Lease and the Mortgage.

(b) Following the effective date of the Lease, Lessee shall have the right to make alterations and improvements conditioned on the following: (i) no alteration or improvements may be made that would materially reduce the gross square feet to be contained in the Project, materially alter the basic layout of the Project, or provide for materials to be furnished that are not at least of the same quality and grade as that for which such materials are substituted; (ii) no alteration, modification or addition shall be made which would reduce the fair market value of the Project to a value below the fair market value of the Project without modification; (iii) no structural alteration or improvement shall be made without the prior written consent of the Lessor, the request for which must be accompanied by a certification of a licensed engineer that such alteration will leave the Project, as altered, in a structurally sound condition; (iv) no alteration or improvement may be made which might adversely affect the excludability of the interest on the Bonds from "gross income" of the holders thereof for federal income tax purposes, and in this respect, the District must furnish to the Trustee an opinion of Bond Counsel to the effect that no such alteration or improvement would so effect the Bonds.

(c) All alterations and improvements must: (i) be performed in a good and workmanlike manner; (ii) be performed pursuant to written Constriction Contracts meeting the requirements of Article V of the Lease, and (iii) result in no liens being filed against the Project, or if such liens are filed, Lessee shall promptly, and from Available Funds in excess of the Lease Payments, obtain and file a statutory Bond to Indemnify Against Lien (as provided in the Texas Property Code or its then statutory equivalent), naming the Lessor and Trustee as additional obligees.

ARTICLE VIII
OPERATION OF THE PROJECT

Section 8.1 Maintenance. During the Term, Lessee shall, from Available Funds, maintain, preserve and keep the Project in good repair, working order and condition, and from time to time make or cause to be made all repairs, replacements and improvements (regardless of whether same include capital expenditures) necessary to keep the Project in such condition. Lessor shall have no obligation or responsibility to maintain the Project.

Section 8.2 Access. Lessor and Lessee agree that Lessee, any Lessee Representative, Lessor, any Lessor Representative, Trustee, any Trustee Representative, the Underwriters, and any Permitted Assignee shall have the right at all reasonable times to enter and inspect the Project. The Lessee agrees that Lessor, a Lessor Representative, Trustee, and a Trustee Representative, without incurring any responsibility or obligation, shall have such rights of access to the Project as may be necessary or desirable to: (i) cause the maintenance of the Project in the event of failure by Lessee to perform its obligations hereunder, (ii) permit Lessor or Trustee to exercise their rights or Lessor to carry out its obligations under the Lease, or (iii) determine whether Lessee is in compliance with its obligations under the Lease.

Section 8.3 Utilities. During the Term, Lessee shall pay from lawfully available Appropriated funds, directly to vendors and suppliers, all deposits, charges, fees, and costs incurred for all utility equipment and services in connection with the use and occupancy of the Project by Lessee, including, but not limited to, water, sewer, refuse removal, electricity, gas, telephone, and cable television. Lessee shall pay the costs of any janitorial and related supplies in connection with the operation of the Project.

Section 8.4 Taxes. To the extent applicable, Lessee shall pay from lawfully available Appropriated funds any sales, property (real or personal), use, license, or other taxes with respect to the Project or any part thereof, or the ownership or use of the Project that may be imposed, assessed, levied or becoming due and payable on or after the effective date of the Lease, together with any fines, penalties, or interest thereon. Lessor shall promptly forward to Lessee any tax statements received by Lessor for payment by Lessee prior to delinquency. Lessee shall furnish Lessor and Trustee with copies of paid receipts reflecting the timely payment of such taxes or impositions, and shall furnish the Trustee annually with a certificate that all taxes or impositions have been paid. Lessee, after notifying the Trustee in writing and at its own expense, may contest by appropriate administrative and thereafter legal proceedings the assessed value, entitlement to any claimed exemption from taxation, validity of levy, amount of tax or imposition, or applicability of any such tax or imposition. Lessee's right to contest such taxes or impositions shall be conditioned on Lessee's compliance with any tender requirements of any laws governing protest of taxes and furnishing to Trustee an indemnity bond or cash deposit or other security acceptable to the Trustee, with a surety acceptable to Trustee, in the amount of the tax or imposition being contested by Lessee plus an additional sum sufficient to pay costs, interest, and penalties that may be imposed or incurred in connection with or during the contest. In no event may a contest be maintained or continued that might, if adversely determined, result in a sale of the Project, or any portion thereof pursuant to a court order foreclosing any statutorily provided lien to secure such tax or imposition.

Section 8.5 Liens and Leasehold Mortgages Prohibited. Lessee shall not, directly or indirectly, mortgage, pledge, or hypothecate the Project or its interest in the Lease. Lessee shall not, directly or indirectly, create, incur, assume, or suffer to exist any mortgage, lien, charge, encumbrance, or claim on or with respect to the Project other than (i) the rights of Lessor and Lessee under the Lease as specifically provided in the Lease and (ii) the Permitted Encumbrances. Lessee shall promptly take such action as may be necessary to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim arising at any time during the Term. Lessor or Trustee shall have the right, but not the obligation, to discharge any such liens, charges, mortgages or encumbrances if Lessee does not do so and to be reimbursed by Lessee from lawfully available funds for any expense incurred by either of them in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

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Section 8.10 Security Interest. In order to secure all of its obligations hereunder, Lessee hereby (i) grants to Lessor a first and prior security interest in all right, title and interest of the Lessee in the following property, to the extent acquired by the Lessor with the proceeds of the Bonds and leased to Lessee pursuant to the terms of the Lease, the personal property portion of the Project to the extent owned by Lessee or leased by Lessee from Lessor (exclusive of any leased equipment from third parties which is not a portion of the Project) and in all additions, attachments, accessions and substitutions thereto, and on any proceeds therefrom, (ii) agrees that the Lease may be filed as a financing statement evidencing such security interest, and (iii) agrees to execute and deliver all financing statements, certificates of title and other instruments necessary or appropriate to evidence such security interest.

Section 8.11 Lessee's Negligence and Liability Insurance.

(a) TO THE EXTENT PERMITTED BY THE LAWS OF THE STATE, LESSEE ASSUMES ALL RISKS AND LIABILITIES, WHETHER OR NOT COVERED BY INSURANCE, FOR INJURY, LOSS OR DAMAGE TO THE PROJECT OR FOR INJURY, LOSS OR DAMAGE TO ANY PERSONS OR PROPERTY, WHETHER SUCH INJURY OR DEATH BE SUFFERED BY LESSEE OR ANY OTHER THIRD PARTY AND WHETHER OR NOT SUCH DAMAGE TO PROPERTY IS TO LESSEE'S PROPERTY OR THE PROPERTY OF OTHERS, AND WHETHER OR NOT SUCH INJURY, DEATH, LOSS OR DAMAGE IS PROXIMATELY CAUSED BY THE ACTS OR OMISSIONS, INCLUDING NEGLIGENCE, OF LESSEE, ITS AGENTS, SERVANTS, OFFICERS AND EMPLOYEES; PROVIDED, HOWEVER, THAT THIS INDEMNIFICATION SHALL NOT APPLY TO ANY LIABILITY, DAMAGES, OR EXPENSES ARISING FROM THE NEGLIGENT OR WILLFUL CONDUCT OF THE LESSOR OR THE TRUSTEE.

