This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT
Dated: November 6, 2026

NEW ISSUES: Book-Entry-Only

Ratings:	**Series 2026A (PSF)**	**Series 2026B (Underlying/Non-PSF)**
Moody's	**"Aaa"**	**"Aa3"**

(see "RATINGS" and "APPENDIX E-THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM FOR THE SERIES 2026A BONDS" herein)

In the opinion of Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, including information regarding potential alternative minimum tax consequences for corporations.

SPRING INDEPENDENT SCHOOL DISTRICT
(Harris County, Texas)

$187,215,000*
UNLIMITED TAX REFUNDING BONDS,
SERIES 2026A (PSF)

$35,845,000*
UNLIMITED TAX REFUNDING BONDS,
SERIES 2026B (Non-PSF)

Dated Date: December 1, 2026
Interest to Accrue from Delivery Date

Due: As shown on pages ii & iii

The Spring Independent School District (the "District") is issuing its $187,215,000* Unlimited Tax Refunding Bonds, Series 2026A (PSF) (the "Series 2026A Bonds") and its $35,845,000* Unlimited Tax Refunding Bonds, Series 2026B (Non-PSF) (the "Series 2026B" Bonds and together with the Series 2026A Bonds, the "Bonds") in accordance with the Constitution and general laws of the State of Texas, including particularly Chapters 1207 and 1371, Texas Government Code, as amended, and an order approved by the Board of Trustees of the District (the "Board") on March 24, 2026 authorizing the issuance of the Bonds (the "Bond Order"), in which the Board delegated pricing of the Bonds and certain other matters to a pricing officer who will approve and execute a "Pricing Certificate" for each series of Bonds that will set forth the final terms of the Bonds (the Bond Order and the Pricing Certificates are jointly referred to herein as the "Order"). The Bonds constitute direct obligations of the District and are payable as to principal and interest from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, against all taxable property located within the District. See "THE BONDS - Authority for Issuance." Additionally, the District has applied for and received conditional approval for the Series 2026A Bonds to be guaranteed by the Permanent School Fund Guarantee Program of the State of Texas. See "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM FOR THE SERIES 2026A BONDS." **The payment of the principal of and interest on the Series 2026B Bonds is not guaranteed by the Permanent School Fund Guarantee Program of the State of Texas.**

Interest on the Bonds shall accrue from the Delivery Date (defined below) and will be payable on February 15, 2027 and semiannually thereafter on each August 15 and February 15 until stated maturity or, in the case of the Series 2026A Bonds, prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued in principal denominations of $5,000 or any integral multiple thereof within a maturity. See "THE BONDS - General Description." The District intends to use the Book-Entry-Only System of The Depository Trust Company, New York, New York ("DTC"), but use of such system could be discontinued. The principal amount of the Bonds at maturity or amounts due upon a prior redemption date for the Series 2026A Bonds, and interest on the Bonds will be payable to Cede & Co., as nominee for DTC, by The Bank of New York Mellon Trust Company, N.A., as the initial Paying Agent/Registrar (the "Paying Agent/Registrar") for the Bonds. No physical delivery of the Bonds will be made to the beneficial owners thereof. Such Book-Entry-Only System will affect the method and timing of payment and the method of transfer of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

Proceeds from the sale of the Series 2026A Bonds will be used (i) to refund a portion of the District's currently outstanding unlimited ad valorem tax-supported bonds, as identified in Schedule I attached hereto, in order to achieve present value debt service savings, and (ii) to pay the costs of issuance of the Series 2026A Bonds. Proceeds from the sale of the Series 2026B Bonds will be used (i) to refund a portion of the District's currently outstanding unlimited ad valorem tax-supported bonds, as identified in Schedule II attached hereto, in order to achieve present value debt service savings, and, (ii) to pay the costs of issuance of the Series 2026B Bonds. See "PLAN OF FINANCING – Purpose."

The Series 2026A Bonds maturing on and after August 15, 2037*, are subject to redemption prior to maturity, at the option of the District, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2036* or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS - Series 2026A Redemption Provisions." If two or more consecutive maturities of the Series 2026A Bonds are combined to create one or more term bonds (the "Series 2026A Term Bonds"), such Series 2026A Term Bonds will additionally be subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Series 2026A Mandatory Sinking Fund Redemption" herein.

The Series 2026B Bonds are not subject to redemption prior to stated maturity. See "THE BONDS – Series 2026B Not Subject to Redemption."

CUSIP PREFIX: 850001 / MATURITY SCHEDULE – See Pages ii and iii

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The Bonds are offered when, as and if issued and accepted by the underwriters listed below (the "Underwriters"), subject to the approving opinion of the Attorney General of the State of Texas and the opinion of Bracewell LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by The Bates Law Firm PLLC, Houston, Texas, and Jackson Walker LLP, Houston, Texas, Co-Counsel for the Underwriters. Delivery of the Bonds is expected to be on or about December 12, 2026 (the "Delivery Date").

Raymond James

RBC Capital Markets
Academy Securities

HilltopSecurities
PNC Capital Markets LLC

*Preliminary Subject to change

MATURITY SCHEDULE

SPRING INDEPENDENT SCHOOL DISTRICT
(Harris County, Texas)

$187,215,000* UNLIMITED TAX REFUNDING BONDS, SERIES 2026A (PSF)

CUSIP Prefix[(a)]: 850001

Maturity [(b)]	Principal Amount*	Interest Rate	Initial Yield [(c)]	CUSIP Suffix [(a)]
2/15/2027		%	%	
8/15/2027				
8/15/2028				
8/15/2029				
8/15/2030				
8/15/2031				
8/15/2032				
8/15/2033				
8/15/2034				
8/15/2035				
8/15/2036				
8/15/2037				
8/15/2038				
8/15/2039				
8/15/2040				
8/15/2041				
8/15/2042				

(Interest accrues from the Delivery Date)

* Preliminary, subject to change.

(a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association and are included solely for convenience of the purchasers of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the District, the Financial Advisor, nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

(b) The Series 2026A Bonds maturing on and after August 15, 2037*, are subject to redemption prior to maturity, at the option of the District, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2036*, or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Series 2026A Redemption Provisions." If two or more consecutive maturities of Series 2026A Bonds are combined to create one or more term bonds (the "Series 2026A Term Bonds"), such Series 2026A Term Bonds will additionally be subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Series 2026A Mandatory Sinking Fund Redemption" herein.

(c) The initial yields are established by, and are the sole responsibility of, the Underwriters and may subsequently be changed.

MATURITY SCHEDULE

SPRING INDEPENDENT SCHOOL DISTRICT
(Harris County, Texas)

$35,845,000* UNLIMITED TAX REFUNDING BONDS, SERIES 2026B (Non-PSF)

CUSIP Prefix[(a)]: 850001

Maturity [(b)]	Principal Amount*	Interest Rate	Initial Yield [(c)]	CUSIP Suffix [(a)]
2/15/2027		%	%	
8/15/2027				
8/15/2028				
8/15/2029				

(Interest accrues from the Delivery Date)

* Preliminary, subject to change.

(a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association and are included solely for convenience of the purchasers of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the District, the Financial Advisor, nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

(b) The Series 2026B Bonds are not subject to redemption prior to stated maturity.

(c) The initial yields are established by, and are the sole responsibility of, the Underwriters and may subsequently be changed.

USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement, which includes the cover page, maturity schedules, schedules 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, salesperson or other person has been authorized to give information, or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon.

Certain information set forth herein has been obtained from the District and other sources 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 Financial Advisor or the Underwriters.

This Official Statement is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein.

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 JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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

None of the District, the Financial Advisor, or the Underwriters makes any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its Book-Entry-Only System or the affairs of the Texas Education Agency ("TEA") described under "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM FOR THE SERIES 2026A 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 and as part of their respective responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

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

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

TABLE OF CONTENTS

MATURITY SCHEDULE 2
MATURITY SCHEDULE 3
USE OF INFORMATION IN OFFICIAL STATEMENT 4
SELECTED DATA FROM THE OFFICIAL STATEMENT6
INTRODUCTION 1
PLAN OF FINANCING 1
Purpose 1
The Series 2026A Refunded Bonds 1
The Series 2026B Refunded Bonds 2
Sources and Uses of Funds 3
THE BONDS 3
Authority for Issuance 3
General Description 3
Security 4
Permanent School Fund Guarantee for the Series 2026A Bonds 4
Paying Agent/Registrar 4
Registration, Transfer and Exchange 4
Record Date for Interest Payment 4
Series 2026A Redemption Provisions 5
Series 2026A Mandatory Sinking Fund Redemption 5
Series 2026B Not Subject to Redemption 5
Notice of Redemption 5
Defeasance of Bonds 6
REGISTERED OWNERS' REMEDIES 6
BOOK-ENTRY-ONLY SYSTEM 6
THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM FOR THE SERIES 2026A BONDS 8
STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS 8
Litigation Relating to the Texas Public School Finance System 8
Current Litigation Relating to the Texas Public School Finance System 8
Possible Effects of Changes in Law on District Bonds 8
Overview 9
2025 Legislative Session 9
Local Funding for School Districts 9
State Funding for School Districts 10
Local Revenue Level in Excess of Entitlement 12
THE SCHOOL FINANCE SYSTEM AS APPLIED TO THE DISTRICT 12
IMPACT OF CERTAIN FEDERAL GRANTS ON THE DISTRICT 13
TAX RATE LIMITATIONS 13
M&O Tax Rate Limitations 13
I&S Tax Rate Limitations 13
Public Hearing and Voter-Approval Tax Rate 14
AD VALOREM TAX PROCEDURES 14
Valuation of Taxable Property 15
State Mandated Homestead Exemption 15
Local Option Homestead Exemption 15
State Mandated Freeze on School District Taxes 15
Personal Property 16
Freeport and Goods-in-Transit Exemptions 16
Other Exempt Property 16
Temporary Exemption for Qualified Property Damaged by a Disaster 16
Tax Increment Reinvestment Zones 16
Tax Limitation Agreements 17
District and Taxpayer Remedies 17
Levy and Collection of Taxes 17
District's Rights in the Event of Tax Delinquencies 17
THE PROPERTY TAX CODE AS APPLIED TO THE DISTRICT 18
WEATHER EVENTS 18
CYBERSECURITY 18
EXPOSURE TO OIL AND GAS INDUSTRY 19
LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS 19
INVESTMENTS 19
Legal Investments 19
Investment Policies 20
Additional Provisions 21
Current Investments 21
EMPLOYEES' BENEFIT PLANS 21
RATINGS 22
LEGAL MATTERS 22
TAX MATTERS 23
TAX EXEMPTION 23
ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS 23
Collateral Tax Consequences 23
Tax Accounting Treatment of Original Issue Premium 24
Tax Accounting Treatment of Original Issue Discount 24
Tax Legislative Changes 24
REGISTRATION AND QUALIFICATION OF BONDS FOR SALE 24
CONTINUING DISCLOSURE OF INFORMATION 25
Annual Reports 25
Notices of Certain Events 25
Availability of Information from MSRB 26
Limitations and Amendments 26
LITIGATION 26
FINANCIAL ADVISOR 26
UNDERWRITERS 26
VERIFICATION OF ARITHMETICAL COMPUTATIONS 27
FORWARD LOOKING STATEMENTS 28
AUDITED FINANCIAL STATEMENTS 28
CONCLUDING STATEMENT 28
MISCELLANEOUS 28

SCHEDULE OF SERIES 2026A REFUNDED BONDS ..... SCHEDULE I
SCHEDULE OF SERIES 2026B REFUNDED BONDS ..... SCHEDULE II
FINANCIAL INFORMATION REGARDING THE DISTRICT ..... APPENDIX A
GENERAL INFORMATION REGARDING THE DISTRICT AND ITS ECONOMY ..... APPENDIX B
EXCERPTS FROM THE DISTRICT'S ANNUAL FINANCIAL REPORT ..... APPENDIX C
FORM OF BOND COUNSEL'S OPINION ..... APPENDIX D
THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM FOR THE SERIES 2026A BONDS ..... APPENDIX E

SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The District	Spring Independent School District (the "District") is a political subdivision of the State of Texas (the "State") located in Harris County, Texas. The District is governed by a Board of Trustees (the "Board"). Policy-making and supervisory functions are the responsibility of, and are vested in, the Board. The Board delegates administrative responsibilities to the Superintendent of Schools, who is the chief administrative officer of the District. Support services are supplied by consultants and advisors. For more information regarding the District, see "APPENDIX A - FINANCIAL INFORMATION REGARDING THE DISTRICT" and "APPENDIX B - GENERAL INFORMATION REGARDING THE DISTRICT AND ITS ECONOMY."
Authority for Issuance	The District is issuing its $187,215,000* Unlimited Tax Refunding Bonds, Series 2026A (PSF) (the "Series 2026A Bonds") and its $35,845,000* Unlimited Tax Refunding Bonds, Series 2026B (Non-PSF) (the "Series 2026B Bonds" and together with the Series 2026A Bonds, the "Bonds") in accordance with the Constitution and general laws of the State of Texas, including particularly Chapters 1207 and 1371, Texas Government Code, as amended, and an order approved by the Board of Trustees of the District (the "Board") on March 24, 2026 authorizing the issuance of the Bonds (the "Bond Order"), in which the Board delegated pricing of the Bonds and certain other matters to a pricing officer who will approve and execute a "Pricing Certificate" for each series of Bonds that will set forth the final terms of the Bonds (the Bond Order and the Pricing Certificates are jointly referred to herein as the "Order").
The Bonds	The Bonds shall mature on the dates and in the amounts set forth on pages ii and iii of this Official Statement. See "THE BONDS – General Description."
Payment of Interest	Interest on the Bonds will accrue from the date of their initial delivery and will be payable on February 15, 2027 and semiannually thereafter on each August 15 and February 15 until stated maturity or, in the case of the Series 2026A Bonds, prior redemption. See "THE BONDS – General Description."
Security	The Bonds are direct obligations of the District, payable from an annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property located within the District. See "THE BONDS - Security." Also see "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" for a discussion of recent developments in State law affecting the financing of school districts in the State. Additionally, the District has applied for and received conditional approval for the Series 2026A Bonds to be guaranteed by the Permanent School Fund Guarantee Program of the State of Texas. See "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM FOR THE SERIES 2026A BONDS **The payment of the principal of and interest on the Series 2026B Bonds is not guaranteed by the Permanent School Fund Guarantee Program or the State of Texas.**
Redemption	The Series 2026A Bonds maturing on and after August 15, 2037*, are subject to redemption prior to maturity, at the option of the District, in whole or from time to time in part, in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2036*, or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Series 2026A Redemption Provisions." If two or more consecutive maturities of the Series 2026A Bonds are combined to create one or more term bonds (the "Series 2026A Term Bonds"), such Series 2026A Term Bonds will additionally be subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Series 2026A Mandatory Sinking Fund Redemption." The Series 2026B Bonds are not subject to redemption prior to their stated maturity. See "THE BONDS – Series 2026B Not Subject to Redemption."
Use of Proceeds	Proceeds from the sale of the Series 2026A Bonds will be used (i) to refund a portion of the District's currently outstanding unlimited ad valorem tax-supported bonds, as identified in Schedule I attached hereto, in order to achieve present value debt service savings, and (ii) to pay the costs of issuance of the Series 2026A Bonds. Proceeds from the sale of the Series 2026B Bonds will be used (i) to refund a portion of the District's currently outstanding unlimited ad valorem tax-supported bonds, as identified in Schedule II attached hereto in order to achieve present value debt service savings, and, (ii) to pay the costs of issuance of the Series 2026B Bonds.

Ratings	Moody's Investors Service, Inc. ("Moody's") has assigned underlying municipal bond ratings of "Aa3" to the Bonds. The Series 2026A Bonds are also rated "Aaa" by Moody's by virtue of the guarantee of the Permanent School Fund of the State of Texas for the Series 2026A Bonds. See "RATINGS" and "APPENDIX E – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM FOR THE SERIES 2026A BONDS." The payment of the principal of and interest on the Series 2026B Bonds is not guaranteed by the Permanent School Fund Guarantee Program of the State of Texas. The Paying Agent/Registrar for the Bonds is The Bank of New York Mellon Trust Company, N.A. See "THE BONDS - Paying Agent/Registrar."
Book-Entry-Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. The Bonds will be issued in principal denominations of $5,000, or any integral multiple thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. The principal of the Bonds at maturity or upon a prior redemption date as well as interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."
Payment Record	The District has never defaulted on the payment of its bonded indebtedness.

SPRING INDEPENDENT SCHOOL DISTRICT OFFICIALS, STAFF, AND CONSULTANTS

BOARD OF TRUSTEES

Name	Position	Term Expiration	Occupation
Justine Durant	President	November 2028	Retired, Regional Director, Cigna Healthcare of Texas, Inc.
Natasha McDaniel	Vice President	November 2027	Coach, Lit for Life, LLC
Kelly P. Hodges	Secretary	November 2028	Nonprofit and Communications Consultant, Founder of Hodges Communications Group
Winford Adams, Jr.	Assistant Secretary	November 2029	Harris County Dept. of Education Public Information & Policy Manager
Rhonda Newhouse	Trustee	November 2029	Retired, Field Supervisor of Principals & Counselor Certification Internship at Prairie View A&M University
Dr. Liz Jensen	Trustee	November 2028	Forensic Engineer, ACS Engineering & Safety, LLC
Carmen Correa	Trustee	November 2027	Senior Scenario Desk Analyst, Inter Linc Mortgage Services, LLC

ADMINISTRATION – FINANCE CONNECTED

Name	Position	Time Served with the District
Dr. Kregg Cuellar	Superintendent of Schools	4 Years
Dr. Tamika Alford-Stephens	Chief of Business Services	Recently hired*
Stephenie Frisch	Senior Accountant – Bond & Construction	9 Years

* Brings 25 years of public education experience and previously served as Chief Financial Officer for Pasadena ISD, Dallas ISD, and Aldine ISD.

CONSULTANTS AND ADVISORS

Auditors	Whitley Penn LLP, Houston, Texas
Bond Counsel	Bracewell LLP, Houston, Texas
Municipal Advisor	Nickel Hayden Advisors, Austin, Texas

For Additional Information Contact:

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PRELIMINARY OFFICIAL STATEMENT
relating to

SPRING INDEPENDENT SCHOOL DISTRICT
(Harris County, Texas)

$187,215,000*
UNLIMITED TAX REFUNDING BONDS,
SERIES 2026A (PSF)

$35,845,000*
UNLIMITED TAX REFUNDING BONDS,
SERIES 2026B (Non-PSF)

INTRODUCTION

This Official Statement, including the Schedules and the Appendices hereto, has been provided by the Spring Independent School District (the "District") located in Harris County, Texas, in connection with the offering by the District of its $187,215,000* Unlimited Tax Refunding Bonds, Series 2026A (PSF) (the "Series 2026A Bonds") and its $35,845,000* Unlimited Tax Refunding Bonds, Series 2026B (Non-PSF) (the "Series 2026B" Bonds and together with the Series 2026A Bonds, the "Bonds").

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

There follows in this Official Statement descriptions of the Bonds and the Order (hereinafter defined), and certain other information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained upon request by electronic mail or upon payment of reasonable copying, mailing, and handling charges by writing the District's Financial Advisor, Nickel Hayden Advisors, 2318 Morelos St. Austin, Texas 78702.

This Official Statement speaks only as of its date and the information contained herein is subject to change. A copy of the final Official Statement will be submitted to the Municipal Securities Rulemaking Board ("MSRB") and will be available through its Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org. See "CONTINUING DISCLOSURE OF INFORMATION" for information regarding the EMMA system and for a description of the District's undertaking to provide certain information on a continuing basis.

PLAN OF FINANCING

Purpose

Proceeds from the sale of the Series 2026A Bonds will be used (i) to refund a portion of the District's currently outstanding unlimited ad valorem tax-supported bonds, as identified in Schedule I attached hereto (the "Series 2026A Refunded Bonds"), in order to achieve present value debt service savings, and (ii) to pay the costs of issuance of the Series 2026A Bonds.

Proceeds from the sale of the Series 2026B Bonds will be used (i) to refund a portion of the District's currently outstanding unlimited ad valorem tax-supported bonds, as identified in Schedule II attached hereto (the "Series 2026B Refunded Bonds"), in order to achieve present value debt service savings, and (ii) to pay the costs of issuance of the Series 2026B Bonds.

The Series 2026A Refunded Bonds

The Series 2026A Refunded Bonds, and interest due thereon, are to be paid on their scheduled redemption date from cash and investments to be deposited with The Bank of New York Mellon Trust Company, N.A. (the "Series 2026A Escrow Agent") pursuant to an escrow agreement between the District and the Series 2026A Escrow Agent (the "Series 2026A Escrow Agreement").

The Order (defined herein) provides that from a portion of the proceeds of the sale of the Series 2026A Bonds to the underwriters listed on the cover page hereof (the "Underwriters") the District will deposit with the Series 2026A Escrow Agent an amount, together with other lawfully available funds, if any, which, when added to the investment earnings thereon, will be sufficient to accomplish the discharge and final payment of the Series 2026A Refunded Bonds. Such funds will be held by the Series 2026A Escrow Agent in an escrow fund (the "Series 2026A Escrow Fund") and used to purchase a portfolio of securities authorized by Section 1207.062, Texas Government Code, which authorized securities include direct noncallable obligations of the United States of America rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and guaranteed by the full faith and credit of the United States of America (the "Federal Securities"). Under the Series 2026A Escrow Agreement, the Series 2026A Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Series 2026A Refunded Bonds.

Public Finance Partners LLC will verify at the time of delivery of the Series 2026A Bonds to the Underwriters that the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Series 2026A Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Series 2026A Refunded Bonds on their scheduled redemption date and maturity dates. Such

maturing principal of and interest on the Federal Securities will not be available to pay the debt service on the Series 2026A Bonds. See "VERIFICATION OF ARITHMETICAL COMPUTATIONS."

By the deposit of the Federal Securities and cash, if any, with the Series 2026A Escrow Agent pursuant to the Series 2026A Escrow Agreement, the District will have effected the defeasance of the Series 2026A Refunded Bonds pursuant to the terms of Chapter 1207, Texas Government Code, and the order authorizing the issuance of the Series 2026A Refunded Bonds. It is the opinion of Bond Counsel that as a result of such deposit, and in reliance on the above mentioned verification of arithmetical computation, the firm banking and financial arrangements will have been made for the discharge and final payment of the Series 2026A Refunded Bonds, and the Series 2026A Refunded Bonds will no longer be outstanding, and the lien on and pledge of ad valorem taxes and other revenues as set forth in the order authorizing their issuance will be appropriately and legally defeased, except for the purpose of being paid from funds provided therefor, in the Series 2026A Escrow Agreement. Upon defeasance of the Series 2026A Refunded Bonds, the payment of such Series 2026A Refunded Bonds will no longer be guaranteed by the Permanent School Fund.

In the Series 2026A Escrow Agreement, the District covenants to make timely deposits with the Series 2026A Escrow Agent, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Series 2026A Refunded Bonds, if for any reason the cash balances on deposit or scheduled to be on deposit in the Series 2026A Escrow Fund are insufficient to make such payment.

The Series 2026B Refunded Bonds

The Series 2026B Refunded Bonds, and interest due thereon, are to be paid on their scheduled redemption date from cash and investments to be deposited with The Bank of New York Mellon Trust Company, N.A. (the "Series 2026B Escrow Agent") pursuant to an escrow agreement between the District and the Series 2026B Escrow Agent (the "Series 2026B Escrow Agreement").

The Order (defined herein) provides that from a portion of the proceeds of the sale of the Series 2026B Bonds to the Underwriters the District will deposit with the Series 2026B Escrow Agent an amount, together with other lawfully available funds, if any, which, when added to the investment earnings thereon, will be sufficient to accomplish the discharge and final payment of the Series 2026B Refunded Bonds. Such funds will be held by the Series 2026B Escrow Agent in an escrow fund (the "Series 2026B Escrow Fund") and used to purchase a portfolio of securities authorized by Section 1207.062, Texas Government Code, which authorized securities include direct noncallable obligations of the United States of America rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent and guaranteed by the full faith and credit of the United States of America (the "Federal Securities"). Under the Series 2026B Escrow Agreement, the Series 2026B Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Series 2026B Refunded Bonds.

Public Finance Partners LLC will verify at the time of delivery of the Series 2026B Bonds to the Underwriters that the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Series 2026B Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Series 2026B Refunded Bonds on their scheduled redemption date and maturity dates. Such maturing principal of and interest on the Federal Securities will not be available to pay the debt service on the Series 2026B Bonds. See "VERIFICATION OF ARITHMETICAL COMPUTATIONS."

By the deposit of the Federal Securities and cash, if any, with the Series 2026B Escrow Agent pursuant to the Series 2026B Escrow Agreement, the District will have effected the defeasance of the Series 2026B Refunded Bonds pursuant to the terms of Chapter 1207, Texas Government Code, and the order authorizing the issuance of the Series 2026B Refunded Bonds. It is the opinion of Bond Counsel that as a result of such deposit, and in reliance on the above mentioned verification of arithmetical computation, the firm banking and financial arrangements will have been made for the discharge and final payment of the Series 2026B Refunded Bonds, and the Series 2026B Refunded Bonds will no longer be outstanding, and the lien on and pledge of ad valorem taxes and other revenues as set forth in the order authorizing their issuance will be appropriately and legally defeased, except for the purpose of being paid from funds provided therefor, in the Series 2026B Escrow Agreement.

In the Series 2026B Escrow Agreement, the District covenants to make timely deposits with the Series 2026B Escrow Agent, from lawfully available funds, of any additional amounts required to pay the principal of and interest on the Series 2026B Refunded Bonds, if for any reason the cash balances on deposit or scheduled to be on deposit in the Series 2026B Escrow Fund are insufficient to make such payment.

Sources and Uses of Funds

The proceeds from the sale of the Series 2026A Bonds will be applied approximately as follows:

Sources of Funds	
Par Amount of the Series 2026A Bonds	$
[Net] Original Issue Premium	
Total	$
Uses of Funds	
Deposit to Series 2026A Escrow Fund	$
Underwriters' Discount	
Costs of Issuance [(1)]	
Total	$

(1) Includes legal fees of the District, financial advisory fees, rating agency fees, Paying Agent/Registrar fees, Series 2026A Escrow Agent and Verification Agent, and other costs of issuance, including contingency.

The proceeds from the sale of the Series 2026B Bonds will be applied approximately as follows:

Sources of Funds	
Par Amount of the Series 2026B Bonds	$
[Net] Original Issue Premium	
Total	$
Uses of Funds	
Deposit to Series 2026B Escrow Fund	$
Underwriters' Discount	
Costs of Issuance [(1)]	
Total	$

(1) Includes legal fees of the District, financial advisory fees, rating agency fees, Paying Agent/Registrar fees, Series 2026B Escrow Agent and Verification Agent, and other costs of issuance, including contingency.

THE BONDS

Authority for Issuance

The District is issuing the Bonds in accordance with the Constitution and general laws of the State of Texas, including particularly Chapters 1207 and 1371, Texas Government Code, as amended, and an order approved by the Board of Trustees of the District (the "Board") on March 24, 2026 authorizing the issuance of the Bonds (the "Bond Order"), in which the Board delegated pricing of the Bonds and certain other matters to a pricing officer who will approve and execute a "Pricing Certificate" for each series of Bonds that will set forth the final terms of the Bonds (the Bond Order and the Pricing Certificates are jointly referred to herein as the "Order").

General Description

Interest on the Bonds will accrue from the Delivery Date to the Underwriters and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The paying agent and registrar for the Bonds is initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar").

Initially, the Bonds will be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal amount of the Bonds at maturity, or amounts due upon a prior redemption date, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will distribute the amounts paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" for a more complete description of such system.

Interest on the Bonds will be payable to the registered owner whose name appears on the bond registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined) and such accrued interest will be paid by (i) check sent by United States mail, first class, postage prepaid, to the address of the registered owner appearing on such registration books of the Paying Agent/Registrar or (ii) such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The record date

for the interest payable on any interest payment date for the Bonds is the last business day of the month next preceding such interest payment date. See "THE BONDS – Record Date for Interest Payment." The principal of the Bonds, at maturity or on a prior redemption date will be payable only upon presentation of such Bonds at the designated office of the Paying Agent/Registrar upon maturity or prior redemption, as applicable; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "BOOK-ENTRY-ONLY SYSTEM" herein. The Bonds are to mature on the dates and in the principal amounts shown on pages ii and iii hereof. The Bonds will be issued as fully registered obligations in principal denominations of $5,000 or any integral multiple thereof within a maturity. Interest on the Bonds will be payable on February 15, 2027 and semiannually thereafter on each August 15 and February 15 until stated maturity or, in the case of the Series 2026A Bonds, prior redemption.

Security

The Bonds are direct obligations of the District and are payable as to principal and interest from an annual ad valorem tax levied, without legal limitation as to rate or amount, against all taxable property located within the District. Additionally, the District has applied for and received conditional approval for the Series 2026A Bonds to be guaranteed by the Permanent School Fund Guarantee Program of the State of Texas. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM FOR THE SERIES 2026A BONDS," "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein, and "APPENDIX E". **The Series 2026B Bonds are not be guaranteed by the Permanent School Fund Guarantee Program of the State of Texas.**

Permanent School Fund Guarantee for the Series 2026A Bonds

In connection with the sale of the Series 2026A Bonds, the District has submitted an application to the Texas Education Agency for the payment of the Series 2026A Bonds to be guaranteed under the Guarantee Program for School District Bonds (Chapter 45, Subchapter C, of the Texas Education Code). Subject to meeting certain conditions discussed under the heading "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM FOR THE SERIES 2026A BONDS" herein and in APPENDIX E, the payment of the Series 2026A Bonds will be guaranteed by the corpus of the Permanent School Fund of the State in accordance with the terms of the Guarantee Program for School District Bonds (the "Permanent School Fund Guarantee").

In the event of default, registered owners will receive all payments due from the corpus of the Permanent School Fund. In the event the District defeases any of the Series 2026A Bonds, the payment of such defeased Series 2026A Bonds will cease to be guaranteed by the Permanent School Fund Guarantee.

The Series 2026B Bonds are <u>not</u> guaranteed by the Permanent School Fund Guarantee Program.

Paying Agent/Registrar

The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A. In the Order, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times while any Bonds are outstanding and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the United States or any state and duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar at its designated payment office and such transfer or exchange shall be without expenses or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange for and transfer. Bonds may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond or Bonds being transferred or exchanged, at the designated payment office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 of principal for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Record Date for Interest Payment

The record date ("Record Date") for determining the person to whom the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the month next preceding such interest payment date. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of

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

Series 2026A Redemption Provisions

The District reserves the right to redeem the Series 2026A Bonds maturing on and after August 15, 2037*, in whole or in part before their maturity dates, in the principal amount of $5,000 or any integral multiple thereof, on August 15, 2036*, or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption.

Series 2026A Mandatory Sinking Fund Redemption

In addition to the foregoing optional redemption provision, if principal amounts designated in the serial maturity schedule on page ii hereof are combined to create term bonds (the "Series 2026A Term Bonds"), each such Series 2026A Term Bond shall be subject to mandatory sinking fund redemption commencing on August 15 of the first year which has been combined to form such Series 2026A Term Bond and continuing on August 15 in each year thereafter until the stated maturity date of such Series 2026A Term Bond, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the serial maturity schedule on page ii hereof. Prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Series 2026A Term Bonds equal to the aggregate principal amount of such Series 2026A Term Bonds to be redeemed. The principal amount of the Series 2026A Term Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the District, by the principal amount of any Series 2026A Term Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions of the Order and not previously credited to a mandatory sinking fund redemption.

Series 2026B Not Subject to Redemption

The Series 2026B Bonds are not subject to optional redemption prior to their stated maturity.

Notice of Redemption

At least 30 days prior to the date fixed for any such redemption of Series 2026A Bonds, the District shall cause a written notice of such redemption to be deposited in the United States mail, first-class postage prepaid, addressed to each registered owner at the address shown on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. UPON THE GIVING OF THE NOTICE OF REDEMPTION AND ANY OTHER CONDITION TO REDEMPTION SATISFIED, THE SERIES 2026A BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND INTEREST ON SUCH SERIES 2026A BONDS OR PORTION THEREOF SHALL CEASE TO ACCRUE, IRRESPECTIVE OF WHETHER SUCH BONDS ARE SURRENDERED FOR PAYMENT.

The District reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Series 2026A Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the District retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the District delivers a certificate of the District to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any obligations subject to conditional redemption if such redemption has been rescinded shall remain outstanding, and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the District to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

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

Defeasance of Bonds

The Order provides that Bonds may be defeased, refunded or discharged in any manner now or hereafter permitted by applicable law. Defeasance will automatically cancel the Permanent School Fund Guarantee with respect to such defeased Series 2026A Bonds.

REGISTERED OWNERS' REMEDIES

The Order does not provide for the appointment of a trustee to represent the interests of the Bond holders upon any failure of the District to perform in accordance with the terms of the Order or upon any other condition and, in the event of any such failure to perform, the registered owners would be responsible for the initiation and cost of any legal action to enforce performance of the Order. Furthermore, the Order does not establish specific events of default with respect to the Bonds and, under State law, there is no right to the acceleration of maturity of the Bonds upon the failure of the District to observe any covenant under the Order. A registered owner of Bonds could seek a judgment against the District if a default occurred in the payment of principal of or interest on any such Bonds; however, such judgment could not be satisfied by execution against any property of the District and a suit for monetary damages could be vulnerable to the defense of sovereign immunity. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the District to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due or perform other material terms and covenants contained in the Order. In general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform legally imposed ministerial duties necessary for the performance of a valid contract, and Texas law provides that, following their approval by the Texas Attorney General and issuance, the Bonds are valid and binding obligations for all purposes according to their terms. However, the enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. Chapter 1371, Texas Government Code ("Chapter 1371"), which forms part of the authority for the issuance of the Bonds, permits the District to waive sovereign immunity in the proceedings authorizing the issuance of the Bonds. However, the District has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas Legislature has effectively waived the District's sovereign immunity from a suit for money damages beyond Chapter 1371, registered owners may not be able to bring such a suit against the District for breach of the Bonds or Order covenants. In addition, the enforcement of a claim for the payment of a Bond would be subject to the applicable provisions of federal bankruptcy laws and any other statutes affecting the rights of creditors of political subdivisions and may be limited by general principles of equity.

The District is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9, Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bond holders of an entity which has sought protection under Chapter 9, Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the U.S. Bankruptcy Code.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and principal of premium, if any, redemption payments and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but none of the District, the Financial Advisor or the Underwriters take any responsibility for the accuracy or completeness thereof.

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each stated maturity of 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 Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal amounts and interest payments 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 dates 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 in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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

Use of Certain Terms in Other Sections of this Official Statement

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

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

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the District,

printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under "- Registration, Transfer and Exchange" above.

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM FOR THE SERIES 2026A BONDS

Subject to satisfying certain conditions, the payment of the Series 2026A Bonds will be guaranteed by the corpus of the Permanent School Fund of the State of Texas. In the event of default, registered owners will receive all payments due on the Series 2026A Bonds from the Permanent School Fund,. See "APPENDIX E – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM FOR THE SERIES 2026A BONDS" for pertinent information regarding the Permanent School Fund Guarantee Program. The disclosure regarding the Permanent School Fund Guarantee Program in Appendix E is incorporated herein and made a part hereof for all purposes.

The Series 2026B Bonds <u>are not</u> guaranteed by the Permanent School Fund Guarantee Program of the State of Texas.

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, 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. 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

CURRENT PUBLIC SCHOOL FINANCE SYSTEM

Overview

The following language constitutes only a summary of the public-school finance system (the "Finance System") as it is currently structured. The information contained under the captions "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" and "TAX RATE LIMITATIONS" is subject to change, and only reflects the District's understanding based on information available to the District as of the date of this Official Statement. For a more complete description of school finance and fiscal management in the State, reference is made to Chapters 43 through 49 of the Texas Education Code, as amended. Additionally, prospective investors are encouraged to review the Property Tax Code (as defined herein) for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the defined tax rates.

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

2025 Legislative Session

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

During the 89th Regular Session, the Legislature adopted a general appropriations act and legislation affecting the Finance System and ad valorem taxation procedures and exemptions, and investments, among other legislation affecting school districts and the administrative agencies that oversee school districts. Legislation passed by both houses of the Legislature increases: (1) the State-mandated general homestead exemption from $100,000 to $140,000, (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, and (3) the exemption for tangible personal property used in the production of income from the current $2,500 to $125,000. Voters approved constitutional amendments authorizing the new exemptions at a statewide election held on November 4, 2025. Additionally, the Legislature passed legislation authorizing roughly $8.5 billion in funding for public schools and providing districts with a $55 per-student increase to their base funding beginning September 1, 2025, as well as additional funding for teacher and staff salaries, educator preparation, special education, safety requirements and early childhood learning.

Finally, legislation passed by the Legislature created an Education Savings Account ("ESA") Program (commonly referred to as vouchers) for students that attend private schools or are homeschooled. The legislation became effective September 1, 2025, when the State fiscal biennium began, though families will not receive ESA funds until the 2026-2027 school year. The amount spent for purposes of the program for the 2025-2027 biennium may not exceed $1 billion. Beginning on September 1, 2027, the legislation requires the Legislature to reappropriate funds for the program for each subsequent State fiscal biennium. Such program could impact attendance in the District by incentivizing students to homeschool or attend private schools, which could negatively affect the District's attendance-based funding.

Local Funding for School Districts

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

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

Maximum Compressed Tax Rate. The "Maximum Compressed Tax Rate" or the "MCR" is the tax rate per $100 of valuation of taxable property at which a school district must levy its Tier One Tax Rate (described below) to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of two alternative calculations: (1) the "State Compression Percentage" (as discussed above) multiplied by 100; or (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5% (if the increase in property value is less than 2.5%, then MCR is equal to the prior year 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. The MCR for the 2026-2027 school year is $0.6254 and the floor is $0.5628.

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

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

School districts may levy an Enrichment Tax Rate at a level of their choice, subject to the limitations described under "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate." However, to levy any of the Enrichment Tax Rate in a given year, a school district must levy a Tier One Tax Rate equal to the school district's MCR for such year. Additionally, a school district's levy of Copper Pennies is subject to compression if the guaranteed yield (i.e., the guaranteed level of local tax revenue and State aid generated for each cent of tax effort) of Copper Pennies is increased from one year to the next. See "– State Funding for School Districts – Tier Two" herein.

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

The Finance System also provides an Existing Debt Allotment ("EDA") to subsidize debt service on eligible outstanding school district bonds, an Instructional Facilities Allotment ("IFA") to subsidize debt service on newly issued bonds, and a New Instructional Facilities Allotment ("NIFA") to subsidize operational expenses associated with the opening of a new instructional facility. IFA primarily addresses the debt service needs of property-poor school districts. For the 2026-2027 State fiscal biennium, the State Legislature appropriated funds in the amount of $1,072,511,740 for the EDA, IFA, and NIFA.