(b) TO THE EXTENT PERMITTED BY THE LAWS OF THE STATE, LESSEE HEREBY ASSUMES RESPONSIBILITY FOR AND AGREES TO REIMBURSE LESSOR AND TRUSTEE, FROM AND TO THE EXTENT OF LAWFULLY APPROPRIATED FUNDS IN EXCESS OF THE AMOUNTS TO BE PAID PURSUANT TO THE LEASE AND THE FUNDS REQUIRED TO BE HELD BY TRUSTEE PURSUANT TO THE TRUST AGREEMENT, FOR ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, CLAIMS, ACTIONS, COSTS AND EXPENSES OF WHATSOEVER TYPE, KIND OR NATURE, THAT MAY BE ALLEGED TO HAVE BEEN THE RESPONSIBILITY OF LESSOR OR TRUSTEE, INCLUDING THE REASONABLE COSTS OF INVESTIGATION, SETTLEMENT OR DEFENSE, WHICH ARISE OR ARE ALLEGED TO ARISE IN WHOLE OR IN PART BY REASON OF THE CONDUCT OF LESSEE, ITS OFFICERS, EMPLOYEES, AGENTS, SERVANTS AND EMPLOYEES; PROVIDED, HOWEVER, THAT THIS REIMBURSEMENT OBLIGATION SHALL NOT APPLY TO ANY LIABILITY, DAMAGES, OR EXPENSES ARISING FROM THE NEGLIGENT OR WILLFUL CONDUCT OF THE LESSOR OR THE TRUSTEE.

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ARTICLE IX
CASUALTY AND CONDEMNATION

Section 9.1 Casualty or Condemnation. If (i) the Project or any part thereof is damaged by fire or other casualty, or (ii) if title to or temporary use of all or any portion of the Project or the interest therein of Lessor, Lessee or Trustee is threatened or taken pursuant to the exercise of a power of eminent domain (whether by governmental body or by any company authorized by law to exercise powers of eminent domain):

(a) Lessee shall promptly give Lessor and Trustee prompt written notice of any notices received relating to the condemnation or casualty of which it has notice;

(b) Trustee shall have the right, but not the obligation, to participate in any condemnations or negotiations for any sale, conveyance or lease in lieu of condemnation;

(c) Trustee shall have the right, but not the obligation, to participate in the adjustment of any casualty loss;

(d) Lessee shall cooperate with the Lessor and the Trustee in filing any proof of loss on any insurance policy required hereunder and in any condemnation or negotiation for a conveyance in lieu thereof and, to the extent it may lawfully do so, permit the Lessor or the Trustee to prosecute any administrative proceeding or litigation in connection therewith in the name of Lessee;

(e) all Net Proceeds shall be deposited with Trustee to the casualty and condemnation subaccount of the Project Account created in the Trust Agreement;

(f) Lessee shall be obligated, subject to this Section 9.1 and Section 9.2, to repair, restore, modify or improve the Project to its condition immediately prior to the casualty or condemnation;

(g) all Net Proceeds of the Project shall be used in the repair, restoration, rebuilding, modification or improvement by Lessee and shall be drawn by Lessee by means of a requisition in the form set out in Exhibit D to the Trust Agreement and incorporated and made a part hereof;

(h) Lessee shall be obligated to meet the requirements set out with respect to alterations and improvements set out in Article VII above;

(i) subject to this Section 9.1 and Section 9.2, Lessee shall not be relieved of its obligations to repair, restore, modify or improve the Project by reason of the insufficiency of the Net Proceeds for such purpose;

(j) Lessee shall not have the right to compromise, settle, adjust, or consent to the settlement of any private adjustment or administrative or legal proceeding related to the adjustment of an insurance claim or possible condemnation without the prior written consent of Lessor and Trustee; and

(k) Notwithstanding anything to the contrary contained in this Section 9.1, or anywhere else in the Lease, if title to or the temporary use of the Project or any part thereof, or the interest of Lessor or Trustee in the Project or any part thereof, shall be taken under the exercise of the power of eminent domain by the Lessee, Lessor and Lessee hereby expressly acknowledge and agree, to the extent permitted by law, and pursuant to the requirements of Chapter 21, as amended, Texas Property Code, that the damages payable to Lessor or Trustee, as the case may be, pursuant to such exercise of the power of eminent domain by the Lessee shall be an amount which will be sufficient on the date payment is made by Lessee to Lessor, Trustee or clerk of the court of a court of competent jurisdiction, together with amounts, if any, on deposit in the Payment Account, Redemption Account, and/or the Project Account, to pay the principal of all Bonds then Outstanding, the redemption premium, if any, and accrued interest thereon to the date fixed for redemption in accordance with Section 6.1 of the Trust Agreement, plus the ordinary fees and expenses included within the Purchase Option Price as provided in the Lease.

Section 9.2 <u>Lessee's Options if Net Proceeds are Insufficient</u>. If the Net Proceeds are insufficient, in the judgment of the Lessee, to defray the anticipated cost of restoration, repair, modification or improvement following a condemnation or casualty, Lessee shall, by written notice to Lessor and Trustee given within ninety (90) days following the date of such condemnation or casualty, elect either to:

(a) apply Available Funds in excess of the Lease Payments to such excess costs;

(b) exercise its Option to Purchase on the next succeeding Lease Payment date occurring more than thirty (30) days following the date of its written notice to the Lessee of its election to exercise its Option to Purchase; or

(c) terminate the Lease without causing an Event of Default under the Lease except to the extent the District has failed to comply with Section 8.6 and Section 8.9 hereof.

If Lessee exercises its Option to Purchase pursuant to this provision, Lessee shall deposit with Trustee, prior to the next succeeding Purchase Option Date for the Option to Purchase, such additional Available Funds, which taken together with the Net Proceeds, will be sufficient to pay the Purchase Option Price that would be due as of such next succeeding Purchase Option Date, together with all sums that may be due or, pursuant to written confirmation from the Trustee, past due under the Lease as of such next succeeding Purchase Option Date, less such amounts other than the Net Proceeds that may be then held by the Trustee and available for payment to the Bondholders pursuant to the Trust Agreement. If there is any balance in the accounts held by the Trustee after paying all sums required for repair, restoration, modification or improvement of the Project or after payment in full of the Purchase Option Price and the payment of the reasonable costs and expenses of Trustee, Trustee shall disburse the balance to Lessee.

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ARTICLE X
LEASE PAYMENTS

Section 10.1 Project and Issuance Costs. Lessee represents that (i) Project Costs, (exclusive of Issuance Costs) shall not exceed $135,000,000.00, unless increased pursuant to agreed change orders, the sum of which change orders may not cause the aggregate amount of the Lease to exceed $135,000,000 (being the amount of the Project from the notice of intent amount published pursuant to the Act) maximum amount of the Lease to be exceeded, and which change orders must also be issued in compliance with Section 5.4 above; and (ii) that Issuance Costs shall not exceed $ ________. On the Closing Date, Trustee shall deposit $135,000,000.00 in the Project Account from the proceeds of the sale of the Bonds. The remaining proceeds from the sale of the Bonds, if any, will be deposited into the accounts established pursuant to the Trust Agreement and administered and disbursed as provided therein. The purchase price of the Land and the Building (in its condition existing on the date of purchase) is $121,000,000.00. The Lessor and Lessee hereby agree that the purchase price for the Land and the Building will be paid from the Project Account in accordance with the Trust Agreement. Any remaining proceeds of the Bonds will be used by the Lessee for other costs to design, develop, construct, improve, renovate, install, and equip the Project in accordance with the Lease and the Trust Agreement. The Lessee agrees to pay from Available Funds any amount of the Project Costs in excess of the amount on deposit in the Project Account which is set aside to pay Project Costs; provided, however, such contribution may not cause the total of the Project Costs to exceed $135,000,000, the amount of the Project published in the notice of intent.

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Section 10.4 Lease Payments. Lessee shall pay to Trustee on each Lease Payment Date the Lease Payments out of Available Funds. Lessee also agrees, to the extent permitted by law, to pay from lawfully available Appropriated funds other amounts related to the operation and maintenance of the Project including, without limitation, the ordinary fees and expenses (including reasonable attorney fees to the extent permitted by applicable law) of Trustee (solely from Available Funds), utility charges, to the extent applicable, ad valorem taxes and impositions (prior to their delinquency) imposed on the Project, the premiums of insurance policies relating to the Project, each of such payments to be made in the amounts and at the times provided in the Lease or in the Trust Agreement. Lessee shall be entitled to a credit against the Lease Payments at the times and in the amounts set forth and determined in accordance with the Trust Agreement; provided, however, that no credit shall be taken by Lessee other than as specifically set forth in a written notice thereof to the Lessee from the Trustee. All Lease Payments shall be payable to the Trustee at its address specified in the Trust Agreement, or to such other person or entity and at such other address as the Trustee may designate by written notice to the Lessee, in lawful money of the United States of America. All Lease Payments shall be applied by Trustee in accordance with the Trust Agreement.

Section 10.5 Current Expenses. Lessee's obligations under the Lease, including its obligations to pay the Lease Payments, shall constitute a current expense of the Lessee in the Fiscal Year during which such payments are due, and shall not constitute an indebtedness of the Lessee within the meaning of the laws of the State. Nothing in the Lease shall constitute a pledge by Lessee of any taxes or other money, other than Available Funds for the then current Fiscal Year, to the Lease Payments due hereunder.

Section 10.6 Lessee's Obligation.

(a) Subject to the limitation set out in subsection (b) of this Section, the obligation of the Lessee shall be absolute and unconditional. The covenant to pay Lease Payments shall be an independent covenant. Lessee shall have no right to withhold, set-off or reduce the amount of Lease Payments or the obligation to make such Lease Payments or other payments when due hereunder regardless of any claim or dispute it may have regarding the Lease. Further, Lessee expressly waives any counterclaim that it may have now or in the future regarding the Lease or its occupancy thereunder. Lessee expressly waives and releases any claim that it may have either now or in the future to constructive eviction or breach of the covenant of quiet enjoyment. There shall be no abatement of Lease Payments for any reason whatsoever.

(b) Lessee's obligation to make Lease Payments is subject to the sufficiency of Available Funds. Lessee presently intends to continue the Lease for the Term and to pay all Lease Payments and other payments required hereunder subject to the proviso of Section 2.1(f) above. Lessee reasonably believes that Available Funds in amounts sufficient to make all such Lease Payments or other payments required hereunder will be available for such purposes.

Section 10.7 Additional Obligations. The Lessee hereby reserves the right to enter into additional obligations pursuant to Section 271.004 of the Act ("Additional Obligations"); provided, however, that the Lessee covenants and agrees that no Additional Obligations shall be issued unless and until the following conditions shall have all been met:

(a) No Event of Default hereunder is in existence at the time of issuance of the Additional Obligations;

(b) The laws of this State effective at the time of the authorization of such Additional Obligations shall permit their issuance; and

(c) The funds eligible to be Available Funds of the District (other than unintended surplus maintenance tax funds of the District remaining at the end of each Fiscal Year after payment of all maintenance and operating expenses of the District for that Fiscal Year) as estimated by the Texas Education Agency for the District's current or next succeeding Fiscal Year at the time of adoption of the resolution authorizing the issuance of the Additional Obligations, are equal, based upon a certification by the District, to not less than two (2.0) times the maximum annual principal and interest requirements, during any fiscal year prior to the Bonds' maturity, of the Bonds, all Additional Obligations, including the proposed Additional Obligations, and the portion of all other contractual obligations at the time outstanding and payable from funds eligible to be Available Funds (other than unintended surplus maintenance tax funds of the District remaining at the end of each Fiscal Year after payment of all maintenance and operating expenses of the District for that Fiscal Year).

The provisions of this Section 10.7 are not intended to and shall not affect the Lessee's ability to issue additional bonds or obligations which are authorized by any applicable law other than Section 271.004 of the Act.

ARTICLE XI
OPTION TO PURCHASE

Section 11.1 Option to Purchase. On a Purchase Option Date, the Lessee shall have the option to purchase (the "Option to Purchase") Lessor's interest in the Project for an amount equal to the Purchase Option Price. Lessee shall give written notice to Lessor and Trustee of its exercise of the Option to Purchase not less than thirty (30) days prior to the Purchase Option Date on which the option to purchase is to be exercised and shall deposit with the Trustee on the Purchase Option Date an amount, which taken together with the aggregate funds held by the Trustee under the Trust Agreement in the Project Account, Payment Account, and Redemption Account on the Purchase Option Date will equal the aggregate of the Purchase Option Price and all other sums required to be paid hereunder as of such Purchase Option Date. The Trustee shall use the money so deposited to redeem the Bonds in accordance with the terms of the Trust Agreement and to discharge the other expenses for which Lessee is liable hereunder.

Section 11.2 Conveyance of Lessor's Interest in the Project. On the Purchase Option Date and subject to the payment in full of all amounts due and owing under the Lease and the other Financing Documents, including the Purchase Option Price (i) Trustee will release the Mortgage, (ii) the Lease shall terminate, and (ii) Lessor shall convey the Project to Lessee by Special Warranty Deed and Bill of Sale, free and clear of all liens and encumbrances created under the provisions of the Financing Documents, but subject to the Permitted Encumbrances.

Upon the release and termination of the Lease and the execution by the Lessee and the Lessor of a new lease relating to the Project due to the making of firm banking and financial arrangements for the payment and discharge of the Bonds, the Lessee shall have no further obligations under the Lease, but the Lessor shall retain its right, title, and interest in and to the Project, free and clear of all liens, leasehold interests, and encumbrances relating to the Lease and the Bonds, including, if necessary, a release of any and all liens or interests created under the provisions of the Lease and the Mortgage, so that the Lessor may encumber the Project in connection with the execution of the new lease relating to the Project.

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ARTICLE XIV
REMEDIES FOR DEFAULT AND NON-APPROPRIATION

Section 14.1 Remedies for Lessee's Default. Subject to Section 3.1, if an Event of Default occurs by reason of the act or omission of Lessee or Lessor, then the Trustee shall have the right, to the extent permitted by law, to take any or all of the following actions:

(a) with or without terminating the Lease, declare all Lease Payments due or to become due during the then current Fiscal Year to be immediately due and payable by Lessee to the extent of Available Funds, in which event such Lease Payments, to the extent permitted by the laws of the State, shall be immediately due and payable;

(b) terminate the Lease and Lessee's right to occupy the Project and employ legal process to remove Lessee;

(c) enter upon the Project with or without terminating the Lease and without being deemed liable for trespass and design, develop, construct, alter, improve, renovate, install, and equip the Project, applying the amounts in the Project Account to the payment of Project Costs;

(d) exercise any remedies, rights or powers it may have under the Lease, the Mortgage, the Trust Agreement, or the Security Agreement, under the laws of the State including any suit, action, mandamus, or special proceeding at law or in equity or in bankruptcy or otherwise for the collection of all amounts due and unpaid under the Financing Documents, for specific performance of any covenant or agreement contained in the Lease, the Mortgage, the Trust Agreement, or the Security Agreement or for the enforcement of any applicable legal or equitable remedy as Trustee may deem most effective to protect the rights aforesaid to the extent permitted by applicable law.

Section 14.2 No Holdover After Termination. As directed by the Trustee, the Lessee shall immediately surrender possession of the Project to Lessor or a Permitted Assignee upon termination of the Lease pursuant to Section 14.1 hereof. No holdover tenancy shall be permitted and Lessee will, upon the termination of the Lease, become a tenant at sufferance and during such tenancy the Lessee shall be required to make rental payments equal to the Lease Payments.