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

Tier One. Tier One funding is the basic level of programmatic funding guaranteed to a school district, consisting of a State- appropriated baseline level of funding (the "Basic Allotment") for each student in "Average Daily Attendance" (being generally calculated as the sum of student attendance for each State-mandated day of instruction divided by the number of State-mandated days of instruction, defined herein as "ADA"). The Basic Allotment is revised downward if a school district's Tier One Tax Rate is less than the State-determined threshold. The Basic Allotment is supplemented by additional State funds, allotted based upon the unique school district characteristics, the demographics of students in ADA, and the educational programs the students are being served in, to make up most of a school district's Tier One entitlement under the Foundation School Program.

The Basic Allotment for a school district with a Tier One Tax Rate equal to the school district's MCR, is $6,160 plus the guaranteed yield increment adjustment (the "GYIA") for each student in ADA and is revised downward for 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 compensation incentive allotment to increase teacher retention in disadvantaged or rural school districts. A school district's total Tier One funding, divided by $6,160, is a school district's measure of students in "Weighted Average Daily Attendance" ("WADA"), which serves to calculate Tier Two funding.

The fast growth allotment weights are 0.48 for districts in the top 40% of school districts for growth, 0.33 for districts in the middle 30% of school districts for growth and 0.18 for districts in the bottom 30% of school districts for growth. The fast growth allotment is limited to $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 the program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the Legislature. To receive an IFA award, in years where new IFA awards are available, a school district must apply to the Education Commissioner in accordance with rules adopted by the TEA before issuing the bonds to be paid with IFA State assistance. The total amount of debt service assistance over a biennium for which a school district may be awarded is limited to the lesser of (1) the actual debt service payments made by the school district in the biennium in which the bonds are issued; or (2) the greater of (a) $100,000 or (b) $250 multiplied by the number of students in ADA. The IFA is also available for lease-purchase agreements and refunding bonds meeting certain prescribed conditions. Once a school district receives an IFA award for bonds, it is entitled to continue receiving State assistance for such bonds without reapplying to the Education Commissioner. The guaranteed level of State and local funds per student per cent of local tax effort applicable to the bonds may not be reduced below the level provided for the year in which the bonds were issued. For the 2026-2027 State fiscal biennium, the Legislature did not appropriate any funds for new IFA awards; however, awards previously granted in years the Legislature did appropriate funds for new IFA awards will continue to be funded.

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

Since future-year IFA awards were not funded by the Legislature for the 2026-2027 State fiscal biennium and debt service assistance on school district bonds that are not yet eligible for EDA is not available, debt service payments during the 2026-2027 State fiscal biennium on new bonds issued by school districts in the 2026-2027 State fiscal biennium to construct, acquire and improve facilities must be funded solely from local I&S taxes, except to the extent that the bonds of a school district are eligible for hold-harmless funding from the State for local tax revenue lost as a result of an increase in the mandatory homestead exemption. See "— 2025 Legislative Session."

A school district may also qualify for a NIFA allotment, which provides assistance to school districts for operational expenses associated with opening new instructional facilities. During the 89th Regular Session, the Legislature appropriated funds in the amount of $150,000,000 for each fiscal year of the 2026-2027 State fiscal biennium for NIFA allotments.

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

For the 2026-2027 school year, school districts will be held harmless and entitled to additional state aid to the extent that state and local revenue used to service eligible debt is less than the state and local revenue that would have been available to the district under state law providing for state aid to districts to account for increases in the general residence homestead exemption and the elderly or disabled tax ceiling as such state law existed on January 1, 2025, if any increase in a residence homestead exemption under the Texas Constitution, and any additional limitation

on tax increases under the elderly or disabled tax ceiling had not occurred.

Local Revenue Level in Excess of Entitlement

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

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

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

delay the date of an election shall pay for credit purchased in equal monthly payments as determined by the Education Commissioner beginning March 15, 2026, and ending August 15, 2026. Alternatively, the district may pay for credit purchased with one lump sum payment made not later than August 15, 2026, provided that the district notifies the Education Commissioner of the district's election to pay through a lump sum not later than March 15, 2026.

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

THE SCHOOL FINANCE SYSTEM AS APPLIED TO THE DISTRICT

For the 2026-2027 fiscal year, the District was not designated as an "excess local revenue" district by the TEA. Accordingly, the District has not been required to exercise one of the wealth equalization options permitted under applicable State law. As a district with local revenue less than the maximum permitted level, the District may benefit in the future by agreeing to accept taxable property or funding assistance from, or agreeing to consolidate with, a property-rich district to enable such district to reduce its wealth per student to the permitted level.

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

If the District were to consolidate (or consolidate its tax base for all purposes) with a district not designated as an excess local revenue 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.

The District expects its General Fund balance for Fiscal Year End June 30, 2026 to decline by approximately $21.7M primarily due to its self-funded health insurance plan and declining enrollment.

The District is currently anticipating a budget deficit for fiscal year 2026-2027 of approximately $33.1M. To address the budget shortfall, the District plans to implement cost-saving measures including closing two schools.

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

IMPACT OF CERTAIN FEDERAL GRANTS ON THE DISTRICT

On June 30, 2025, the U.S. Department of Education notified state education agencies that it was withholding approximately $6.8 billion in federal education funding nationally, pending a review of five grant programs supporting migrant education, professional development, English-learner services, academic enrichment (Title IV-A), and after-school and summer learning programs. The estimated impact to Texas public schools was approximately $667 million. The District preliminarily estimated a potential impact of up to $3.2 million in staff-related funding. During the withholding period, the District reviewed certain options to mitigate the potential loss of these funds, including freezing certain programs, reallocating certain budgeted resources, and seeking additional resources from the Texas Education Agency. On July 25, 2025, the administration announced that it would release all withheld funds to states, and the U.S. Department of Education subsequently began disbursing the funds to Texas. However, the administration indicated that it intends to conduct compliance reviews of how the released funds are used and has proposed eliminating all five of these grant programs in its fiscal year 2026 budget. No assurance can be given that similar withholding actions will not occur in the future or that future federal appropriations for these programs will continue at current levels.

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 on October 8, 1966, in accordance with the provisions of Article 2784e-1, Texas Revised Civil Statutes Annotated, as amended.

The maximum M&O tax rate per $100 of taxable value that may be adopted by a school district is the sum of $0.17 (subject to the compression of the nine available copper pennies in a year in which the state increases the guaranteed yield on those pennies) and the school district's MCR. A school district's MCR is, generally, inversely proportional to the change in taxable property values both within the school district and the State, and is subject to recalculation annually. For any year, the highest possible MCR for a school district is $0.93. See "– Public Hearing and Voter-Approval Tax Rate" herein and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – Local Funding for School Districts."

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 "- Public Hearing and Voter-Approval Tax Rate."

I&S Tax Rate Limitations

A school district is also authorized to issue bonds and levy taxes for payment of bonds subject to voter approval of one or more propositions submitted to the voters under Section 45.003(b)(1), Texas Education Code, as amended, which provides a tax unlimited as to rate or amount for the support of school district bonded indebtedness. See "THE BONDS – Security." Section 45.0031 of the Texas Education Code, as amended, requires a school district to demonstrate to the Texas Attorney General that it has the prospective ability to pay its maximum annual debt service on a proposed issue of bonds and all previously issued bonds, other than bonds approved by voters of a school district at an election held on or before April 1, 1991 and issued before September 1, 1992 (or debt issued to refund such bonds, collectively, "exempt bonds"), from a tax levied at a rate of $0.50 per $100 of assessed valuation before bonds may be issued (the "50-cent Test"). In demonstrating the ability to pay debt service at a rate of $0.50, a school district may take into account EDA and IFA allotments to the school district, which effectively reduces the school district's local share of debt service, and may also take into account Tier One funds allotted to the school district. If a school district exercises this option, it may not adopt an I&S tax until it has credited to the school district's I&S fund an amount equal to all State allotments provided solely for payment of debt service and any Tier One funds needed to demonstrate compliance with the threshold tax rate test and which is received or to be received in that year. Additionally, a school district may demonstrate its ability to comply with the 50-cent Test by applying the $0.50 tax rate to an amount equal to 90% of projected future taxable value of property in the school district, as certified by a registered professional appraiser, anticipated for the earlier of the tax year five (5) years after the current tax year or the tax year in which the final payment for the bonds is due. However, if a school district uses projected future taxable values to meet the 50-cent Test and subsequently imposes a tax at a rate greater than $0.50 per $100 of valuation to pay for bonds subject to the test, then for subsequent bond issues, the Texas Attorney General must find that the school district has the projected ability to pay principal and interest on the proposed bonds and all previously issued bonds subject to the 50-cent Test from a tax rate of $0.45 per $100 of valuation. Once the prospective ability to pay such tax has been shown and the bonds are issued, a school district may levy an unlimited tax to pay debt service. Refunding bonds issued pursuant to Chapter

1207, Texas Government Code, are not subject to the 50-cent Test; however, taxes levied to pay debt service on such bonds (other than bonds issued to refund exempt bonds) are included in maximum annual debt service for calculation of the 50-cent Test when applied to subsequent bond issues that are subject to the 50-cent Test.

Public Hearing and Voter-Approval Tax Rate

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

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

The Voter-Approval Tax Rate for a school district is the sum of (i) the school district's MCR; (ii) the greater of (a) the school district's Enrichment Tax Rate for the preceding year, less any amount by which the school district is required to reduce its current year Enrichment Tax Rate pursuant to Section 48.202(f), Texas 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 (subject to the compression of the nine available copper pennies in a year in which the state increases the guaranteed yield on those pennies) and (ii) the school district's MCR. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein, for more information regarding the SCP, 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. See "WEATHER EVENTS."

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

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

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.

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 Harris Central Appraisal District (the "Appraisal District"). Except as 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 each Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board. See "- District and Taxpayer Remedies").

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property (the "10% Homestead Cap"). The 10% increase is cumulative, meaning the maximum increase is 10% times the number of years since the property was last appraised.

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 $5,320,000 (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 ("Productivity Value"). 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 "– District and Taxpayer Remedies."

State Mandated Homestead Exemption

State law grants, with respect to each school district in the State, (1) a $140,000 exemption of the appraised value of all homesteads (which in some instances may be prorated in the first year the exemption is granted based on the amount of time the homestead was owned), (2) a $60,000 exemption of the appraised value of the homesteads of persons 65 years of age or older and the disabled, and (3) various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

Local Option Homestead Exemption

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

Cities, counties, and school districts are prohibited from repealing or reducing an optional homestead exemption that was granted in tax year 2022 through December 31, 2027.

State Mandated Freeze on School District Taxes

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

The total amount of ad valorem taxes that may be imposed for general elementary and secondary public school purposes on the residence

homestead of a person who is 65 years old or older or disabled may be adjusted to reflect any statutory reduction from the preceding tax year in the MCR of the M&O taxes imposed for those purposes on the homestead.

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Legislation passed by the Legislature during the 89th Regular Session and approved by voters provides a person an exemption from taxation by a taxing unit of $125,000 of the appraised value of tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of $125,000, regardless of where the property is located in the taxing unit.

Freeport and Goods-in-Transit Exemptions

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

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

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

Other Exempt Property

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property. Beginning with the 2026 tax year, all intangible personal property is exempt from 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 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. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. The Texas Legislature amended Section 11.35 of the Property Tax Code to clarify that "damage" for purposes of such statute is limited to physical damage. For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code.

Tax Increment Reinvestment Zones

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

Until September 1, 1999, school districts were able to reduce the value of taxable property reported to the State to reflect any taxable value lost due to TIRZ participation by the school district. The ability of the school district to deduct the taxable value of the tax increment that it contributed prevented the school district from being negatively affected in terms of state school funding. However, due to a change in law, local M&O tax rate revenue contributed to a TIRZ created on or after May 31, 1999 will count toward a school district's Tier One entitlement

(reducing Tier One State funds for eligible school districts) and will not be considered in calculating any school district's Tier Two entitlement. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts."

Tax Limitation Agreements

The Texas Economic Development Act (former Chapter 313, Property Texas Tax Code), allowed school districts to grant limitations on appraised property values to certain corporations and limited liability companies to encourage economic development within the school district. Generally, during the last eight (8) years of the ten-year term of a tax limitation agreement, a school district may only levy and collect M&O taxes on the agreed-to limited appraised property value. For the purposes of calculating its Tier One and Tier Two entitlements, the portion of a school district's property that 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." During the Regular Session of the 88th Texas Legislature, House Bill 5, codified as Chapter 403, Subchapter T, Texas Government Code ("Chapter 403T") was enacted into law. Chapter 403T is intended as a replacement of former Chapter 313, Texas Tax Code ("Chapter 313"), but it contains significantly different provisions than the prior program under Chapter 313. Under Chapter 403T, 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 403T also provides a 100% abatement of maintenance and operations taxes for eligible property during a project's construction period. Taxable valuation for purposes of the debt services taxes securing the Bonds cannot be abated under Chapter 403T. Eligible projects must relate to manufacturing, provision of utility services, dispatchable electric generation (such as nonrenewable energy), development of natural resources, critical infrastructure, or research and development for high-tech equipment or technology, and projects must create and maintain jobs and meet certain minimum investment requirements. The District is still in the process of reviewing Chapter 403T and cannot make any representations as to what impact, if any, Chapter 403T will have on its finances or operations.

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

District and Taxpayer Remedies

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of 1.2 million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $62,883,169 for the 2026 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

Levy and Collection of Taxes

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

District's Rights in the Event of Tax Delinquencies

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

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

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

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

THE PROPERTY TAX CODE AS APPLIED TO THE DISTRICT

The Appraisal District has the responsibility for appraising property in the District as well as other taxing units within its boundaries. The Appraisal District is governed by a board of directors appointed by voters of the governing bodies of various political subdivisions located in Harris County.

The District collects its own taxes.

The District grants a State-mandated $140,000 general residence homestead exemption.

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

The District has not granted an additional exemption of 20% of the market value of residence homesteads.

The District has applied the tax freeze for citizens who are disabled or 65 years of age or older.

The District does not exempt Freeport Property from taxation.

The District does not exempt Goods-in-Transit from taxation.

The District has not adopted a tax abatement policy.

Property within the District is assessed as of January 1 of each year (except business inventories which may be assessed as of September 1 and mineral values which are assessed on the basis of a twelve month average) and taxes become due on or about October 28 or when billed, whichever comes later of the same year and become delinquent on February 1 of the following year. Split payments of taxes are not permitted. Since 2000, the District has participated in the Greenspoint Tax Increment Reinvestment Zone (the "TIRZ") created by the City of Houston, Texas. The District has entered into an interlocal agreement with the TIRZ to contribute a certain amount of tax increments realized in the TIRZ.

WEATHER EVENTS

The District is located near the Texas Gulf Coast. Land located in this area is susceptible to, and land in the District has experienced high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a future weather event significantly damaged all or part of the properties comprising the tax base within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase in the District's tax rate. Texas law allows school districts to increase property tax rates without voter approval upon the occurrence of certain disasters such as floods and upon a gubernatorial or presidential declaration of disaster. See "TAX RATE LIMITATIONS - Public Hearing and Voter- Approval Tax Rate." There can be no assurance that a casualty loss to taxable property within the District 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.

CYBERSECURITY

The District, like other school districts in the State, utilizes technology in conducting its operations. As a user of technology, the District potentially faces cybersecurity threats (e.g., hacking, phishing, viruses, malware and ransomware) on its technology systems. Accordingly, the District may be the target of a cyber-attack on its technology systems that could result in adverse consequences to the District. The District employs a multi-layered approach to combating cybersecurity threats. While the District deploys layered technologies and requires employees to receive cybersecurity training, as required by State law, among other efforts, cybersecurity breaches could cause material disruptions to the District's finances or operations. The costs of remedying such breaches or protecting against future cyber-attacks could be substantial and there

is no assurance that these costs will be covered by insurance. Further, cybersecurity breaches could expose the District to litigation and other legal risks, which could cause the District to incur other costs related to such legal claims or proceedings. To date, the District has not been the victim of any cyber-attack that has had a material adverse effect on its operations or financial condition.

EXPOSURE TO OIL AND GAS INDUSTRY

In the past, the greater Houston area has been particularly affected by adverse conditions in the oil and gas industry, and adverse conditions in the oil and gas industry and spillover effects into other industries could adversely impact the businesses of ad valorem property taxpayers and the property values in the District, resulting in a reduction in property tax revenue. The Bonds are secured by an ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds. Reductions in oil and gas revenues may also have an adverse effect on State revenues available during the next biennium, which may impact how the State funds education.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Bonds are (i) negotiable instruments, (ii) investment securities to which Chapter 8 of the Texas Business and Commerce Code applies, and (iii) legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256), the Bonds may have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds (see "RATINGS"). In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital and savings and loan associations.

The District has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The District has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

INVESTMENTS

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

Legal Investments

Under State law, the District is authorized to 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 directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the District selects from a list the governing body of the District or designated investment committee of the District adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the District selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the District's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the District appoints as the District's custodian of the banking deposits issued for the District's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the United States Securities and Exchange Commission (the "SEC") and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of Chapter 2256, Texas Government Code (the "Public Funds Investment Act"), 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 Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for District deposits, or (ii) certificates of deposits where (a) the funds are invested by the District through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the District as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the District, (b) the broker or the depository institution selected by the District arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the District

appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d), Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements as defined in the Public Funds Investment Act, that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) or (13) in this paragraph, require the securities being purchased by the District or cash held by the District to be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers' acceptances with stated maturity of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated not less than "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (14) no-load money market mutual funds registered with and regulated by the SEC that provide the District with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and have either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract.

A political subdivision such as the District may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, other than the prohibited obligations described below, (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 (13) through (15) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less. 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 that, at the time of purchase, are rated by a nationally recognized investment rating firm "AA-" or the equivalent and have a stated final maturity that is not later than the third anniversary of the date the corporate bonds were purchased. State law defines "corporate bonds" as senior secured debt obligations issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include unsecured debt obligations or debt obligations that, on conversion, would result in the holder becoming a stockholder or shareholder in the entity that issued the debt obligation. The District may not (1) invest in the aggregate more than 15% of its monthly average fund balance, excluding funds held for the payment of debt service, in corporate bonds or (2) invest more than 25% of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity. The investment officer of the District must sell any corporate bonds not later than seven days after a nationally recognized investment rating firm (1) issues a release that places the corporate bonds or the entity that issued the corporate bonds on negative credit watch or the equivalent, if the corporate bonds are rated "AA-" or the equivalent at the time the release is issued; or (2) changes the rating on the corporate bonds to a rating lower than "AA-" or the equivalent. The District may invest its funds in corporate bonds only if the Board of Trustees of the District (1) amends its investment policy to authorize corporate bonds as an eligible investment; (2) adopts procedures to provide for the monitoring of rating changes in corporate bonds and liquidating the investment in corporate bonds; and (3) identifies the funds eligible to be invested in corporate bonds.

Investment Policies

Under State law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a

list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the 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 State law, the District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." At least quarterly the District's investment officers must submit an investment report to the Board of Trustees detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) Texas law. No person may invest District funds without express written authority from the Board of Trustees.

Additional Provisions

Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a written instrument by rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and recording any changes made to either its investment policy or investment strategy; (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 of Education; (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 repurchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and(10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

Current Investments

For a list and description of the District's investments, please see Appendix A attached hereto.

EMPLOYEES' BENEFIT PLANS

The District's employees participate in a retirement plan (the "Plan") with the State of Texas. The Plan is administered by the Teacher Retirement System of Texas ("TRS"). State contributions are made to cover costs of the TRS retirement plan up to certain statutory limits.

The District is obligated for a portion of TRS costs relating to employee salaries that exceed the statutory limit. For the year ended June 30, 2025, the State contributed $15,411,690 to TRS on behalf of the District, District employees paid $22,941,944 and other contributions into the plan made from federal and private grants and the District for salaries above the statutory minimum were $11,760,366. For more detailed information concerning the Plan, see Note 11 to the District's audited financial statements attached hereto as APPENDIX C.

In addition to its participation in the TRS, the District contributes to the Texas Public School Retired Employees Group Insurance Program (the "TRS-Care Retired Plan"), a cost-sharing multiple-employer defined benefit post-employment health care plan. The TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the TRS. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. For more detailed information concerning the District's funding policy and contributions in connection with the TRS-Care Retired Plan, see Note 11 to the District's audited financial statements attached hereto as APPENDIX C.

As a result of its participation in the Plan and the TRS-Care Retired Plan 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 ("GASB") Statement 45.

Since September 2022, the District has utilized a District sponsored self-funded health care plan administered by a third party for its employees and their dependents. See Note 10 to District's audited financial statements attached hereto as APPENDIX C. The District has had to utilize general fund balance to support such health care plan. The District projects about $11 million in costs related to such self-funded plan for Fiscal

Year End June 30, 2026. Due to the costs associated with such self-funded health plan the District is transitioning back to TRS-Active Care health plan.

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.

In June 2015, GASB Statement No. 75 (Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions – which supersedes GASB Statement No. 45) ("GASB 75") was issued to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions ("OPEB"). GASB 75 requires reporting entities, such as the District, to recognize their proportionate share of the net OPEB liability in the TRS-Care Plan and a deferred outflow for the contributions made by the District subsequent to the measurement date in the Statement of Net Position, a government-wide financial statement. The changes related to OPEB in the Statement of Net Position to implement GASB 75 are reflected in the Statement of Activities, a government-wide financial statement. The changes related to the OPEB affect only the government-wide financial statements and do not affect the General Fund balance.

RATINGS

The Series 2026A Bonds are rated "Aaa" by Moody's Investor Service, Inc. ("Moody's") by virtue of the guarantee by the Permanent School Fund of the State of Texas. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM FOR THE SERIES 2026A BONDS" and "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM FOR THE SERIES 2026A BONDS."

The District's outstanding tax-supported debt, without consideration of the Permanent School Fund Guarantee or other credit enhancement, which includes the Bonds, is rated "Aa3" by Moody's.

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

LEGAL MATTERS

The District will furnish to the Underwriters a complete transcript of the proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of Bracewell LLP, Houston, Texas, Bond Counsel in substantially the form attached hereto as APPENDIX D.

Though it represents the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the District in connection with the issuance of the Bonds. Except as noted below, Bond Counsel did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect hereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under captions or subcaptions "THE BONDS" (except for the information under the subcaption "Permanent School Fund Guarantee for the Series 2026A Bonds," "PLAN OF FINANCING" (except for the information under the subcaption"- Sources and Uses of Funds," as to which no opinion is expressed) and "CONTINUING DISCLOSURE OF INFORMATION," and Bond Counsel is of the opinion that the statements and information contained therein fairly and accurately reflect the provisions of the Order; further, Bond Counsel has reviewed the statements and information contained in this Official Statement under the captions and sub-captions "LEGAL MATTERS," (except for the last two sentences of the second paragraph and the third paragraph, as to which no opinion is expressed), "TAX MATTERS," "TAX EXEMPTION," "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS," "CURRENT PUBLIC SCHOOL FINANCE SYSTEM," "TAX RATE LIMITATIONS - M&O Tax Rate Limitations" (first paragraph only), and "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," and Bond Counsel is of the opinion that the statements and information contained therein are correct as to matters of law. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System.

Certain legal matters will be passed upon for the Underwriters by The Bates Law Firm PLLC, Houston, Texas, and Jackson Walker LLP, Houston, Texas, Co-Counsel for the Underwriters. The legal fees are contingent upon the sale and delivery of the Bonds.

The various 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 the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

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

TAX EXEMPTION

In the opinion of Bracewell LLP, Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Order that it will comply with these requirements.

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

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

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

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

Collateral Tax Consequences

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

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

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

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

Tax Accounting Treatment of Original Issue Premium

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

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

Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Bonds have not been approved or disapproved by the United States Securities and Exchange Commission, nor has the United States Securities and Exchange Commission passed

upon the accuracy or adequacy of the Official Statement. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

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

CONTINUING DISCLOSURE OF INFORMATION

In the Order, the District has made the following agreement for the benefit of the 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 specified events to the MSRB via the EMMA system at www.emma.msrb.org. This information will be available free of charge from the MSRB.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually free of charge via EMMA. The information to be updated includes quantitative financial information and operating data with respect to the District of the general type included in this Official Statement in "APPENDIX A - FINANCIAL INFORMATION REGARDING THE DISTRICT" (Tables 1 through 6 and Tables 8 through 13) and in APPENDIX C. The District will update and provide this information within six months after the end of each fiscal year.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12, as amended and in effect from time to time (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 to such persons within the required time and audited financial statements when and if the audit report becomes available. Any 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, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Notices of Certain Events

The District will also provide timely notices of certain events to the MSRB. The District will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties. Neither the Bonds nor the Order make any provision for debt service reserves, credit enhancement (except with respect to the Permanent School Fund guarantee), or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information and operating data in accordance with its agreement described above under "- Annual Reports." The District will provide each notice described in this paragraph to the MSRB.

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

the assets or business of the District, (B) as used in clauses (15) and (16) in the immediately preceding paragraph, "Financial Obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities as to which a final Official Statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule, and (C) the District intends the words used in clauses (15) and (16) and the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the "2018 Release") and any further written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.

All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

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

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if (1) the agreement, as amended would have permitted an underwriter to purchase or sell the Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of the Order that authorizes such amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable 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 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.

LITIGATION

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

FINANCIAL ADVISOR

Nickel Hayden Advisors is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance thereof. Nickel Hayden Advisors, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

UNDERWRITERS

The Underwriters have agreed, subject to certain customary conditions, to purchase the Series 2026A Bonds at a price of $_____ (representing the principal amount of the Series 2026A Bonds plus a [net] reoffering premium of $_____, less an underwriting discount of $_____). The Underwriters' obligations are subject to certain conditions precedent, and the Underwriters will be obligated to purchase all of the Series 2026A Bonds if any Bonds are purchased. The Series 2026A Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have agreed, subject to certain customary conditions, to purchase the Series 2026B Bonds at a price of $_____ (representing the principal amount of the Series 2026B Bonds plus a [net] reoffering premium of $_____, less an underwriting discount of $_____). The Underwriters' obligations are subject to certain conditions precedent, and the Underwriters will be obligated to purchase all of the Series 2026B Bonds if any Bonds are purchased. The Series 2026B Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

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

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

RBC Capital Markets, LLC (RBCCM), an underwriter of the Bonds, has entered into a distribution arrangement with its affiliate RBC Securities, Inc. (RBC Securities) (formerly known as City National Securities, Inc.). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of RBC Securities. As part of this arrangement, RBCCM may compensate RBC Securities for its selling efforts with respect to the Bonds.

PNC Capital Markets LLC and PNC Bank, National Association are both wholly-owned subsidiaries of the PNC Financial Services Group, Inc. PNC Capital Markets LLC is not a bank, and is a distinct legal entity from PNC Bank, National Association. PNC Bank, National Association has/may have other banking and financial relationships with the District.

PNC Capital Markets LLC may offer to sell to its affiliate, PNC Wealth Management LLC ("PNCWM"), securities in PNCCM's inventory for resale to PNCWM's customers, including securities such as those to be offered by the District.

Academy Securities, Inc has entered into third-party distribution agreements with various dealers for the retail distribution of certain municipal securities at the original issue prices. Pursuant to these third-party distribution agreements, Academy Securities may share a portion of its underwriting compensation with the respective dealers.

VERIFICATION OF ARITHMETICAL COMPUTATIONS

Public Finance Partners LLC will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified, the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Federal Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds.

The verification performed by Public Finance Partners LLC will be solely based upon data, information and documents provided to Public Finance Partners LLC by Nickel Hayden Advisors, on behalf of the District. Public Finance Partners LLC has restricted its procedures to recalculating the computations provided by Nickel Hayden Advisors on behalf of the District and has not evaluated or examined the assumptions or information used in the computations.

FORWARD LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. It is important to note that the District's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

AUDITED FINANCIAL STATEMENTS

Whitley Penn LLP, the District's independent auditor, has not reviewed, commented on, or approved, and is not associated with, this Official Statement. The report of Whitley Penn LLP. relating to District's financial statements for the fiscal year ended June 30, 2025 is included in this Official Statement in APPENDIX C; however, Whitley Penn LLP has not performed any procedures on such financial statements since the date of such report, and has not performed any procedures on any other financial information of the District, including without limitation any of the information contained in this Official Statement.

CONCLUDING STATEMENT

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

MISCELLANEOUS

The Order authorizing the issuance of the Bonds approves the use of this Official Statement and any addenda, supplement or amendment thereto in the reoffering of the Bonds by the Underwriters in accordance with the provisions of the United States Securities and Exchange Commission's rule codified at 17 C.F.R. §240.15c2-12, as amended.

SCHEDULE I
SCHEDULE OF SERIES 2026A REFUNDED BONDS *

Unlimited Tax Refunding Bonds, Series 2016

Original Maturity	Interest Rate	Principal Outstanding	Principal Refunded*	Redemption Date	Redemption Price
8/15/2027	5.000%	$4,450,000	$4,450,000	1/18/2027	100.000%
8/15/2028	5.000%	4,670,000	4,670,000	1/18/2027	100.000%
8/15/2029	4.000%	4,905,000	4,905,000	1/18/2027	100.000%
8/15/2030	4.000%	5,100,000	5,100,000	1/18/2027	100.000%
8/15/2031	3.500%	5,300,000	5,300,000	1/18/2027	100.000%
8/15/2032	4.000%	5,490,000	5,490,000	1/18/2027	100.000%
8/15/2033	4.000%	5,705,000	5,705,000	1/18/2027	100.000%
8/15/2034	4.000%	5,940,000	5,940,000	1/18/2027	100.000%
		$41,560,000	$41,560,000		

Unlimited Tax School Building Bonds, Series 2017

Original Maturity	Interest Rate	Principal Outstanding	Principal Refunded*	Redemption Date	Redemption Price
8/15/2027	5.000%	$6,580,000	$6,580,000	1/18/2027	100.000%
8/15/2028	5.000%	6,905,000	6,905,000	1/18/2027	100.000%
8/15/2029	5.000%	7,250,000	7,250,000	1/18/2027	100.000%
8/15/2030	4.000%	7,615,000	7,615,000	1/18/2027	100.000%
8/15/2031	4.000%	7,920,000	7,920,000	1/18/2027	100.000%
8/15/2032	4.000%	8,235,000	8,235,000	1/18/2027	100.000%
8/15/2033	5.000%	8,565,000	8,565,000	1/18/2027	100.000%
8/15/2034	5.000%	8,995,000	8,995,000	1/18/2027	100.000%
8/15/2035	5.000%	9,445,000	9,445,000	1/18/2027	100.000%
8/15/2036	5.000%	9,915,000	9,915,000	1/18/2027	100.000%
8/15/2037	5.000%	10,410,000	10,410,000	1/18/2027	100.000%
8/15/2038	5.000%	10,930,000	10,930,000	1/18/2027	100.000%
8/15/2039	5.000%	11,480,000	11,480,000	1/18/2027	100.000%
8/15/2040	5.000%	12,050,000	12,050,000	1/18/2027	100.000%
8/15/2041	5.000%	12,655,000	12,655,000	1/18/2027	100.000%
8/15/2042	5.000%	13,290,000	13,290,000	1/18/2027	100.000%
		$152,240,000	$152,240,000		

Unlimited Tax Refunding Bonds, Series 2018

Original Maturity	Interest Rate	Principal Outstanding	Principal Refunded*	Redemption Date	Redemption Price
8/15/2027	5.000%	$535,000	$535,000	1/18/2027	100.000%
8/15/2028	5.000%	560,000	560,000	1/18/2027	100.000%
8/15/2029	5.000%	590,000	590,000	1/18/2027	100.000%
8/15/2030	5.000%	620,000	620,000	1/18/2027	100.000%
8/15/2031	4.000%	650,000	650,000	1/18/2027	100.000%
8/15/2032	4.000%	675,000	675,000	1/18/2027	100.000%
8/15/2033	4.000%	705,000	705,000	1/18/2027	100.000%
		$4,335,000	$4,335,000		

* Preliminary, subject to change.

SCHEDULE II
SCHEDULE OF SERIES 2026B REFUNDED BONDS *

Unlimited Tax Refunding Bonds, Series 2017A

Original Maturity	Interest Rate	Principal Outstanding	Principal Refunded*	Redemption Date	Redemption Price
8/15/2027	5.000%	$14,960,000	$14,960,000	1/18/2027	100.000%
8/15/2028	5.000%	20,990,000	20,990,000	1/18/2027	100.000%
		$35,950,000	$35,950,000		

* Preliminary, subject to change.

APPENDIX A
FINANCIAL INFORMATION REGARDING THE DISTRICT

TABLE 1 – ASSESSED VALUATION AND TAX SUPPORTED DEBT

2026-27 Total Appraised Valuation	$25,940,168,449
2026-27 Certified Taxable Assessed Valuation	$17,958,084,039

TABLE 2 – GENERAL OBLIGATION DEBT OUTSTANDING

Unlimited Tax Bonds Outstanding (as of September 30, 2026)	$1,203,670,000
Ratio of Direct Debt to 2026-27 Certified Taxable Assessed Valuation	6.70%
2026-27 Est. Population (a)	186,429
Direct Debt Per Capita	$6,456
2026-27 Certified Taxable Assessed Valuation Per Capita	$96,327
2026-27 Student Enrollment (b)	32,400
Direct Debt Per Student	$37,150
2026-27 Certified Taxable Assessed Valuation Per Student	$554,262

(a) Source: Municipal Advisory Council of Texas

(b) Source: The District.
Source: The District and the Harris Central Appraisal District ("HCAD").

(c) Perliminary subject to change. Excludes the Refunded Bonds and Includes the Bonds.

TABLE 3 – CLASSIFICATION OF ASSESSED VALUATION

	2026 Tax Roll (a)		2025 Tax Roll (a)		2024 Tax Roll (b)	
Type of Property	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Residential	$12,317,723,809	47.49%	$12,620,205,445	47.77%	$12,237,919,474	47.36%
Com, Ind & Multi-Family	12,707,740,565	48.99%	13,032,159,699	49.33%	12,813,074,123	49.59%
Acreage	225,512,542	0.87%	50,632,040	0.19%	51,276,635	0.20%
Vacant Lots & Tracts	394,584,571	1.52%	421,304,331	1.59%	452,966,225	1.75%
Utilities	291,301,637	1.12%	288,958,626	1.09%	263,893,244	1.02%
Mineral Reserves	3,305,325	0.01%	5,447,109	0.02%	19,135,518	0.07%
Total Appraised Value	$25,940,168,449	100.00%	$26,418,707,250	100.00%	$25,838,265,219	100.00%
Less: Exemptions	(7,982,084,410)		(7,575,927,432)		(5,853,947,738)	
Total Taxable Value	$17,958,084,039		$18,842,779,818		$19,984,317,481	

	2023 Tax Roll (b)		2022 Tax Roll (b)	
	Amount	**%**	**Amount**	**%**
Residential	$11,431,386,118	45.82%	$9,825,843,037	44.59%
Com, Ind & Multi-Family	12,739,448,674	51.07%	11,463,512,556	52.02%
Acreage	67,623,229	0.27%	85,924,818	0.39%
Vacant Lots & Tracts	456,238,024	1.83%	436,190,447	1.98%
Utilities	228,383,170	0.92%	209,066,128	0.95%
Mineral Reserves	22,727,414	0.09%	14,312,445	0.06%
Total Appraised Value	$24,945,806,629	100.00%	$22,034,849,431	100.00%
Less: Exemptions	(5,626,411,703)		(3,482,726,408)	
Total Taxable Value	$19,319,394,926		$18,552,123,023	

NOTE: Certified values are subject to change throughout the year as contested values are resolved and the HCAD updates records.

(a) Source: The District and HCAD.

(b) Source: The District's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025.

TABLE 4 – TAX RATE DISTRIBUTION

	2026	2025	2024	2023	2022
Local Maintenance	$0.66690	$0.71690	$0.66690	$0.66920	$0.85460
Debt Service	$0.44000	$0.42000	$0.44000	$0.44000	$0.40000
Total	**$1.10690**	**$1.13690**	**$1.10690**	**$1.10920**	**$1.25460**

TABLE 5 – PROPERTY TAX COLLECTIONS

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Net Tax Levy (a)	Collected within FY of Levy	%	Total Collections to Date	%	Fiscal Year Ending
2021	$16,227,963,611	$1.31280	$205,211,871	$205,026,164	99.91%	$204,709,952	99.76%	6/30/2022
2022	18,552,123,023	$1.25460	222,798,876	224,423,378	100.73%	221,998,639	99.64%	6/30/2023
2023	19,319,394,926	$1.10920	202,354,050	203,125,061	100.38%	200,959,516	99.31%	6/30/2024
2024	19,984,317,481	$1.10690	213,170,441	208,738,542	97.92%	208,738,542	97.92%	6/30/2025
2025	18,842,779,818	$1.13690	220,462,486	In Process	In Process	In Process	In Process	6/30/2026

(a) Reflects ongoing adjustments. Net levy is as reported by the District and does not equal TAV × rate.

TABLE 6 – PRINCIPAL TAXPAYERS

Taxpayer	Type of Property	2025 Taxable Assessed Valuation	2024 Taxable Assessed Valuation	2025 % of Taxable AV
Palmetto Transoceanic LLC (a)	Oil & Gas	$1,040,181,150	$1,097,325,019	5.52%
Centerpoint Energy INC	Electric Utility/Power Pla	210,666,179	191,862,089	1.12%
10000 Energy Drive Owner LP	Office Buildings	155,701,164	150,813,155	0.83%
Usodp Mossy Oaks LLC	Office Buildings	132,000,000	141,860,000	0.70%
Hp Plaza Spv LLC	Office Buildings	114,054,147	121,823,906	0.61%
Houston Pipeline Co. LP	Oil & Gas Pipeline	113,625,198	100,417,813	0.60%
Liberty Property	Commercial Building	101,665,094	99,249,762	0.54%
Springwoods 4A INC	Office Buildings	98,500,788	105,430,000	0.52%
Ean Holdings LLC	Car Rentals	98,130,529	113,175,360	0.52%
Houston NW Manager, LLC	Commercial Building	83,221,709	86,635,822	0.44%
Total		**$2,147,745,958**	**$2,208,592,926**	**11.40%**

(a) An affiliate of the ExxonMobil Corporation, Palmetto Transoceanic LLC ("Palmetto") accounts for approximately 5.52% of the District's tax base. This entity is primarily involved in the oil and gas industry. Future declines in oil prices in the United States and globally may lead to adverse conditions in the oil and gas industry. Such adverse conditions may result in reduced revenues, declines in capital and operating expenditures, business failures, and the layoff of workers within the oil and gas industry. In the past, the greater Houston area has been particularly affected by adverse conditions in the oil and gas industry. Adverse conditions in the oil and gas industry and spillover effects into other industries could adversely impact the businesses of ad valorem property taxpayers and the property values in the District, resulting in a reduction in property tax revenue. If any major taxpayer such as Palmetto Transoceanic LLC were to default in the payment of taxes, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process.

Source: HCAD and the District's records.