Section 14.3 Termination Upon Non-Appropriation. Lessee shall provide Lessor and Trustee with written notice within 72 hours of the occurrence of either of the following (i) the enactment by the Texas Legislature and the approval thereof by the Governor (whether directly or indirectly) of appropriations legislation that does not appropriate to Lessee the Basic Allotment portion of Tier One Funds or other funds that may lawfully be used to make the Lease Payments and other payments under the Lease, in an amount sufficient to pay the Lease Payments for the current or succeeding fiscal period, or (ii) action by the Board of Trustees of the District, which constitutes an Event of Nonappropriation or a failure to Appropriate funds sufficient to pay Lease Payments due during the current or succeeding Fiscal Year. If an Event of Nonappropriation exists or if funds sufficient to pay the Lease Payments due during the succeeding Fiscal Year are not Appropriated, then the Lease shall terminate effective at the end of the Fiscal Year for which sufficient funds have been Appropriated, which termination shall be self-operative without notice or demand. Upon the effective date of termination under this Article XIV, Lessee shall as directed by Trustee peaceably surrender possession and control of the Project to Lessor or a Permitted Assignee.

Section 14.4 Additional Remedies if Nonappropriation Occurs. If the Lease is terminated pursuant to Section 14.3 and Lessee fails timely to surrender possession or control of the Project as directed by Trustee to Lessor or a Permitted Assignee, Lessee, as a tenant at sufferance, shall pay, from and to the extent of lawfully available funds, damages in an amount equal to the Lease Payments that accrue on a daily basis for the period from the effective date of termination to the date of delivery of possession and control of the Project.

Section 14.5 No Mitigation Required. To the extent permitted by law, neither Lessor nor Trustee shall ever be required to mitigate such party's damages resulting from an Event of Default by Lessee, except in the event of an abandonment of the Project by Lessee but then and in that event, only to the extent that it is commercially reasonable.

Section 14.6 <u>No Waiver; Notice</u>.

(a) No delay or failure by either party to insist upon or take action to enforce the strict performance of any covenant, agreement, term or condition of the Lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial Lease Payments during the continuance of any such breach, shall constitute a waiver of any such breach or of such covenant, agreement, term or condition. No covenant, agreement, term or condition of the Lease to be performed or complied with, and no breach thereof, shall be waived, altered or modified except by a written instrument. No waiver of any breach shall affect or alter the Lease, but each and every covenant, agreement, term and condition of the Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

(b) In order to entitle any party to exercise any remedy reserved to it in the Lease it shall not be necessary to give any notice, other than such notice as may be required in the Lease or by applicable law with respect to such remedy.

(c) The District shall provide written notice to the Corporation and the Trustee of the occurrence of any Event of Default under subsections (d), (e) or (f) of the definition of Event of Default.

Section 14.7 <u>Lessor's Remedies are Cumulative</u>. Lessor's remedies are cumulative and not exclusive and shall be in addition to every other remedy afforded by the Lease either now or hereafter existing at law or in equity, and Lessor may pursue one or more of such remedies without being deemed to have elected its remedies. The remedies conferred on the Lessee upon the occurrence of an Event of Default of the Lessor shall, however, be exclusive and not cumulative.

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APPENDIX B

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 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 JUNE 30, 2026)

	SCHOOL YEAR				
Grade	**2025-26**	**2024-25**	**2023-24**	**2022-23**	**2021-22**
Early Education	572	573	581	556	452
Pre-kindergarten	10,734	10,664	10,522	10,563	10,256
Kindergarten	9,298	9,563	9,689	9,805	10,303
Grade 1	9,770	10,049	10,207	10,654	10,616
Grade 2	10,004	10,119	10,583	10,354	10,339
Grade 3	9,819	10,334	10,112	9,927	10,113
Grade 4	10,114	9,980	9,868	9,843	10,196
Grade 5	9,796	9,735	9,792	9,863	10,147
Grade 6	8,971	8,996	9,006	9,082	9,683
Grade 7	8,689	8,709	8,905	9,442	10,085
Grade 8	8,757	8,734	9,368	9,865	10,189
Grade 9	10,358	11,886	12,212	12,833	13,260
Grade 10	9,784	10,394	10,977	11,356	10,171
Grade 11	8,655	9,433	9,657	8,956	9,478
Grade 12	8,869	8,360	7,767	8,070	8,270

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

	2026[1]	2025	2024	2023	2022
Dallas County					
Civilian Labor Force	1,438,825	1,438,197	1,513,637	1,461,604	1,420,674
Total Employment	1,378,751	1,379,205	1,452,184	1,405,512	1,368,043
Unemployment	60,074	58,992	61,453	56,092	52,631
% Unemployment	4.2%	4.1%	4.1%	3.8%	3.7%
State of Texas					
Civilian Labor Force	15,915,979	15,883,632	15,621,025	15,067,153	14,662,558
Total Employment	15,238,369	15,218,369	14,965,515	14,472,524	14,092,833
Unemployment	677,888	665,263	655,510	594,629	569,725
% Unemployment	4.3%	4.2%	4.2%	3.9%	3.9%

[1] Adjusted figure as of May 2026

Source: Texas Labor Market Information - Texas Workforce Commission.

APPENDIX C

EXCERPTS FROM THE
DISTRICT'S ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Year Ended June 30, 2025

The information contained in this Appendix consists of excerpts from the Dallas Independent School District (the "District") Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025 (the "Report") and is not intended to be a complete statement of the District's financial condition. Reference is made to the complete Report for further information.

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

Table of Contents

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

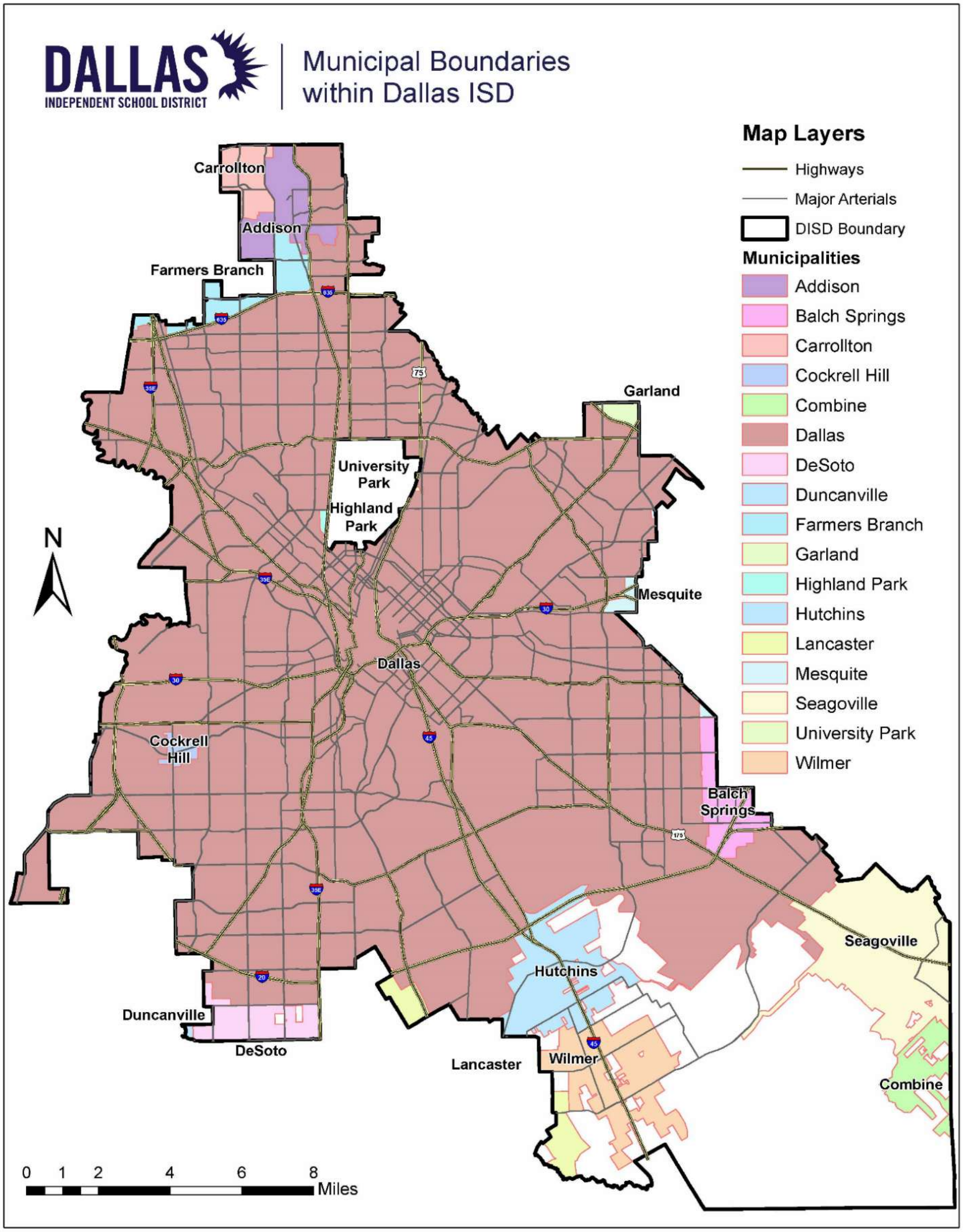
Dallas ISD is an independent public school district operating under applicable laws and regulations of the State of Texas, providing a full range of educational services appropriate to grade levels pre-kindergarten through 12th grade. The District is the second-largest public school district in Texas, 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
Mesquite
Dallas
Cockrell Hill
Balch Springs
Seagoville
Hutchins
Duncanville
DeSoto
Lancaster
Wilmer
Combine
N
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.

MERITORIOUS BUDGET AWARD

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

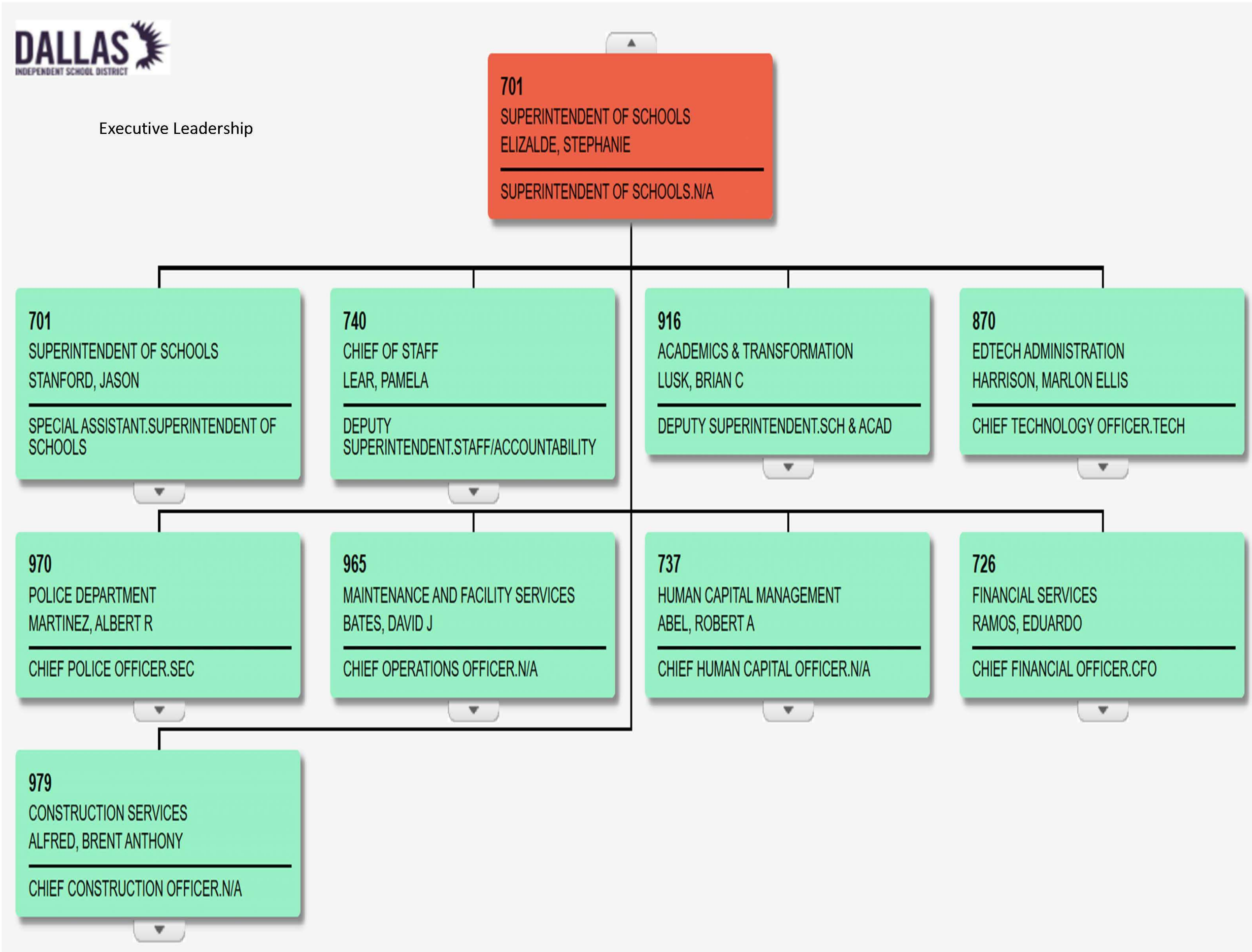
Tiffany Huitt-Powell…………………………………………………………Chief Schools Officer

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

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

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

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


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%

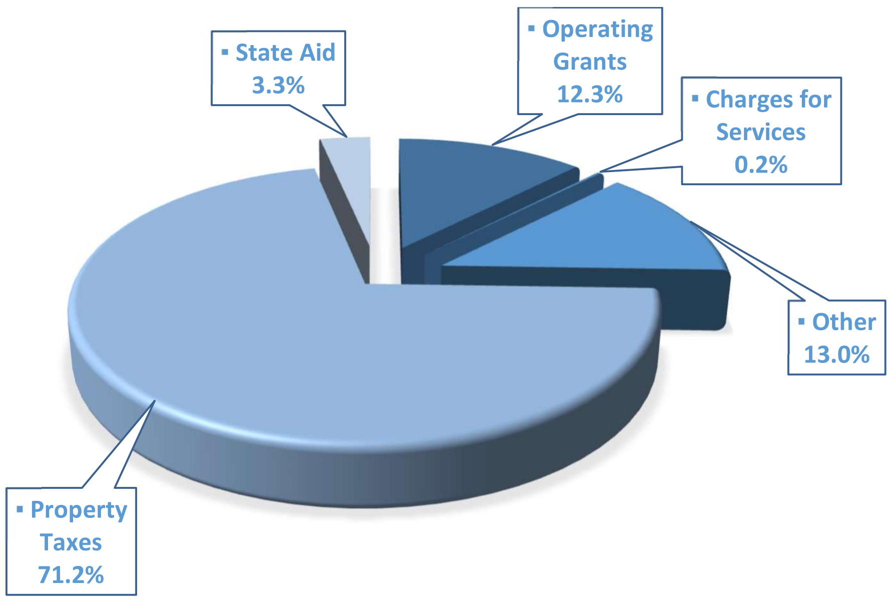
Other Financial Highlights. For the year ended June 30, 2025, the District's total revenues were $2.6 billion. Exhibit 3 shows the year-over-year change in revenues and expenses. The District's total revenues decreased $215.5 million, or 7.8%, over the prior year, and the total expenses decreased $228.2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