TABLE 7 – ESTIMATED OVERLAPPING DEBT STATEMENT

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 bonds ("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 bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the District.

Taxing Body	Gross Dollar Amount	As Of	Percent Overlap	Dollar Overlap
Bammel UD	$16,235,000.00	09/30/2026	100.00%	$16,235,000.00
CNP UD	$40,775,000.00	09/30/2026	100.00%	$40,775,000.00
Cypresswood UD	$8,355,000.00	09/30/2026	0.11%	$9,190.50
Fountainhead MUD	$5,585,000.00	09/30/2026	26.70%	$1,491,195.00
Harris Co	$2,952,415,112.23	09/30/2026	2.94%	$86,801,004.30
Harris Co Dept of Ed	$28,960,000.00	09/30/2026	2.94%	$851,424.00
Harris Co Flood Control Dist	$1,001,580,000.00	09/30/2026	2.94%	$29,446,452.00
Harris Co Hosp Dist	$1,644,825,000.00	09/30/2026	2.94%	$48,357,855.00
Harris Co Imp Dist # 18	$97,470,000.00	09/30/2026	100.00%	$97,470,000.00
Harris Co Imp Dist # 18	$105,855,000.00	09/30/2026	99.99%	$105,844,414.50
Harris Co MUD # 5	$26,000,000.00	09/30/2026	52.29%	$13,595,400.00
Harris Co MUD # 16	$7,305,000.00	09/30/2026	100.00%	$7,305,000.00
Harris Co MUD # 43	$29,670,000.00	09/30/2026	100.00%	$29,670,000.00
Harris Co MUD # 44	$2,860,000.00	09/30/2026	100.00%	$2,860,000.00
Harris Co MUD # 58	$2,070,000.00	09/30/2026	100.00%	$2,070,000.00
Harris Co MUD # 82 (DA #1)	$25,490,000.00	09/30/2026	100.00%	$25,490,000.00
Harris Co MUD # 82	$78,420,000.00	09/30/2026	100.00%	$78,420,000.00
Harris Co MUD # 86	$9,720,000.00	09/30/2026	95.17%	$9,250,524.00
Harris Co MUD # 96	$13,655,000.00	09/30/2026	99.78%	$13,624,959.00
Harris Co MUD #150	$15,625,000.00	09/30/2026	66.35%	$10,367,187.50
Harris Co MUD #154	$23,895,000.00	09/30/2026	79.87%	$19,084,936.50
Harris Co MUD #189	$21,270,000.00	09/30/2026	100.00%	$21,270,000.00
Harris Co MUD #200	$50,300,000.00	09/30/2026	100.00%	$50,300,000.00
Harris Co MUD #205	$3,505,000.00	09/30/2026	100.00%	$3,505,000.00
Harris Co MUD #211	$1,255,000.00	09/30/2026	100.00%	$1,255,000.00
Harris Co MUD #215	$7,345,000.00	09/30/2026	100.00%	$7,345,000.00
Harris Co MUD #217	$2,300,000.00	09/30/2026	100.00%	$2,300,000.00
Harris Co MUD #221	$7,600,000.00	09/30/2026	80.77%	$6,138,520.00
Harris Co MUD #233	$5,385,000.00	09/30/2026	100.00%	$5,385,000.00
Harris Co MUD #249	$3,355,000.00	09/30/2026	100.00%	$3,355,000.00
Harris Co MUD #304	$16,545,000.00	09/30/2026	100.00%	$16,545,000.00
Harris Co MUD #399	$16,115,000.00	09/30/2026	100.00%	$16,115,000.00
Harris Co UD # 16	$25,710,000.00	09/30/2026	27.80%	$7,147,380.00
Harris Co WC&ID # 92	$4,825,000.00	09/30/2026	100.00%	$4,825,000.00
Harris Co WC&ID # 99	$11,255,000.00	09/30/2026	100.00%	$11,255,000.00
Harris Co WC&ID #109	$30,895,000.00	09/30/2026	1.67%	$515,946.50
Harris Co WC&ID #110	$19,680,000.00	09/30/2026	60.21%	$11,849,328.00
Harris Co WC&ID #132	$2,360,000.00	09/30/2026	0.03%	$708.00
Harris Co WC&ID #136	$7,825,000.00	09/30/2026	100.00%	$7,825,000.00
Houston, City of	$3,735,320,000.00	09/30/2026	0.21%	$7,844,172.00
Hunter's Glen MUD	$48,490,000.00	09/30/2026	**	$0.00
Inverness Forest ID	$7,330,030.56	09/30/2026	4.12%	$301,997.26
Lone Star College Sys	$336,455,000.00	09/30/2026	6.45%	$21,701,347.50
Meadowhill Reg MUD	$28,970,000.00	09/30/2026	21.54%	$6,240,138.00
North Forest MUD	$3,180,000.00	09/30/2026	100.00%	$3,180,000.00
North Park PUD	$6,380,000.00	09/30/2026	87.89%	$5,607,382.00
Northgate Crossing MUD # 1	$9,410,000.00	09/30/2026	100.00%	$9,410,000.00
Northgate Crossing MUD # 2	$18,610,000.00	09/30/2026	100.00%	$18,610,000.00
Northgate Crossing RUD	$535,000.00	09/30/2026	100.00%	$535,000.00
NW Harris Co MUD # 21	$6,805,000.00	09/30/2026	100.00%	$6,805,000.00
NW Harris Co MUD # 22	$4,595,000.00	09/30/2026	100.00%	$4,595,000.00
NW Harris Co MUD # 23	$12,050,000.00	09/30/2026	100.00%	$12,050,000.00
Pine Forest MUD	$9,015,000.00	09/30/2026	22.07%	$1,989,610.50
Pt of Houston Auth	$386,074,396.90	09/30/2026	2.94%	$11,350,587.27
Post Wood MUD	$11,155,000.00	09/30/2026	100.00%	$11,155,000.00
Rankin Road West MUD	$23,890,000.00	09/30/2026	100.00%	$23,890,000.00
SE Regional Mgmt Dist	$109,555,000.00	09/30/2026	3.35%	$3,670,092.50
Spring West MUD	$18,385,000.00	09/30/2026	55.39%	$10,183,451.50
Tattor Rd Municipal District	$12,160,000.00	09/30/2026	100.00%	$12,160,000.00
Timber Lane UD	$77,855,000.00	09/30/2026	81.39%	$63,366,184.50
Spring ISD:	$1,250,540,000.00 [(a)]	09/30/2026	12.14%	$1,250,540,000.00 [(a)]
Total Overlapping Debt:				$2,301,136,387.83

Ratio of Direct Debt to Taxable Assessed Valuation	6.96%
Ratio of Direct and Overlapping Debt to Taxable Assessed Valuation	12.81%
Ratio of Direct and Overlapping Debt to Total Assessed Valuation	8.87%
Per Capita Direct and Overlapping Debt	$ 12,343.23

Source: Municipal Advisory Council of Texas.

(a) Includes the Bonds and excludes the Refunded Bonds

TABLE 8 – DEBT SERVICE REQUIREMENTS

Outstanding Debt Service (a)

Period Ending 8/31	Outstanding Debt Service(a)	Less: Refunded Debt Service	Plus: The Series 2026A Bonds* Principal	Plus: The Series 2026A Bonds* Interest	Plus: The Series 2026B Bonds* Principal	Plus: The Series 2026B Bonds* Interest	Total Debt Service
2027	$106,762,891.00	($37,434,850)	$2,525,000.00	$1,586,127.08	$440,000.00	$303,686.81	$74,182,855
2028	74,063,164.50	(42,708,600)	10,620,000.00	8,969,000.00	14,695,000.00	$1,402,875.00	$67,041,440
2029	67,452,037.50	(20,672,350)	11,140,000.00	8,425,000.00	20,710,000.00	$517,750.00	$87,572,438
2030	88,368,912.50	($20,674,150)	11,725,000.00	7,853,375.00	-		$87,273,138
2031	74,756,962.50	($15,369,550)	12,355,000.00	7,251,375.00	-	-	$78,993,788
2032	74,773,862.50	($20,856,750)	12,990,000.00	6,617,750.00	-	-	$73,524,863
2033	68,367,512.50	($20,855,750)	13,635,000.00	5,952,125.00		-	$67,098,888
2034	64,025,187.50	($20,131,100)	14,275,000.00	5,254,375.00	-	-	$63,423,463
2035	58,576,787.50	($13,953,750)	14,265,000.00	4,540,875.00	-	-	$63,428,913
2036	64,642,187.50	($13,951,500)	8,770,000.00	3,965,000.00	-	-	$63,425,688
2037	64,665,537.50	($13,950,750)	9,205,000.00	3,515,625.00	-	-	$63,435,413
2038	64,676,862.50	($13,950,250)	9,660,000.00	3,044,000.00	-	-	$63,430,613
2039	64,698,462.50	($13,953,750)	10,145,000.00	2,548,875.00	-	-	$63,438,588
2040	64,716,562.50	($13,949,750)	10,655,000.00	2,028,875.00	-	-	$63,450,688
2041	64,742,012.50	($13,952,250)	11,180,000.00	1,483,000.00	-	-	$63,452,763
2042	64,756,687.50	($13,954,500)	11,740,000.00	910,000.00	-	-	$63,452,188
2043	50,820,562.50	-	12,330,000.00	308,250.00	-	-	$63,458,813
2044	57,411,250.00	-	-	-	-	-	$57,411,250
2045	57,413,137.50	-	-	-	-	-	$57,413,138
2046	57,410,537.50	-	-	-	-	-	$57,410,538
2047	57,414,062.50	-	-	-	-	-	$57,414,063
2048	57,413,550.00	-	-	-	-	-	$57,413,550
2049	57,414,400.00	-	-	-	-	-	$57,414,400
2050	57,409,837.50	-	-	-	-	-	$57,409,838
2051	57,415,450.00	-	-	-	-	-	$57,415,450
2052	57,410,837.50	-	-	-	-	-	$57,410,838
2053	38,521,262.50	-	-	-	-	-	$38,521,263
2054	38,516,662.50	-	-	-	-	-	$38,516,663
2055	38,516,237.50	-	-	-	-	-	$38,516,238
Total	**$1,813,133,418**	**($310,319,600)**	**$187,215,000**	**$74,253,627**	**$35,845,000**	**$2,224,312**	**$1,802,351,757**

(a) Does not include any potential funding the District may receive from the State of Texas from either the Instructional Facilities Allotment or Existing Debt Allotment Programs.

**Preliminary subject to change*

TABLE 9 – AD VALOREM TAX BONDS AUTHORIZED BUT UNISSUED

The District has no voter authorized but unissued bonds.

TABLE 10 – TAX ADEQUACY

Collection Rate Assumption	98.0%
Estimated State Funding for Debt Service	$22,136,292
Maximum Annual Debt Service Requirements (2027)	$87,572,438
Estimated State Funding for Debt Service	(22,136,292)
Net Maximum Annual Debt Service Requirements	$65,436,146
Tax Rate (per $100) Required	$0.49670
Tax Rate on 2025-26 Taxable Assessed Valuation at Collection Rate Produces (a)	$87,413,847
Average Annual Debt Service Requirements (2027-2056)	$62,521,842
Estimated State Funding for Debt Service	(22,136,292)
Net Average Annual Debt Service Requirements (2027-2056)	$40,385,550
Tax Rate (per $100) Required	$0.30700
Tax Rate on 2025-26 Taxable Assessed Valuation at Collection Rate Produces (a)	$54,028,692
Break-even rate covering Net Average Annual Debt Service	$0.22948

(a) A portion of the debt service payable on the District's outstanding bonds has been paid with funds received from the State of Texas pursuant to the Additional State Aid for Homestead Exemption ("ASAHE") for Facilities. The amount of State funding for debt service may differ substantially from year to year, depending on a number of factors, including amounts, if any, appropriated for that purpose by the Texas Legislature from time to time.

TABLE 11 – COMPARATIVE STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES

Fiscal Year Ended June 30,	2025	2024	2023	2022	2021
Beginning Fund Balance (July 1)	$102,469,484	$92,422,208	$112,521,956	$102,574,310	$122,747,322
Revenues:					
Local and Intermediate Sources	$129,727,228	$126,014,148	$157,546,795	$142,417,866	$140,010,066
State Program Revenues	209,385,987	207,600,806	160,343,353	165,436,615	171,554,869
Federal Program Revenues	2,480,623	12,865,904	9,068,748	11,169,165	4,823,625
Total Revenues	$341,593,838	$346,480,858	$326,958,896	$319,023,646	$316,388,560
Expenditures:					
Current:					
Instructional	$187,578,689	$172,682,444	$186,556,999	$162,140,072	$198,219,576
Instl Resources & Media Services	726,669	873,195	2,685,991	2,852,755	2,883,899
Curriculum & Instructional Staff Dev	6,165,050	5,216,580	4,329,135	4,016,693	4,235,782
Instructional Leadership	6,919,249	9,933,935	10,268,669	9,694,875	8,694,135
School Leadership	26,154,904	26,644,779	26,663,812	25,187,572	24,399,096
Guidance and Counseling Services	17,210,713	12,569,222	12,429,433	14,538,695	13,716,655
Social Work Services	213,645	225,673	243,862	536,151	578,041
Health Services	3,018,646	3,168,531	2,888,404	2,743,701	3,956,990
Student Transportation	14,619,713	15,419,463	16,700,120	14,926,167	13,360,045
Co-Curricular Activities	6,772,305	6,972,501	6,780,940	6,914,547	6,147,752
General Administration	13,538,019	13,674,406	13,764,965	12,287,749	12,086,416
Plant Maintenance and Operations	32,686,557	32,722,880	32,038,921	31,396,383	31,224,988
Security and Monitoring Services	8,942,804	7,815,311	7,053,522	7,184,514	6,669,293
Data Processing Services	9,251,320	8,511,634	8,054,541	7,223,244	6,795,794
Community Service	684,784	648,941	586,106	620,916	550,830
Intergovernmental Charges:					
Fiscal Agent/Shared Service Agreement	-	-	-	-	-
Alternative Education	130,413	37,200	9,100	82,800	59,400
Payments to Tax Increment Fund	1,641,013	1,328,579	1,224,712	1,061,489	1,003,490
Other Intergovernmental Charges	1,558,946	1,746,195	1,596,075	1,506,040	1,486,559
Capital Outlay:					
Facilities Acquisition and Construction	201,199	89,207	1,092,331	256,896	215,916
Debt Service:					
Principal Retirement of Bonds	358,838	485,918	612,761	413,911	55,032
Interest on Long-Term Debt	56,183	41,482	50,448	37,031	3,486
Total Expenditures	$338,429,659	$320,808,076	$335,630,847	$305,622,201	$336,343,175
Net Revenues (Deficit)	$3,164,179	$25,672,782	($8,671,951)	$13,401,445	($19,954,615)
Other Financing Sources (Uses)	(10,488,907)	(15,625,506)	(11,427,797)	(3,453,799)	(218,397)
Net Change in Fund Balance	($7,324,728)	$10,047,276	($20,099,748)	$9,947,646	($20,173,012)
Ending Fund Balance (June 30)	**$95,144,756** [(a)]	**$102,469,484**	**$92,422,208** [(b)]	**$112,521,956**	**$102,574,310** [(c)]
		-	-	-	-

Source: The District's annual comprehensive financial reports.
**Estimated 2026 ending fund balance of $73,453,903*

(a) The decrease in the Fiscal Year 2025 Ending Fund Balance is primarily was attributable to the netted $7.3 million operating transfer to cover the shortfall in the District's self-funded medical plan.

(b) The decrease in the Fiscal Year 2023 Ending Fund Balance is primarily attributable to an increase in expenditures due to employee pay raises and fewer vacant positions.

(c) The decrease in the Fiscal Year 2021 Ending Fund Balance is primarily attributable to a loss in revenue due to the Pandemic, which produced lower actual "average daily attendance" than was budgeted, and lower than expected tax revenues.

TABLE 12 – COMPARATIVE STATEMENT OF DEBT SERVICE FUND REVENUES AND EXPENDITURES

Fiscal Year Ended June 30,	2025	2024	2023	2022	2021
Beginning Fund Balance (July 1)	$117,713,291	$98,217,575	$73,149,824	$73,285,614	$68,473,788
Revenues:					
Local and Intermediate Sources	$89,417,561	$86,805,364	$75,678,630	$65,600,905	$68,291,965
State Program Revenues	9,533,151	9,164,860	2,460,003	1,008,889	997,482
Total Revenues	$98,950,712	$95,970,224	$78,138,633	$66,609,794	$69,289,447
Expenditures:					
Principal on Long-Term Debt	$44,385,000	$36,720,000	$37,425,000	$34,930,000	$32,165,000
Interest on Long-Term Debt	38,201,994	39,740,058	28,595,561	30,356,118	32,289,576
Bond Issuance Costs & Fees	3,122,117	14,450	34,500	1,932,175	23,045
Total Expenditures	$85,709,111	$76,474,508	$66,055,061	$67,218,293	$64,477,621
Other Financing Sources (Uses):					
Refunding Bonds Issued	-	-	-	$35,590,000	-
Transfers In	11,222	-	12,984,179	-	-
Premium on Issuance of Bonds	3,676,613	-	-	2,461,375	-
Sale of Bonds	41,130,000	-	-	-	-
Transfers Out	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	(44,425,485)	-	-	(37,578,666)	-
Total Other Financing Sources (Uses)	$392,350	-	$12,984,179	$472,709	-
Net Change in Fund Balance	$13,633,951	$19,495,716	$25,067,751	($135,790)	$4,811,826
Ending Fund Balance (June 30)	**$131,347,242**	**$117,713,291**	**$98,217,575**	**$73,149,824**	**$73,285,614**

Source: The District's annual comprehensive financial reports.

TABLE 13 – CURRENT INVESTMENTS

As of September 30, 2026, the District's investible funds were invested in the following categories:

Description	Fair Value	Percentage of Total Investments
Local Government Investment Pools	$309,987,279	50.32%
U.S. Treasury Securities	287,454,286	46.66%
Agency	15,001,794	2.44%
MMFUND	3,559,388	0.58%
Total	**$616,002,747**	**100.00%**

Source: The District's records. Unaudited.

APPENDIX B
GENERAL INFORMATION REGARDING THE DISTRICT

Description of the District

Spring Independent School District, containing 58 square miles of land, is located in the northern portion of Harris County, Texas, approximately 20 miles north of downtown Houston. IH-45 traverses the District north to south and FM 1960 bisects the District east to west at its approximate midpoint. The unincorporated community of Spring is located in the District. The District's system presently includes 25 elementary schools, 6 traditional middle schools, 3 school-of-choice middle schools, 3 traditional high schools, 3 ninth-grade centers, 2 school-of-choice high schools, and an early college academy. All District schools are fully accredited by the Texas Education Agency and the Southern Association of Colleges and Schools.

Administration

Principal staff managing the finances of the District includes:

Dr. Kregg Cuellar Superintendent of Schools. Dr. Kregg Cuellar was named Superintendent, effective August 2025. Dr. Cuellar served as the Chief of Academics & School Leadership for Spring ISD and had been in this capacity for the last three years, overseeing the district's overall academic programs, including curriculum and instruction, and the day to day leadership of the schools. He brings more than 20 years of experience in public education, having previously served as Deputy Superintendent at Midland ISD, where he led the Office of School Leadership, Curriculum and Instruction, Special Services, Student Programs, Research and Evaluation, and Federal Title Programs. His career also includes roles as Deputy Superintendent for Portland Public Schools in Oregon, Community Superintendent at Baltimore County Public Schools in Maryland, and Assistant Superintendent in the College Readiness Department at Houston ISD. Dr. Cuellar earned his Bachelor's Degree in Interdisciplinary Studies and Master of Education in Administration & Supervision from the University of Houston-Victoria, and his Doctor of Professional Leadership from the University of Houston. Most recently, he completed his Certificate in Advanced Education Leadership from Harvard University.

Dr. Tamika Alford-Stephens. Dr. Tamika Alford-Stephens joined the District in July 2026 as Chief of Business Services, serving as the District's Chief Financial Officer. She brings 25 years of public education experience and previously served as Chief Financial Officer for Pasadena ISD, Dallas ISD, and Aldine ISD. Dr. Alford-Stephens holds a bachelor's degree from Dillard University, a Master of Business Administration (MBA) from the University of St. Thomas, a Master of Education from Prairie View A&M University, and a Doctorate in Educational Leadership from Sam Houston State University.

Student Enrollment

School Year	Enrollment
2012/13	36,028
2013/14	36,358
2014/15	36,781
2015/16	36,813
2016/17	36,654
2017/18	36,079
2018/19	35,348
2019/20	35,284
2020/21	33,537
2021/22	33,406
2022/23	34,141
2023/24	33,935
2024/25	33,779

Source: District's Records.

Economic and Demographic Characteristics

The expansion of the Houston metropolitan area northward along IH-45, the main Houston/Dallas traffic artery, and along FM 1960 has had a substantial impact on the economy of the District. Although the District has remained primarily residential in character, including over 50 single-family residential subdivisions and numerous multifamily residential complexes, numerous shopping centers, automobile dealerships, hotels and combination business park/multi-family developments have been built along IH-45 and FM 1960.

Major Commerce within the District

The FM 1960 and IH-45 Area: Thirty-one banks, two credit unions and several savings and loans are located in the District along FM 1960 and IH-45. These include branches of Amegy Bank, Bank of America, Bank of Houston, Compass Bank, First Convenience Bank, JP Morgan Chase Bank, Paradigm Bank Texas, Prosperity Bank, Regions Bank, Republic National Bank, Sterling Bank Trustmark Bank, Wells Fargo Bank and Wood Forest Bank.

An American Telephone and Telegraph Company microwave installation is located in the District. The microwave station is capable of handling over 100,000 long-distance circuits. The installation also acts as the central maintenance center for a 32,000 square mile area of southeast Texas.

Numerous shopping centers, single and/or multi-family subdivisions, and combination business park/multi-family developments are located in the District.

The Houston Northwest Medical Center, located just off FM 1960, currently operates a full-service hospital, employing approximately 1,600 persons. An estimated 600 active physicians are on the staff of the hospital and surrounding clinic facilities.

North Belt/Greenspoint Trade Area: In addition to the FM 1960 area, the North Belt/Greenspoint area has developed into a major employment center for residents of the District. Numerous multi-use developments are located in the North Belt area, which is approximately two miles from the southeast corner of the District. These developments include retail shopping centers (both mall and specialty centers), low to mid-rise office buildings, hotels, restaurants and high-density residential complexes.

George Bush Intercontinental Airport ("IAH"), the chief air terminal facility serving the Houston metropolitan area, is located east of the District and northeast of the IH-45/North Belt intersection. The airport currently has five operating terminals that accommodate 27 passenger airlines offering non-stop flights to 185 destinations. In 2023, IAH served more than 46 million passengers.

ExxonMobil: ExxonMobil has built a corporate campus in North Houston within the boundaries of the District to consolidate its employees working in a variety of locations in the Houston area. The complex is located on a 385-acre wooded site and contains multiple low-rise office buildings, a laboratory, conference and training centers, and facilities such as childcare, a wellness center and other employee amenities. The campus houses ExxonMobil personnel devoted to energy exploration, refining, chemicals, corporate law, finance, and other aspects of the business. The campus accommodates more than 10,000 employees and visitors annually and is part of a planned community that includes both business and residential properties.

Harris County Economic Base

A significant portion of the District is located in Harris County (the "County"), the most populous county in the State of Texas, with a 2020 census population of 4,731,145, an increase of 15.6% since 2010. The County's economy is based on industry, mineral production, shipping and agriculture.

Harris County is a highly industrialized county with manufacturing plants producing petroleum refining, chemicals, food, fabricated metal products, non-electric machinery, primary metals, scientific instruments, paper and allied products and printing and publishing. Harris County is also a corporate management center, a center of energy, space and medical research centers and a center of international business. Harris County contains the nation's largest concentration of petrochemical plants and the largest U.S. wheat exporting port which is among the top U.S. ports in the value of foreign trade and total tonnage.

ECONOMIC AND GROWTH INDICATORS

U.S. Census of Population

	City of Houston		Harris County	
	Number	**% Change**	**Number**	**% Change**
1930	292,352	11.43%	359,328	92.50%
1940	384,514	31.52%	528,961	47.21%
1950	596,163	55.04%	806,701	52.51%
1960	938,219	57.38%	1,243,158	54.10%
1970	1,232,802	31.40%	1,741,912	40.12%
1980	1,594,086	29.31%	2,409,544	38.33%
1990	1,637,859	2.75%	2,818,199	16.96%
2000	1,953,631	19.28%	3,400,578	20.66%
2010	2,099,451	7.46%	4,092,459	20.35%
2020	2,304,580	9.77%	4,731,145	15.60%

Source: Census of Population and Housing, U.S. Dept. of Commerce, Bureau of the Census

Employment Statistics

Harris County

	2026[(a)]	2025	2024	2023	2022
Labor Force	2,527,537	2,535,852	2,497,420	2,414,902	2,339,651
Employed	2,403,631	2,420,722	2,386,885	2,312,228	2,240,795
Unemployed	123,906	115,130	110,535	102,674	98,856
Rate	4.9%	4.5%	4.4%	4.3%	4.2%

State of Texas

	2026[(a)]	2025	2024	2023	2022
Labor Force	15,955,241	15,883,632	15,608,932	15,067,153	14,662,558
Employed	15,267,125	15,218,369	14,971,373	14,472,524	14,092,833
Unemployed	688,116	665,263	637,559	594,629	569,725
Rate	4.3%	4.2%	4.1%	3.9%	3.9%

Source: Texas Workforce Commission.
(a) As of January 2026

APPENDIX C
EXCERPTS FROM THE DISTRICT'S ANNUAL FINANCIAL REPORT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Spring Independent School District
16717 Ella Blvd.
Houston, TX 77090

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Spring Independent School District

16717 Ella Blvd.
Houston, TX 77090

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

Prepared by the Office of Financial Services

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SPRING INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS

	Page	Exhibit
I. Introductory Section		
Letter of Transmittal	1	
GFOA Certificate of Achievement	10	
ASBO Certificate of Excellence	11	
Organizational Chart	12	
Principal Officials and Advisors	13	
Certificate of Board	14	
II. Financial Section		
Report of Independent Auditors	15	
Management's Discussion and Analysis	19	
Basic Financial Statements		
Government-wide Financial Statements:		
Statement of Net Position	31	A-1
Statement of Activities	32	A-2
Fund Financial Statements:		
Balance Sheet - Governmental Funds	33	B-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	34	B-2
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	35	B-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	36	B-4
Statement of Net Position - Proprietary Funds	38	B-5
Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds	39	B-6
Statement of Cash Flows - Proprietary Funds	40	B-7
Statement of Fiduciary Net Position	42	B-8
Statement of Changes in Fiduciary Net Position	43	B-9
Notes to Basic Financial Statements	45	B-10
Required Supplementary Information (Unaudited)		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	85	C-1
Notes to Required Supplementary Information	86	C-2
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher Retirement System of Texas - Last Ten Measurement Years	87	C-3
Schedule of District Pension Contributions - Teacher Retirement System of Texas - Last Ten Fiscal Years	88	C-4
Notes to Required Supplementary Pension Information - Teacher Retirement System of Texas	89	C-5
Schedule of the District's Proportionate Share of the Net OPEB Liability - Teacher Retirement System of Texas - Last Eight Measurement Years	90	C-6
Schedule of District's OPEB Contributions - Teacher Retirement System of Texas - Last Ten Fiscal Years	91	C-7
Notes to Required Supplementary OPEB Information - Teacher Retirement System of Texas	92	C-8

SPRING INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS

	Page	Exhibit
Other Supplementary Information		
Combining and Individual Fund Statements and Schedules		
Major Governmental Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Debt Service Fund	94	D-1
Non-Major Governmental Funds:		
Combining Balance Sheet - Non-Major Governmental Funds	98	E-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	104	E-2
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Child Nutrition Fund	110	E-3
Compliance Schedules:		
Schedule of Delinquent Taxes Receivable	112	F-1
Schedule of Compensatory Education Program and Bilingual Education Program Expenditures	114	F-2

	Page	Table
III. Statistical Section (Unaudited)		
Financial Trends:		
Net Position by Component - Last Ten Fiscal Years	116	1
Changes in Net Position - Last Ten Fiscal Years	118	2
Fund Balances, Governmental Funds - Last Ten Fiscal Years	120	3
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	122	4
Revenue Capacity:		
Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	124	5
Property Tax Rates - Direct and Overlapping Governments (Per $100 of Actual Taxable Value) - Last Ten Fiscal Years	126	6
Principal Taxpayers - Current Year and Nine Years Ago	128	7
Property Tax Levies and Collections - Last Ten Fiscal Years	129	8

SPRING INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS

	Page	Exhibit/ Table
Debt Capacity:		
Outstanding Debt by Type - Last Ten Fiscal Years	130	9
Ratios of Net General Obligation Bonded Debt Outstanding - Last Ten Fiscal Years	131	10
Computation of Estimated Direct and Overlapping Debt	132	11
Legal Debt Margin Information - Last Ten Fiscal Years	134	12
Demographic and Economic Information:		
Demographic and Economic Information - Last Ten Fiscal Years	136	13
Principal Employers - Current Year and Nine Years Ago	137	14
Operating Information:		
Full-Time Equivalent District Employees by Type - Last Ten Fiscal Years	138	15
Operating Statistics - Last Ten Fiscal Years	140	16
Teacher Base Salaries - Last Ten Fiscal Years	142	17
School Building Information - Last Ten Fiscal Years	143	18
Spring ISD Map and Facility Locations	146	19
Schedule of Required Responses to Selected School FIRST Indicators	147	L-1
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		
Schedule of Findings and Responses		

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INTRODUCTORY SECTION

INTRODUCTORY Section

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16717 ELLA BLVD.
HOUSTON, TEXAS 77090
281-891-6000
www.springisd.org

November 11, 2025

The Honorable Board of Trustees
Spring Independent School District
16717 Ella Blvd.
Houston, Texas 77090

Dear Board Members and Citizens:

The Annual Comprehensive Financial Report of the Spring Independent School District (the "District", "Spring ISD" or "SISD"), Houston, Texas, for the fiscal year ended June 30, 2025, is submitted herewith. The Annual Comprehensive Financial Report is management's report of financial operations to the Board of Trustees (the Board), taxpayers, grantor agencies, employees, the Texas Education Agency (TEA), and other interested parties. The government-wide financial statements in this report provide an overview of the District's governmental activities, while detailed fund financial statements describe specific activities of each fund group used in accounting for the District's financial transactions. This report was prepared by the District's Office of Financial Services in accordance with generally accepted accounting principles (GAAP) and reporting standards as promulgated by the Governmental Accounting Standards Board (GASB).

Responsibility for the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. We believe that the data, as presented, is accurate in all material respects; that information is presented in a manner designed to set forth fairly the financial position and results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activities have been included. In order to provide a reasonable basis for making these representations of responsibility, management of the District has established a comprehensive internal control framework that is designed to protect the District's assets from loss, theft or misuse. Additionally, the internal control framework is designed to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements of the District have been audited by Whitley Penn, a firm of licensed certified public accountants. 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. The independent auditors concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is part of a broader, federally mandated "Single Audit" designed to meet the special need of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor 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. As of the date of issuance of this Annual Comprehensive Financial Report (ACFR), the 2025 Compliance Supplement issued by the Office of Management and Budget (OMB) has not yet been released due to administrative delays at the federal level. In accordance with federal audit requirements, the Single Audit cannot be completed until the applicable Compliance Supplement is available. Accordingly, the Federal Single Audit Report will be issued separately at a later date upon issuance of the 2025 Compliance Supplement.

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

Reporting Entity

An act of the Thirty-Eighth Legislature of the State of Texas in 1923 provided the statutory authority for the creation of independent school districts in the State of Texas. The District was established and incorporated in 1935 by the combination of two separate school districts, the Spring School District and the Harrell School District. As an independent school district, a seven-member board of trustees elected from residents of the District constitutes the governing body. Based on legislative authority codified in the Texas Education Code, the trustees (1) have exclusive power to manage and govern the District; (2) can acquire and hold real and personal property; (3) shall have power to levy and collect taxes and to issue bonds; (4) can contract for appointed officers, teachers, and other personnel as well as for goods and services; and (5) have the right of eminent domain to acquire real property. The District is not included in any other governmental reporting entity and the District is not financially accountable for any other organizations; therefore, no component units are included within the reporting entity.

As required by GAAP, the financial statements of the reporting entity include those of the District (the primary government), an independent reporting entity clearly within the criteria established by GASB.

The District encompasses approximately 58 square miles and is located in northern Harris County, Texas, approximately 20 miles north of downtown Houston. Interstate Highway 45 (I-45) traverses the District north to south, and Farm-to-Market Road 1960 (FM 1960) bisects the District east to west approximately at its midpoint. The unincorporated community of Spring is located in the District.

The District's system presently includes twenty-five elementary schools, six traditional middle schools, three school-of-choice middle schools, three traditional high schools, three ninth-grade centers, two school-of-choice high schools, and an early college academy. The ages of the school buildings range from one year to fifty-six years.

The District is one of twenty-one public school districts located in Harris County. It provides a program of public education from pre-kindergarten through grade twelve. The purpose and responsibility of the District is to provide a thorough and efficient educational system for the children enrolled in public schools within its boundaries whereby each child has access to programs and services that are appropriate to his or her educational needs. In addition to the regular educational program, the District offers programs in areas such as career and technical education, special education, gifted and talented, bilingual, and compensatory education. All District schools are fully accredited by the TEA and the Southern Association of Colleges and Schools.

The District's average daily attendance (ADA) has been declining over the last few years. ADA was 29,708 in 2025 and 29,774 in 2024, a decrease of 66 and a decrease of 8 students respectively.

Long-term Financial Planning

The enrollment projection for 2025-2026 anticipates a flat enrollment. Currently, there are 559 students per square mile in the District.

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures. The budget must be adopted by the Board of Trustees at a scheduled meeting after giving ten days public notice of the meeting. The District annually adopts a legally authorized appropriated budget for the General Fund, Debt Service Fund, and Child Nutrition Fund. Prior to July 1st, the budget is legally enacted through passage of a resolution by the Board. The appropriated budget is prepared by fund, function, and campus/department. Transfers of appropriations between campuses/departments require the approval of the District's management. However, transfers of appropriations between functions require the approval of the Board as recommended by the Superintendent. The District's approach to operating in a restricted funding environment with increasing academic standards has been to ensure that the budget process is led by data driven decisions and guided by the Five-Year Strategic Plan. The major budget priorities are to ensure financial stability in an ever-changing economic environment while providing engaging learning opportunities for staff and students.

Organization Purpose

Vision Statement

This statement reads, "Spring Independent School District will be a district of choice, recognized for high-quality instruction, strong community engagement, and a culture that celebrates growth and achievement, empowering every student and every teacher, every day."

Mission Statement

The mission of the Spring Independent School District is to prepare students to be lifelong learners, critical thinkers, and responsible citizens ready to contribute, compete, and lead in today's global society.

Guiding Principles

The district's guiding principles are a set of assumptions or beliefs that focus the work of all leaders in the district. Any and every action outlined in the strategic plan can be traced back to these guiding principles.

1. Every educator will hold themselves accountable to high-quality teaching and promoting a culture of literacy across all disciplines.
2. Every employee will support students to learn in safe and affirming environments.
3. Every school and department will strategically adapt based on the results and community input.
4. Every district resource will center on student learning with a focus on equity and accountability.

Core Values

- We base our decisions on what is best for our students.
- We strive for excellence in all we do.
- We build trust through integrity and lead by example.
- We communicate openly.
- We value diversity and treat everyone with dignity and respect.
- We win as a team.

Graduate Portrait

Every student will be:

A lifelong learner, critical thinker and responsible citizen who displays good character – ready to contribute, compete and lead in today's global society.

Equity

We will champion **Equity** explicitly and consistently in the way we serve students, design supports, and allocate resources. It is the underlying, uniting thread woven through all the work we do in Spring.

North Star Goal

By 2027, Spring ISD will increase the percentage of students in A/B schools from 27% to 50% and decrease the number of students in D/F schools from 46% to 0%. In other words, by 2025, Spring ISD will increase the number of A/B campuses from 12 schools to 19 schools and decrease the number of schools that score D/F from 16 to 0.



Strategic Plan Goals

- **EQUITY:** We will increase the equitable allocation of resources in order to improve equitable practices.
- **STUDENT OUTCOMES:**
  - We will increase the percentage of students achieving growth and meeting or exceeding grade level expectations on standards-based assessments.
  - We will increase the number of students graduating Spring ISD college and career ready.
- **OPPORTUNITIES:** We will increase the percentage of students successfully enrolling in and completing high quality specialty programs and pathways in Spring ISD.
- **LEADERSHIP:** We will increase the number of positions filled with high-quality, developed staff that are demographically representative of the student body.
- **WELL-BEING:** We will increase the percentage of staff and students that report an improved feeling of physical, emotional, and digital safety.
- **ENGAGEMENT:** We will increase the percentage of families that feel a sense of belonging in Spring ISD.

Education Foundation

The District receives support from the Spring Education Foundation (the Foundation), a non-profit organization. The Foundation seeks funds to support initiatives related to the District's Five-Year Strategic Plan. The goal of the Foundation is to raise funds for teacher initiative projects and for campus initiative projects that attempt to improve student achievement and success. Grant awards are up to $1,000 for teacher or classroom projects, up to $2,000 for campus teams or department, and up to $5,000 for District initiated projects or programs. During 2024-2025, grants were awarded totaling $149,295 to improve services to students. The Foundation has awarded over $1,200,000 in grants since it began in 1993. The Foundation does not meet the criteria for inclusion in the District's financial statements under the provisions of GASB Statement No. 39.

Economic Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

The Houston metropolitan area ranks as the fifth-largest metropolitan area in the country. Demographically and economically, the region has rapidly diversified into a cosmopolitan, international center of business and industry. The District must be prepared to meet the challenges of educating an increasingly heterogeneous student population. Furthermore, in light of the recent growth of service-sector jobs in the Houston area, these children must be prepared for careers requiring high-level skills in mathematics, science, and technology in addition to solid reading and writing skills.

Local Economy

The District is primarily commercial in character with numerous shopping centers, automobile dealerships, hotels and combination business park/multi-family developments that have been built along I-45 and FM 1960. ExxonMobil's state-of-the-art complex is located on a 385-acre wooded site within the boundaries of Spring ISD. It contains multiple low-rise office buildings, a laboratory, conference and training centers and facilities such as child care, a wellness center and other employee amenities. The campus houses more than 10,000 ExxonMobil personnel devoted to energy exploration, refining, chemicals, corporate law, finance, and other aspects of the business. With a value of over $1 billion in tax year 2024, the ExxonMobil campus makes up 5.80% of the District's tax base.