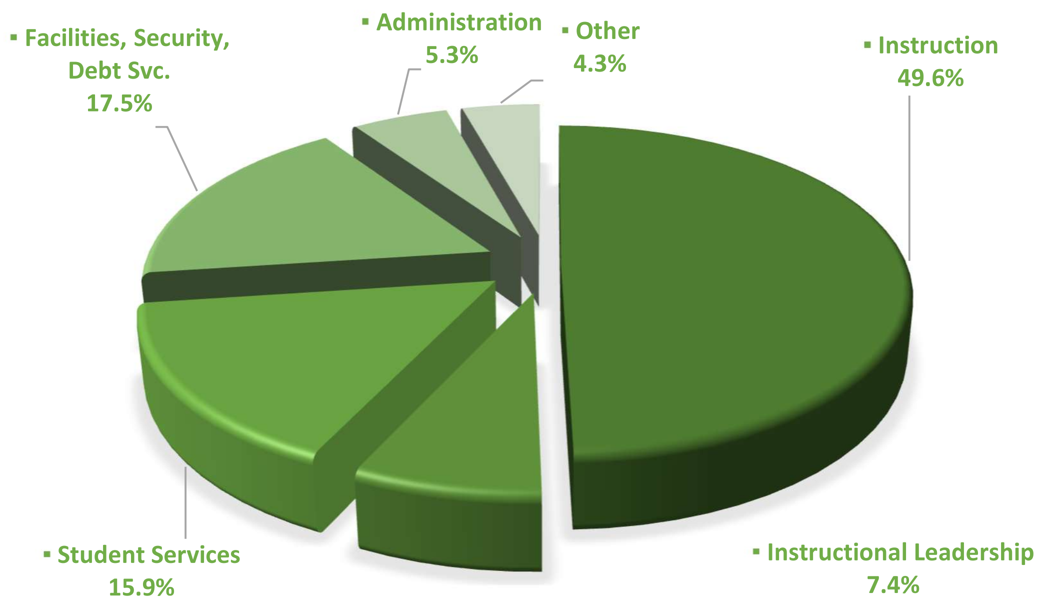
The District's revenue was generated from the following sources: 71.2% from property taxes, 3.3% from state aid, 12.3% from operating grants, 0.2% from charges for services, and 13.0% from miscellaneous revenue sources (See Exhibit 4).

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

			Program Revenues		Net (Expense) Revenue and Changes in Net Position
		1	3	4	6
		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.

EXHIBIT E-2

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.

Dallas Independent School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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.

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

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.

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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.

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

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

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

Sick Leave
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.

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

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.

EXHIBIT G-2

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.

EXHIBIT G-3

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.

Title III, Part A – English Language Acquisition (Fund 263) – 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.

Medicaid Administrative Claiming Program – MAC (Fund 272) – 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.

ARP Homeless I – TEHCY Supplemental (Fund 278) – 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.

ARP Homeless II (Fund 280) – 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.

IDEA-B Formula-ARP (Fund 284) – 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.

Other Federal Special Revenue Funds (Fund 289) – 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.

SSA IDEA, Part B – Discretionary Deaf (Fund 315) – 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.

SSA IDEA, Part C – Deaf - Early Intervention (Fund 340) – 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 State Instructional Materials	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	499 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%

Dallas Independent School District

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

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: Amount (2)	Collected within the Fiscal Year of the Levy: Percentage of Original Levy	Collections and Adjustments in Subsequent years (3)	Total Collections and Adjustments to Date: Amount	Total Collections and Adjustments to Date: 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