The following is a summary of the tax base by category for fiscal years 2025 and 2024:

	2025		2024	
Type of Property	Amount	%	Amount	%
Residential	$12,237,919,474	47.36%	$11,431,386,118	45.82%
Commercial, Industrial, and Multi-Family	12,813,074,123	49.60%	12,739,448,674	51.07%
Acreage	51,276,635	0.20%	67,623,229	0.27%
Vacant Lots and Tracts	452,966,225	1.75%	456,238,024	1.83%
Utilities	263,893,244	1.02%	228,383,170	0.92%
Mineral Reserves	19,135,518	0.07%	22,727,414	0.09%
Total Assessed Value	25,838,265,219	100%	24,945,806,629	100%
Less: Exemptions	(5,853,947,738)		(5,626,411,703)	
Actual Taxable Value	$19,984,317,481		$19,319,394,926	

The percentage mix of property values by category in the District has been consistent over the past few years.

Residential Properties

For the 2025 fiscal year, the Harris Central Appraisal District listed 49,666 single-family residences. This compares to 48,325 dwellings in this category for last year. Developers continue to develop new subdivisions throughout all geographic areas. The 1,341 new residences occurred throughout the District.

The average actual taxable value of the residential property in the 2025 fiscal year was $171,395 which compares to $163,366 in the 2024 fiscal year. This represents a 4.91% increase in the average actual taxable home value from the prior year. During the 2025 fiscal year, the assessed value for residential properties increased $806,533,356 or 7.06% over the previous year.

Commercial, Industrial and Multi-Family Properties

We have seen an increase in commercial growth due to market value increases in most property types including multi-family, retail multi-occupancy, convenience food market and neighborhood shopping centers. During the 2025 fiscal year, the assessed value for commercial properties increased $73,625,449 or 0.58% over the previous year.

Acreage, Vacant Lots and Tracts

The value of acreage in the District decreased. The total number of vacant lots continuously changes due to new subdivision sections.

Utilities

The assessed value for utilities increased by $35,610,074 or 15.55%. The increase was primarily caused by the increase in the value of railroads, pipelines and electric companies.

Mineral Reserves

The assessed value for the various mineral reserves experienced a decrease of $3,591,896 or 15.80% over the previous year primarily due to revaluation and new mineral leases.

Financial Reporting Awards

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ASBO Certificate of Excellence

The District received the Association of School Business Officials' (ASBO) Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2024. This award certifies that the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024, substantially conforms to the principles and standards of financial reporting as recommended and adopted by the ASBO. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Excellence Program's requirements and we are submitting it to the ASBO to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the dedicated services of the entire staff of the Office of Financial Services. Also, we would like to express our appreciation to other divisions, departments, schools, and individuals who assisted in its preparation. Moreover, we wish to thank and express appreciation to the administrators and other employees of the District for their interest and support in planning and conducting the financial affairs of the District in a responsible and progressive manner.

Respectively submitted,

Alisha Kennedy

Alisha Kennedy, RTSBA
Executive Director of Business Services
Office of Financial Services

Ann Westbrooks

Ann Westbrooks, CPA, RTSBA
Chief Financial Officer
Office of Financial Services

K. Cuellar

Kregg Cuellar, Ed.D.
Superintendent of Schools

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Spring Independent School District
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024



Executive Director/CEO

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Spring 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.

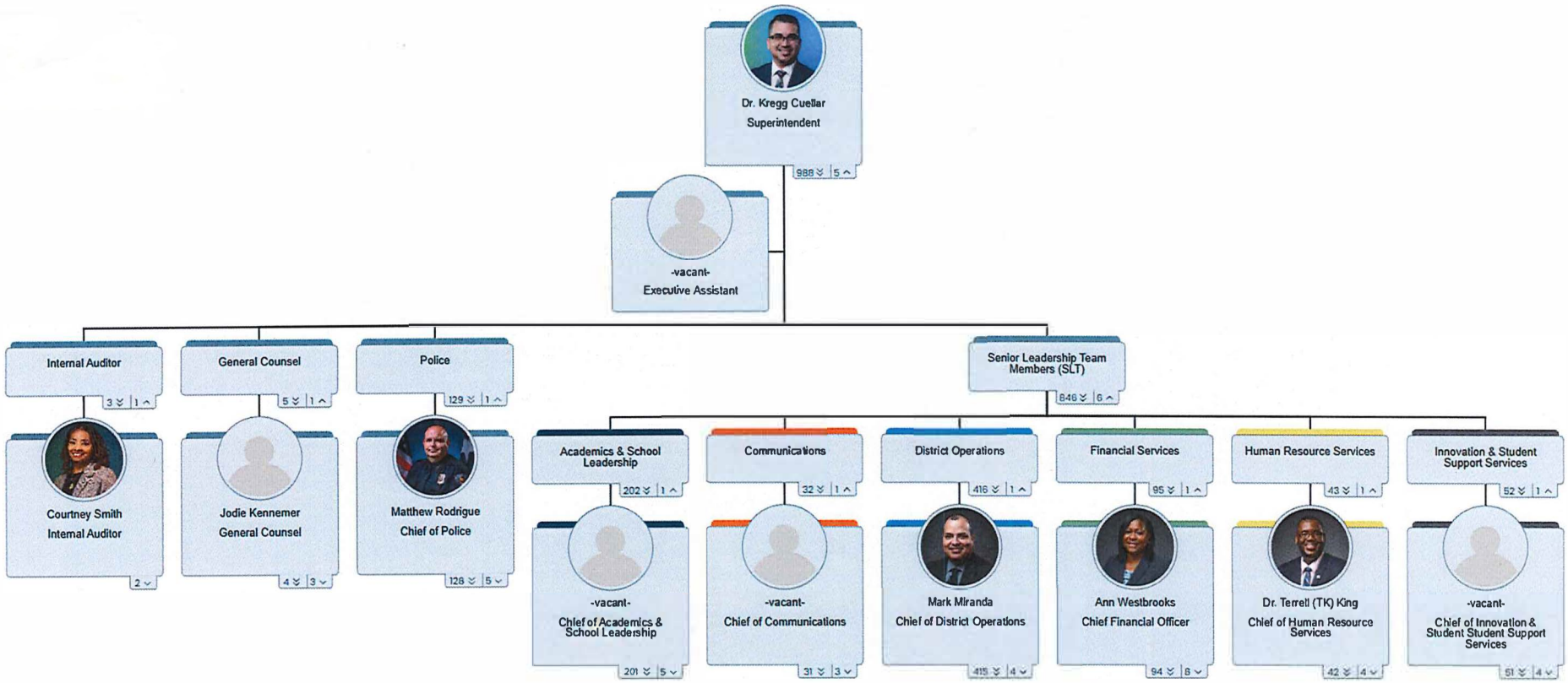
CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Ryan S. Stechschulte

Ryan S. Stechschulte
President

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

Spring Independent School District
Organizational Chart
2024-2025



SPRING INDEPENDENT SCHOOL DISTRICT
PRINCIPAL OFFICIALS AND ADVISORS

BOARD OF TRUSTEES

Justine Durant, President
Regional Director, Cigna Healthcare of Texas, Inc.

Natasha McDaniel, Vice President
Founder, CEO, and Family Literacy Coach, Lit for Life, LLC

Kelly P. Hodges, Secretary
Regional Director for the Gulf Coast, Coast Guard Foundation

Rhonda Newhouse, Assistant Secretary
Field Supervisor of Principals and Counselor Certification Internship at Prairie View A&M University

Dr. Deborah Jensen, Member
Retired STEM Professional Development Program Leader

Winford Adams Jr, Member
Harris County Department of Education Public Information and Policy Manager

Carmen Correa, Member
Sr. Scenario Desk Analyst, InterLinc Mortgage Services, LLC

ADMINISTRATION

Dr. Kregg Cuellar, Superintendent of Schools

Ann Westbrooks, CPA, Deputy Superintendent of Business Services

LaTracy Harris, Ed.D., Chief of Staff

Terrell King, Ed.D., Chief of Human Resource Services

Alisa Zapata, Ed.D., Chief Learning Officer

Xochitl Rodriguez, Ed.D., Chief of Transformation

Michael Love, Ed.D., Chief of Innovation and Student Support Services

CONSULTANTS AND ADVISORS

Whitley Penn, L.L.P., Independent Auditors

Thompson & Horton, L.L.P., Legal Counsel

Perdue, Brandon, Fielder, Collins & Mott, L.L.P., Tax Attorneys

Post Oak Municipal Advisors, LLC, Financial Advisors

CERTIFICATE OF BOARD

Spring Independent School District	Harris	101-919
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 approved for the year ended June 30, 2025, at a meeting of the Board of Trustees of such school district on the 11th day of November, 2025.

Signature of Board Secretary	Signature of Board President

Scan @400 dpi with signature replacing page in ACFR

FINANCIAL SECTION

FINANCIAL Section

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whitleypenn

Houston Office
3737 Buffalo Speedway
Suite 1600
Houston, Texas 77098
713.621.1515 Main

whitleypenn.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Spring Independent School District

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 Spring 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section, and Required Responses to Selected School FIRST Indicators (Schedule L-1) but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
November 11, 2025

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Our discussion and analysis of Spring Independent School District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. It should be read in conjunction with the District's financial statements.

Financial Highlights

On the government-wide financial statements, the assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources of the District at June 30, 2025, by $110,739,777. Unrestricted net position of ($160,949,303) remains a deficit as a result of the implementations of GASB Statement No. 75 and GASB Statement No. 68 in prior fiscal years.

At June 30, 2025, the District's governmental funds financial statements reported combined ending fund balances of $428,926,263. Of this amount, $8,921,414 is non-spendable in the General Fund, $500,000 is committed, $11,175,995 is assigned and $74,547,347 is unassigned and available to spend at the District's discretion.

At the end of the current fiscal year, total fund balance for the General Fund was $95,144,756 or 28.11% of total General Fund expenditures.

Overview of the Financial Statements

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

Government-wide Financial Statements

All the District's services are reported in the government-wide financial statements, including instruction, student transportation, general administration, school leadership, and child nutrition services. Property taxes, state and federal aid, and interest and investment earnings finance most of the activities. Additionally, all capital and debt financing activities are reported here.

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

The statement of net position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position.

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

Fund Financial Statements

The District uses fund accounting to record and report specific sources of funding and spending for particular purposes. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the District's activities are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available. However, unlike the government-wide financial statements, governmental fund financial statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information in Figure A-1 that explains the relationship (or differences) between them.

The District's governmental funds are the General Fund, Debt Service Fund, Capital Projects Fund, and Non-Major Governmental Funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and Capital Projects, each of which is considered to be a major fund. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds are used to account for operations that are financed similar to those found in the private sector. The District maintains an individual internal service fund for health insurance coverage. *Internal service funds*, one type of proprietary fund, are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. Because this service predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements.

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The District's fiduciary fund is considered to be a custodial fund which accounts for the District's Student Activity Funds. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets.

Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes to the basic financial statements, this report also presents required supplementary information concerning the District's compliance with its General Fund budget and its progress in funding its obligations to provide pension and other post-employment benefits to its employees.

The combining and individual fund statements and schedules referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements. Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain.

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

		Fund Statements		
Type of Statements	**Government-wide**	**Governmental Funds**	**Proprietary Funds**	**Fiduciary Funds**
Scope	Entire District's governmental activities (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private business: self-insurance	Instances in which the District is the trustee or custodian for someone else's resources: student activity funds
Required financial statements	Statement of net position	Balance sheet	Statement of net position	Statement of fiduciary net position
	Statement of activities	Statement of revenues, expenditures and changes in fund balances	Statement of revenues, expenses and changes in net position and statement of cash flows	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 custodial in nature
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	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	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Analysis

The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows by $110.7 million at June 30, 2025, which is an increase in the net position of $37.2 million compared to last fiscal year.

Figure A-2 The District's Net Position

	Governmental Activities	
	2025	2024
Current and other assets	$511,843,808	$588,518,051
Capital assets	859,821,526	771,200,646
Total Assets	1,371,665,334	1,359,718,697
Total deferred outflows of resources	99,017,246	130,243,139
Current liabilities	84,300,635	80,926,877
Noncurrent liabilities	1,165,315,600	1,217,542,089
Total Liabilities	1,249,616,235	1,298,468,966
Total deferred inflows of resources	110,326,568	117,968,842
Net Position:		
Net investment in capital assets	136,306,356	98,119,405
Restricted	135,382,724	122,595,482
Unrestricted	(160,949,303)	(147,190,859)
Total Net Position	$110,739,777	$73,524,028

The District's net position is comprised of the following elements as illustrated in Figure A-2: *Net Investment in Capital Assets* of $136.3 million reflects the District's investment of $859.8 million in capital assets (e.g., land, construction-in-progress, buildings and equipment) less the outstanding debt used to acquire those assets.

The second element of net position shown in Figure A-2 is *Restricted,* which is used to segregate the net position on which external constraints have been placed (e.g., constraints imposed by creditors, grantors or by law). The District is reporting a balance of $135.4 million which represents balances for debt service, federal and state programs, and local grants.

The third element of net position is *Unrestricted,* which consists of the net position that does not meet the criteria of the other two elements described above. The District is reporting a balance of ($161.0) million in this category.

Changes in Net Position

The District's total revenues for the fiscal year ended June 30, 2025 were $544,596,924. A significant portion of the District's revenue (38.33%) comes from taxes. State aid and other grant revenues represent 35.90%, while only 4.64% relate to charges for services (See Figure A-3). The total cost of all programs and services was $507,539,277 of which 46.31% is for instruction and instructional-related services (See Figure A-4).

Figure A-3 Sources of Revenue for the Fiscal Year Ended June 30, 2025

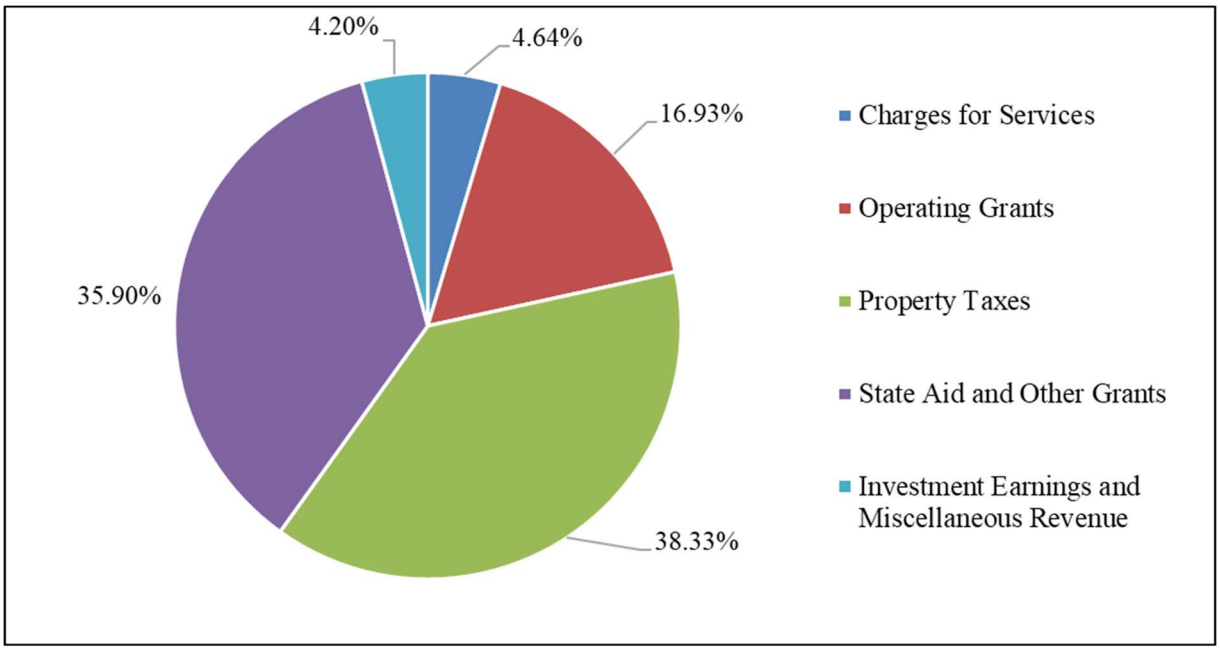
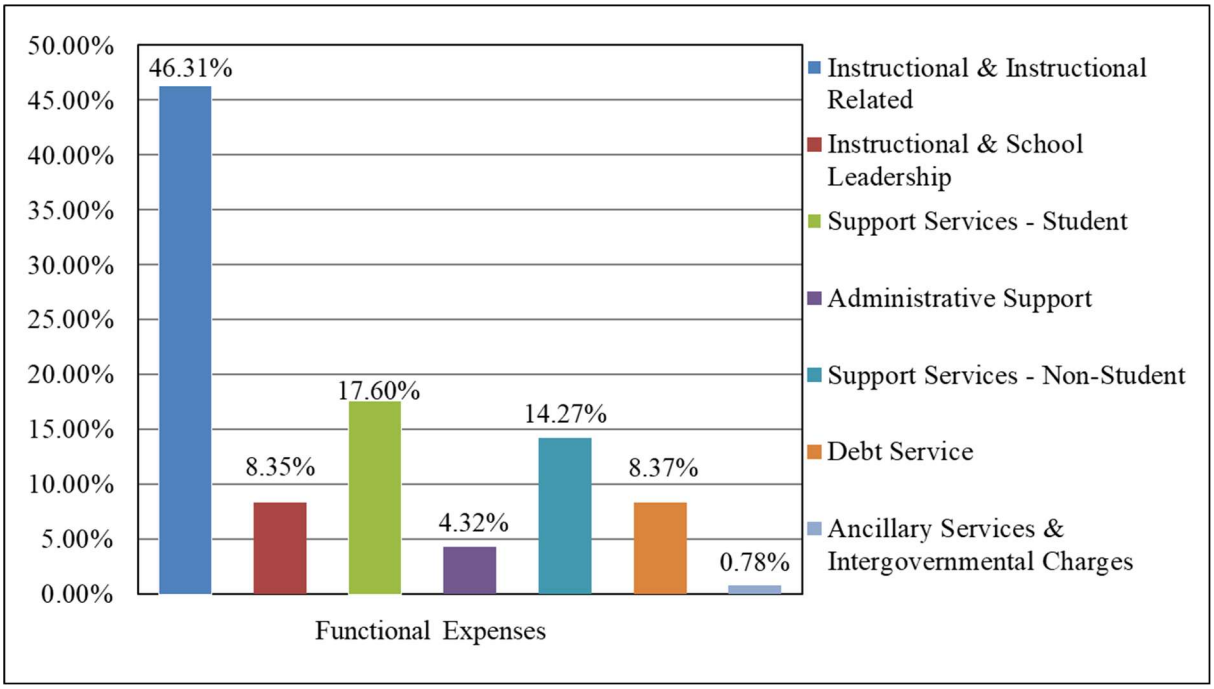


Figure A-4 Expenses by Major Function for the Fiscal Year Ended June 30, 2025



Governmental Activities

Governmental activities increased the District's net position by $37,057,647 for the fiscal year ended June 30, 2025. The following table presents the changes in the District's net position for the fiscal years ended June 30, 2025 and 2024:

Changes in the District's Net Position

	Governmental Activities	
	2025	2024
Revenues		
Program Revenues:		
Charges for services	$25,284,878	$29,967,880
Operating grants and contributions	92,210,207	160,540,619
General Revenues:		
Property taxes	208,749,381	201,700,083
State aid and other grants	195,486,285	199,292,526
Investment earnings	20,728,837	24,545,548
Miscellaneous	2,137,336	4,345,031
Total revenues	544,596,924	620,391,687
Expenses		
Instruction	218,923,171	263,753,814
Instructional resources and media services	3,227,257	4,406,573
Curriculum/staff development	12,905,616	22,636,552
Instructional leadership	15,397,015	17,199,880
School leadership	26,999,495	30,277,343
Guidance and counseling services	24,157,095	21,861,931
Social work services	427,690	431,383
Health services	3,212,853	3,624,928
Student (pupil) transportation	17,738,721	18,822,286
Child nutrition services	33,746,483	35,672,914
Co-curricular activities	10,049,342	9,735,793
General administration	21,942,182	24,835,902
Plant maintenance and operations	41,596,227	43,931,285
Security and monitoring services	3,460,206	11,325,005
Data processing services	23,965,065	13,506,557
Community services	3,380,312	2,603,625
Interest and fiscal charges	42,483,855	35,206,559
Fiscal agent/shared services arrangement	596,320	562,347
Alternative education	130,413	37,200
Payments to tax increment fund	1,641,013	1,328,579
Other intergovernmental charges	1,558,946	1,746,195
Total governmental activities	507,539,277	563,506,651
Change in net position	37,057,647	56,885,036
Beginning Net Position (2025 Restated)	73,682,130	16,638,992
Ending Net Position	$110,739,777	$73,524,028

The decrease in revenues and expenditures is primarily due to the ending of federal funds from ESSER III & TCLAS which were made available through the American Rescue Plan to address academic challenges related to the Covid-19 pandemic.

Data processing services increased as the District continues to spend funds authorized for the 2022 Bond Program. In September 2024, the District issued the final $18,000,000 of the 2022 bond authorization Proposition C for Technology through new debt issuance of Bond Series 2024A. The proceeds were used for projects related to improved connectivity and enhanced infrastructure.

The following table presents the cost of each of the District's largest functions as well as each function's net cost for the fiscal year ended June 30, 2025, (total cost less charges for services generated by the activities and operating grants and contributions). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all governmental activities this year was $507,539,277.
- The amount of the cost that was paid by those who directly benefited from the program was $25,284,878.
- The amount paid by grants and contributions was $92,210,207.
- The amount that our taxpayers paid for these activities through property taxes was $208,749,381.

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

	2025		2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instructional and Instructional Related	$235.1	$192.7	$290.8	$193.4
Plant maintenance & operations	$41.6	$40.0	$43.9	$32.5
Interest and fiscal charges	$42.5	$33.0	$35.2	$25.7

Financial Analysis of the District's Funds

The District's accounting records for general governmental operations are maintained on a modified accrual basis as prescribed by the Texas Education Agency in the *Financial Accountability System Resource Guide*, with the revenues being recorded when available and measurable to finance expenditures of the fiscal period. Expenditures are recorded when services or goods are received and the fund liabilities are incurred, except for outstanding long-term debt. The general governmental operations include the following funds: General, Debt Service, Capital Projects, and Special Revenue.

Revenues for governmental funds totaled $537,365,313 for the fiscal year ended June 30, 2025, a decrease of 10.66% below the prior fiscal year. The decrease in revenue is primarily due to the end of federal funds made available via ESSER III to respond to the Covid-19 pandemic.

Expenditures for governmental funds totaled $625,180,626 during the fiscal year ended June 30, 2025, an increase of 5.87% over the prior fiscal year. The general fund expenditures increased due

to salary cost that were paid from ESSER III in the previous fiscal year were returned to the general fund in fiscal year 2025. The debt service fund expenditures increased due to higher principal and interest payments associated with the repayment of the 2022 bond proceeds. The capital projects expenditures also increased due to the construction cost of new facilities, safety and security and technology related projects included in the 2022 bond program which was approved by voters in November of 2022. The non-major funds expenditures decreased due to the end of ESSER III and TCLAS funds. These funds were made available to offset the increased cost associated with the academic and economic challenges arising as a result of the Covid-19 pandemic.

The General Fund has a fund balance of $95,144,756 which is a net decrease of $7,324,728. The decrease is due to an operating transfer to fund the shortfall in the District's self-funded medical plan.

The Debt Service Fund had a total fund balance of $131,347,242 all of which is restricted for the payment of debt service. The District makes semi-annual debt service payments in February and August each year. The total debt service payments including fees for the fiscal year ended June 30, 2025, was $85,709,111. There was an increase in fund balance of $13,633,951 due to an increase in property tax collections as a result of higher property values and interest earned on investments.

The Capital Projects Funds had a fund balance of $185,999,789. This is due to voter approval of the 2022 Bond Election held on November 8, 2022. The Bond Election authorized $850,000,000 in bonds of which $300,000,000 were issued in February 2023 and $18,000,000 were issued in September 2024. The proceeds from the bond will address longstanding facility, technology and safety and security needs.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget three times. These adjustments resulted in an increase in the final budgeted appropriations of $2,955,974 over the original budget. The variance in final budgeted expenditures versus actual expenditures is primarily due to budgeted but unfilled positions.

Final budgeted revenues and other financing sources were decreased during the year by $7,956,748 over the original revenue budget. The variance in the final total budgeted revenues and other financing sources versus actual revenues is primarily due to state aid received in fiscal year 2025 as a result of property value audits from previous fiscal years. The property tax refunds paid in previous years are the result of lowered taxable property values due to taxpayer protests.

The difference between the original budget and the final amended budget of the General Fund can be briefly summarized below:

Appropriations	
$8,602,365	An increase to campuses and the Office of Human Resource Services for the Teacher Incentive Allotment (TIA) Program
(8,370,641)	Decrease in District Wide expenses due primarily to the removal of the pay increase that would have been paid if the Voter Approved Tax Rate Election (VATRE) were successful
1,492,582	Increase in miscellaneous appropriations resulting from 2023-2024 rollover of encumbrances
485,335	An increase related Hurricane Beryl damages
200,000	An increase for the use of the Harris County Disparity Study grant
110,000	An increase related to Juvenile Justice Alternative Education program (JJAEP) transportation
100,000	An increase for the Tax Increment Reinvestment Zone (TIRZ) payment
98,730	An increase due to expenditures for the VATRE and the 2024 Board of Trustees Election
78,286	An increase for the Dekaney HS canopy construction funded by Avance
55,048	Miscellaneous increases to other appropriations to account for use of insurance proceeds, donations and miscellaneous receipts
54,200	An increase for the Automated External Defibrillator (AED) Machines
50,069	An increase related to ice machines at Spring High School, Westfield High School and Dekaney High School
$2,955,974	**Total Appropriations Increase**
Revenues and Other Financing Sources	
($11,234,980)	A decrease in the Foundation School Program (FSP) which would have been revenue received from the VATRE
(9,192,256)	A decrease in current taxes for revenue which would have been received from the VATRE
6,602,281	An increase in FSP for anticipated revenue received for the TIA Program.
4,325,408	An increase in state revenues primarily due to an increase in the FSP for anticipated revenue
1,314,401	An increase in investment earnings
(799,381)	A decrease in miscellaneous federal revenue related to the loss of School Health and Related Services (SHARS) revenue.
412,828	An increase in miscellaneous revenue primarily due to Special Inventory Tax
311,165	Miscellaneous net increases in other estimated revenues to account for use of donations, dual credit services, and other miscellaneous receipts
200,000	An increase due to grant received from Harris County to conduct disparity study regarding the utilization of Minority and Woman Owned Business Enterprises (M/WBEs) for products and services procured by the District
103,786	An increase in proceeds from sale of property
($7,956,748)	**Total Revenues Decrease**

New Capital Assets and Debt Administration

Capital Assets

The District has invested a net $860 million in a broad range of capital assets, including land, buildings and improvements, furniture and equipment, and vehicles. This amount represents a net increase (including additions and deductions net of accumulated depreciation) of $88.6 million from last year.

District's Capital Assets
(net of depreciation and amortization)

	2025	2024
Land	$110,156,278	$101,288,914
Construction-in-progress	90,387,485	24,970,836
Buildings and improvements	582,831,957	589,747,862
Equipment and furniture	49,832,935	41,515,351
Vehicles	22,918,115	13,157,508
Right to Use Assets	3,694,756	520,175
Net capital assets	$859,821,526	$771,200,646

More detailed information about the District's capital assets is presented in Note 5 to the basic financial statements.

Debt Administration

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

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

The ratio of net general bonded debt to assessed valuation is a useful indicator of the District's debt position. This data is presented in the schedule "Ratios of Net General Obligation Bonded Debt Outstanding" (Table 10) in the statistical section and reflects a ratio of net bonded debt to actual taxable value of 3.95%, as compared to 4.36% last year.

The District continues to enjoy strong underlying bond ratings. The latest Moody's Investor Services, Inc. affirmed rating is Aa2 and Standard and Poor's Corporation affirmed rating is AA- for the District's debt obligations. All of the outstanding ad valorem tax bonds of the District carry a credit enhancement rating of AAA due to the Permanent School Fund guarantee.

More detailed information about the District's debt administration is presented in Note 8 to the basic financial statements.

Economic Factors and Next Year's Budget and Rates

The priorities of the 2025-2026 budget were aligned with the Board of Trustees' priorities which are: student outcomes, equity, increased opportunities and choice, leadership, student and staff well-being and community engagement. General operating fund spending per student is budgeted to be $10,490 based upon the assumption that student enrollment will be 33,678.

Total revenues in the 2025-2026 General Fund budget are $346.7 million, an increase of 1.49% over the final 2025 revenues of $341.6 million.

Expenditures are budgeted for the 2025-2026 fiscal year at $353.3 million, an increase of 4.68% over the final 2025 expenditures of $337.5 million. The 2026 budget includes a one-time benefits incentive for all full-time employees, additional police officers and an increase to identified critical shortage stipends and guest teacher pay.

The Debt Service Fund revenues are budgeted at $96.7 million which is a decrease of 3% under the final 2025 revenues of $99 million. This decrease is anticipated due to an increase in the homestead exemption from $100,000 to $140,000 which will lower taxable values.

Request for Information

This financial report is designed to provide our citizens, taxpayers, business community, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at 16717 Ella Blvd., Houston, Texas 77090 or call (281) 891-6077.

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BASIC FINANCIAL STATEMENTS

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SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit A-1**

STATEMENT OF NET POSITION

June 30, 2025

	Primary Government Governmental Activities
ASSETS	
Cash	$4,983,094
Temporary investments	421,148,251
Receivables:	
Property taxes	15,085,796
Allowance for uncollectible taxes	(5,307,700)
Due from governmental agencies	64,643,657
Accrued interest and other receivables	813,507
Inventories, at cost	4,637,882
Prepaid items	5,839,321
Capital assets not being depreciated:	
Land	110,156,278
Construction-in-progress	90,387,485
Capital assets net of accumulated depreciation:	
Buildings and improvements	582,831,957
Furniture and equipment	49,832,935
Vehicles	22,918,115
Right to Use Assets	3,694,756
Total assets	1,371,665,334
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows relating to pension activities	43,609,261
Deferred outflows relating to OPEB activities	47,143,521
Deferred charge on refunding	8,264,464
Total deferred outflows of resources	99,017,246
LIABILITIES	
Accounts payable	24,311,413
Interest payable	14,053,911
Accrued salaries and expenditures	44,131,309
Due to state and others	335,634
Unearned revenue	1,468,368
Non-current liabilities:	
Due within one year	52,267,610
Due in more than one year	875,222,029
Net pension liability	145,722,771
Net OPEB liability	92,103,190
Total liabilities	1,249,616,235
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows relating to pension activities	19,701,288
Deferred inflows relating to OPEB activities	85,631,415
Deferred gain on refunding	4,993,865
Total deferred inflows of resources	110,326,568
NET POSITION	
Net investment in capital assets	136,306,356
Restricted for:	
Debt service	120,326,553
Federal & state programs	14,954,445
Local grants	101,726
Unrestricted	(160,949,303)
TOTAL NET POSITION	$110,739,777

See accompanying notes to basic financial statements.

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit A-2**

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities
Primary government				
Governmental activities:				
Instruction	$218,923,171	$9,896,965	$23,114,322	($185,911,884)
Instructional resources and media services	3,227,257		2,566,563	(660,694)
Curriculum and staff development	12,905,616		6,785,280	(6,120,336)
Instructional leadership	15,397,015		2,122,932	(13,274,083)
School leadership	26,999,495		1,303,860	(25,695,635)
Guidance and counseling services	24,157,095		7,114,984	(17,042,111)
Social work services	427,690		196,843	(230,847)
Health services	3,212,853		157,338	(3,055,515)
Student (pupil) transportation	17,738,721		1,446,698	(16,292,023)
Child nutrition services	33,746,483	1,266,194	32,747,586	267,297
Co-curricular activities	10,049,342	612,545	158,421	(9,278,376)
General administration	21,942,182	12,262,362	272,168	(9,407,652)
Plant maintenance and operations	41,596,227	646,515	946,545	(40,003,167)
Security and monitoring services	3,460,206	280,510	1,334,584	(1,845,112)
Data processing services	23,965,065	311,800	60,032	(23,593,233)
Community services	3,380,312	7,987	1,769,069	(1,603,256)
Interest and fiscal charges	42,483,855		9,533,151	(32,950,704)
Fiscal agent/shared services arrangement	596,320		579,831	(16,489)
Alternative education	130,413			(130,413)
Payments to tax increment fund	1,641,013			(1,641,013)
Other intergovernmental charges	1,558,946			(1,558,946)
Total governmental activities	$507,539,277	$25,284,878	$92,210,207	(390,044,192)
General revenues:				
Taxes:				
Property taxes - maintenance & operations				123,491,382
Property taxes - debt service				85,257,999
State aid - formula grants				188,868,002
Grants and contributions not restricted to specific programs				6,618,283
Investment earnings				20,728,837
Miscellaneous				2,137,336
Total general revenues				427,101,839
Change in net position				37,057,647
Net Position - July 1, as previously reported				73,524,028
Net Position - beginning as restated				73,682,130
Net Position - ending				$110,739,777

See accompanying notes to basic financial statements and restatement (Note 16).

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit B-1**

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	$3,552,270			$1,430,824	$4,983,094
Temporary investments	75,397,175	$129,994,734	$202,673,096	13,083,246	421,148,251
Receivables:					
Property taxes	9,821,821	5,263,975			15,085,796
Allowance for uncollectible taxes	(3,645,500)	(1,662,200)			(5,307,700)
Due from governmental agencies	55,812,505			8,831,152	64,643,657
Interfund receivables	3,266,306	1,064,592	150	15,766,143	20,097,191
Accrued interest and other receivables	499,584		289,469	24,454	813,507
Inventories, at cost	4,546,660			91,222	4,637,882
Prepaid items	4,374,754		1,438,620	25,947	5,839,321
TOTAL ASSETS	$153,625,575	$134,661,101	$204,401,335	$39,252,988	$531,940,999
LIABILITIES					
Accounts payable	$4,407,218		$18,397,486	$1,506,709	$24,311,413
Accrued salaries and expenditures	40,097,426			4,033,883	44,131,309
Interfund payables	7,141,431		4,060	15,818,701	22,964,192
Due to state and others	54,918	$280,638		78	335,634
Workers Compensation claims payable	676,133				676,133
Unearned revenue	9,227			1,459,141	1,468,368
Total Liabilities	52,386,353	280,638	18,401,546	22,818,512	93,887,049
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes	6,094,466	3,033,221			9,127,687
Total Deferred Inflows of Resources	6,094,466	3,033,221			9,127,687
FUND BALANCES					
Non-spendable:					
Inventory	4,546,660				4,546,660
Prepaid items	4,374,754		1,438,620	25,947	5,839,321
Restricted:					
Grant funds				15,056,171	15,056,171
Capital projects			184,487,914		184,487,914
Debt service		131,347,242			131,347,242
Committed:					
School activity funds				1,378,305	1,378,305
Strategic compensation	500,000				500,000
Assigned:					
Other	11,175,995		73,255		11,249,250
Unassigned	74,547,347			(25,947)	74,521,400
Total Fund Balances	95,144,756	131,347,242	185,999,789	16,434,476	428,926,263
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	$153,625,575	$134,661,101	$204,401,335	$39,252,988	$531,940,999

See accompanying notes to basic financial statements.

SPRING INDEPENDENT SCHOOL DISTRICT

Exhibit B-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2025

Total fund balances-governmental funds (Exhibit B-1)		$428,926,263
Amounts reported for governmental activities in the statement of net position (Exhibit A-1) are different because:		
· Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		859,821,526
· Property taxes receivable, which will be collected subsequent to year-end, but are not available soon enough to pay for current period expenditures and, therefore, are deferred at the fund level.		9,127,687
· Deferred charge on refunding		8,264,464
· Deferred outflows relating to pension activities		43,609,261
· Deferred outflows relating to OPEB activities		47,143,521
· Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long term liabilities at year-end consist of:		
Bonds payable	($822,205,000)	
Rebatable Arbitrage	(9,833,239)	
Premiums on bond issuance	(89,445,326)	
Leases/Subscriptions	(1,061,975)	
Accrued compensated absences	(1,306,245)	
Workers' compensation claims	(94,720)	
Accrued interest on bonds	(14,053,911)	
Net pension liability	(145,722,771)	
Net OPEB liability	(92,103,190)	(1,175,826,377)
· Deferred gain on refunding		(4,993,865)
· Deferred inflows relating to pension activities		(19,701,288)
· Deferred inflows relating to OPEB activities		(85,631,415)
Total net position of governmental activities (Exhibit A-1)		$110,739,777

See accompanying notes to basic financial statements.

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit B-3**

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Other Governmental Funds	Total Governmental Funds
REVENUES					
Local and intermediate sources	$129,727,228	$89,417,561	$11,948,168	$5,676,289	$236,769,246
State program revenues	209,385,987	9,533,151	4,137,660	9,073,986	232,130,784
Federal program revenues	2,480,623			65,984,660	68,465,283
Total Revenues	341,593,838	98,950,712	16,085,828	80,734,935	537,365,313
EXPENDITURES					
Current:					
Instruction	187,578,689		4,185,251	24,529,976	216,293,916
Instructional resources and media services	726,669			2,531,795	3,258,464
Curriculum and staff development	6,165,050			6,601,234	12,766,284
Instructional leadership	6,919,249			1,817,083	8,736,332
School leadership	26,154,904		39,891	166,332	26,361,127
Guidance and counseling services	17,210,713			6,499,418	23,710,131
Social work services	213,645			192,558	406,203
Health services	3,018,646		79,750	29,999	3,128,395
Student (pupil) transportation	14,619,713		10,710,400	838,837	26,168,950
Child nutrition services			333,800	34,489,937	34,823,737
Co-curricular activities	6,772,305		25,950	112,643	6,910,898
General administration	13,538,019		59,512	185,446	13,782,977
Plant maintenance and operations	32,686,557		1,525,066	660,023	34,871,646
Security and monitoring services	8,942,804		23,779,316	1,291,991	34,014,111
Data processing services	9,251,320		9,138,164		18,389,484
Community services	684,784			1,756,587	2,441,371
Debt Service:					
Principal on long-term debt	358,838	44,385,000			44,743,838
Interest on long-term debt	56,183	38,201,994			38,258,177
Bond issuance costs and fees		3,122,117	139,436		3,261,553
Capital Outlay:					
Facilities acquisition and construction	201,199		68,569,833	155,308	68,926,340
Intergovernmental Charges:					
Fiscal agent/shared services arrangement				596,320	596,320
Alternative education	130,413				130,413
Payments to tax increment fund	1,641,013				1,641,013
Other intergovernmental charges	1,558,946				1,558,946
Total Expenditures	338,429,659	85,709,111	118,586,369	82,455,487	625,180,626
Excess (deficiency) of revenues over (under) expenditures	3,164,179	13,241,601	(102,500,541)	(1,720,552)	(87,815,313)
OTHER FINANCING SOURCES (USES)					
Sale of property	158,227			96,938	255,165
Issuance of leases	885,847				885,847
Transfers in		11,222		35,888	47,110
Premium on issuance of bonds		3,676,613	1,255,658		4,932,271
Sale of bonds		41,130,000	16,895,000		58,025,000
Transfers out	(11,532,981)		(11,222)		(11,544,203)
Payment to refunded bond escrow agent		(44,425,485)			(44,425,485)
Total Other Financing Sources (Uses)	(10,488,907)	392,350	18,139,436	132,826	8,175,705
Net change in fund balances	(7,324,728)	13,633,951	(84,361,105)	(1,587,726)	(79,639,608)
FUND BALANCES, JULY 1	102,469,484	117,713,291	270,360,894	18,022,202	508,565,871
FUND BALANCES, JUNE 30	$95,144,756	$131,347,242	$185,999,789	$16,434,476	$428,926,263

See accompanying notes to basic financial statements.

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit B-4**

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

Net change in fund balances-total governmental funds (Exhibit B-3)	($79,639,608)
Amounts reported for governmental activities in the statement of net activities (Exhibit A-2) are different because:	
· Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of $124,585,049 were exceeded by depreciation of $35,717,591 in the current period.	88,867,458
· The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an decrease to net position.	(246,578)
· Property taxes receivable which will be collected subsequent to year-end, but are not available soon enough to pay for current period expenditures are not reported as revenues in the governmental funds.	404,788
· Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	44,385,000
· Proceeds from issuance of long-term debt of $58,025,000 and premium received from issuance of $4,932,271 are reported as other financing sources in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities.	(62,957,271)
· Payment to refunded bond paying agent from refunding proceeds of $44,425,485 is reported as other financing uses in governmental funds. The District's contribution to the refunding of $2,715,975 is reported as an expenditure in governmental funds. In the government-wide financial statements, amounts paid to refunded bond paying agent are treated as a decrease in long-term liabilities.	47,141,460
· Interest on long-term debt in the statement of activities differs from the amounts reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The increase in interest reported in the statement of activities consists of the following:	
Accrued interest on bonds payable decreased: 529,423	
Amortization of bond premium: 5,743,540	
Amortization of deferred gain on refunding: 1,209,142	
Amortization of deferred charge on refunding: (1,405,637)	
Rebatable arbitrage: (9,833,239)	(3,756,771)
· In governmental funds, a lease and subscription based technology arrangements are considered a source of financing with principal and related interest. But in the statement of net position, these obligations are reported as liabilities. Repayment of the principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. During the year additions were $885,847 and reductions were $435,808.	(450,339)
· The net decrease in accrued compensated absences is reported in the statement of activities but is not reported in the governmental funds.	25,937
· The net decrease in the long-term portion of workers' compensation claims payable is reported in the statement of activities but is not reported at the fund level.	612,630
· Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in the governmental funds:	
Pension and OPEB expense for the pension plan measurement year	2,670,941
Change in net position of governmental activities (Exhibit A-2)	$37,057,647

See accompanying notes to basic financial statements.

Insurance

This fund is used to account for transactions related to self-insurance activities of the school district. The district may use this fund to allocate these costs to other accounts. The district must use distinct, locally defined codes when necessary to maintain separate accountability for each self-insurance program.

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit B-5**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2025

	Governmental Activities Internal Service Fund
ASSETS	
Current:	
Interfund receivables	$2,867,001
Total Assets	2,867,001
LIABILITIES	
Current:	
Claims payable	2,867,001
Total Liabilities	2,867,001
NET POSITION	
Unrestricted Net Position	
Total Net Position	$

See accompanying notes to basic financial statements.

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit B-6**

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2025

	Governmental Activities
	Internal Service Fund
Operating Revenues:	
Employer contributions	$8,821,802
Employee contributions	11,780,013
Total Operating Revenues	20,601,815
Operating Expenses:	
Claims	30,298,903
Administrative fees	1,800,005
Total Operating Expenses	32,098,908
Operating Income (Loss)	(11,497,093)
Transfers-In	11,497,093
Change in Net Position	
Net Position, July 1	
Net Position, June 30	$

See accompanying notes to basic financial statements.

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit B-7**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2025

	Governmental Activities Internal Service Fund
Cash Flow From Operating Activities:	
Cash received from premiums	$21,839,355
Cash paid for claims	(31,536,443)
Cash paid for administrative costs	(1,800,005)
Net Cash Provided by (Used In) Operating Activities	(11,497,093)
Cash Flow From Noncapital Financing Activities:	
Transfers from other funds	11,497,093
Net Cash Provided by (Used In) Noncapital Financing Activities	$11,497,093
Net increase (decrease) in cash and cash equivalents	
Cash, July 1	
Cash, June 30	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities	
Operating Income (Loss)	($11,497,093)
Adjustments to reconcile operating income (loss) to Net Cash provided by (used in) Operating Activities:	
Changes in assets and liabilities:	
(Increase) decrease in interfund receivables	$1,203,366
(Increase) decrease in rebate and other miscellaneous receivables	34,174
Increase (decrease) in claims payables	(1,237,540)
Total Adjustments	
Net Cash provided by (used in) operating Activities	($11,497,093)

See accompanying notes to basic financial statements.

Fiduciary Fund

These funds are used to account for funds using the economic resources measurement focus and the accrual basis of accounting. These funds are held in a custodial capacity by a school district, and they consist of funds that are the property of students or others. Custodial funds report 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.

The Fiduciary Fund consists of the Student Activity Funds that are used to account for monies collected by schools through fund-raising efforts of the individual schools or school-sponsored groups. These funds also hold monies that are due to government agencies for items such as sales tax, textbooks, etc. which are remitted when required. The school principal is responsible, under the authority of the Board, for collecting, controlling, disbursing and accounting for all student activity funds.

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit B-8**

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2025

	Custodial Fund
ASSETS	
Cash	$261,176
Total Assets	$261,176
LIABILITIES	
Due to state and others	$75,835
Due to student groups	74,338
Total Liabilities	$150,173
NET POSITION	
Restricted for Student Activities	$111,003
Total Net Position	$111,003

See accompanying notes to the basic financial statements

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit B-9**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2025

	Custodial Fund
Additions	
Student Activities Fundraiser Collections	$868,134
Deductions	
Student Activities	868,134
Change in fiduciary net position	
Net position - beginning	111,003
Net position - ending	$111,003

See accompanying notes to the basic financial statements

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Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The Spring Independent School District (the District) Board of Trustees (the Board) is a seven-member group, which has governance responsibilities over all activities related to public school education within the District. Because members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined in the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34.* The District is not financially accountable for any other organizations; therefore, no component units are included within the reporting entity.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Direct expenses are not eliminated from the various functional categories. Interfund services that are provided and used are not eliminated in the process of consolidation. Governmental activities are normally supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to students or users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) operating grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues. The District has no business-type activities that rely, to a significant extent, on fees and charges for support.

Separate financial statements are provided for governmental funds, fiduciary funds, and internal service funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 imposed by the provider have been met.

The fiduciary fund financial statements reflect the District's custodial fund. The custodial fund reports the student and district activity funds and uses the economic resources focus and the accrual

basis of accounting.

The internal service fund financial statements use the economic resources measurement focus. The District implemented the internal service fund type to report activities for its self-funded healthcare. Internal Service funds are established to account for the activity that provides goods or services to other funds of the primary government and should only be used when the reporting government is the predominant participant in the activity.

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. The District considers revenues to be available if they are collected within 60 days of the fiscal year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, revenues received from the State of Texas, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounting policies of the District comply with the rules prescribed in the *Financial Accountability System Resource Guide* by the Texas Education Agency (TEA). These accounting policies conform to generally accepted accounting principles (GAAP) applicable to governments.

The District's accounting system is organized and operated on the basis of funds, each of which is a separate accounting entity with a self-balancing set of accounts. The District's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The individual funds are grouped into two basic fund categories and are briefly described below.

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

The District reports the following major governmental funds:

- General Fund - The General Fund is the District's general operating fund and accounts for all financial transactions except those required to be accounted for in another fund. Major revenue sources within the General Fund include local property taxes, state funding under the Foundation School Program, and federal source revenues not accounted for in Special Revenue Funds. Expenditures include all costs associated with the daily operations of the schools except for specific programs funded by certain local, state and federal sources, capital projects, and debt service.

- Debt Service Fund - This fund accounts for the accumulation of resources for, and the payment of principal, interest, and related costs of general obligation bonds. The primary revenue sources are local property taxes levied specifically for debt service and state funding under the Existing Debt Allotment. These financial resources are restricted for debt service.

- Capital Projects Fund – This fund accounts for the proceeds of bond sales and other financial resources to be used for capital outlays, including the purchase of school sites, construction and renovation of school facilities, technology improvements and the purchase of school buses and other capital assets. The financial resources from bond proceeds in this fund are restricted, whereas the proceeds from other financial resources are committed or assigned.

The District reports the following non-major governmental funds:

- Special Revenue Funds - These funds account for the District's Child Nutrition Fund, School Activity Funds, state funding of the instructional materials allotment and all non-major federal, state, and locally funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational tasks as defined in the grant awards. The proceeds of these specific revenue sources are restricted or committed.

Additionally, the District reports the following funds:

Fiduciary Fund - Used to account for amounts held by the District in a trustee capacity. This fund is accounted for on an accrual basis.

- Custodial Fund - This fund is to account for resources held in a custodial capacity by the District. This fund accounts for the District's Student Activity Funds, which collect monies through the fund-raising efforts of the individual schools or school-sponsored groups. The school principals are responsible, under the authority of the Board, for collecting, controlling, disbursing and accounting for all student activity funds.

Proprietary Fund – Used to account for amounts collected and paid for the provision of services or goods by a reporting entity. This fund is accounted for on an accrual basis.

- Internal Service Fund – This fund is to account for the activity for the District's self-funded medical insurance. It accounts for the collection of the District's and employee contributions to the premiums and the payment of claims and other related costs.

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

Deposits 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 three months or less from the date of acquisition. Investments are reported at fair value, which is the amount at which the investment can be exchanged in a current transaction between willing parties.

The District categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The net increase or decrease in the fair value of investments is netted with investment income in local sources or revenue. Investments are generally held to maturity. The District's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79 *Certain Investment Pools and Pool Participants.*

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." All other outstanding balances between funds are reported as "interfund receivables/payables."

Property taxes receivable include unpaid property taxes at year-end along with penalties and interest assessed on these unpaid taxes, net of an allowance for uncollectible taxes.

The appraisal of property within the District is the responsibility of the Harris Central Appraisal District (HCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. On January 1 of each year an enforceable lien is placed on all real property within the District to secure collection of property taxes. Property taxes for a fiscal year are levied based on HCAD appraised values on approximately October 1 and are due by the following January 31. Unpaid taxes become delinquent on February 1.

The tax rates applicable to general governmental services and debt service for 2024-2025 were $0.66690 and $0.44000, respectively, based on a taxable value of $19,984,317,481. Uncollected taxes are recorded as unavailable revenue in the fund financial statement net of the related allowance for uncollectible taxes. The resulting net taxes receivable is stated at the amount estimated to be collectible based upon the District's collection experience. The allowance for uncollectible property taxes is equal to 35.18% of outstanding property taxes at June 30, 2025.

Refunds to taxpayers result when property taxes are reduced subsequent to being levied due to a reduction of appraised value resulting from a taxpayer lawsuit filed against HCAD, the correction of tax roll errors, or overpayments made by taxpayers.

Inventories

Under the District's system of accounting for inventories, materials and supplies are charged to an inventory account on the basis of the weighted average invoice cost, and are subsequently recognized as expenditures when used or consumed (consumption method) rather than when purchased. Inventories include custodial, maintenance, office and instructional supplies, gasoline, and food consumables. Child Nutrition commodity inventory is recorded at fair market value on the date received. Revenue is recognized at fair market value when commodities are distributed to the schools.

General Fund inventory is categorized as a non-spendable portion of fund balance to indicate that the assets are not available financial resources. Child Nutrition's inventory consists primarily of food items that will be available for sale, and therefore its inventory is included in non-spendable fund balance.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method of accounting. Prepaid items are categorized as non-spendable portions of fund balance to indicate that the assets are not available financial resources.

Capital Assets

Capital assets which include land, construction-in-progress, buildings and improvements, and furniture and equipment are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of $5,000 or more and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value at the date of donation, instead of the fair market value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Buildings and improvements and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Life (Years)
Buildings and improvements	20 - 40
Automotive equipment	
Buses	15
Other	10
Furniture and equipment	5 - 20
Software	5 - 10

Land and construction-in-progress are not depreciated.

Right to Use Assets

Right to Use Assets grant the District economic benefit of the use of items for the duration of the term or contract. The asset is recognized along with the related liability. The District has entered agreements for these types of assets for leases and subscription-based technology arrangements.

The District has determined that a right to use asset will result from a leasing agreement with an initial present value of the future minimum payments of $5,000 or more and the leasing agreement exceeds one year and for a subscription-based information technology arrangement with an initial present value of the future minimum payments of $200,000 or more and a term that exceeds one year.

Deferred Outflows/Inflows of Resources

Deferred outflows and inflows of resources are reported in the Statement of Net Position as described below:

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

- Deferred outflows of resources for refunding - Reported in the government-wide financial Statement of Net Position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Deferred outflows of resources for pension - Reported in the government-wide financial Statement of Net Position, this deferred outflow could result from pension plan contributions made after the measurement date of the net pension liability and the results of (1) differences between projected and actual earnings on pension plan investments; (2) changes in actuarial assumptions; (3) differences between expected and actual actuarial experiences and (4) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. If reported, deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

- Deferred outflows of resources for other post-employment benefits (OPEB) - Reported in the government-wide financial Statement of Net Position, this deferred outflow could result from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of (1) differences between projected and actual earnings on OPEB plan investments; (2) changes in actuarial assumptions; (3) differences between expected and actual actuarial experiences and (4) changes in the District's proportional share of OPEB liabilities. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. If reported, deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period. The remaining OPEB related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB benefits through the OPEB plan.

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

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes and other sources that arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

- Deferred inflows of resources for refunding - Reported in the government-wide financial Statement of Net Position, this deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Deferred inflows of resources for pension - Reported in the government-wide financial Statement of Net Position, this deferred inflow could result from (1) differences between

projected and actual earnings on pension plan investments; (2) changes in actuarial assumptions; (3) differences between expected and actual actuarial experiences and (4) changes in the District's proportional share of pension liabilities. If reported, deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

- Deferred inflows of resources for OPEB - Reported in the government-wide financial Statement of Net Position, this deferred inflow could result from (1) differences between projected and actual earnings on OPEB plan investments; (2) changes in actuarial assumptions; (3) differences between expected and actual actuarial experiences and (4) changes in the District's proportional share of OPEB liabilities. If reported, deferred inflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period. The remaining OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB benefits through the OPEB plan.

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's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

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

Compensated Absences

Paid vacation shall be provided for at-will full-time 260-day classified staff members. Accrual of paid vacation days shall begin immediately if the staff member is employed prior to the 15th of the month or on the first day of the next month if the staff member is employed on or after the 15th of the month. Vacation credit shall be earned for the first seven years of continuous service with the District, paid vacation shall be earned at the rate of .833 of a day for each month of service, up to an annual maximum of ten days. For eight through fifteen years of continuous service with the District, paid vacation shall be credited at the rate of 1.25 days for each month of service up to an annual maximum of 15 days. For 16 or more years of continuous service with the District, paid vacation shall be credited at the rate of 1.666 days for each month of service, up to an annual maximum of 20 days. Not more than 60 of unused days in excess of the maximum will be lost.

The District's governmental fund liability for compensated absences at June 30, 2025 was $1,306,245.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

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

Fund Balance

The fund balance in governmental funds has been classified as follows to describe the relative strength of the spending constraints:

- Non-spendable fund balance - amounts that are not in spendable form or are required to be maintained intact. As such, the inventory in the General Fund and the prepaid items in the General Fund and the Capital Projects Fund have been properly classified as non-spendable in the Governmental Funds Balance Sheet (Exhibit B-1).

- Restricted fund balance - amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors. With the exception of School Activity Funds, the fund balances of grant funds are classified as restricted. The fund balance of the Debt Service Fund in the amount of $131,347,242, and the fund balance of the Capital Projects Fund which is from the proceeds of bond sales of $184,487,914 are also classified as restricted.

- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) the fund balance commitments by passage of a resolution. The District has committed the School Activity Funds balances in the amount of $1,378,305 in the Special Revenue Funds. The District also committed $500,000 in the General Fund balance for a strategic compensation plan.

- Assigned fund balance - amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. The Board approved a resolution authorizing the Superintendent or the Chief Financial Officer to assign fund balance.

The General Fund had an assigned fund balance of $11,175,995 which includes:

Assignment	Key Imperative	Commitment	Amount
Encumbrances for education supplies and projects	Reach every student	Excellent systems of support and acceleration	$1,175,995
The District continues to monitor and respond to the ever-changing needs of our students and staff to ensure a safe learning and working environment. Additional funds are necessary to cover unexpected expenditures as they arise as well as maintain sufficient cash flow to ensure financial stability during times of fluctuations in student enrollment and attendance.	Student Outcomes & Equity	Effective Instruction Equitable Practices Equitable Resources	10,000,000
Total General Fund Assigned Fund Balance			$11,175,995

The Capital Projects Fund has an assigned fund balance of $73,255. These are funds transferred from the General Fund to the Capital Projects Fund which are assigned for renovations, construction projects, technology improvements, and the purchase of capital assets.

- Unassigned fund balance - amounts that are available for any legal expenditure. It is not possible to report a positive amount of unassigned fund balance in a governmental fund other than General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance (the total of committed, assigned, and unassigned fund balance) is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of the financial statements in accordance with GAAP requires management to make use of estimates and assumptions that affect amounts reported in the financial statements as well as certain disclosures. Actual results could differ from these estimates.

New Accounting Pronouncements

The following GASB pronouncements were effective during fiscal year 2025:

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. This Statement requires state and local governments provide detailed information about capital assets in notes to financial statements. Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, requires certain information regarding capital assets to be presented by major class. The objective of the Statement is to provide users of government financial statements with essential information about certain types of capital assets.

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The primary objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement asl addresses certain application issues.

GASB issued Statement No. 102, *Certain Risk Disclosures,* in December 2023. The primary objective of this Statement is to provide better service and meet obligations as they become due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

Note 2 – Stewardship, Compliance, and Accountability

Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General Fund, Child Nutrition Fund and Debt Service Fund for the fiscal year beginning September 1 (or July 1, if the District has elected to change the start of the fiscal year). The Texas Education Code requires the budget to be prepared not later than August 20 (June 19 for a fiscal year start date of July 1) and adopted by August 31 (June 30 for a fiscal year start date of July 1) of each year. The District's administration determines budgetary funding priorities using a modified zero-based budgeting concept, which is consistent with GAAP. Final budget allocations are determined by the Board, which subsequently establishes a tax rate sufficient to support the approved budget. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving ten days public notice of the meeting. The District annually adopts a legally authorized appropriated budget for the General Fund, Child Nutrition Fund, and Debt Service Fund.

The District's administration performs budget reviews three times a year by which budget requirements are re-evaluated and revisions recommended to the Board. The Board approves amendments to the budget, which are required when a change is made to any one of the functional expenditure categories defined by the TEA. Expenditures may not legally exceed budgeted appropriations, as amended, at the function level by fund. Unexpended appropriations lapse at year-end.

Encumbrances

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed (executory contracts), and are used to control expenditures for the year and to enhance cash management. The District often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means that when a purchase order is prepared, the appropriate account is checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources.

Prior to the end of the year, every effort is made to liquidate outstanding encumbrances. When encumbrances are outstanding at the fiscal year end, the District likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, as noted earlier, outstanding encumbrances are not considered expenditures for the fiscal year. If the District allows encumbrances to lapse, even though it plans to honor the encumbrances, the appropriations authority expires and the items represented by the encumbrances are usually reappropriated in the following year's budget. Outstanding encumbrances at fiscal year-end are included in restricted, committed or assigned fund balance as appropriate. At June 30, 2025, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	$1,175,995
Capital Projects	7,754
Non-Major Governmental Funds	25,164
Total	$1,208,913

Note 3 - Cash and Investments

The District's banking and investment policies are in accordance with laws and regulations of the Public Funds Investment Act (the Act), State of Texas and the TEA. The Act and policies mandated by the District's Board authorize the District to invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, money market savings accounts, repurchase agreements, commercial paper, and public funds investment pools.

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, approved pledged collateral in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved collateral is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Cash

At June 30, 2025, the carrying amount of the District's cash on deposit was $5,244,269 inclusively, and the bank balance including activity funds was $7,730,496**.** The depository cash balances were covered by FDIC insurance and by collateral held by the District's agents in the District's name.

The District's depository cash balances were properly collateralized at all times during the year.

Investments

As of June 30, 2025, the District's investments consisted of balances held in Texas Local Government Investment Pools (LOGIC, TexPool, TexStar, TexasTERM, Texas CLASS), and US Treasury Securities.

Logic is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256, of the Texas Government Code. Logic is a public funds investment pool organized and existing as a business trust under the laws of the State of Texas with all Participant funds and all investment assets held and managed in trust by a Board of Trustees for the benefit of the Participants. Logic investments consist of U.S. Treasury and government agency securities, money market funds, collateralized repurchase, and reverse repurchase agreements. Its general investment objectives are safety of principal, liquidity in accordance with the operating requirements of the Participants, and a competitive rate of return. The Portfolio seeks to maintain $1.00 net asset value (NAV) per Unit and is designed to be used for investment of funds which may be needed at any time. The portfolio is managed and administered by J.P. Morgan Investment Management Inc. Logic has a rating of AAA with Standard and Poor.

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (the Trust Company) to provide a safe environment for the placement of local government funds. The portfolio consists of U.S. Treasury and government agency securities, repurchase agreements, certain mutual funds, collateralized repurchase and reverse repurchase agreements, no-load money market mutual funds regulated by the Securities and Exchange Commission and rated AAA or equivalent by at least one nationally recognized statistical rating organization, securities lending programs, and certificates of deposit. TexPool is overseen by the State Comptroller of Public Accounts and administered by Federated Hermes, Inc. The State Street Bank is the custodial bank. TexPool follows chapter 2256 of the Texas Public Funds Investment

Act. TexPool uses amortized cost rather than fair value to report net assets to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the District's investments in TexPool are stated at amortized cost, which approximates fair value.

TexStar is a local government investment pool overseen by a five-member governing board made up of three participants and one of each of the program's professional administrators. The portfolio consists of U.S. Treasury and government agency securities, including Federal Home Loan Banks, collateralized repurchase agreements, term repurchase agreements and reverse purchase agreements, money market mutual funds and variable notes. The fund is rated AAAm by Standard and Poor's and maintains a maturity of 60 days or less.

TexasTERM is a public funds investment pool created by and for Texas local governments to provide investment options with safety, flexibility, and competitive yields. PFM Asset Management, LLC acts as the investment advisor of the pool. The pool consists of the TexasDAILY Program, which is a money market portfolio with daily liquidity, whose investment objective is to produce the highest income consistent with preserving principal and maintaining liquidity, and to maintain a stable $1.00 NAV. TexasDAILY has received a rating of AAAmmmf from Fitch Ratings. GASB Statement No. 31 allows that the value at maturity and fair value to be the same for investment positions that mature within one year of the purchase date of the position. Therefore, TexasTERM's fair value and the value at maturity for the District's investment are the same.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as a local government investment pool pursuant to Section 2256.016 of the Public Funds Investment Act. Texas CLASS is administered by Public Trust Advisors, LLC and all funds are held by the custodial agent, UMB Bank, N.A. The Texas CLASS portfolio consist of the U.S. or its agencies and instrumentalities; repurchase agreements; SEC-registered money market funds rated in the highest rating category by at least one Nationally Recognized Statistical Rating Organization (NRSRO); and commercial paper rated A-1, P-1 or equivalent by two nationally recognized rating agencies.

U.S. Treasury securities are direct debt obligations backed by the full faith and credit of the U.S. Government. Interest can be paid at maturity or semiannually depending on the type of security. The US Treasury sells securities through a schedule of regular public actions, which determines the yield of the securities. It makes periodic adjustments to the auction calendar as its borrowing needs change. U.S. Treasury securities prices can rise or fall depending on interest rates. Interest rate changes generally have a greater risk on long-term Treasury prices. U.S. Treasury has a rating of A-1+. During the fiscal year, the District invested in eleven short-term US Treasury securities that matured within six months at a high yield over 5%, which has been competitive to the yields of the TexPools.

As noted in the District's Significant Accounting Policies, the District reports its local government investment pools at amortized cost as permitted by GASB Statement No. 79 *Certain External Investment Pools and Pool Participants.* In addition, TexPool, TexClass, LOGIC, TexStar and TexasDAILY do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. Both pools do not impose any liquidity fees or redemption gates.

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 the following three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

- Level 2 inputs are inputs-other than quoted prices included within Level 1-that are observable for an asset or liability, either directly or indirectly.

- Level 3 inputs are unobservable inputs for an asset or liability.

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

The District's Money Market is reported at fair value using Level 2 inputs. The fair value measurements are based on quoted market prices using matrix pricing technique by the pricing source that values securities based on their relationship to benchmark quoted prices (Level 2 inputs). The District does not have any investments that are measured using Level 1 or 3 inputs.

At June 30, 2025, the fair value, credit rating, percentage of investments, and weighted average maturity of the District's investments are summarized as follows:

	Fair Value	Credit Rating	Percentage of Investments	Weighted Average Maturity (Days)
Temporary Investments:				
Logic	$10,760,950	AAAm	2.56%	53
TexPool	230,645,116	AAAm	54.76%	38
TexPool Prime	72,045,045	AAAm	17.11%	42
TexStar	10,740,764	AAAm	2.55%	42
Texas CLASS	5,023,715		1.19%	37
TexasTERM				
TexasDAILY	37,400,991	AAAm	8.88%	39
U.S. Treasury Securities	54,531,670	AA+	12.95%	176.5
Total	$ 421,148,251		100.00%	
Portfolio weighted average maturity				71

Although LOGIC, TexPool, TexPool Prime, TexStar, Texas CLASS and TexasDAILY have a weighted average maturity greater than one, the funds are available to the District within one day.

Credit Risk

Credit risk is the risk that a counter party to a deposit or investment transaction will not fulfill its obligations. This is not to be confused with market risk, which is the risk that the fair value of an investment, collateral protecting a deposit, or securities underlying a repurchase agreement, will decline. Market risk is not depicted in this note.

State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations.

Concentration of Credit Risk

The District has no specific policy relating to the credit risk of investments. However, the District's investment policy requires that the investment portfolio be diversified to avoid incurring undue concentration in securities of one type at one financial institution, so that no single investment or class of investments can have a disproportionate impact on the total portfolio. This restriction does not apply to U.S. Treasury Securities or investment pools.

Interest Rate Risk

As a means of minimizing risk of loss due to interest rate fluctuations, the District requires that the total portfolio's weighted average maturity is less than 365 days. The District's Investment Policy also limits that no investment shall have an original stated maturity greater than two or three years depending on the instrument. The District also ensures diversification and holds investment instruments until maturity.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The District's policy requires that a third party custodian or a bank trust department hold all securities owned by the District.

Adjustment to Investments' Fair Value

The District's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates have risen, the portfolio value will have declined. If interest rates have fallen, the portfolio value will have risen. Fair values of commercial paper are based on quoted market prices. The investments are reported by the District at fair value in accordance with GAAP. The District had no gains or losses from the sale of securities because they were held to maturity. All securities are quoted at fair value including accrued interest.

The total investment income was $20,728,837.

Note 4 - Receivables

Receivables as of June 30, 2025, for the District's individual major funds and non-major funds in the aggregate, including applicable allowances for uncollectible accounts are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Other Governmental Funds	Total
Property taxes	$9,821,821	$5,263,975			$15,085,796
Due from state	55,812,505			$8,831,152	64,643,657
misc. receivables	499,584		$289,469	24,454	813,507
Gross receivables	66,133,910	5,263,975	289,469	8,855,606	80,542,960
Less allowance for uncollectibles	(3,645,500)	(1,662,200)			(5,307,700)
Total net receivables	$62,488,410	$3,601,775	$289,469	$8,855,606	$75,235,260

Note 5 - Capital Assets

A summary of changes in capital asset activity for the year ended June 30, 2025 is as follows:

	Balance July 1, 2024	Additions	(Retirements)	Transfers	Balance June 30, 2025
Capital assets, not depreciated/amortized:					
Land	$101,288,914	$8,867,364			$110,156,278
Construction in progress	24,970,836	107,858,494		($42,441,845)	90,387,485
Total capital assets, not depreciated/amortized	126,259,750	116,725,858		(42,441,845)	200,543,763
Capital assets, depreciated/amortized:					
Buildings and improvements	1,022,404,084			18,295,864	1,040,699,948
Vehicles	33,725,057	824,775	(3,155,801)	10,999,063	42,393,094
Furniture and equipment	96,603,411	3,060,112	(506,892)	13,146,918	112,303,549
Right-to-use lease equipment	886,767	885,847	(122,302)		1,650,312
Right-to-use software	303,847	3,088,457	(303,847)		3,088,457
Total capital assets, depreciated/amortized	1,153,923,166	7,859,191	(4,088,842)	42,441,845	1,200,135,360
Less accumulated depreciation/amortization:					
Buildings and improvements	(432,656,223)	(25,211,768)			(457,867,991)
Vehicles	(20,567,549)	(2,062,609)	3,155,179		(19,474,979)
Furniture and equipment	(55,088,060)	(7,643,490)	260,936		(62,470,614)
Right-to-use lease equipment	(442,554)	(364,677)	122,302		(684,929)
Right-to-use software	(227,884)	(435,047)	303,847		(359,084)
Total accumulated depreciation/amortization	(508,982,270)	(35,717,591)	3,842,264		(540,857,597)
Governmental activities capital assets, net	$771,200,646	$88,867,458	($246,578)	$	$859,821,526

Less associated bonds	($911,650,326)
Less leases payable	(1,061,975)
Plus unspent bond proceeds net of capital related liabilities	185,926,532
Less deferred gain on refunding	(4,993,865)
Plus deferred charge on refunding	8,264,464
Net Investment in Capital Assets	$136,306,356

Depreciation and amortization expense was charged to functions/programs of the governmental activities as follows:

11	Instruction	$5,959,306
12	Instructional resources and media services	154,762
13	Curriculum and staff development	7,203
21	Instructional leadership	5,982,188
23	School leadership	164,303
31	Guidance and counseling services	28,931
33	Health services	31,203
34	Student (pupil) transportation	1,576,675
35	Child nutrition services	1,345,580
36	Co-curricular activities	2,721,812
41	General administration	4,397,595
51	Plant maintenance and operations	4,769,823
52	Security and monitoring services	2,427,553
53	Data processing services	5,290,936
61	Community services	859,721
	Total	$35,717,591

At June 30, 2025, the District has ongoing construction and renovation projects. These projects include construction and equipment of school facilities. At year end, the District's active commitments with contractors are as follows:

	Construction in Progress	Remaining Commitments
Education, Performance and Instruction Center (EPIC)	$8,916,505	$33,514,168
New Spring High School	15,054,043	35,078,901
Reroofing District Wide	9,105,290	8,886,900
HVAC Chillers District Wide	10,804,964	6,521,341
Building Automated System Controls (BAS) District Wide	11,512,052	13,721,753
Marquees District Wide	251,825	69,675
Film & Vestibules District Wide	5,585,991	2,908,922
Westfield High School Athletic Field House - 2 Roof-top Units (RTUs)	10,625	246,981
Reynolds Elementary School Renovation	687,417	973,891
Repurpose Family and Community Engagement to Sheila Jackson Lee	93,765	65,800
Pool Renovation at Dekaney High School	44,162	443,298
Pool Renovation at Westfield High School	4,400	4,140
eSports AI Lab Renovation at Westfield High School	118,372	1,920
Carpet at Dueitt Middle School	381,092	45,104
Carpet at Winship Elementary	407,730	121,354
Westfield High School Light poles	27,200	0
Update District Web Filtering	216,333	31,167
Replacements at District End of Life Data Center	118,079	128,345
District Firewall Upgrade	146,816	68,620
Uninterrupted Power Supply (UPS) District Refresh	999,693	0
District Cybersecurity	20,996	90,833
Wireless Refresh District Wide	2,171,390	191,997
Safety System Updates District Wide	11,689,233	9,794,268
Exterior Safety District Wide	12,019,512	15,391,829
Total	$90,387,485	$128,301,207

Leases

In June 2024, the District has entered into an agreement to lease copiers and printers. The lease agreement requires annual payments of $244,805 and expires June 2028. As defined by GASB 87, The District had noncancellable leases for copiers and other equipment. Starting with the commencement date of each lease, the District recognizes a long-term liability measured at the present value of future minimum payments to be made during the lease term using an estimated incremental borrowing rate for similar financings. Lease liabilities are recognized when this measurement is $5,000 or greater and the lease term exceeds one year. Payments are fixed and made monthly or annually depending on the lease term. Additionally, lease assets are amortized on a straight-line basis over the shorter of the lease term or their useful lives. The total amount of leased equipment for the District for year ended June 30, 2025 was $1,650,312, with related amortization net of retirements of $684,929.

Right to Use Assets by Asset Class
Year ended June 30, 2025

Copiers

In the fiscal year 2025, The District leased 204 copiers as right to use assets. Principal and interest payments on these assets at June 30, 2025, are summarized as follows:

Year Ending June 30	Principal	Interest	Total
2026	$347,356	$38,230	$385,586
2027	364,183	20,173	384,356
2028	318,193	4,673	322,866
Total	$1,029,732	$63,076	$1,092,808

Other Equipment

In addition, the District leased a postage machine and printer. Principal and interest payments on these assets at June 30, 2025, are summarized as follows:

Year Ending June 30	Principal	Interest	Total
2026	$6,415	$1,478	$7,893
2027	6,746	1,147	7,893
2028	7,094	799	7,893
2029	7,460	433	7,893
2030	4,528	76	4,604
Total	$32,243	$3,933	$36,176

Subscription-Based Information Technology Arrangements

The District has noncancellable subscription-based information technology arrangements. The commencement date for these arrangements was July 1, 2023, per the implementation of GASB 96. The District recognizes a long-term liability measured at the present value of future minimum

payments to be made during the subscription term using an estimated incremental borrowing rate for similar financings. Subscription-based information technology arrangement liabilities are recognized when this measurement is $200,000 or greater and the term exceeds one year. Payments are fixed and made monthly or annually depending on the term. Additionally, subscription-based information technology arrangements are amortized on a straight-line basis over the shorter of the term or their useful lives. In fiscal year 2025, the District did not identify any technology arrangements.

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances in the fund financial statements as of June 30, 2025, was as follows:

	Receivable	Payable
General Fund	$3,266,306	$7,141,431
Debt Service Fund	1,064,592	
Capital Projects Funds	150	4,060
Non-Major Other Governmental Funds	15,766,143	15,818,701
Internal Service Fund	2,867,001	
Total	$22,964,192	$22,964,192

All interfund balances are routine in nature, used to pay back funds as necessary, and are expected to be repaid within one year. Most of the amounts represent short-term borrowing between funds for operating expense payments.

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without requirement for repayment”. The following is a summary of the District’s transfers for the year ended June 30, 2025:

Transfer Out	Transfer In	Amount
Capital Projects	Debt Service	$11,222
General Fund	Child Nutrition Fund	35,888
General Fund	Internal Service Fund	11,497,093
		$11,544,203

The transfer from Capital Projects to Debt Service was for interest payments and fees related to the 2024 bond proceeds. The transfer from the General Fund to the Child Nutrition Fund was for income surveys. The transfer from the General Fund to the self-funded medical insurance fund was due to an operating loss sustained by the fund.

Note 7 - Deferred Inflows of Resources and Unearned Revenue

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are considered to be unavailable to liquidate liabilities in the current period. Revenue recognition in governmental funds does not occur until resources that have been received in advance are earned.

The following is a summary of deferred inflows of resources and unearned revenue by fund at June 30, 2025:

	Unavailable Revenue	Unearned Revenue
Deferred Inflows of Resources:		
General Fund - Property Taxes	$6,094,466	
Debt Service Fund - Property Taxes	3,033,221	
Unearned Revenue:		
General Fund - Advance Funding		$9,227
Non-Major Other Governmental Funds - Advance Funding		1,459,141
Total	$9,127,687	$1,468,368

Note 8 - Long-Term Liabilities

The District's long-term liabilities consist of bond indebtedness, leases, subscription-based technology arrangements, accrued compensated absences, and workers' compensation liability. Bonds are payable solely from future revenues of the Debt Service Fund which consist principally of property taxes collected by the District, state funding, and investment income. Lease obligations are payable from the General Fund and non-major governmental funds. The same governmental funds used to pay the employee's salary are used to liquidate the liability for accrued compensated absences. These funds have included the General Fund and the Child Nutrition Fund. Workers' compensation claim liabilities are generally liquidated by the General Fund in the current and prior year.

Changes in Long-term Liabilities

The following is a summary of the long-term liability activity of the District for the fiscal year ended June 30, 2025:

	Balance 7/1/2024 Restated*	Additions	Retirements	Balance June 30, 2025	Due Within One Year
General obligation bonds	$855,450,000	$58,025,000	($91,270,000)	$822,205,000	$48,125,000
Premium from sale of bonds	94,360,513	4,932,271	(9,847,458)	89,445,326	
Total bonds payable	949,810,513	62,957,271	(101,117,458)	911,650,326	48,125,000
Leases	534,497	885,847	(358,369)	1,061,975	353,771
Subscription Based Information Technology Arrangements	77,139		(77,139)		
Rebatable Arbitrage		9,833,239		9,833,239	
Accrued compensated absences*	1,332,182	612,699	(638,636)	1,306,245	245,705
Workers' compensation claims	1,488,548		(717,694)	770,854	676,134
Medical insurance claims	4,104,540	30,298,903	(31,536,443)	2,867,000	2,867,000
Total long-term liabilities	$957,347,419	$104,587,959	($134,445,739)	$927,489,639	$52,267,610

*Due to the implementation of GASB 101 the beginning balance for accrued absences was restated by $158,102 for the implementation in fiscal year 2025.

The District's net pension liability as of June 30, 2025 was $145,722,771, which is a decrease of $43,965,965 from the District's June 30, 2024 net pension liability of $189,688,736.
The District's net OPEB liability as of June 30, 2025 was $92,103,190, which was an increase of $21,755,357 from the District's June 30, 2024 net OPEB liability of $70,347,833.

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction, acquisition, and equipment of school buildings, including safety, security, and technology improvements, for the purchase of necessary sites for school buildings, for the purchase of new school buses, and for refunding outstanding bonds of the District. These bonds are direct obligations and pledge the full faith and credit of the District. These are issued as current interest bonds, term bonds, and/or serial bonds with various amounts of principal maturing each year. Certain outstanding bonds may be redeemed at their par value prior to their normal maturity dates in accordance with the terms of the related bond indentures.