S-11

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

DALLAS
INDEPENDENT SCHOOL DISTRICT

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

Dallas Independent School District

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

S-24

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

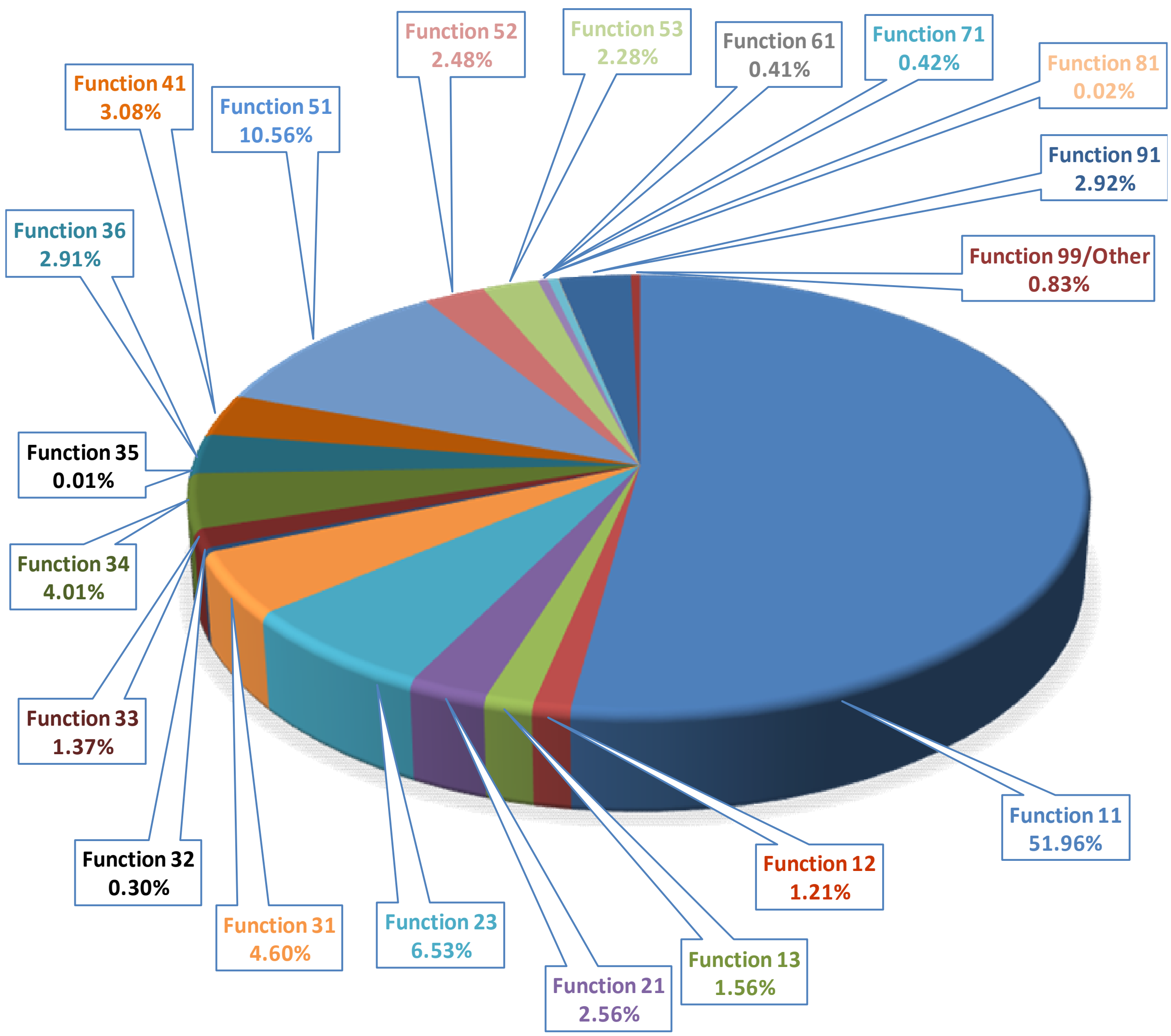
Source: Dallas ISD Records

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

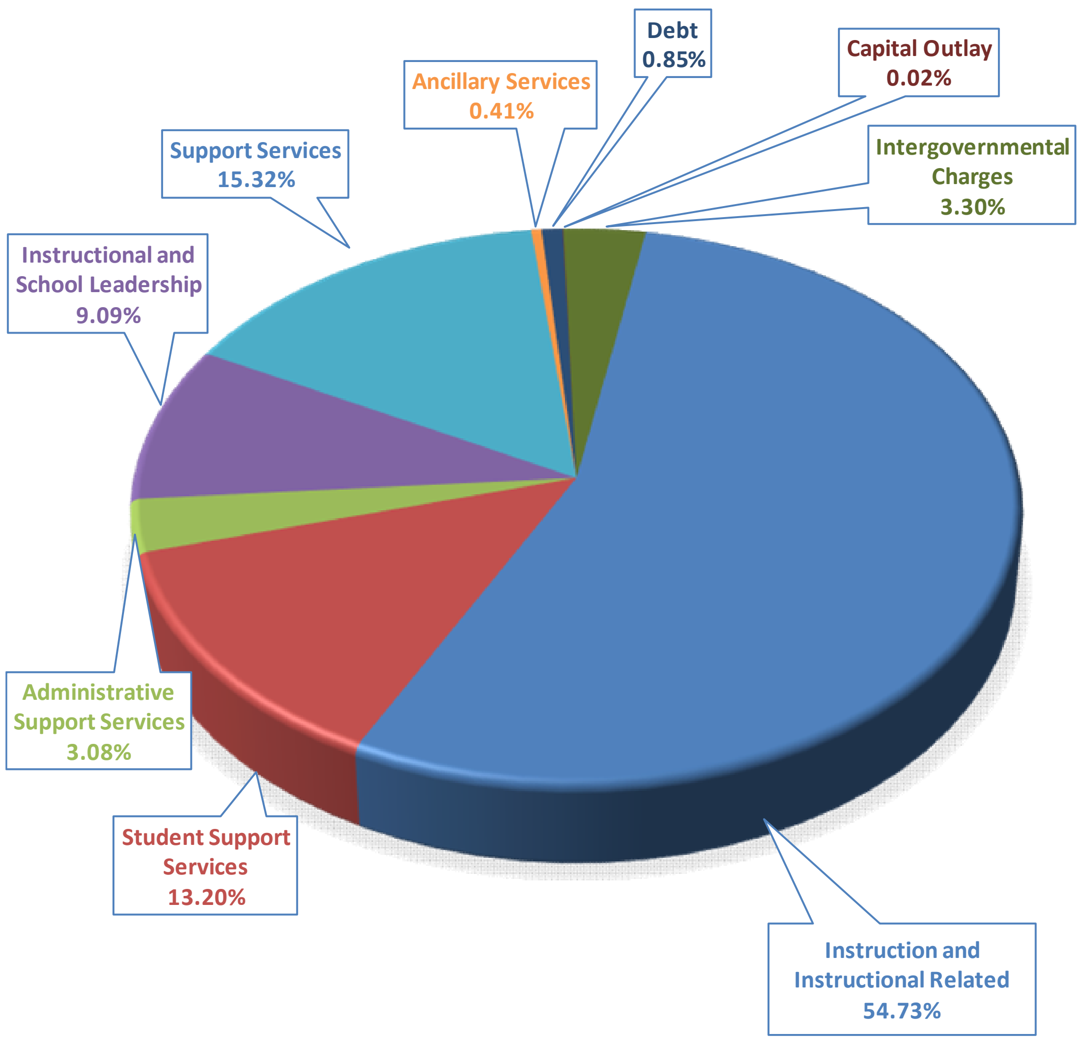
General Administration - 41
Facilities Maintenance and Operations - 51
Security and Monitoring Services - 52
Data Processing Services - 53
Community Services - 61
Principal on Long Term Debt - 71
Facilities Acquisition and Construction - 81
WADA Purchase - 91
Payments to Juvenile Justice Alternative 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%		

Curriculum & Staff Development - 13

School Leadership - 21

Gen. Admin.- 41

Maint. & Operations - 51

Security & Monitoring - 52

Data Processing - 53

Community Srv.- 61

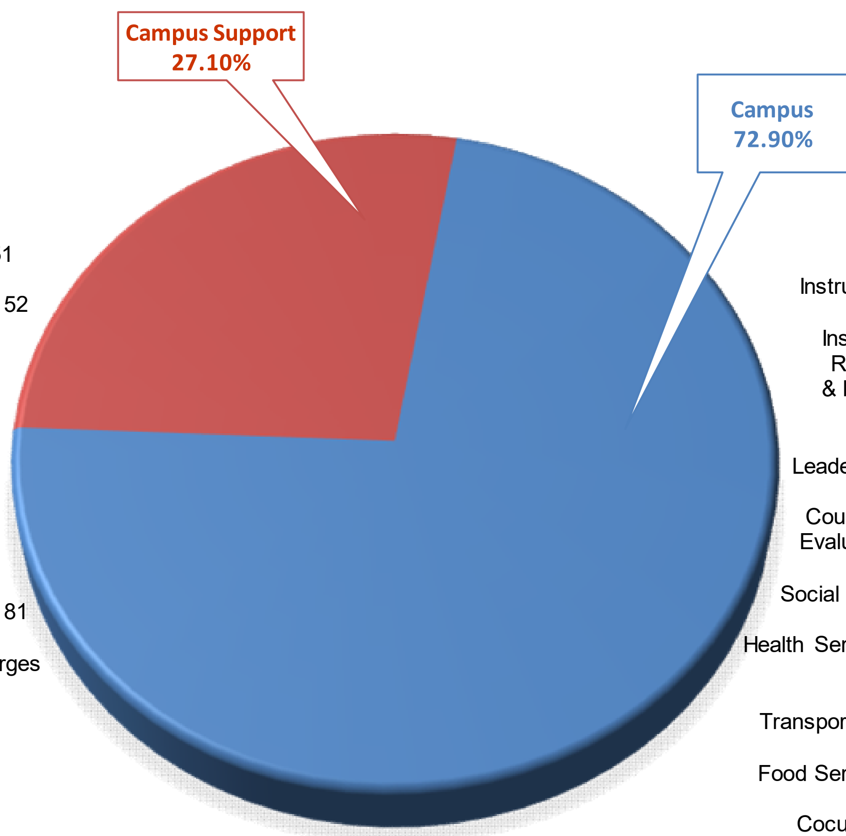
Debt Principal - 71

Debt Interest - 72

Bond Fees - 73

Facility Acqu.& Const. - 81

Intergovernmental Charges - 91, 95, 97, 99, 00



Instruction--11

Instructional Resources & Media--12

School Leadership--23

Counseling & Evaluation--31

Social Work--32

Health Services--33

Student Transportation--34

Food Services--35

Cocurricular & Extracurricular--36

DALLAS
INDEPENDENT SCHOOL DISTRICT

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.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

(Firm Name)

Dallas, Texas
November xx, 2025

EXHIBIT K-1

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 D

FORM OF BOND COUNSEL'S OPINION

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____________, 2026

$___________

DALLAS INDEPENDENT SCHOOL DISTRICT PUBLIC FACILITY CORPORATION
LEASE REVENUE BONDS, SERIES 2026A

We have represented Dallas Independent School District Public Facility Corporation (the "Issuer") as its bond counsel in connection with the issuance of its Lease Revenue Bonds, Series 2026A (the "Bonds") pursuant to a Trust Agreement dated as of August 1, 2026 (the "Trust Agreement"), between the Issuer and US Bank Trust Company, National Association, as trustee (the "Trustee"). The Bonds bear interest at the rates, mature on the dates, and are subject to redemption prior to maturity as provided in the Trust Agreement. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Trust Agreement.