General obligation bonds payable at June 30, 2025, are summarized as follows:

Series	Maturing Through	Interest Rates (%)	Original Issuance	Outstanding Balance
2015 Ref	2033	4.000 - 5.000	$136,870,000	$80,375,000
2016 Ref	2034	3.500 - 5.000	80,120,000	49,830,000
2017	2042	4.000 - 5.000	198,715,000	164,470,000
2017A Ref	2029	3.000 - 5.000	53,615,000	53,615,000
2018 Ref	2033	4.000 - 5.000	10,385,000	5,325,000
2019	2043	4.000 - 5.000	98,070,000	87,810,000
2020 Ref	2026	5.000	29,425,000	10,075,000
2021 Ref	2027	5.000	8,795,000	4,750,000
2021A Ref	2028	1.260 - 5.000	26,795,000	18,095,000
2023	2052	4.000 - 5.000	293,460,000	289,835,000
2024A	2030	5.000	16,895,000	16,895,000
2024B	2030	5.000	41,130,000	41,130,000
			$994,275,000	$822,205,000

On November 8, 2022, the District's voters authorized the issuance of general obligation bonds under three separate propositions totaling $850,000,000. As of June 30, 2025 $532,000,000 of the 2022 bond authorization remains unissued.

Election	Purpose	Amount Voted	Unissued
Proposition A	Construction, acquisition, and equipment of school buildings in the District, the purchase of the necessary sites for school buildings, the purchase of new school buses, and safety and security	$681,000,000	$441,000,000
Proposition B	Education and performance center	$141,000,000	$91,000,000
Proposition C	Acquisition or update of District technology equipment, systems and infrastructure, including laptops, personal computing devices and software to integrate and implement such technology	$28,000,000	$0
Total		$850,000,000	$532,000,000

In September 2024, the District utilized the final $18,000,000 of the 2022 bond authorization Proposition C through new debt issuance of $16,895,000 Unlimited Tax School Building Bonds, Series 2024A with a related premium of $1,255,658. Cost of issuance totaled $148,936.

In September 2024, the District also issued $41,130,000 in Unlimited Tax Refunding Bonds, Series 2024B. The proceeds from the sale of the Bonds, along with the District contribution of $2,715,975, were used to promptly retire $46,885,000 of the District's Unlimited Tax Refunding Bonds, Series 2014 in a current refunding. The original maturities range between 2025 and 2030.

The Series 2024B bonds were issued at a premium of $3,676,613 with issuance costs of $379,167.

The premium is being amortized over the life of the bonds in the government-wide financial statements. The refunding reduced the District's future debt service payments by $6,886,275 and resulted in an economic gain of $6,223,694 (difference between the present value of the debt service payments on the old debt and the new debt). The net carrying amount of the old debt exceeded the reacquisition price by $3,847,457. This amount is considered a deferred inflow of resources and is being amortized over the remaining life of the refunded debt or the life of the new debt, whichever is shorter. The net proceeds of the refunding bonds were placed in an irrevocable trust with the paying agent to be utilized for the redemption of the refunded bonds on the redemption date of September 25, 2024. As a result, the refunded bonds are considered to be defeased and the liability for such bonds has been removed from the District's financial statements.

Principal and interest payments on general obligation bonds payable at June 30, 2025, are summarized as follows:

Year Ending June 30	Principal	Interest	Total
2026	$48,125,000	$36,649,115	$84,774,115
2027	50,165,000	34,287,329	84,452,329
2028	52,555,000	31,814,615	84,369,615
2029	53,705,000	29,272,963	82,977,963
2030	54,850,000	26,729,475	81,579,475
2031-2035	187,210,000	103,181,600	290,391,600
2036-2040	126,550,000	69,714,125	196,264,125
2041-2045	122,645,000	39,072,000	161,717,000
2046-2050	73,970,000	18,807,700	92,777,700
2051-2053	52,430,000	3,200,600	55,630,600
Total	$822,205,000	$392,729,522	$1,214,934,522

In accordance with the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Rebatable arbitrage is the excess of the amount earned on investments purchased with bond proceeds over the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. To comply with the arbitrage Rebatable arbitrage must be paid to the U.S. Treasury at the end of each five- year anniversary of the bond issue and upon final redemption of all outstanding bonds of the issue.

As of June 30, 2025, the District has a rebatable liability of $142,985 on Bond Series 2020Ref and an additional yield restriction/arbitrage rebate liability accrued in the amount of $9,690,254.

Unspent Bond Proceeds

Bond Status by Series	Total Proceeds Received	Proceeds Spent	Unspent Proceeds
Series 2017	$225,000,000	$224,746,591	$253,409
Series 2019	105,000,000	104,999,598	402
Series 2023	300,000,000	127,009,382	172,990,618
Series 2024A	18,000,000	6,756,515	11,243,485
Total	$648,000,000	$463,512,086	$184,487,914

Does not include refundings. Proceeds received and proceeds spent do not include interest earned on the proceeds.

Note 9 - Revenues from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources reported in governmental funds consisted of the following:

	General Fund	Debt Service Fund	Capital Projects	Non-Major Other Governmental Funds	Total Governmental Funds
Property taxes	$122,261,794	$84,501,964			$206,763,758
Penalty & interest	990,762	590,071			1,580,833
Tuition and fees	153,435			$184,414	337,849
Earnings on investments	4,074,301	4,325,526	$11,769,631	559,379	20,728,837
Food sales				1,266,194	1,266,194
Other local	2,246,936		178,537	3,666,302	6,091,775
Total	$129,727,228	$89,417,561	$11,948,168	$5,676,289	$236,769,246

Note 10 - Risk Management

Property, Casualty and Liability Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of property; errors and omissions; and natural disasters for which the District carries commercial insurance. Settled claims have not exceeded insurance coverage in any of the previous three fiscal years. There has not been any significant reduction in insurance coverage from that of the previous year.

Health Insurance Fund

Beginning September 2022, the only health insurance plan available to District employees was the District sponsored self-funded plan to provide health care benefits to employees and their

dependents. The plan was administered by a third party. The District was protected against catastrophic individual or aggregate loss through stop-loss coverage carried through an insurance carrier.

Premiums are paid into an internal service fund and are available to pay claims and administrative costs of the program. These interfund premiums are reported as revenues in the internal service fund.

Estimates of claims payable and of claims incurred but not reported as of June 30, 2025, are reflected as claims payable of the fund. These estimates were determined based on claims information supplied by the claims administrator. The plan is funded to discharge liabilities as they become due.

The following is a summary of the changes in the claims payable for the health insurance internal service fund for fiscal year 2025:

Fiscal Year	Beginning of Fiscal Year Claims Payable	Current Year Claims	Claims Payments	Balance at Fiscal Year End	Portion of Balance Due and Payable at Year End
2025	$4,104,540	$30,298,903	$31,536,443	$2,867,000	$2,867,000
2024	$3,106,785	$34,644,383	$33,646,628	$4,104,540	$4,104,540

Workers' Compensation

The District established a self-insured risk management program for workers' compensation. Transactions related to the plan are accounted for in the General Fund. Claims administration, loss control, and consultant services are provided by a third-party administrator. Liabilities that are considered due and payable as of June 30, 2025, are included in the governmental funds financial statements. Liabilities also include an estimated amount for claims that have been incurred but not yet reported, which was determined based on the District's historical claims experience and an estimate of the remaining liability for known claims. This estimated amount is accounted for in the government-wide financial statements as a long-term liability. An excess coverage insurance policy provides coverage in excess of $450,000 per occurrence for workers' compensation injuries. It also provides coverage in excess of $450,000 per employee for occupational disease claims, if they should arise. There were no significant reductions in insurance coverage from the prior year. The amount of settlements has not exceeded insurance coverage in each of the past three fiscal years. The following is a summary of the changes in workers' compensation claims payable for fiscal years 2024 and 2025:

Fiscal Year	Beginning of Fiscal Year Claims Payable	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End	Portion of Balance Due and Payable at Year End
2025	$1,488,548		$717,694	$770,854	$676,134
2024	$1,501,374	$802,415	$815,241	$1,488,548	$781,199

Note 11 - PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension plan that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan 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

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications.aspx, selecting About TRS then Publications then *Financial Reports* or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

Benefits Provided

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

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.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA)

to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS

Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 through 2025.

	Contribution Rates Measurement Year	
	2025	2024
Member (Employee)	8.25%	8.25%
Non-employer contributing entity (State)	8.25%	8.25%
District	8.25%	8.25%

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

	Fiscal Year 2025 Contributions
Employer (District)	$11,760,366
Employee (Member)	$22,941,944
Non-employer Contributing Entity On-behalf Contributions (State)	$15,411,690

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 that fiscal year, reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.

- During a new member's first 90 days of employment.

- When any part 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 is a surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.8 percent of the member's salary beginning in fiscal year 2023, gradually increasing to 2 percent in fiscal year 2025.

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the total pension liability to August 31, 2024. The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four year period ending August 31, 2021 and were adopted in July 2022.

Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2020	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
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

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

Discount Rate

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

Based on those assumptions the pension plan's fiduciary net position was projected to be available to make all 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 rate of return on pension plan investments is 7.00 percent.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each

major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2024 are summarized:

Asset Class	Target Allocation [2] %	Long-Term Expected Geometric Real Rate of Return [3]	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.A.	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity [1]	14.00%	6.70%	1.20%
Stable Value			
Government Bonds	16.00%	1.90%	0.40%
Stable Value Hedge Funds	5.00%	3.00%	0.20%
Absolute Return [1]		4.00%	
Real Return			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources and Infrastructure	6.00%	5.60%	0.40%
Commodities		2.50%	
Risk Parity	8.00%	4.00%	0.40%
Asset Allocation Leverage			
Cash	2.00%	1.00%	
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation			2.40%
Volatility Drag [4]			-0.70%
Expected Return	100.00%		7.90%

[1] *Absolute Return includes Credit Sensitive Investments.*

[2] *Target allocations are based on the fiscal year 2024 policy model.*

[3] *Capital Market Assumptions come from 2024 SAA Study CMA Survey as of December 31, 2023.*

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

Changes 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.

Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	Discount Rate		
	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$232,756,190	$145,722,771	$73,609,397

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

On June 30, 2025, the District reported a liability of $145,722,771 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$145,722,771
State's proportionate share of the net pension liability associated with the District	149,918,029
Total	$295,640,800

The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2023 thru August 31, 2024.

On August 31, 2024, the District's proportion of the collective net pension liability was 0.2386% which was a decrease of 0.0376% from its proportion measured as of August 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $20,800,636. The District also recognized on-behalf revenue and expense of $17,917,710 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$8,032,040	($1,137,732)
Changes of assumption	7,523,979	(1,008,708)
Net difference between projected and actual earnings on pension plan investments	885,798	
Changes in proportion and differences between District contributions and proportionate share of contributions	17,718,710	(17,554,848)
District Contributions subsequent to the measurement date	9,448,734	
Total	$43,609,261	($19,701,288)

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of $9,448,734 will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Pension Expense
2026	$1,449,540
2027	17,171,692
2028	2,579,861
2029	(4,991,624)
2030	(1,750,231)
Thereafter	1
	$14,459,239

The District will continue to make the required pension contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District's contributions to the Net Pension Liability on an annual basis. The contributions are paid by the funds that pay the employees' salaries. The General Fund and Special Revenue Funds typically liquidate the net pension liability.

Note 12 – Defined Other Post-Employment Benefit Plans

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS- Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575. The Board 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 the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/Pages/about_publications.aspx, selecting About TRS then Publications then Financial Reports or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698.

Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension system.

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.

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

	TRS-Care Monthly Premium Rates	
Retiree Type	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 participating employers based on active employee compensation. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65 percent of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act.

The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates Plan Fiscal Year Ending August 31,	
	2025	2024
Active employee	0.65%	0.65%
Non-employer contributing entity (State)	1.25%	1.25%
District	0.75%	0.75%
Federal/private funding remitted by District	1.25%	1.25%

	Fiscal Year 2025 Contributions
Employer (District)	$2,465,691
Employee (Member)	$1,807,957
Non-employer Contributing Entity On-behalf Contributions (State)	$4,921,946

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of $21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2024. 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. In addition to the Demographic assumptions; salary increases, inflation rates used for members of TRS are identical to the assumptions employed in the August 31, 2024 TRS annual pension actuarial valuation.

The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of the Teacher Retirement System of Texas (TRS). 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. There was an initial prescription drug trend rate of 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.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2023, rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.87% as of August 31, 2024
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs - From Birth to Death".
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	2.95% to 8.95%, including inflation
Healthcare Trend Rates	The initial medical trend rate was 6.75% 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% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 11 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees: 30% are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

Discount Rate

A single discount rate of 3.87 percent was used to measure the total OPEB liability. This was a decrease of 0.26 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate. The single discount rate changed from 4.13 percent as of August 31, 2023 to 3.87 percent, as of August 31, 2024. This change decreased the Total OPEB Liability. The following presents the Net OPEB Liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the Net OPEB liability would

be if it were calculated using a discount rate that is one percentage point lower, 2.87 percent or one percentage point higher, 4.87 percent, than the AA credit rate. The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

Discount Rate Sensitivity Analysis

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

	Discount Rate		
	1% Decrease (2.87%)	Current Rate (3.87%)	1% Increase (4.87%)
District's proportional share of the Net OPEB liability:	$109,422,894	$92,103,190	$78,108,609

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

On June 30, 2025, the District reported a liability of $92,103,190 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	$92,103,190
State's proportionate share that is associated with the District	115,404,048
Total	$207,507,238

The District's proportion of the Net OPEB Liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2023 thru August 31, 2024.

On August 31, 2024, the District's proportion of the collective Net OPEB Liability was 0.3035% which was a decrease of 0.0143% from its proportion measured as of August 31, 2023.

Healthcare Cost Trend Rates – The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed.

	Healthcare Cost Trend Rate		
	1% Decrease	Current	1% Increase
District's proportional share of the Net OPEB liability:	$75,004,374	$92,103,190	$114,384,652

Changes Since the Prior Actuarial Valuation

The single discount rate changed from 4.13 percent as of August 31, 2023 to 3.87 percent, as of August 31, 2024, accompanied by revised demographic and economic assumptions based on the TRS experience study. This change increased the Total OPEB Liability.

Change in Benefit Terms Since Prior Measurement Date

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

For the year ended June 30, 2025, the District recognized negative OPEB expense of $9,259,656 and an additional negative on-behalf expense and revenue of $15,000,396 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$17,653,089	($45,964,485)
Changes of assumption	11,788,120	(30,052,205)
Net difference between projected and actual earnings on OPEB plan investments		(257,919)
Changes in proportion and differences between the District contributions and proportionate share of contributions	15,682,479	(9,356,806)
District contributions subsequent to the measurement date	2,019,833	
Total	$47,143,521	($85,631,415)

The $2,019,833 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30,	OPEB Expense Amount
2026	($11,656,996)
2027	(7,485,549)
2028	(9,636,566)
2029	(7,797,369)
2030	(3,494,048)
Thereafter	(437,199)
	($40,507,727)

The District will continue to make the required OPEB contributions based on the statutorily

determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District's contributions to the Net OPEB Liability on an annual basis. The contributions are paid by the funds that pay the employees' salaries. The General Fund and Special Revenue Funds typically liquidate the net OPEB liability.

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, 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 fiscal years ended June 30, 2025, 2024, and 2023, the subsidy payments received by TRS-Care on-behalf of the District were $1,831,553, $1,593,111, and $1,479,068, respectively. The information for the year ended June 30, 2024 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

Note 13 - Shared Services Arrangement

The District participates in the North Harris County Regional Day School Program for the Deaf shared services arrangement with Aldine Independent School District. The District only pays for services provided to students that are not enrolled in the Regional Day School for the Deaf. The costs associated with these services vary based on need. Total costs paid to Aldine Independent School District for evaluation and admission, review, and dismissal (ARD) services for non-enrolled students totaled $596,320 for the year ended June 30, 2025.

Note 14 - Commitments and Contingencies

The District received significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies and the TEA. Any disallowed claims resulting from such audits would become a liability of the General Fund. However, in the opinion of management, potential disallowed claims, if any, would not have a material effect on the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2025.

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any present legal proceedings will not have any material adverse effect on the District's financial condition.

Note 15 - Subsequent Events

Series 2025 School Building and Refunding Bonds

In August 2025, the District issued $598,180,000 Unlimited Tax School Building and Refunding Bonds, Series 2025 with a par of $531,570,000 for the school building portion.

The bond issue utilizes the final $532,000,000 available under the November 8, 2022 bond authorization consisting of:

Election	Purpose	Amount Voted
Proposition A	Construction, acquisition, and equipment of school buildings in the District, the purchase of the necessary sites for school buildings, the purchase of new school buses, and safety and security	$441,000,000
Proposition B	Education and performance center	$91,000,000

The issue also consists of refunding bonds with a par of $66,610,000. The proceeds from the sale of the Bonds, along with the District contribution of $1,755,025, were used to refund $72,060,000 of the outstanding Unlimited Tax Refunding Bonds, Series 2015. As a result of this refunding, the District reduced its future debt service payments by $6,259,499 and realized an economic gain of $5,495.407 (difference between the present value of the debt service payments on the old debt and the new debt).

Note 16 – Adjustments and Restatements of Beginning Balances

During the current year, the District implemented GASB Statement No. 101, Compensated Absences. In conjunction with this implementation, the District revised its methodology for compensated absences liabilities by adopting a Last-In, First-Out (LIFO) assumption to better reflect the actual usage patterns of employee leave absences. An adjustment of $158,102 was made to the beginning net position. This adjustment gave the District a new net position beginning balance of $73,682,130.

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REQUIRED SUPPLEMENTARY INFORMATION

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit C-1**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Fiscal Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local and intermediate sources	$137,233,240	$130,279,378	$129,727,228	($552,150)
State program revenues	204,362,759	204,055,468	209,385,987	5,330,519
Federal program revenues	3,000,000	2,200,619	2,480,623	280,004
Total Revenues	344,595,999	336,535,465	341,593,838	5,058,373
EXPENDITURES				
Current:				
Instruction	188,369,878	190,917,881	187,578,689	3,339,192
Instructional resources and media services	772,213	795,810	726,669	69,141
Curriculum and staff development	5,196,093	6,519,042	6,165,050	353,992
Instructional leadership	9,582,784	7,250,731	6,919,249	331,482
School leadership	27,222,864	26,504,814	26,154,904	349,910
Guidance and counseling services	15,096,048	18,034,023	17,210,713	823,310
Social work services	250,912	226,334	213,645	12,689
Health services	3,357,245	3,208,035	3,018,646	189,389
Student (pupil) transportation	17,470,676	16,333,946	14,619,713	1,714,233
Co-curricular activities	6,294,304	7,024,368	6,772,305	252,063
General administration	13,472,119	13,669,498	13,538,019	131,479
Plant maintenance and operations	34,574,837	33,946,292	32,686,557	1,259,735
Security and monitoring services	10,173,178	8,984,503	8,942,804	41,699
Data processing services	9,401,025	9,743,339	9,251,320	492,019
Community services	1,017,461	961,267	684,784	276,483
Debt Service:				
Principal on long-term debt	42,784	653,533	358,838	294,695
Interest on long-term debt			56,183	(56,183)
Capital Outlay:				
Facilities acquisition and construction	6,000	212,504	201,199	11,305
Intergovernmental Charges:				
Fiscal agent/shared services arrangement				
Alternative education	95,000	265,475	130,413	135,062
Payments to tax increment fund	1,250,000	1,641,054	1,641,013	41
Other intergovernmental charges	1,850,000	1,558,946	1,558,946	
Total Expenditures	345,495,421	348,451,395	338,429,659	10,021,736
Excess (deficiency) of revenues over (under) expenditures	(899,422)	(11,915,930)	3,164,179	15,080,109
OTHER FINANCING SOURCES (USES)				
Sale of property		103,786	158,227	54,441
Issuance of leases			885,847	885,847
Transfers out			(11,532,981)	(11,532,981)
Total Other Financing Sources (Uses)		103,786	(10,488,907)	(10,592,693)
Net change in fund balance	(899,422)	(11,812,144)	(7,324,728)	4,487,416
FUND BALANCE, JULY 1	102,469,484	102,469,484	102,469,484	
FUND BALANCE, JUNE 30	$101,570,062	$90,657,340	$95,144,756	$4,487,416

See accompanying notes to required supplementary information.

Note 1 - Budgets and Budgetary Accounting

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the General Fund for the fiscal year beginning September 1 (or July 1, if the District has elected to change the start of the fiscal year). The Texas Education Code requires the budget to be prepared not later than August 20 (June 19th for a fiscal year start date of July 1) and adopted by August 31 (June 30 for a fiscal year start date of July 1) of each year. The District's administration determines budgetary funding priorities using a modified zero-based budgeting concept, which is consistent with GAAP. Final budget allocations are determined by the Board, which subsequently establishes a tax rate sufficient to support the approved budget. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving ten days public notice of the meeting. The District annually adopts a legally authorized appropriated budget for the General Fund.

The District's administration performs budget reviews three times a year by which budget requirements are re-evaluated and revisions recommended to the Board. The Board may approve amendments to the budget, which are required when a change is made to any one of the functional expenditure categories or revenue object accounts defined by the TEA. Expenditures may not legally exceed budgeted appropriations, as amended, at the function level by fund. Unexpended appropriations lapse at year-end.

Management may amend the budget without seeking Board approval if appropriations are not moved between functions. Therefore, appropriations may be transferred between objects, sub-objects, organizations, programs, and projects without Board approval. During fiscal year 2025, General Fund appropriations were increased by $2,955,974 and revenues and other financing sources decreased by $7,956,748.

Note 2 - Variances with Final Budget

General Fund - The variance in the final budgeted revenues versus actual revenues is primarily due to state aid received in fiscal year 2025 as a result of property values audits from previous fiscal years. The property tax refunds paid in previous years are the result of lowered taxable property values due to taxpayer protests.

The variance in the final budgeted expenditures versus actual expenditures is primarily due to budgeted but unfilled positions.

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit C-3**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Teacher Retirement System of Texas

For the Last Ten Measurement Years Ended August 31

	2024	2023	2022	2021	2020
District's proportion of the net pension liability	0.2386%	0.2762%	0.2350%	0.2165%	0.2064%
District's proportionate share of the net pension liability	$145,722,771	$189,688,736	$139,501,985	$55,124,661	$110,526,399
State's proportionate share of the net pension liability associated with the District	149,918,029	170,786,330	172,712,417	85,663,766	177,747,242
Total	$295,640,800	$360,475,066	$312,214,402	$140,788,427	$288,273,641
District's covered payroll (for measurement year)	$286,916,315	$292,867,088	$266,760,033	$268,480,156	$255,207,442
District's proportionate share of the net pension liability as a percentage of its covered payroll	50.8%	64.8%	52.3%	20.5%	43.3%
Plan fiduciary net position as a percentage of the total pension liability *	77.51%	73.15%	75.65%	88.79%	75.54%
Plan's net pension liability as a percentage of covered payroll *	102.39%	122.32%	112.72%	51.08%	110.36%

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.2206%	0.2271%	0.2340%	0.2390%	0.2456%
District's proportionate share of the net pension liability	$114,677,823	$125,016,131	$74,806,160	$90,303,341	$86,829,092
State's proportionate share of the net pension liability associated with the District	169,859,655	186,978,519	107,986,931	137,445,154	134,342,127
Total	$284,537,478	$311,994,650	$182,793,091	$227,748,495	$221,171,219
District's covered payroll (for measurement year)	$242,800,257	$241,634,541	$234,411,778	$237,943,264	$230,700,849
District's proportionate share of the net pension liability as a percentage of its covered payroll	47.2%	51.7%	31.9%	38.0%	37.6%
Plan fiduciary net position as a percentage of the total pension liability *	75.24%	73.74%	82.17%	78.00%	78.43%
Plan's net pension liability as a percentage of covered payroll *	114.93%	126.11%	75.93%	92.75%	91.94%

Note: The amounts presented are for each Plan year which ends the preceding August 31 of the District's fiscal year.

* Per Teacher Retirement System of Texas' Annual Comprehensive Financial Report

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit C-4**

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS

Teacher Retirement System of Texas

For the Last Ten Fiscal Years Ended June 30

	2025	2024	2023	2022	2021
Contractually required contributions	$11,760,366	$13,602,493	$13,189,405	$10,664,295	$9,022,583
Contributions in relation to the contractual required contributions	11,760,366	13,602,493	13,189,405	10,664,295	9,022,583
Contribution deficiency (excess)	$	$	$	$	$
District's covered payroll	$277,537,987	$286,916,315	$284,487,684	$266,289,696	$265,732,163
Contributions as a percentage of covered payroll	4.24%	4.74%	4.64%	4.00%	3.40%

	2020	2019	2018	2017	2016
Contractually required contributions	$8,335,651	$7,678,129	$7,681,399	$7,731,778	$7,605,202
Contributions in relation to the contractual required contributions	8,335,651	7,678,129	7,681,399	7,731,778	7,605,202
Contribution deficiency (excess)	$	$	$	$	$
District's covered payroll	$252,957,516	$242,527,457	$240,462,954	$235,330,934	$237,796,109
Contributions as a percentage of covered payroll	3.30%	3.17%	3.19%	3.29%	3.20%

Changes of Assumptions

Measurement Year 2018: The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

Measurement Year 2020: The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.

Measurement Year 2021: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

Measurement Year 2022: The discount rate changed from 7.25% to 7.00%.

Measurement Year 2023: None.

Measurement Year 2024: None.

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit C-6**

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Teachers Retirement System of Texas

For the Last Eight Measurement Years Ended August 31

	2024	2023	2022	2021
District's proportion of the net OPEB liability	0.3035%	0.3178%	0.3092%	0.2900%
District's proportionate share of the net OPEB liability	$92,103,190	$70,347,833	$74,045,160	$111,880,790
State's proportionate share of the net OPEB liability associated with the District	115,404,048	84,885,473	90,323,462	149,895,326
Total	$207,507,238	$155,233,306	$164,368,622	$261,776,116
District's covered payroll (for measurement year)	$286,916,315	$292,867,088	$266,760,033	$268,480,156
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	32.1%	24.0%	27.8%	41.7%
Plan fiduciary net position as a percentage of the total OPEB liability *	13.70%	14.94%	11.52%	6.18%
Plan's net OPEB liability as a percentage of covered payroll *	67.98%	51.86%	59.10%	100.13%

	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.2829%	0.2932%	0.2933%	0.2802%
District's proportionate share of the net OPEB liability	$107,548,434	$138,635,456	$146,423,651	$121,845,547
State's proportionate share of the net OPEB liability associated with the District	144,519,315	184,215,512	204,767,526	182,474,757
Total	$252,067,749	$322,850,968	$351,191,177	$304,320,304
District's covered payroll (for measurement year)	$255,207,442	$242,800,257	$241,634,541	$234,411,778
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	42.1%	57.1%	60.6%	52.0%
Plan fiduciary net position as a percentage of the total OPEB liability *	4.99%	2.66%	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll *	101.46%	135.21%	146.64%	132.55%

Note: The amounts presented are for each Plan year which ends the preceding August 31 of the District's fiscal year.
Ten years of data should be presented in this schedule but data is unavailable prior to 2017.
Net OPEB liability and related ratios will be presented prospectively as data becomes available.

* Per Teacher Retirement System of Texas' Annual Comprehensive Financial Report

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit C-7**

SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS

Teachers Retirement System of Texas

For the Last Ten Fiscal Years Ended June 30

	2025	2024	2023	2022	2021
Contractually required contributions	$2,465,691	$2,807,003	$2,688,032	$2,493,341	$2,229,830
Contributions in relation to the contractual required contributions	2,465,691	2,807,003	2,688,032	2,493,341	2,229,830
Contribution deficiency (excess)	$	$	$	$	$
District's covered payroll	$277,537,987	$286,916,315	$284,487,684	$266,289,696	$265,732,163
Contributions as a percentage of covered payroll	0.89%	0.98%	0.94%	0.94%	0.84%

	2020	2019	2018	2017	2016
Contractually required contributions	$2,130,657	$2,073,777	$1,924,258	$1,468,548	$1,476,499
Contributions in relation to the contractual required contributions	2,130,657	2,073,777	1,924,258	1,468,548	1,476,499
Contribution deficiency (excess)	$	$	$	$	$
District's covered payroll	$252,947,516	$242,527,457	$240,462,954	$235,330,934	$237,796,109
Contributions as a percentage of covered payroll	0.84%	0.86%	0.80%	0.62%	0.62%

Changes of Assumptions

Measurement Year 2018: The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018, updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.

Measurement Year 2019: The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, lowered the participation rates and updated the health care trend rate assumption.

Measurement Year 2020: The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020, lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

Measurement Year 2021: The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.

Measurement Year 2022: The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lowered the participation rates, and updated the healthcare trend rate assumption.

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

Measurement Year 2024: The discount rate changed from 4.13% as of August 31, 2023 to 3.87% as of August 31, 2024, accompanied by revised tables used to model the impact of aging on the underlying claims.

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OTHER SUPPLEMENTARY INFORMATION

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit D-1**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local and intermediate sources	$88,872,951	$89,520,441	$89,417,561	($102,880)
State program revenues	9,164,860	11,747,962	9,533,151	(2,214,811)
Total Revenues	98,037,811	101,268,403	98,950,712	(2,317,691)
EXPENDITURES				
Debt Service:				
Principal on long-term debt	62,760,478	62,760,478	44,385,000	18,375,478
Interest on long-term debt	19,795,910	19,795,910	38,201,994	(18,406,083)
Bond issuance costs and fees	100,000	3,185,641	3,122,117	63,524
Total Expenditures	82,656,388	85,742,029	85,709,111	32,919
Excess (deficiency) of revenues over (under) expenditures	15,381,423	15,526,374	13,241,601	(2,284,772)
OTHER FINANCING SOURCES				
Refunding bonds issued		41,130,000	41,130,000	
Operating Transfers In		11,222	11,222	
Premium on issuance of bonds		3,676,613	3,676,613	
Payment to refunded bond paying agent		(44,425,536)	(44,425,485)	51
Total Other Financing Sources (Uses)		392,299	392,350	51
Net change in fund balance	15,381,423	15,918,673	13,633,951	(2,284,721)
FUND BALANCE, JULY 1	117,713,291	117,713,291	117,713,291	
FUND BALANCE, JUNE 30	$133,094,714	$133,631,964	$131,347,242	($2,284,721)

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Special Revenue Funds

The Special Revenue Funds are used to account for the District's Child Nutrition operations, School Activity funds, and all non-major federal, state and locally funded grants. These grants are awarded to the district with the purpose of accomplishing specific educational goals. Grants included in the Special Revenue Funds are described below.

Elementary and Secondary Education Act (ESEA), Title I, Part A - Improving Basic Programs
Funds are used to provide opportunities for children to acquire the knowledge and skills contained in the challenging State content standards and to meet the State performance standards developed for all children.

Individuals with Disabilities Education Act (IDEA), Part B - Formula
Funds are used to operate educational programs for children with disabilities.

Individuals with Disabilities Education Act (IDEA), Part B - Preschool
Funds are used for preschool children with disabilities.

Individuals with Disabilities Education Act (IDEA), Part B, Discretionary
Funds are used to account for the costs associated with the support of a regional education service center (ESC) special education component.

Child Nutrition Fund
Accounts for all transactions in the District's Child Nutrition program. This includes the federally funded National School Lunch program, breakfast and supper programs.

Career and Technical Education - Basic
Funds are used to provide instruction related to career and technical education and to develop new and/or improved career and technical education programs for paid and unpaid employment.

Elementary and Secondary Education Act (ESEA), Title II, Part A – Supporting Effective Instruction
Funds are used to improve student achievement through improving teacher and principal quality and increasing the number of highly qualified teachers, principals and assistant principals in schools to hold districts accountable for improving student academic achievement.

Elementary and Secondary Education Act (ESEA), Title III, Part A - English Language Acquisition and Language Enhancement
Funds are used to improve the education of limited English proficient children by assisting the children in learning the English language in addition to meet challenging State academic content and student academic achievement standards.

21st Century Community Learning Centers
Funds are used to provide students and their families with out-of-school time services that offer an array of enrichment activities that complement regular academic programs and assist students in meeting academic standards in core subjects (math, reading, science, social studies).

Special Revenue Funds (*continued*)

Medicaid Administrative Claiming Program
Funds are used to enhance, improve, or expand the level and quality of health and medical services provided to students.

Texas COVID Learning Acceleration Supports (TCLAS)- State Elementary and Secondary School Emergency Relief Fund III (ESSER III) of the American Rescue Plan ARP Act of 2021
Funds are used to target support to LEAs to accelerate student learning due to loss caused by the COVID-19 pandemic..

Elementary and Secondary School Emergency Relief Fund (ESSER) II of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act
Funds are used to account for federal stimulus ESSER II funds granted to LEAs through the CRRSA Act to support LEAs' ability to operate, instruct its students, address learning loss, prepare schools for reopening, test, repair, and upgrade projects to improve air quality in school buildings during the coronavirus pandemic. (ALN 84.425D) (Education Stabilization Fund).

Elementary and Secondary School Emergency Relief Fund (ESSER) III of the American Rescue Plan (ARP) Act
Funds are used to account for federal stimulus ESSER III funds granted to LEAs through the ARP Act to support LEAs' ability to safely reopen and sustain safe school operations while addressing the impact of Coronavirus. (ALN 84.425U) (ARP Act of 2001).

Child Care and Development Funds
Funds available under Title VI of the Personal Responsibility and Work Opportunity Reconciliation Act. Funds are used for providing direct child care to eligible teen parents and staff of Spring ISD.

Summer School Program for English Learners (Els) in Kindergarten and First Grade
Funds are used for summer school programs for limited English proficient (LEP) students who will be eligible for admission to kindergarten and first grade at the beginning of the next school year.

Federally Funded Special Revenue Funds
Funds are used to improve students' academic achievement by providing all students with access to a well-rounded education, improve school conditions for student learning, and improve the use of technology.

Region IV Supplemental Visually Impaired (SSVI)
Funds received from the State Department of Education, passed through Region IV Educational Service Center, to provide orientation and mobility (O&M) services for students with visual impairments.

Advanced Placement Incentives
Funds are used to provide reimbursement for Advanced Placement teacher training approved by the College Board. Funds are also awarded to specific campuses based on student scores on Advanced Placement examinations and are to be used for enhancement of academic programs at awarded campus.

Special Revenue Funds (*continued*)

State Instructional Materials Fund
Funds are used for the purchase of instructional material, technological equipment, and technology-related services.

State Funded Special Revenue Funds
Funds are used towards Reading Academies to increase the teachers' knowledge, understanding, and systematic use of effective, research-based, and scientifically validated reading instruction methods for students. Funds are also used towards the Math Innovation Zones program to improve academic outcomes in math for Pre-K through 8th grade to ultimately increase 8th grade Algebra I preparedness and participation. Also included are other state funded special revenue funds that have not been specified above.

School Activity Funds
Accounts for transactions of school sponsored activities benefiting students and staff. This includes fund raising activities, vending sales, incentive programs, and corporate and private donations.

Locally Funded Special Revenue Funds
Locally funded special revenue funds not specified above.

Randall Reed's Plant Ford Fund
Funds used for the maintenance and operations of Plant Ford Stadium and Community Center.

Locally Funded Scholarships
Funds are awarded to graduating high school seniors in recognition of their capacity to lead and serve, and their commitment to making a significant impact on their schools and communities.

Career and Technology Education (CTE) Advisory Board Grants
Funds are used to expand and improve the CTE program.

Spring Education Foundation Grants
Funds awarded by the Spring Education Foundation to provide support for teachers and students to promote the district's mission of providing every student with a quality education.

SPRING INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2025

	ESEA Title I Part A Improving Basic Programs	IDEA Part B Formula	IDEA Part B Preschool	IDEA Part B Discretionary
ASSETS				
Cash				
Temporary investments				
Due from governmental agencies	$4,133,144	$1,748,911	$18,332	$157,135
Interfund receivables	4,513,159	4,926,617	39,932	
Other receivables	55			
Inventories, at cost				
Prepaid Items	11,787			
TOTAL ASSETS	$8,658,145	$6,675,528	$58,264	$157,135
LIABILITIES				
Accounts payable	$66,634	$525,030		
Accrued salaries and expenditures	2,199,408	349,202	$10,160	
Interfund payables	6,392,103	5,801,296	48,104	$157,135
Due to state and others				
Unearned revenue				
Total Liabilities	8,658,145	6,675,528	58,264	157,135
FUND BALANCES				
Non-spendable:				
Inventory				
Prepaid	11,787			
Restricted:				
Grant funds				
Committed:				
School activity funds				
Unassigned:				
Other	(11,787)			
Total Fund Balances				
TOTAL LIABILITIES AND FUND BALANCES	$8,658,145	$6,675,528	$58,264	$157,135

*Per GASB 54, nonspendable fund balance has to agree to the prepaid items and inventory balances, even if it creates a deficit unassigned fund balance.

Child Nutrition	Career and Technical Education Basic Grant	ESEA Title II Part A Supporting Effective Instruction	ESEA Title III Part A English Language Acquisition and Enhancement	21st Century Community Learning Centers Cycle 9
$23,036				
13,083,246				
104,257	$81,873	$378,834	$146,329	$505,030
3,209,840	12,642	553,020	108,617	353,662
2,101				1,780
91,222				
		360	13,800	
$16,513,702	$94,515	$932,214	$268,746	$860,472
$419,752	$72,300	$11,450	$250	$21,602
1,139,505		68,918	70,556	53,658
	22,215	851,846	197,940	785,212
1,559,257	94,515	932,214	268,746	860,472
		360	13,800	
14,954,445				
		(360)	(13,800)	
14,954,445				
$16,513,702	$94,515	$932,214	$268,746	$860,472

SPRING INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2025

	Medicaid Administrative Claiming Program	TCLAS ESSER III Fund	ESSER Fund	Child Care and Development Fund
ASSETS				
Cash				
Temporary investments				
Due from governmental agencies				
Interfund receivables				322,531
Other receivables				
Inventories, at cost				
Prepaid Items				
TOTAL ASSETS				$322,531
LIABILITIES				
Accounts payable				$23,411
Accrued salaries and expenditures				
Interfund payables				204,032
Due to state and others				78
Unearned revenue				95,010
Total Liabilities				322,531
FUND BALANCES				
Non-spendable:				
Inventory				
Prepaid				
Restricted:				
Grant funds				
Committed:				
School activity funds				
Unassigned:				
Other				
Total Fund Balances				
TOTAL LIABILITIES AND FUND BALANCES				$322,531

Summer School Program for EL in Kindergarten and First Grade Reimbursement	Federally Funded Special Revenue Funds	Region IV SSVI Grant	Advanced Placement Incentives	State Instructional Materials Fund
	$450,751			$1,014,085
$1,416	260,099		$204	
$1,416	$710,850		$204	$1,014,085
$1,416	$173,615			$139,046
	120,561			
	416,662			875,039
	12		$204	
1,416	710,850		204	1,014,085
$1,416	$710,850		$204	$1,014,085

SPRING INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2025

	State Funded Special Revenue Funds	School Activity Funds	Locally Funded Special Revenue Funds
ASSETS			
Cash		$1,407,788	
Temporary investments			
Due from governmental agencies	$92,471		
Interfund receivables			$1,284,215
Other receivables		1,575	18,943
Inventories, at cost			
Prepaid Items			
TOTAL ASSETS	$92,471	$1,409,363	$1,303,158
LIABILITIES			
Accounts payable	$43,022	$9,169	
Accrued salaries and expenditures	4,221		$17,694
Interfund payables	45,228	21,889	
Due to state and others			
Unearned revenue			1,285,464
Total Liabilities	92,471	31,058	1,303,158
FUND BALANCES			
Non-spendable:			
Inventory			
Prepaid			
Restricted:			
Grant funds			
Committed:			
School activity funds		1,378,305	
Unassigned:			
Other			
Total Fund Balances		$1,378,305	
TOTAL LIABILITIES AND FUND BALANCES	$92,471	$1,409,363	$1,303,158

Locally Funded Planet Ford Funds	Locally Funded Scholarships	CTE Advisory Board Grants	Spring Education Foundation Grants	Total Non-Major Governmental Funds
				$1,430,824
				13,083,246
				8,831,152
$101,259	$7,910	$479	$70,541	15,766,143
				24,454
				91,222
				25,947
$101,259	$7,910	$479	$70,541	$39,252,988
$12				$1,506,709
				4,033,883
				15,818,701
				78
	$7,910		$70,541	1,459,141
12	7,910		70,541	22,818,512
				25,947
101,247		479		15,056,171
				1,378,305
				(25,947)
101,247		479		16,434,476
$101,259	$7,910	$479	$70,541	$39,252,988

SPRING 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

	ESEA Title I Part A Improving Basic Programs	IDEA Part B Formula	IDEA Part B Preschool	IDEA Part B Discretionary
REVENUES				
Local and intermediate sources				
State program revenues				
Federal program revenues	$17,557,762	$9,823,934	$85,671	$157,135
Total Revenues	17,557,762	9,823,934	85,671	157,135
EXPENDITURES				
Current:				
Instruction	11,046,279	1,427,712		157,135
Instructional resources and media services	2,531,768			
Curriculum and staff development	1,939,124	1,801,823		
Instructional leadership	222,239			
School leadership	72,464			
Guidance and counseling services		5,876,119	85,671	
Social Work Services		84,176		
Health services				
Student (pupil) transportation	838,837			
Child nutrition services				
Co-curricular activities				
General administration				
Plant maintenance and operations				
Security and monitoring services				
Data processing services				
Community services	907,051	37,784		
Capital Outlay:				
Facilities acquisition and construction				
Intergovernmental Charges:				
Fiscal agent/shared services arrangement		596,320		
Total Expenditures	17,557,762	9,823,934	85,671	157,135
Excess (deficiency) of revenues over (under) expenditures				
OTHER FINANCING SOURCES				
Sale of property				
Transfers in				
Total Other Financing Sources				
Net change in fund balances				
FUND BALANCES, JULY 1				
FUND BALANCES, JUNE 30				

Child Nutrition	Career and Technical Education Basic Grant	ESEA Title II Part A Supporting Effective Instruction	ESEA Title III Part A English Language Acquisition and Enhancement	21st Century Community Learning Centers Cycle
$2,050,902				
115,205				
31,272,191	$768,989	$1,829,400	$963,643	$1,694,036
33,438,298	768,989	1,829,400	963,643	1,694,036
	762,390		270,071	472,748
	6,599	1,516,675	684,416	911
		171,779		1,075,323
		55,500		38,368
34,489,937				
		85,446		
556,200				
7,757				137
			9,156	106,549
35,053,894	768,989	1,829,400	963,643	1,694,036
(1,615,596)				
96,938				
35,888				
132,826				
(1,482,770)				
16,437,215				
$14,954,445				

SPRING 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

	Medicaid Administrative Claiming Program	TCLAS ESSER III Funds	ESSER Funds	Child Care and Development Fund
REVENUES				
Local and intermediate sources				
State program revenues				
Federal program revenues	$13,692	$92,756	$159,808	$119,507
Total Revenues	13,692	92,756	159,808	119,507
EXPENDITURES				
Current:				
Instruction		64,236		
Instructional resources and media services				
Curriculum and staff development			4,500	
Instructional leadership				
School leadership				
Guidance and counseling services		28,520		
Social Work				
Health services	13,692			
Student (pupil) transportation				
Child nutrition services				
Co-curricular activities				
General administration				
Plant maintenance and operations				
Security and monitoring services				
Data processing services				
Community services				119,507
Debt Service:				
Principal on long-term debt				
Interest on long-term debt				
Bond issuance costs and fees				
Capital Outlay:				
Facilities acquisition and construction			155,308	
Intergovernmental Charges:				
Fiscal agent/shared services arrangement				
Total Expenditures	13,692	92,756	159,808	119,507
Excess (deficiency) of revenues over (under) expenditures				
OTHER FINANCING SOURCES				
Sale of property				
Transfers in				
Total Other Financing Sources				
Net change in fund balances				
FUND BALANCES, JULY 1				
FUND BALANCES, JUNE 30				

Summer School Program for EL in Kindergarten and First Grade Reimbursement	Federally Funded Special Revenue Funds	Region IV SSVI Grant	Advanced Placement Incentives	State Instructional Materials Fund
				$600
		$20,000		6,157,850
	$1,446,136			
	1,446,136	20,000		6,158,450
	585,653	20,000		6,158,450
	202,855			
	504,675			
	108,382			
	16,307			
	5,663			
	22,601			
	1,446,136	20,000		6,158,450

SPRING 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

	State Funded Special Revenue Funds	School Activity Funds	Locally Funded Special Revenue Funds
REVENUES			
Local and intermediate sources		$2,338,378	$854,911
State program revenues	$2,780,931		
Federal program revenues			
Total Revenues	2,780,931	2,338,378	854,911
EXPENDITURES			
Current:			
Instruction	1,242,833	2,225,550	60,621
Instructional resources and media services	27		
Curriculum and staff development	325,636		118,095
Instructional leadership	169,663		178,079
School leadership			
Guidance and counseling services			
Social work			
Health services			
Student (pupil) transportation			
Child nutrition services			
Co-curricular activities			2,500
General administration			100,000
Plant maintenance and operations			102,583
Security and monitoring services	1,278,125		5,834
Data processing services			
Community services			287,199
Debt Service:			
Principal on long-term debt			
Interest on long-term debt			
Bond issuance costs and fees			
Capital Outlay:			
Facilities acquisition and construction			
Intergovernmental Charges:			
Fiscal agent/shared services arrangement			
Total Expenditures	3,016,284	2,225,550	854,911
Excess (deficiency) of revenues over (under) expenditures	(235,353)	112,828	
OTHER FINANCING SOURCES			
Sale of property			
Proceeds from capital leases			
Issuance of Bonds			
Transfers in			
Premium of Discount of Issuance of Bonds			
Transfers out			
Total Other Financing Sources			
Net change in fund balances	(235,353)	112,828	
FUND BALANCES, JULY 1	235,353	1,265,477	
FUND BALANCES, JUNE 30		$1,378,305	

Local Planet Ford Stadium	Locally Funded Scholarships	CTE Advisory Board Grants	Spring Education Foundation Grants	Total Non-Major Governmental Funds
$75,000	$256,740	$7,887	$91,871	$5,676,289
				9,073,986
				65,984,660
75,000	256,740	7,887	91,871	80,734,935
		7,287	29,011	24,529,976
				2,531,795
		600		6,601,234
				1,817,083
				166,332
			4,433	6,499,418
				192,558
				29,999
				838,837
				34,489,937
57,431			47,049	112,643
				185,446
			1,240	660,023
			138	1,291,991
	256,740		10,000	1,756,587
				155,308
				596,320
57,431	256,740	7,887	91,871	82,455,487
17,569				(1,720,552)
				96,938
				35,888
				132,826
17,569				(1,587,726)
83,678		479		18,022,202
$101,247		$479		$16,434,476

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit E-3**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CHILD NUTRITION FUND

For the Fiscal Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Local and intermediate sources	$2,075,000	$2,075,000	$2,050,902	($24,098)
State program revenues			115,205	115,205
Federal program revenues	33,925,000	33,925,000	31,272,191	(2,652,809)
Total Revenues	36,000,000	36,000,000	33,438,298	(2,561,702)
EXPENDITURES				
Child nutrition services:				
Payroll costs	14,214,490	14,214,490	13,730,832	483,658
Purchased and contracted services	257,500	257,500	274,845	(17,345)
Supplies and materials	18,951,000	20,882,424	17,790,614	3,091,810
Other operating expenses	110,400	110,400	109,820	580
Capital outlay	6,750,000	6,300,000	2,583,826	3,716,174
Plant maintenance and operations:				
Purchased and contracted services	425,000	875,000	556,200	318,800
Security and monitoring services:				
Payroll costs	9,500	9,500	7,757	1,743
Total Expenditures	40,717,890	42,649,314	35,053,894	7,595,420
Excess (deficiency) of revenues over (under) expenditures	(4,717,890)	(6,649,314)	(1,615,596)	5,033,718
OTHER FINANCING SOURCES				
Sale of property			96,938	96,938
Transfers in			35,888	35,888
Total Other Financing Sources			132,826	132,826
Net change in fund balance	(4,717,890)	(6,649,314)	(1,482,770)	5,166,544
FUND BALANCE, JULY 1	16,437,215	16,437,215	16,437,215	
FUND BALANCE, JUNE 30	$11,719,325	$9,787,901	$14,954,445	$5,166,544

Compliance Schedules

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

SPRING INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

For the Fiscal Year Ended June 30, 2025

Year Ended June 30	Tax Rates		Actual Taxable Value For School Tax Purposes	Beginning Balance 7/1/2024
	Maintenance	Debt Service		
2016 and prior years	Various	Various	Various	$1,191,640
2017	1.04000	0.42996	11,673,757,226	272,173
2018	1.04000	0.47000	12,563,178,654	382,510
2019	1.06000	0.45000	13,098,329,077	364,140
2020	0.97000	0.46000	14,340,088,297	435,277
2021	0.93430	0.45000	15,414,173,041	558,088
2022	0.90280	0.41000	16,227,963,611	651,569
2023	0.85460	0.40000	18,552,123,023	1,191,637
2024	0.66920	0.44000	19,319,294,926	4,745,698
2025	0.66690	0.44000	19,984,317,481	
				$9,792,732

Taxes Paid into Tax Increment Reinvestment Zone Under Chapter 311, Tax Code.

Exhibit F-1

Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 6/30/2025	Total Taxes Under Section 26.1115(c)
	$38,833	$15,319	($68,592)	$1,068,896	
	(847)	2,024	(5,985)	265,011	
	745	3,680	(7,647)	370,438	
	7,748	4,597	(3,311)	348,484	
	9,949	11,729	(8,471)	405,128	
	42,352	33,143	39	482,632	
	(2,858)	86,662	(65,847)	501,918	
	(113,805)	185,262	(319,943)	800,237	
	(3,490,755)	1,325,210	(5,516,709)	1,394,534	
$213,170,441	125,763,604	82,974,938		4,431,899	
$213,170,441	$122,254,966	$84,642,564	($5,996,466)	$10,069,177	

Add: Penalties & Interest Receivable	5,016,619
Total Taxes Receivable	$15,085,796

Maintenance and Operations	$70,920
Interest and Sinking Fund	46,790
	$117,710

$1,641,013

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit F-2**

SCHEDULE OF COMPENSATORY EDUCATION PROGRAM
AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
For the Year Ended June 30, 2025

Data Codes	**Section A: Compensatory Education Programs**	**Responses**
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes - Spring ISD Education Department General Administrative Regulations Section 2.1.5
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	$41,085,395
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	$22,715,659
Data Codes	**Section B: Bilingual Education Programs**	**Responses**
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes - Spring ISD Education Department General Administrative Regulations Section 2.1.5
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$6,986,919
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25)	$3,950,578

STATISTICAL SECTION

STATISTICAL Section

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Statistical Section

Statistical tables are used to provide detailed data on the physical, economic, social and political characteristics of a government. They are intended to provide financial report users with a broader and more complete understanding of the government and its financial affairs than is possible from the basic financial statements. The information is provided in five categories.

Financial Trends Information
Intended to assist users in understanding and assessing how a District's financial position has changed over time.

Revenue Capacity Information
Intended to assist users in understanding and assessing the factors affecting the District's ability to generate its own-source revenues.

Debt Capacity Information
Intended to assist users in understanding and assessing the District's debt burden and its ability to issue additional debt.

Demographic and Economic Information
Intended to assist users in understanding the socioeconomic environment within which the District operates and to provide information that facilitates comparisons of financial statement information over time and among other school districts.

Operating Information
Intended to provide contextual information about the District's operations and resources to assist readers in using financial statement information to understand and assess the District's economic condition.

The District's statistical tables usually cover ten fiscal years and often present data from outside the accounting records. The source of information is from District data found in this report, unless indicated otherwise. The tables are unaudited due to the nature of the information contained therein.

SPRING INDEPENDENT SCHOOL DISTRICT

NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2025	2024	2023	2022
Governmental Activities:				
Net investment in capital assets	$136,306,356	$98,119,405	$63,213,532	$53,196,521
Restricted	135,382,724	122,595,482	101,707,993	74,043,967
Unrestricted	(160,949,303)	(147,190,859)	(148,282,533)	(134,869,363)
Total Primary Government Net Position	$110,739,777	$73,524,028	$16,638,992	($7,628,875)

(1) The District implemented GASB Statement No. 75 in 2018. The effects of this statement were not applied to previous years.

Source: District Financial Statements

Table 1

2021	2020	2019	2018 (1)	2017	2016
$44,534,372	$39,605,746	$34,470,958	$23,310,013	$17,833,453	$4,148,051
66,374,930	61,475,271	60,241,147	55,052,320	47,249,154	45,657,215
(153,236,840)	(120,140,381)	(104,949,713)	(113,534,263)	52,903,402	61,418,605
($42,327,538)	($19,059,364)	($10,237,608)	($35,171,930)	$117,986,009	$111,223,871

SPRING INDEPENDENT SCHOOL DISTRICT

CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2025	2024	2023	2022
Expenses:				
Governmental Activities:				
Instruction	$218,923,171	$263,753,814	$259,167,126	$220,175,209
Instructional resources and media services	3,227,257	4,406,573	5,066,614	4,615,823
Curriculum and staff development	12,905,616	22,636,552	18,487,466	11,935,152
Instructional leadership	15,397,015	17,199,880	12,851,002	11,205,026
School leadership	26,999,495	30,277,343	28,917,968	25,264,998
Guidance and counseling services	24,157,095	21,861,931	18,665,978	17,211,689
Social work services	427,690	431,383	542,364	525,049
Health services	3,212,853	3,624,928	3,197,802	3,669,990
Student (pupil) transportation	17,738,721	18,822,286	19,392,732	16,541,610
Child nutrition services	33,746,483	35,672,914	28,536,044	25,527,350
Co-curricular activities	10,049,342	9,735,793	9,548,654	8,975,684
General administration	21,942,182	24,835,902	19,385,111	25,208,029
Plant maintenance and operations	41,596,227	43,931,285	44,424,836	40,412,128
Security and monitoring services	3,460,206	11,325,005	9,686,844	7,765,391
Data processing services	23,965,065	13,506,557	12,800,593	10,591,797
Community services	3,380,312	2,603,625	1,671,907	1,865,917
Interest and fiscal charges	42,483,855	35,206,559	30,257,678	25,849,923
Fiscal agent/shared services arrangement	596,320	562,347	146,823	66,584
Alternative education	130,413	37,200	9,100	82,800
Payments to tax increment fund	1,641,013	1,328,579	1,224,712	1,061,489
Other intergovernmental charges	1,558,946	1,746,195	1,596,075	1,506,040
Total Primary Government Expense	507,539,277	563,506,651	525,577,429	460,057,678
Program Revenues:				
Governmental Activities:				
Charges for Services:				
Instructional	9,896,965	12,293,687	9,856,229	3,997,398
Child nutrition services	1,266,194	1,212,542	1,234,610	1,169,994
Co-curricular activities	612,545	693,529	617,720	452,200
General administration	12,262,362	14,297,850	12,383,705	4,422,280
Other activities	1,246,812	1,470,272	1,071,224	451,649
Operating Grants and Contributions	92,210,207	160,540,619	133,511,672	117,182,744
Total Primary Government Program Revenues	117,495,085	190,508,499	158,675,160	127,676,265
Net Expense				
Total Primary Government Expense	(390,044,192)	(372,998,152)	(366,902,269)	(332,381,413)
General Revenues and Other Changes in Net Position:				
Governmental Activities:				
Property taxes - maintenance & operations	123,491,382	119,248,036	152,897,184	140,010,682
Property taxes - debt service	85,257,999	82,452,047	73,660,999	65,272,013
State aid - formula grants	188,868,002	186,425,017	141,300,386	148,074,288
Other grants and contributions not restricted	6,618,283	12,867,509	9,068,748	11,169,164
Investment earnings	20,728,837	24,545,548	11,602,166	369,840
Miscellaneous	2,137,336	4,345,031	2,640,653	2,184,089
Total Primary Government General Revenues	427,101,839	429,883,188	391,170,136	367,080,076
Change in Net Position				
Total Primary Government	$37,057,647	$56,885,036	$24,267,867	$34,698,663

(1) The District implemented GASB Statement No. 75 in 2018. The effects of this statement were not applied to previous years.

Source: District Financial Statements

Table 2

2021	2020	2019	2018 (1)	2017	2016
$241,835,471	$243,666,374	$221,328,291	$147,616,967	$211,131,031	$220,917,996
4,885,731	4,930,008	4,746,773	2,115,612	3,043,969	3,235,183
10,982,336	9,930,777	8,358,199	5,563,655	4,972,034	5,606,097
10,856,861	11,239,721	11,053,479	6,233,209	7,838,131	5,962,640
25,969,486	26,281,214	24,203,136	12,545,997	20,669,023	20,413,179
18,184,082	18,285,681	15,180,620	8,635,608	13,370,399	12,792,143
581,707	580,413	589,023	365,591	303,548	314,552
4,197,976	3,382,338	3,113,606	1,726,200	2,980,482	2,925,458
15,390,325	15,900,731	17,907,605	12,885,874	15,056,419	14,235,282
21,299,498	25,974,075	27,487,164	21,815,052	25,691,944	25,592,851
8,484,198	7,285,082	7,430,235	5,301,056	7,074,286	6,680,008
12,821,302	13,253,838	12,581,802	9,084,446	13,334,190	13,059,842
46,568,629	40,753,335	35,338,383	29,021,983	33,302,336	32,486,203
7,431,619	7,213,046	6,550,805	4,610,893	5,791,838	5,864,048
10,380,293	10,699,787	9,161,986	5,768,085	5,572,716	5,943,976
1,780,791	1,756,214	1,558,176	666,657	1,661,245	926,728
28,670,657	30,415,744	29,010,433	29,153,091	25,199,003	21,050,064
9,945	7,900	18,816	15,469	28,503	27,521
59,400	17,000	64,800		118,800	78,158
1,003,490	919,413	695,707	596,952	579,271	482,378
1,486,559	1,466,198	1,411,069	1,339,461	1,214,247	1,121,057
472,880,356	473,958,889	437,790,108	305,061,858	398,933,415	399,715,364
968,644	1,635,157	2,222,661	2,027,060	48,404	48,072
386,308	1,346,502	1,966,665	2,408,198	3,068,031	2,196,779
206,110	220,068	255,066	247,280	263,884	285,741
49,633	38,663	55,896	51,220	37,915	80,277
47,644	215,109	373,164	382,300	648,531	590,901
80,495,501	93,473,848	78,609,832	6,431,240	65,740,349	72,127,697
82,153,840	96,929,347	83,483,284	11,547,298	69,807,114	75,329,467
(390,726,516)	(377,029,542)	(354,306,824)	(293,514,560)	(329,126,301)	(324,385,897)
140,078,372	135,310,984	134,664,416	126,691,937	119,015,698	106,369,843
68,715,087	65,504,269	58,043,198	59,511,740	50,871,222	45,356,178
152,554,943	154,977,374	166,425,430	156,300,370	158,023,522	182,341,681
4,823,625	5,979,622	11,029,559	6,758,467	5,900,326	4,520,515
249,295	4,807,782	7,955,011	4,429,999	1,463,330	412,127
969,398	1,627,755	1,123,532	558,291	614,341	816,892
367,390,720	368,207,786	379,241,146	354,250,804	335,888,439	339,817,236
($23,335,796)	($8,821,756)	$24,934,322	$60,736,244	$6,762,138	$15,431,339

SPRING INDEPENDENT SCHOOL DISTRICT

FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	2025	2024	2023	2022
General Fund:				
Non-spendable	$8,921,414	$9,380,564	$10,193,642	$8,539,010
Committed	500,000	500,000	500,000	5,000,000
Assigned	11,175,995	11,492,582	43,865,982	40,796,750
Unassigned	74,547,347	81,096,338	37,862,584	58,186,196
Total General Fund	$95,144,756	$102,469,484	$92,422,208	$112,521,956
All Other Governmental Funds:				
Non-spendable	$1,464,567	$702,051	$989,674	$337,724
Restricted	330,891,327	403,813,496	417,760,802	88,767,427
Committed	1,378,305	1,265,479	1,284,821	1,183,693
Assigned	73,255	334,539	714,846	2,150,957
Unassigned	(25,947)	(19,178)		
Total All Other Governmental Funds	$333,781,507	$406,096,387	$420,750,143	$92,439,801

Source: District Financial Statements

Table 3

2021	2020	2019	2018	2017	2016
$7,247,687	$6,770,541	$5,025,849	$4,523,146	$4,208,233	$4,272,366
5,000,000	5,000,000	5,000,000			
41,836,403	45,676,543	45,852,355	47,963,096	46,630,423	44,637,583
48,490,220	65,300,238	70,031,772	53,747,813	49,667,312	51,325,204
$102,574,310	$122,747,322	$125,909,976	$106,234,055	$100,505,968	$100,235,153
$90,539	$37,000	$74,000			
87,027,639	114,894,548	236,827,581	$254,461,903	$277,585,903	$55,811,059
1,128,893	1,167,389	1,194,333	1,209,526	993,155	1,003,793
4,893,220	13,941,396	8,827,025	6,375,903	4,038,323	5,922,193
$93,140,291	$130,040,333	$246,922,939	$262,047,332	$282,617,381	$62,737,045

SPRING INDEPENDENT SCHOOL DISTRICT

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	2025	2024	2023	2022
REVENUES:				
Local Revenues:				
Property taxes	$208,344,591	$202,032,460	$225,558,880	$205,919,006
Tuition and fees	337,849	136,983	150,396	129,254
Earnings on investments	20,728,837	24,545,548	11,602,165	369,840
Food sales	1,266,194	1,212,542	1,234,610	1,169,994
Other local	6,091,775	5,857,801	5,301,584	3,854,568
Total Local Revenues	236,769,246	233,785,334	243,847,635	211,442,662
State Revenues	232,130,784	234,895,572	177,162,764	171,688,987
Federal Intergovernmental Revenues	68,465,283	132,788,227	118,228,822	103,347,896
Total Revenues	537,365,313	601,469,133	539,239,221	486,479,545
EXPENDITURES:				
Current:				
Instruction	216,293,917	239,656,264	250,725,039	216,562,431
Instructional resources and media services	3,258,464	3,652,645	4,458,582	4,127,863
Curriculum and staff development	12,766,284	21,048,893	18,189,214	12,023,251
Instructional leadership	8,736,332	11,924,158	11,996,355	10,911,436
School leadership	26,361,127	27,752,939	27,909,210	25,869,648
Guidance and counseling services	23,710,131	20,229,023	18,356,723	17,697,532
Social work services	406,203	399,893	518,036	536,151
Health services	3,128,395	3,304,249	3,094,259	3,064,908
Student (pupil) transportation	26,168,950	17,443,466	17,180,452	15,273,698
Child nutrition services	34,823,737	34,374,424	26,605,322	23,679,948
Co-curricular activities	6,910,898	7,618,720	7,523,059	7,108,876
General administration	13,782,977	14,302,944	13,815,864	12,305,254
Plant maintenance and operations	34,871,646	36,518,968	33,761,319	32,481,751
Security and monitoring services	34,014,110	15,248,350	7,388,906	7,715,897
Data processing services	18,389,484	10,424,585	12,403,556	8,135,556
Community services	2,441,371	1,881,183	1,587,522	1,815,957
Debt Service:				
Principal on long-term debt	44,743,838	37,512,128	38,330,859	35,343,911
Interest on long-term debt	38,258,177	39,806,033	28,674,292	30,393,149
Bond issuance costs and fees	3,261,553		2,169,059	1,932,175
Capital Outlay:				
Facilities acquisition and construction	68,926,340	43,736,340	7,089,030	4,598,796
Intergovernmental Charges:				
Fiscal agent/shared services arrangement	596,320	562,347	146,823	66,584
Alternative education	130,413	37,200	9,100	82,800
Payments to tax increment fund	1,641,013	1,328,579	1,224,712	1,061,489
Other governmental charges	1,558,946	1,746,195	1,596,075	1,506,040
Total Expenditures	625,180,626	590,509,526	534,753,368	474,295,101
Excess (deficiency) of revenues over (under) expenditures	(87,815,313)	10,959,607	4,485,853	12,184,444
OTHER FINANCING SOURCES (USES):				
Refunding bonds issued				35,590,000
Issuance of capital related bonds			293,460,000	
Sale of property	255,165	183,438	148,613	304,518
Issuance of leases	885,847	502,497		
Transfers in	47,110	36,167	13,017,980	43,802
Premium on issuance of bonds	4,932,271		21,658,738	2,461,375
Sale of bonds	58,025,000			
Transfers out	(11,544,203)	(16,288,189)	(24,560,589)	(3,758,317)
Payment to refunded bond escrow agent	(44,425,485)			(37,578,666)
Total Other Financing Sources (Uses)	8,175,705	(15,566,087)	303,724,742	(2,937,288)
Special item - Sale of land				
Net Change in Fund Balances	($79,639,608)	($4,606,480)	$308,210,595	$9,247,156
Debt Service (Principal and Interest) as a Percentage of Non-Capital Expenditures	17.2%	14.6%	13.0%	14.0%

Source: District Financial Statements

Table 4

2021	2020	2019	2018	2017	2016
$207,348,351	$199,511,861	$193,885,187	$185,527,945	$169,287,132	$155,187,053
125,863	146,443	123,645	135,892	437,059	430,369
249,295	4,807,782	7,955,011	4,429,999	1,463,330	412,127
386,308	1,346,502	1,966,665	2,408,198	3,068,031	2,196,779
1,928,890	3,456,688	4,088,811	3,674,050	3,491,215	3,676,710
210,038,707	209,269,276	208,019,319	196,176,084	177,746,767	161,903,038
175,834,707	182,624,952	184,815,037	179,467,184	177,549,053	209,506,721
60,193,466	56,434,206	62,015,918	54,432,854	46,553,731	39,229,885
446,066,880	448,328,434	454,850,274	430,076,122	401,849,551	410,639,644
226,689,870	214,555,096	197,029,228	206,956,086	195,033,653	200,546,743
4,143,704	3,940,249	3,880,598	2,518,337	2,504,371	2,689,866
10,658,432	9,130,201	7,986,199	6,357,513	4,873,373	5,504,635
10,088,234	10,081,730	10,152,284	9,398,857	7,470,612	5,680,390
25,001,501	23,453,378	21,997,446	19,772,204	19,496,626	19,238,474
17,739,171	16,716,594	14,026,345	12,980,559	12,797,529	12,210,714
578,041	564,413	576,023	387,586	302,597	313,452
4,083,244	2,997,281	2,806,560	2,776,430	2,835,301	2,754,207
15,010,329	14,167,968	15,375,207	23,081,943	13,628,775	12,348,694
18,866,642	22,997,677	24,915,309	22,746,701	23,290,317	23,332,751
6,386,671	5,750,449	5,986,327	5,378,851	5,773,869	5,299,320
12,111,734	12,184,705	11,779,127	12,009,524	12,941,353	12,950,792
33,204,735	29,326,821	27,018,538	27,522,222	27,458,145	26,592,099
11,035,282	16,325,289	9,763,112	6,270,488	5,575,720	5,617,725
9,700,488	9,459,386	9,226,120	14,169,807	6,536,059	5,464,521
1,656,221	1,531,415	1,387,062	1,194,392	1,554,830	901,088
32,220,032	30,336,891	27,332,699	22,634,253	26,271,425	23,545,401
32,293,062	34,113,004	31,115,975	31,120,850	23,218,843	22,730,381
23,045	329,071	854,133	13,499,210	3,811,456	1,135,183
29,313,835	110,524,380	132,948,552	14,242,697	11,676,145	5,028,236
9,945	7,900	18,816	15,469	28,503	27,521
59,400	17,000	64,800		118,800	78,158
1,003,490	919,413	695,707	596,952	579,271	482,378
1,486,559	1,466,198	1,411,069	1,339,461	1,214,247	1,121,057
503,363,667	570,896,509	558,347,236	456,970,392	408,991,820	395,593,786
(57,296,787)	(122,568,075)	(103,496,962)	(26,894,270)	(7,142,269)	15,045,858
	29,425,000		64,000,000	80,120,000	136,870,000
		98,070,000		198,715,000	
156,111	12,260	167,711	47,284	28,252	71,636
	49,296			195,862	
373,247	10,380,610	8,093,502	3,120,783	3,516,336	6,235,493
	4,446,084	9,810,779	9,494,707	40,881,138	26,435,542
(373,247)	(10,380,610)	(8,093,502)	(3,120,783)	(3,516,336)	(6,235,493)
	(33,544,065)		(61,489,683)	(92,646,832)	(164,808,652)
156,111	388,575	108,048,490	12,052,308	227,293,420	(1,431,474)
	2,134,240				
($57,140,676)	($120,045,260)	$4,551,528	($14,841,962)	$220,151,151	$13,614,384
13.7%	14.3%	13.9%	12.6%	12.5%	11.9%

SPRING INDEPENDENT SCHOOL DISTRICT **Table 5**

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30	Assessed Value						Less: Exemptions	Actual Taxable Value	Total Direct Rate (1)
	Residential	Commercial Industrial and Multi-Family	Acreage	Vacant Lots and Tracts	Utilities	Mineral Reserves			
2025	$12,237,919,474	$12,813,074,123	$51,276,635	$452,966,225	$263,893,244	$19,135,518	$5,853,947,738	$19,984,317,481	$1.10690
2024	11,431,386,118	12,739,448,674	67,623,229	456,238,024	228,383,170	22,727,414	5,626,411,703	19,319,394,926	1.10920
2023	9,825,843,037	11,463,512,556	85,924,818	436,190,447	209,066,128	14,312,445	3,482,726,408	18,552,123,023	1.25460
2022	8,287,672,440	10,043,197,921	69,237,209	397,595,313	184,390,964	13,375,296	2,767,505,532	16,227,963,611	1.31280
2021	7,541,517,724	9,979,377,009	64,065,163	401,726,041	171,743,065	12,324,839	2,756,580,800	15,414,173,041	1.38430
2020	7,023,012,640	9,353,736,102	58,648,695	406,952,597	157,363,944	10,421,808	2,670,047,489	14,340,088,297	1.43000
2019	6,375,054,709	8,607,541,644	46,726,300	439,131,028	146,575,435	4,045,995	2,520,746,034	13,098,329,077	1.51000
2018	6,152,394,247	8,229,643,312	85,904,275	370,605,827	140,507,169	4,526,389	2,420,402,565	12,563,178,654	1.51000
2017	5,601,039,376	7,824,949,989	73,182,472	342,882,280	138,538,932	4,618,741	2,311,454,564	11,673,757,226	1.46996
2016	5,161,812,169	7,167,888,407	62,714,427	314,362,865	132,022,815	9,685,109	2,210,629,962	10,637,855,830	1.46996

(1) Tax rates are per $100 of actual taxable value.

Source: Harris Central Appraisal District provides the District's tax office with appraised values for properties within the District's taxing authority. Assessed value equals appraised value. Assessed value less exemptions equals actual taxable value. Actual taxable value times the tax rate set by the District's Board of Trustees each fall equals the tax levy.

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SPRING INDEPENDENT SCHOOL DISTRICT

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER $100 OF ACTUAL TAXABLE VALUE)
Last Ten Fiscal Years
(Unaudited)

	2025	2024	2023	2022
Bammel UD	$0.37	$0.35	$0.37	$0.37
CNP UD	0.29	0.29	0.26	0.26
Cypresswood UD	0.32	0.29	0.31	
Fountainhead MUD	0.42	0.45	0.45	
Harris County (Includes Harris County Flood Control District)	0.43	0.38	0.37	0.41
Harris County Department of Education	0.00	0.01	0.00	0.00
Harris County Hospital District	0.16	0.14	0.15	0.16
Harris County ID #18	1.62	0.95	0.95	1.00
Harris County MUD #5	0.75	0.77	0.83	0.90
Harris County MUD #16	0.55	0.50	0.56	0.57
Harris County MUD #36	0.13	0.14	0.15	0.17
Harris County MUD #43	0.55	0.56	0.44	0.47
Harris County MUD #44	0.28	0.22	0.23	0.25
Harris County MUD #58	0.63	0.63	0.63	0.68
Harris County MUD #82	0.98	0.68	0.68	0.68
Harris County MUD #86	0.59	0.59	0.60	0.62
Harris County MUD #96	0.57	0.61	0.65	0.68
Harris County MUD #150	0.47	0.51	0.57	0.61
Harris County MUD #154	0.55	0.55	0.57	0.59
Harris County MUD #189	0.56	0.50	0.45	0.45
Harris County MUD #200	0.63	0.56	0.57	0.58
Harris County MUD #205	0.57	0.52	0.52	0.25
Harris County MUD #211	0.37	0.40	0.40	0.40
Harris County MUD #215	0.50	0.50	0.50	0.50
Harris County MUD #217	0.69	0.80	0.88	0.98
Harris County MUD #221	0.31	0.32	0.35	0.37
Harris County MUD #233	0.52	0.55	0.60	0.62
Harris County MUD #249	0.71	0.73	0.75	0.77
Harris County MUD #304	0.65	0.65	0.67	0.75
Harris County MUD #399	0.70	0.71	0.79	0.84
Harris County UD #16	0.64	0.64	0.67	0.69
Harris County WCID #91	0.25	0.25	0.25	0.27
Harris County WCID #92	0.13	0.21	0.13	0.14
Harris County WCID #99	0.16	0.16	0.16	0.16
Harris County WCID #109	0.22	0.23	0.23	0.25
Harris County WCID #110	0.32	0.32	0.33	0.36
Harris County WCID #132	0.29	0.29	0.30	
Harris County WCID #136	0.70	0.72	0.75	0.80
Houston, City of	0.52	0.52	0.53	0.55
Hunter's Glen MUD	0.61	0.65	0.66	
Inverness Forest ID	0.40	0.41	0.43	0.43
Lone Star College	0.11	0.11	0.11	0.11
Meadowhill Regional MUD	0.55	0.69	0.62	
North Forest MUD	0.75	0.40	0.26	0.51
North Park PUD	0.25	0.25	0.25	0.27
Northgate Crossing MUD #1	0.87	0.87	0.88	0.97
Northgate Crossing MUD #2	0.69	0.75	0.78	0.87
Northgate Crossing Rd. UD	0.09	0.09	0.09	0.11
Northwest Harris County MUD #20	0.19	0.56	0.21	0.24
Northwest Harris County MUD #21	0.49	0.47	0.21	0.23
Northwest Harris County MUD #22	0.59	0.59	0.60	0.64
Northwest Harris County MUD #23	0.73	0.73	0.73	0.75
Pine Forest MUD	0.93	0.93	0.93	
Ponderosa Forest UD	0.10	0.10	0.99	0.10
Port of Houston Authority	0.01	0.01	0.01	0.01
Postwood MUD	0.42	0.43	0.44	0.45
Rankin Road West MUD	0.88	0.87	0.89	0.91
Spring West MUD	0.67	0.69	0.71	0.73
Tattor Road MUD	0.47	0.47	0.51	0.55
Timber Lane UD	0.81	0.82	0.84	0.89
Westador MUD	0.14	0.25	0.16	0.17
Spring ISD Direct Rates:				
Maintenance & Operations	$0.66690	$0.66920	$0.85460	$0.90280
Debt Service	0.44000	0.44000	0.40000	0.41000
Total District Direct Rates	$1.10690	$1.10920	$1.25460	$1.31280

Note: An individual resident of Spring Independent School District resides in only one utility district. Therefore, the total taxes applicable to the individual resident are significantly less than the sum of the tax rates shown. Assessed value less exemptions equals actual taxable value.