The Bonds are being issued for the purpose of financing the acquisition, construction, renovation, repair, equipment, furnishing and placing in service of a new centralized warehouse, storage, maintence, and security facility for the Dallas Independent School District (the "District") located within the jurisdictional boundaries of the District in Dallas Texas (the "Project").

The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering an opinion with respect to the legality and validity of the Bonds under the laws of the State of Texas (the "State") and the security therefor and with respect to the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not been engaged to review, or undertaken the review of, the accuracy, completeness or sufficiency of any offering material relating to the Bonds, and we express no opinion relating thereto (excepting only the matters set forth in our supplemental opinion of bond counsel of even date herewith). We have not assumed any responsibility with respect to the financial condition or capability of the Issuer or the disclosure thereof.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certain proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer, the District (the "Sponsor"), the Trustee and other parties involved with the issuance of the Bonds, and customary certificates, opinions, affidavits and other documents executed by officers, agents and representatives of the Issuer, the State, the Sponsor, the Trustee and such other parties. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. Moreover, we have examined the Initial Bond registered by the Comptroller.

We have assumed with your permission and without independent verification (i) the genuineness of certificates, records and other documents (collectively, "documents") and the information submitted to us and the accuracy and completeness of the statements contained therein and certifications made to us by the Issuer, the Sponsor, the Issuer's co-financial advisors and the Underwriters with respect to matters solely within the knowledge of the Issuer, the Sponsor, the Issuer's co-financial advisors, and the underwriters, respectively, which we have not independently verified; (ii) the due authorization, execution and delivery of the documents by the parties thereto other than the Issuer, and the validity and binding effect of the documents on such parties; (iii) that all documents submitted to us as originals are accurate and complete; (iv) that all documents submitted to us as copies are true and correct copies of the originals thereof; and (v) that all information submitted and representations and certifications delivered to us by the Issuer and other parties are accurate and complete.

We have assumed and relied on for purposes of this opinion letter continuing compliance with the covenants, representations and certifications in the Trust Agreement, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

Based upon such examination, and subject to the assumptions, qualifications and limitations set forth herein, it is our opinion that, under existing law:

- The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding special limited obligations of the Issuer and are entitled to the benefit and security of the Trust Agreement.

- 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, but we observe that such interest is taken into account in computing the alternative minimum tax imposed on certain corporations.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion letter is specifically limited, to the extent applicable, to the laws of the State and the laws of the United States of America. Further, in the event that the information submitted to us or the representations of the Issuer or other parties involved with the issuance of the Bonds upon which we have relied are determined to be inaccurate or incomplete or the Issuer fails to comply with the covenants in the Trust Agreement, 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.

We express no opinion as to the priority or perfection of the security interest granted by the Issuer in the Trust Estate.

The enforceability of certain provisions of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors. Furthermore, availability of equitable remedies under the Bonds may be limited by general principles of equity that permit the exercise of judicial discretion.

Our opinion is 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 this opinion, 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.

This letter is delivered to the addressees hereof in connection with the issuance and delivery of the Bonds. The opinions set forth above speak only as of the date of this letter and only in connection with the Bonds and may not be applied to any other transaction. The opinions expressed herein are for the sole benefit of, and may be relied upon only by, the addressees named above, and this opinion letter may not otherwise be used, circulated, quoted, or referred to, in whole or in part, without the prior written consent of the undersigned in each and every instance. We observe that we are engaged solely to represent the Issuer as its bond counsel in this matter.

Very truly yours,

____________, 2026

$___________
DALLAS INDEPENDENT SCHOOL DISTRICT PUBLIC FACILITY CORPORATION
LEASE REVENUE BONDS, TAXABLE SERIES 2026B

We have represented Dallas Independent School District Public Facility Corporation (the "Issuer") as its bond counsel in connection with the issuance of its Lease Revenue Bonds, Taxable Series 2026B (the "Bonds") pursuant to a Trust Agreement dated as of August 1, 2026 (the "Trust Agreement"), between the Issuer and US Bank Trust Company, National Association, as trustee (the "Trustee"). The Bonds bear interest at the rates, mature on the dates, and are subject to redemption prior to maturity as provided in the Trust Agreement. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Trust Agreement.

The Bonds are being issued for the purpose of financing the acquisition, construction, renovation, repair, equipment, furnishing and placing in service of a new centralized warehouse, storage, maintence, and security facility for the Dallas Independent School District (the "District") located within the jurisdictional boundaries of the District in Dallas Texas (the "Project").

The scope of our engagement as bond counsel extends solely to an examination of the facts and law incident to rendering an opinion with respect to the legality and validity of the Bonds under the laws of the State of Texas (the "State") and the security therefor. We have not been engaged to review, or undertaken the review of, the accuracy, completeness or sufficiency of any offering material relating to the Bonds, and we express no opinion relating thereto (excepting only the matters set forth in our supplemental opinion of bond counsel of even date herewith). We have not assumed any responsibility with respect to the financial condition or capability of the Issuer or the disclosure thereof.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certain proceedings pertaining to the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the Issuer, the District (the "Sponsor"), the Trustee and other parties involved with the issuance of the Bonds, and customary certificates, opinions, affidavits and other documents executed by officers, agents and representatives of the Issuer, the State, the Sponsor, the Trustee and such other parties. We also have analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. Moreover, we have examined the Initial Bond registered by the Comptroller.

We have assumed with your permission and without independent verification (i) the genuineness of certificates, records and other documents (collectively, "documents") and the information submitted to us and the accuracy and completeness of the statements contained therein and certifications made to us by the Issuer, the Sponsor, the Issuer's co-financial advisors and the Underwriters with respect to matters solely within the knowledge of the Issuer, the Sponsor, the Issuer's co-financial advisors, and the underwriters, respectively, which we have not independently verified.; (ii) the due authorization, execution and delivery of the documents by the parties thereto other than the Issuer, and the validity and binding effect of the documents on such parties; (iii) that all documents submitted to us as originals are accurate and complete; (iv) that all documents submitted to us as copies are true and correct copies of the originals thereof; and (v) that all information submitted and representations and certifications delivered to us by the Issuer and other parties are accurate and complete.

We have assumed and relied on for purposes of this opinion letter continuing compliance with the covenants, representations and certifications in the Trust Agreement, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

Based upon such examination, and subject to the assumptions, qualifications and limitations set forth herein, it is our opinion that, under existing law:

- The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding special limited obligations of the Issuer and are entitled to the benefit and security of the Trust Agreement.

We observe that interest on the Bonds is generally includable in gross income for federal income tax purposes under existing law. We express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual on interest, on, or acquisition, ownership or disposition of, the Bonds. Prospective purchasers should consult their tax advisors with respect to such matter.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Bonds. This opinion letter is specifically limited, to the extent applicable, to the laws of the State and the laws of the United States of America.

We express no opinion as to the priority or perfection of the security interest granted by the Issuer in the Trust Estate.

The enforceability of certain provisions of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors. Furthermore, availability of equitable remedies under the Bonds may be limited by general principles of equity that permit the exercise of judicial discretion.

Our opinion is 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 this opinion, 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.

This letter is delivered to the addressees hereof in connection with the issuance and delivery of the Bonds. The opinions set forth above speak only as of the date of this letter and only in connection with the Bonds and may not be applied to any other transaction. The opinions expressed herein are for the sole benefit of, and may be relied upon only by, the addressees named above, and this opinion letter may not otherwise be used, circulated, quoted, or referred to, in whole or in part, without the prior written consent of the undersigned in each and every instance. We observe that we are engaged solely to represent the Issuer as its bond counsel in this matter.

Very truly yours,

DALLAS
INDEPENDENT SCHOOL DISTRICT