Source: Municipal Advisory Council of Texas, Harris County Tax Office

Table 6

2021	2020	2019	2018	2017	2016
$0.37	$0.37	$0.37	$0.37	$0.37	$0.40
0.28	0.28	0.28	0.28	0.28	0.30
0.42	0.44	0.45	0.45	0.45	0.45
0.00	0.01	0.01	0.01	0.01	0.01
0.17	0.17	0.17	0.17	0.17	
0.98	1.73	1.42	1.49	1.67	1.50
1.05	1.05	1.05	1.11	1.17	1.24
0.57	0.58	0.59	0.59	0.67	0.69
0.62	0.22	0.22	0.24	0.25	0.25
0.48	0.50	0.50	0.50	0.50	0.50
0.25	0.41	0.41	0.41	0.41	0.41
0.73	1.03	0.70	0.70	0.77	0.85
0.68	0.68	0.68	0.68	0.69	0.70
0.62	0.64	0.64	0.64	0.65	0.70
0.75	0.79	0.85	0.90	1.10	1.16
0.65	0.69	0.70	0.72	0.76	0.84
0.63	0.65	0.67	0.69	0.76	0.78
0.38	0.39	0.39	0.39	0.42	0.49
0.58	0.59	0.59	0.59	0.61	0.62
0.25	0.25	0.25	0.25	0.35	0.35
0.40	0.50	0.56	0.56	0.56	0.57
0.50	0.50	0.50	0.50	0.50	0.50
1.04	1.14	1.20	1.26	1.31	1.34
0.37	0.39	0.42	0.43	0.44	0.47
0.62	0.64	0.64	0.68	0.70	0.79
0.78	0.78	0.78	0.80	0.82	0.84
0.77	0.79	0.80	0.80	0.81	0.81
0.97	0.99	1.03	1.07	1.07	1.09
0.77	0.81	0.84	0.92	0.99	1.10
0.28	0.29	0.29	0.25	0.33	0.36
0.15	0.15	0.15	0.12	0.15	0.15
0.00	0.37	0.37		0.37	
0.25	0.25	0.25	0.25	0.25	0.25
0.37	0.39	0.40	0.43	0.43	0.44
0.44	0.83	0.83	0.79	0.79	0.74
0.56	0.57	0.59	0.58	0.59	0.60
0.44	0.44	0.44	0.44	0.46	0.50
0.11	0.11	0.11	0.11	0.11	0.11
0.55	0.60	0.62		0.72	
0.27	0.28	0.32	0.35	0.36	0.37
0.98	0.98	0.97	0.99	1.13	1.13
0.87	0.87	0.87	0.87	0.87	0.89
0.11	0.12	0.12	0.13	0.20	0.20
0.25	0.25	0.25	0.25	0.25	0.25
0.22	0.24	0.24	0.24	0.24	0.24
0.70	0.78	0.81	0.83	0.84	0.85
0.76	0.76	0.76	0.77	0.80	0.84
0.10	0.10	0.10	0.10	0.10	0.10
0.01	0.01	0.01	0.01	0.01	0.01
0.38	0.39	0.37	0.38	0.40	0.43
0.89	0.95	1.00	1.00	1.04	1.13
0.73	0.74	0.74	0.79	0.82	0.82
0.57	0.59	0.59	0.59	0.60	0.64
0.89	0.89	0.92	0.92	0.92	0.95
0.17	0.17	0.17	0.17	0.17	0.17
$0.93430	$0.97000	$1.06000	$1.04000	$1.04000	$1.04000
0.45000	0.46000	0.45000	0.47000	0.42996	0.42996
$1.38430	$1.43000	$1.51000	$1.51000	$1.46996	$1.46996

SPRING INDEPENDENT SCHOOL DISTRICT **Table 7**

PRINCIPAL TAXPAYERS

Current Year and Nine Years Ago

(Unaudited)

	2025			2016		
	Actual Taxable Value (1)	Rank	Percentage of Total Actual Taxable Value (2)	Actual Taxable Value (1)	Rank	Percentage of Total Actual Taxable Value (3)
Palmetto Transoceanic LLC	$1,062,328,996	1	5.32%	$1,130,069,813	1	10.62%
CenterPoint Energy, Inc.	169,418,520	2	0.85%	68,468,179	5	0.64%
10000 Energy Drive Owner LP	159,403,614	3	0.80%			
USODP Mossy Oaks LLC	156,251,809	4	0.78%			
HP Plaza SPV LLC	134,377,293	5	0.67%			
Springwoods 4A, Inc.	113,370,487	6	0.57%			
HP, Inc.	110,369,851	7	0.55%			
Houston Pipeline Company LP	103,455,113	8	0.52%	77,189,937	4	0.73%
Liberty Property	94,175,836	9	0.47%			
EAN Holdings LLC	90,549,047	10	0.45%			
Southwestern Energy Company				152,818,640	2	1.44%
Houston NW Manager LLC (4)				97,910,794	3	0.92%
Cardinal Health				66,838,570	6	0.63%
Sempra Energy Trading LLC				56,024,473	7	0.53%
Springwoods Realty Company				55,492,747	8	0.52%
Springwoods Residential LP				45,000,000	9	0.42%
Wal-Mart Stores, Inc.				44,496,994	10	0.42%
	$2,193,700,566		10.98%	$1,794,310,147		16.87%

(1) Assessed value equals appraised value. Assessed value less exemptions equals actual taxable value.
(2) Actual taxable value: $19,984,317,481
(3) Actual taxable value: $10,637,855,830
(4) Houston Northwest Medical Center, Inc. acquired by Houston NW Manager LLC (parent company HCA Healthcare) in 2017.

Source: Harris Central Appraisal District provides the District's tax office with appraised values for properties within the District's taxing authority.

SPRING INDEPENDENT SCHOOL DISTRICT **Table 8**

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30	Net Tax Levy for the Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Net Tax Levy		Amount	Percent of Total Tax Collections To Net Tax Levy
2025	$213,170,441	$208,738,542	97.92%		$208,738,542	97.92%
2024	202,354,050	203,125,061	100.38%	($2,165,545)	200,959,516	99.31%
2023	222,798,876	224,423,378	100.73%	(2,424,739)	221,998,639	99.64%
2022	205,211,871	205,026,164	99.91%	(316,212)	204,709,952	99.76%
2021	204,994,488	205,055,381	100.03%	(543,527)	204,511,854	99.76%
2020	198,789,782	198,244,240	99.73%	140,414	198,384,654	99.80%
2019	191,988,233	190,998,714	99.48%	641,036	191,639,750	99.82%
2018	184,598,912	183,388,547	99.34%	839,927	184,228,474	99.80%
2017	167,533,652	166,826,072	99.58%	442,569	167,268,641	99.84%
2016	153,556,222	151,989,138	98.98%	1,321,992	153,311,130	99.84%

(1) Assessed value equals appraised value. Assessed value less exemptions equals actual taxable value. The beginning actual taxable value net of adjustments times the tax rate set by the District's Board of Trustees each fall equals the total net tax levy. The net tax levy for prior years reflects ongoing adjustments applied to that year's tax levy.

Source: Harris Central Appraisal District provides the District's tax office with appraised values for properties within the District's taxing authority.

SPRING INDEPENDENT SCHOOL DISTRICT

Table 9

OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30	Governmental Activities		Total Primary Government	Ratio of Debt to Actual Taxable Value (1)	Debt per ADA (2)	Debt per Capita (2)	Percentage of Personal Income (2)
	General Obligation Bonds	Leases and SBITAs (3)					
2025	$911,650,326	$1,061,975	$912,712,301	4.57%	$30,723		
2024	949,810,513	611,636	950,422,149	4.92%	31,921	$190	
2023	991,462,428	905,763	992,368,191	5.35%	33,321	205	0.28%
2022	719,147,781	534,315	719,682,096	4.43%	25,109	151	0.21%
2021	762,319,003	34,858	762,353,861	4.95%	25,025	161	0.24%
2020	799,040,030	89,890	799,129,920	5.57%	24,746	169	0.29%
2019	834,924,956	87,485	835,012,441	6.37%	25,793	177	0.30%
2018	759,768,762	125,184	759,893,946	6.05%	23,129	163	0.28%
2017	782,418,731	159,437	782,578,168	6.70%	23,419	168	0.31%
2016	579,568,523		579,568,523	5.45%	17,226	125	0.25%

(1) See Table 5 for actual taxable value data.
(2) See Table 13 for average daily attendance (ADA), population, and income information. Personal income data not available for 2024 or 2025.
(3) Due to the implementation of GASB 96 Subscription Based Information Technology Arrangements is now included beginning 2023.

SPRING INDEPENDENT SCHOOL DISTRICT **Table 10**

RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30	General Obligation Bonds (1)	Less Restricted for Retirement of Bonded Debt (2)	Net Bonded Debt	Ratio of Debt to Actual Taxable Value (3)	Debt per ADA (4)
2025	$911,650,326	$120,326,553	$791,323,773	3.95%	$26,637
2024	949,810,513	105,838,760	843,971,753	4.36%	28,346
2023	991,462,428	85,763,971	905,698,457	4.88%	30,411
2022	719,147,781	64,660,535	654,487,246	4.03%	22,835
2021	762,319,003	64,006,643	698,312,360	4.53%	22,923
2020	799,040,030	58,519,094	740,520,936	5.16%	22,931
2019	834,924,956	55,155,253	779,769,703	5.95%	24,087
2018	759,768,762	51,543,328	708,225,434	5.63%	21,557
2017	782,418,731	44,289,128	738,129,603	6.32%	22,089
2016	579,568,523	43,214,174	536,354,349	5.04%	15,942

(1) Details regarding the District's outstanding debt can be found in the Notes to the Basic Financial Statements, Note 8.
(2) This is the amount restricted for debt service on the government-wide financial statements, Exhibit A-1.
(3) See Table 5 for actual taxable value data.
(4) See Table 13 for student average daily attendance (ADA) data.

SPRING INDEPENDENT SCHOOL DISTRICT **Table 11**
COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT **Page 1 of 2**
As of June 30, 2025
(Unaudited)

Taxing Body	Gross Debt Amount	Percent Overlapping (1)	Share of Debt
Bammel UD	$16,555,000	100.00%	$16,555,000
CNP UD	41,925,000	100.00%	41,925,000
Cypresswood UD	5,860,000	0.12%	7,032
Fountainhead MUD	6,795,000	27.53%	1,870,664
Harris County	2,424,019,039	3.02%	73,205,375
Harris County Department of Education	28,960,000	3.02%	874,592
Harris County Flood Control District	968,445,000	3.02%	29,247,039
Harris County Hospital District	867,820,000	3.02%	26,208,164
Harris County ID #18	96,480,000	100.00%	96,480,000
Harris County ID #18	117,035,000	99.99%	117,023,297
Harris County MUD #5	28,490,000	50.22%	14,307,678
Harris County MUD #16	7,905,000	100.00%	7,905,000
Harris County MUD #43	23,120,000	100.00%	23,120,000
Harris County MUD #44	3,000,000	100.00%	3,000,000
Harris County MUD #58	2,615,000	100.00%	2,615,000
Harris County MUD #82	12,340,000	100.00%	12,340,000
Harris County MUD #82	82,200,000	100.00%	82,200,000
Harris County MUD #86	6,110,000	92.74%	5,666,414
Harris County MUD #96	16,925,000	99.77%	16,886,073
Harris County MUD #150	16,330,000	64.95%	10,606,335
Harris County MUD #154	12,120,000	79.53%	9,639,036
Harris County MUD #189	17,675,000	100.00%	17,675,000
Harris County MUD #200	18,350,000	100.00%	18,350,000
Harris County MUD #205	3,600,000	100.00%	3,600,000
Harris County MUD #211	1,315,000	100.00%	1,315,000
Harris County MUD #217	2,375,000	100.00%	2,375,000
Harris County MUD #233	5,865,000	100.00%	5,865,000
Harris County MUD #249	5,000,000	100.00%	5,000,000
Harris County MUD #304	10,125,000	100.00%	10,125,000
Harris County MUD #399	16,820,000	100.00%	16,820,000
Harris County ID #16	24,465,000	29.01%	7,097,297
Harris County WCID #92	4,925,000	100.00%	4,925,000
Harris County WCID #99	7,235,000	100.00%	7,235,000
Harris County WCID #109	12,260,000	1.49%	182,674
Harris County WCID #110	19,180,000	59.47%	11,406,346
Harris County WCID #132	2,520,000	0.04%	1,008
Harris County WCID #136	5,030,000	100.00%	5,030,000
Houston, City of	3,438,180,000	0.17%	5,844,906
Hunter's Glen MUD	50,305,000	0.00%	0
Inverness Forest ID	7,380,000	3.43%	253,134

SPRING INDEPENDENT SCHOOL DISTRICT **Table 11**
COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT **Page 2 of 2**
As of June 30, 2025
(Unaudited)

Taxing Body	Gross Debt Amount	Percent Overlapping (1)	Share of Debt
Lone Star College System	$439,870,000	6.58%	$28,943,446
Meadowhill Reg MUD	29,255,000	20.04%	5,862,702
North Forest MUD	3,490,000	100.00%	3,490,000
North Park PUD	6,650,000	90.15%	5,994,975
Northgate Crossing MUD #1	10,025,000	100.00%	10,025,000
Northgate Crossing MUD #2	19,730,000	100.00%	19,730,000
Northgate Crossing RUD	1,055,000	100.00%	1,055,000
Northwest Harris County MUD #21	6,980,000	100.00%	6,980,000
Northwest Harris County MUD #22	4,810,000	100.00%	4,810,000
Northwest Harris County MUD #23	12,490,000	100.00%	12,490,000
Pine Forest MUD	9,370,000	22.56%	2,113,872
Port of Houston Authority	406,509,397	3.02%	12,276,584
Post Wood MUD	5,560,000	100.00%	5,560,000
Rankin Road West MUD	24,960,000	100.00%	24,960,000
Spring West MUD	20,560,000	64.31%	13,222,136
Tattor Road MUD	12,805,000	100.00%	12,805,000
Timber Lane UD	88,305,000	81.38%	71,862,609
Subtotal, overlapping debt			956,963,388
Spring Independent School District direct debt			912,712,301
Total direct and overlapping debt			$1,869,675,689

Note: An individual resident of Spring Independent School District resides in only one utility district. Therefore, the total debt applicable to the individual resident is significantly less than the sum of direct and overlapping debt shown.

(1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. The percentage of overlapping debt is estimated using actual taxable property values. Percentages were estimated by determining the portion of the overlapping taxing authority's actual taxable value that is within the District's boundaries and dividing it by the overlapping taxing authority's total actual taxable value.

Source: Municipal Advisory Council of Texas

SPRING INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(Unaudited)

	2025	2024	2023	2022
Debt Limit (1)	$1,998,431,748	$1,931,939,493	$1,855,212,302	$1,622,796,361
Total Net Debt Applicable to Limit	780,303,084	832,097,222	893,244,853	645,997,957
Legal Debt Margin	$1,218,128,664	$1,099,842,271	$961,967,449	$976,798,404
Total Net Debt Applicable to Limit as a Percentage of Debt Limit	39.05%	43.07%	48.15%	39.81%

Legal Debt Margin Calculation for Fiscal Year 2025:

Actual Taxable Value (2)		$19,984,317,481
Debt Limit Percentage of Assessed Value		10%
Debt Limitation (1)		1,998,431,748
Debt Applicable to Debt Limitation:		
Total Bonded Debt	$911,650,326	
Less: Amount set aside for repayment of bonds (3)	131,347,242	
Total Amount of Debt Applicable to Debt Limitation		780,303,084
Legal Debt Margin		$1,218,128,664

(1) Although there is no legal debt limit in the State of Texas, most school business officials in the State hold the opinion that the Attorney General would not approve bonded indebtedness in excess of 10 percent of actual taxable value.
(2) See Table 5 for actual taxable value data.
(3) See restricted for debt service at the fund level.

Table 12

2021	2020	2019	2018	2017	2016
$1,541,417,304	$1,434,008,830	$1,309,832,908	$1,256,317,865	$1,167,375,723	$1,063,785,583
689,033,389	730,566,242	768,684,892	698,545,970	727,587,150	528,082,155
$852,383,915	$703,442,588	$541,148,016	$557,771,895	$439,788,573	$535,703,428
44.70%	50.95%	58.69%	55.60%	62.33%	49.64%

SPRING INDEPENDENT SCHOOL DISTRICT **Table 13**

DEMOGRAPHIC AND ECONOMIC INFORMATION
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Residential Units (1)	Total Assessed Value of Residential Units (1)	Average Assessed Value per Residential Unit	Population (2)	Total Personal Income (2)	Per Capita Personal Income	Average Daily Attendance (3)	Unemployment Rate (4)
2025 *	50,523	$12,237,919,474	$242,225	5,117,439			29,708	4.4%
2024 *	49,173	11,431,386,118	232,473	5,009,302			29,774	4.7%
2023	47,489	9,825,843,037	206,908	4,835,125	$357,130,669,000	$73,862	29,782	4.5%
2022	46,226	8,287,672,440	179,286	4,781,337	337,772,801,000	70,644	28,662	4.5%
2021	45,501	7,541,517,724	165,744	4,735,517	313,302,121,000	65,949	30,464	7.1%
2020	45,014	7,023,012,640	156,018	4,734,792	279,798,431,000	59,094	32,293	12.0%
2019	44,620	6,375,054,709	142,874	4,706,231	276,087,586,000	58,664	32,373	4.0%
2018	43,959	6,152,394,247	139,958	4,674,226	269,235,715,000	57,600	32,854	4.7%
2017	43,268	5,601,039,376	129,450	4,653,436	250,397,740,000	53,809	33,416	5.2%
2016	42,699	5,161,812,169	120,888	4,620,800	232,529,025,000	50,322	33,645	5.6%

* Personal income data not available for 2024 and 2025.

Source: (1) Harris Central Appraisal District for Spring ISD boundaries. Assessed value equals appraised value.
(2) Bureau of Economic Analysis, United States Census Bureau, and Cubit. Data is for Harris County.
(3) Texas Education Agency, Texas Student Data System (TSDS), Public Education Information Management System (PEIMS)
(4) Texas Workforce Commission, Texas Labor Market Information Department Local Area Unemployment Statistics (LAUS). Data is for Harris County.

SPRING INDEPENDENT SCHOOL DISTRICT **Table 14**

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

(Unaudited)

	2025			2016		
	Employees	Rank	Percentage of Total Employment (1)	Employees	Rank	Percentage of Total Employment (2)
Memorial Hermann Health System	19,500	1	0.52%	24,108	2	0.76%
United Airlines (3)	16,000	2	0.43%	14,941	8	0.47%
UT M.D. Anderson Cancer Center	15,000	3	0.40%	21,086	4	0.67%
Exxon Mobil Corp.	13,000	4	0.35%			
Shell Oil Co.	13,000	5	0.35%	11,507	10	0.36%
Kroger	12,000	6	0.32%	16,000	7	0.51%
National Oilwell Varco	10,000	7	0.27%			0.00%
Houston Methodist	9,991	8	0.27%	20,000	6	0.63%
UT Medical Branch-Galveston	9,318	9	0.25%			
Baylor College of Medicine	9,232	10	0.25%			
Wal-Mart				37,000	1	1.17%
H-E-B				23,732	3	0.75%
McDonald's Corp				20,918	5	0.66%
Schlumberger				12,069	9	0.38%
	127,041		3.41%	201,361		6.36%

(1) Total employment 2025 equals: 3,730,064
(2) Total employment 2016 equals: 3,165,801
(3) United Airlines and Continental Airlines merged in 2011.

Source: Employment numbers were obtained from Kress, Inc. for 2024 , the Houston Chronicle Top 100 List for 2016 and Bureau of Labor Statistics.
Principal employers by employee count not available for 2025.
Government entities are generally not included in this list.

SPRING INDEPENDENT SCHOOL DISTRICT **Table 15**

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE

Last Ten Fiscal Years

(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Teachers:										
Teacher	1,950.3	2,281.2	2,252.5	2,113.0	2,257.6	2,151.0	2,163.0	2,217.9	2,142.9	2,312.6
Substitute Teacher	17.7	2.1	10.1	63.7		6.1	1.0	3.3	9.1	
Total Teachers	1,968.0	2,283.3	2,262.6	2,176.7	2,257.6	2,157.1	2,164.0	2,221.2	2,152.0	2,312.6
Professional Support:										
Psychological Associate					1.5	2.0			1.0	
Audiologist	1.0	1.0	1.0	1.0	0.7	1.0	1.0	1.0	1.0	1.0
Corrective Therapist			1.0	1.0						
Counselor	93.2	86.9	90.6	88.9	89.4	89.7	77.9	82.0	85.8	95.5
Educational Diagnostician	31.3	26.8	29.4	29.5	32.0	35.6	39.1	27.1	30.7	42.2
Librarian	32.0	29.5	34.6	38.6	37.4	36.7	31.7	18.2	20.3	21.1
Certified Orientation/Mobility Specialist		1.0	0.8	2.0	2.0	2.0	1.0	1.3	2.0	1.0
School Nurse	18.2	30.5	17.7	20.9	19.8	21.0	45.0	44.8	43.0	43.6
LSSP/Psychologist	2.0	2.5	6.5	7.0	9.0	9.0	6.0	7.3	13.0	14.0
Social Worker				1.0						
Speech Therapist/Speech-Language Pathologist		21.4	22.7	27.2	28.6	28.5	31.0	32.6	26.9	32.7
Work-based Learning Site Coordinator						0.9	2.9	2.8		
Truant Officer/Visiting Teacher			3.0							
Teacher Facilitator	20.4	89.4	154.6	153.3	201.6	209.5	178.4	183.4	131.1	101.4
Teacher Appraiser						1.9	6.0	8.1	11.0	
Department Head		2.6	6.2	2.2	3.8		0.5	1.5	2.0	21.6
Athletic Trainer	4.1	5.5	5.7	6.0	6.0	4.0	5.0	4.0	1.0	5.0
Campus Professional Personnel	202.6	86.3	59.8	80.2	63.4	43.5	47.2	17.5	96.0	32.9
Non-Campus Professional Personnel	256.1	269.9	256.8	248.6	214.2	261.7	296.2	282.5	263.3	231.7
Total Professional Staff	660.9	653.3	690.4	707.4	709.4	747.0	768.9	714.1	728.1	643.7
Campus Administration:										
Assistant Principal	74.8	75.8	79.9	74.1	76.0	74.4	75.1	78.7	85.6	78.8
Principal	31.7	32.3	38.0	34.6	35.4	36.2	38.9	37.1	38.0	36.9
Athletic Director	0.1									
Teacher Supervisor	1.0	1.0	0.7	6.7	8.9	6.0	2.0			
Registrar	16.0	14.0	13.1	14.0	13.5	10.1	11.5	9.5	7.7	11.0
Total Campus Administration	123.6	123.1	131.7	129.4	133.8	126.7	127.5	125.3	131.3	126.7
Central Administration:										
Assistant/Associate/Deputy Superintendent	5.0	7.6	9.0	8.0	14.0	15.0	13.8	13.0	13.0	13.9
Instructional Program Director/Executive Director	10.0	13.9	18.4	19.5	15.9	16.4	14.3	17.5	17.0	20.2
Superintendent	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Principal		0.2								
Teacher Supervisor					10.0	11.5	11.4	6.0	5.0	13.5
Athletic Director	1.0		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tax Assessor/Collector	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Business Manager	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Director of Personnel/HR	1.0	2.0	1.0		1.0	1.0	2.0	2.0	2.0	2.0
Coordinator/Manager/Supervisor	3.0									
Total Central Administration	23.0	26.7	32.4	31.5	44.9	47.9	45.5	42.5	41.0	53.6
Educational Aide	442.6	486.7	511.1	473.9	499.0	493.8	487.0	325.5	223.2	239.6
Auxiliary Staff	1,459.0	1,396.4	1,419.2	1,429.4	1,541.1	1,496.9	1,384.5	1,519.3	1,643.5	1,562.0
Total Staff Full-Time Equivalent	4,677.1	4,969.5	5,047.4	4,948.3	5,185.8	5,069.4	4,977.4	4,947.9	4,919.1	4,938.2

Source: Texas Education Agency (TEA), Texas Student Data System (TSDS), Public Education Information Management System (PEIMS)

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SPRING INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended June 30	Average Daily Attendance (ADA)	Operating Expenditures (1)	Cost Per ADA	Percentage Change	Government Wide Expenses (2)
2025	29,708	$482,468,261	$16,240	7.33%	$507,539,277
2024	29,774	450,510,214	15,131	- 3.61%	563,506,651
2023	29,782	467,497,401	15,697	12.13%	525,577,429
2022	28,662	401,236,934	13,999	4.83%	460,057,678
2021	30,464	406,819,107	13,354	11.38%	472,880,356
2020	32,293	387,197,991	11,990	7.50%	473,958,889
2019	32,373	361,100,891	11,154	1.71%	437,790,108
2018	32,854	360,276,820	10,966	7.37%	305,061,858
2017	33,416	341,291,128	10,213	0.97%	398,933,415
2016	33,645	340,312,739	10,115	3.80%	399,715,364

(1) Operating expenditures are total governmental fund expenditures less debt service and capital outlay (to the extent capitalized for the government-wide statement of net position) and expenditures for capitalized assets included within the functional expenditures categories.
(2) The District implemented GASB Statement No. 75 in 2018. The effects of this statement were not applied to previous years.
(3) Enrollment is total number of students in the district who were reported to the Texas Education Agency (TEA) as of the last Friday in October.

Source: Texas Education Agency (TEA), Texas Student Data System (TSDS), Public Education Information Management System (PEIMS) and District records

Table 16

Cost Per ADA	Percentage Change	Teaching Staff	Enrollment (3)	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
$17,084	- 9.73%	1,968.00	33,576	17.06	80.2%
18,926	7.25%	2,283.30	33,912	14.85	88.0%
17,647	9.94%	2,262.60	34,076	15.06	84.2%
16,051	3.41%	2,176.70	33,406	15.35	84.5%
15,523	5.76%	2,257.60	33,537	14.86	87.5%
14,677	8.53%	2,157.10	35,284	16.36	82.6%
13,523	45.64%	2,164.00	35,348	16.33	70.0%
9,285	(22.22%)	2,221.20	36,079	16.24	69.4%
11,938	0.49%	2,152.00	36,654	17.03	68.5%
11,880	7.98%	2,312.60	36,813	15.92	70.5%

SPRING INDEPENDENT SCHOOL DISTRICT **Table 17**

TEACHER BASE SALARIES

Last Ten Fiscal Years

(Unaudited)

Fiscal Year Ended June 30	Minimum Salary (1)	Maximum Salary (1)	Average Salary (2)	Region 4 Average Salary (3)	Statewide Average Salary (3)
2025	$60,500	$72,100	$63,117		
2024	60,500	72,100	66,075	$66,417	$62,474
2023	60,500	72,100	66,730	64,771	60,717
2022	57,425	69,225	62,986	62,589	58,887
2021	56,500	67,860	62,929	60,798	57,641
2020	54,000	66,785	61,312	60,292	57,091
2019	52,275	65,160	59,578	57,707	54,122
2018	52,275	65,160	59,324	57,076	53,334
2017	51,760	65,160	58,334	55,992	52,525
2016	51,500	62,846	58,175	55,800	51,891

(1) Source: District records, based on new teacher entry schedule.

(2) Source: Texas Education Agency (TEA), Texas Student Data System (TSDS), Public Education Information Management System (PEIMS)

(3) Source: Texas Education Agency (TEA), Texas Performance Reporting System (TPRS); Region 4 and state information for 2025 not available at this time.

SPRING INDEPENDENT SCHOOL DISTRICT **Table 18**
SCHOOL BUILDING INFORMATION **Page 1 of 3**
Last Ten Fiscal Years
(Unaudited)

School (Year Opened)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
High Schools										
Spring (1968)										
Square feet	454,195	454,195	454,195	454,195	454,195	454,195	454,195	454,195	454,195	454,195
Capacity	2,840	2,840	2,840	2,840	2,840	2,840	2,840	2,840	2,840	2,840
Peak enrollment	1,965	2,065	2,051	2,070	2,124	2,793	2,828	2,934	2,889	2,800
Westfield (1976)										
Square feet	549,603	549,603	549,603	549,603	549,603	549,603	549,603	549,603	549,603	549,603
Capacity	3,338	3,338	3,338	3,338	3,338	3,338	3,338	3,338	3,338	3,338
Peak enrollment	1,662	1,752	1,957	2,027	2,127	2,845	2,866	2,864	2,770	2,841
Andy Dekaney (2007)										
Square feet	487,000	487,000	487,000	487,000	487,000	487,000	487,000	487,000	487,000	487,000
Capacity	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Peak enrollment	1,940	1,890	1,831	1,492	1,443	2,146	2,134	2,239	2,485	2,639
Carl Wunsche Sr. (2006)										
Square feet	273,178	273,178	273,178	273,178	273,178	273,178	273,178	273,178	273,178	273,178
Capacity	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Peak enrollment	1,502	1,528	1,508	1,434	1,478	1,487	1,471	1,473	1,508	1,509
Early College Academy (2016) [5]										
Square feet							42,346	42,346	42,346	
Capacity							450	450	450	
Peak enrollment							420	414	385	
Ninth Grade Centers										
Spring (2020) [8]										
Square feet	140,615	140,615	140,615	140,615	140,615					
Capacity	900	900	900	900	900					
Peak enrollment	599	722	708	723	721					
Westfield (2020) [9]										
Square feet	176,000	176,000	176,000	176,000	176,000					
Capacity	900	900	900	900	900					
Peak enrollment	576	522	636	658	696					
Andy Dekaney (2020) [8]										
Square feet	130,989	130,989	130,989	130,989	130,989					
Capacity	900	900	900	900	900					
Peak enrollment	524	559	588	693	665					
Middle Schools										
Wells (1977)										
Square feet	182,661	182,661	182,661	182,661	182,661	182,661	182,661	182,661	182,661	182,661
Capacity	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378	1,378
Peak enrollment	783	845	912	922	1,017	1,116	1,129	1,093	1,372	1,326
Dueitt (1980)										
Square feet	137,391	137,391	137,391	137,391	137,391	137,391	137,391	137,391	137,391	137,391
Capacity	924	924	924	924	924	924	924	924	924	924
Peak enrollment	722	779	763	859	941	995	1,205	1,162	884	899
Twin Creeks (1984)										
Square feet	155,516	155,516	155,516	155,516	155,516	155,516	155,516	155,516	155,516	155,516
Capacity	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072
Peak enrollment	845	890	972	953	1,060	1,034	993	1,112	1,092	1,072
Bammel (2003)										
Square feet	228,121	228,121	228,121	228,121	228,121	228,121	228,121	228,121	228,121	228,121
Capacity	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Peak enrollment	763	816	864	857	900	932	970	942	1,328	1,303
Stelle Claughton (2003)										
Square feet	219,716	219,716	219,716	219,716	219,716	219,716	219,716	219,716	219,716	219,716
Capacity	1,303	1,303	1,303	1,303	1,303	1,303	1,303	1,303	1,303	1,303
Peak enrollment	890	911	922	976	1,009	1,173	1,200	1,276	1,102	1,082
Rickey C. Bailey (2006)										
Square feet	201,178	201,178	201,178	201,178	201,178	201,178	201,178	201,178	201,178	201,178
Capacity	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Peak enrollment	987	1,032	1,064	997	947	931	1,351	1,264	1,163	1,162
Dr. Edward Roberson (1971)										
Square feet							176,000	176,000	176,000	176,000
Capacity							1,200	1,200	1,200	1,200
Peak enrollment							831	921	1,033	1,102
Dr. Edward Roberson (2019) [4]										
Square feet	154,843	154,843	154,843	154,843	154,843	154,843				
Capacity	800	800	800	800	800	800				
Peak enrollment	867	814	793	791	865	806				
Springwoods Village (2019) [6]										
Square feet	139,754	139,754	139,754	139,754	139,754	139,754				
Capacity	725	725	725	725	725	725				
Peak enrollment	589	488	510	505	509	500				

SPRING INDEPENDENT SCHOOL DISTRICT **Table 18**
SCHOOL BUILDING INFORMATION **Page 2 of 3**
Last Ten Fiscal Years
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Middle Schools (Continued)										
Spring Leadership Academy (2019) [7]										
Square feet			44,931	44,931	44,931	44,931				
Capacity			450	450	450	450				
Peak enrollment			321	361	391	386				
Spring Leadership Academy (2023) [12]										
Square feet	79,000	79,000								
Capacity	716	716								
Peak enrollment	492	405								
Elementary Schools										
Bammel (2010)										
Square feet	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
Capacity	800	800	800	800	800	800	800	800	800	800
Peak enrollment	713	760	868	834	704	745	776	789	888	920
Ponderosa (1971)										
Square feet	96,149	96,149	96,149	96,149	96,149	96,149	96,149	96,149	96,149	96,149
Capacity	800	800	800	800	800	800	800	800	800	800
Peak enrollment	733	734	778	790	797	799	752	684	720	732
John A. Winship (1972)										
Square feet	71,456	71,456	71,456	71,456	71,456	71,456	71,456	71,456	71,456	71,456
Capacity	768	768	768	768	768	768	768	768	768	768
Peak enrollment	517	465	463	475	482	492	511	517	529	491
Pat Reynolds (1973)										
Square feet	83,280	83,280	83,280	83,280	83,280	83,280	83,280	83,280	83,280	83,280
Capacity	884	884	884	884	884	884	884	884	884	884
Peak enrollment	875	797	846	792	744	785	788	716	727	780
Otto H. & Avalt H. Meyer (1976)										
Square feet	91,213	91,213	91,213	91,213	91,213	91,213	91,213	91,213	91,213	91,213
Capacity	1,108	1,108	1,108	1,108	1,108	1,108	1,108	1,108	1,108	1,108
Peak enrollment	701	720	655	623	618	725	753	717	663	621
Mildred I. Jenkins (1976)										
Square feet	91,865	91,865	91,865	91,865	91,865	91,865	91,865	91,865	91,865	91,865
Capacity	896	896	896	896	896	896	896	896	896	896
Peak enrollment	609	633	616	605	581	623	638	660	702	689
Pearl M. Hirsch (1978)										
Square feet	81,268	81,268	81,268	81,268	81,268	81,268	81,268	81,268	81,268	81,268
Capacity	692	692	692	692	692	692	692	692	692	692
Peak enrollment	624	698	640	648	698	729	767	685	708	704
George E. Anderson (1979)										
Square feet	77,968	77,968	77,968	77,968	77,968	77,968	77,968	77,968	77,968	77,968
Capacity	836	836	836	836	836	836	836	836	836	836
Peak enrollment	639	702	496	475	507	576	611	614	621	600
Joan Link (1982)										
Square feet	83,300	83,300	83,300	83,300	83,300	83,300	83,300	83,300	83,300	83,300
Capacity	800	800	800	800	800	800	800	800	800	800
Peak enrollment	567	541	518	544	549	612	616	631	631	668
L. E. Smith (1986)										
Square feet	78,638	78,638	78,638	78,638	78,638	78,638	78,638	78,638	78,638	78,638
Capacity	784	784	784	784	784	784	784	784	784	784
Peak enrollment	627	640	529	543	539	572	591	616	578	564
Joseph S. Beneke (1986)										
Square feet	86,999	86,999	86,999	86,999	86,999	86,999	86,999	86,999	86,999	86,999
Capacity	892	892	892	892	892	892	892	892	892	892
Peak enrollment	586	580	631	648	676	695	682	684	707	725
Deloras E. Thompson (1996)										
Square feet	108,400	108,400	108,400	108,400	108,400	108,400	108,400	108,400	108,400	108,400
Capacity	1,054	1,054	1,054	1,054	1,054	1,054	1,054	1,054	1,054	1,054
Peak enrollment	635	639	630	583	696	700	628	666	678	687
Heritage (2000)										
Square feet	93,625	93,625	93,625	93,625	93,625	93,625	93,625	93,625	93,625	93,625
Capacity	818	818	818	818	818	818	818	818	818	818
Peak enrollment	795	755	616	642	637	718	687	680	527	522
B. F. Clark Intermediate (2003) [2]										
Square feet	87,269	87,269	87,269	87,269	87,269	87,269	87,269	87,269	87,269	87,269
Capacity	840	840	840	840	840	840	840	840	840	840
Peak enrollment	810	843	1,012	601	619	676	720	784	1,041	731
J. O. & Gertie Mae Salyers (2003)										
Square feet	96,400	96,400	96,400	96,400	96,400	96,400	96,400	96,400	96,400	96,400
Capacity	824	824	824	824	824	824	824	824	824	824
Peak enrollment	508	531	669	664	608	648	678	708	707	762

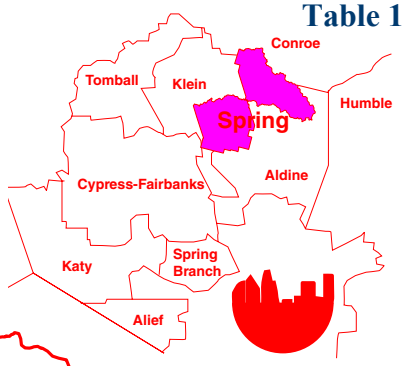
SPRING INDEPENDENT SCHOOL DISTRICT **Table 18**
SCHOOL BUILDING INFORMATION **Page 3 of 3**
Last Ten Fiscal Years
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Elementary Schools (Continued)										
B. F. Clark Primary (1990) [2]										
Square feet			79,000	79,000	79,000	79,000	79,000	79,000	79,000	79,000
Capacity			716	716	716	716	716	716	716	716
Peak enrollment				403	452	480	491	531	723	1,008
Chet Burchett (2005)										
Square feet	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Capacity	800	800	800	800	800	800	800	800	800	800
Peak enrollment	1,003	882	907	725	679	704	706	782	774	731
Milton Cooper (2005)										
Square feet	102,205	102,205	102,205	102,205	102,205	102,205	102,205	102,205	102,205	102,205
Capacity	800	800	800	800	800	800	800	800	800	800
Peak enrollment	753	785	653	685	705	750	756	762	783	822
Ginger McNabb (2006)										
Square feet	102,762	102,762	102,762	102,762	102,762	102,762	102,762	102,762	102,762	102,762
Capacity	800	800	800	800	800	800	800	800	800	800
Peak enrollment	745	696	717	697	654	680	711	716	729	701
Northgate Crossing (2008)										
Square feet	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Capacity	800	800	800	800	800	800	800	800	800	800
Peak enrollment	698	685	728	738	684	711	735	702	691	689
Donna Lewis (2006)										
Square feet	102,700	102,700	102,700	102,700	102,700	102,700	102,700	102,700	102,700	102,700
Capacity	800	800	800	800	800	800	800	800	800	800
Peak enrollment	693	684	664	667	645	706	671	655	682	675
Carolee Booker (2008)										
Square feet	102,700	102,700	102,700	102,700	102,700	102,700	102,700	102,700	102,700	102,700
Capacity	800	800	800	800	800	800	800	800	800	800
Peak enrollment	731	761	757	727	704	754	799	821	838	873
R. J. Hoyland (2009)										
Square feet	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Capacity	800	800	800	800	800	800	800	800	800	800
Peak enrollment	629	693	683	680	678	711	735	770	907	949
Ralph Eickenroht (2009)										
Square feet	102,700	102,700	102,700	102,700	102,700	102,700	102,700	102,700	102,700	102,700
Capacity	800	800	800	800	800	800	800	800	800	800
Peak enrollment	574	591	555	576	578	660	658	636	681	706
Helen Major (2009)										
Square feet	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Capacity	800	800	800	800	800	800	800	800	800	800
Peak enrollment	569	579	525	523	566	684	673	702	756	811
Gloria Marshall (2011)										
Square feet	103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500	103,500
Capacity	800	800	800	800	800	800	800	800	800	800
Peak enrollment	897	869	950	901	758	763	743	727	729	706
Special Campuses										
Richey Academy (2015) [3]										
Square feet	33,123	33,123	33,123	33,123	33,123	33,123	33,123	33,123	33,123	33,123
Capacity	250	250	250	250	250	250	250	250	250	250
Peak enrollment	95	124	51	108	24	148	195	198	134	191
Momentum High School (2022) [10]										
Square feet										
Capacity										
Peak enrollment			206							
Momentum High School (2023) [11]										
Square feet	44,931	44,931								
Capacity	450	450								
Peak enrollment	198	236								
Portable Buildings [1]	128	128	130	148	148	148	147	147	150	150

[1] The District utilized portable buildings providing classrooms and restrooms in schools where enrollment exceeded capacity.
[2] From July 2013 to June 2015 Clark Primary and Clark Intermediate were considered one school, Clark Elementary. They merged in August 2022.
[3] This building was originally for Support Services and was renovated in 2015 to house the District's Disciplinary Alternative Education Program for grades 6th through 12th.
[4] Roberson moved to 12430 Veterans Memorial Dr. in August 2019.
[5] Early College Academy moved from portable buildings to 14450 T.C. Jester Blvd. in August 2016, then relocated to Lonestar College-North Harris campus in August 2019.
[6] Springwoods Village opened at 1120 Crossgate Blvd. in August 2019.
[7] Spring Leadership Academy opened at 14450 T.C. Jester Blvd. in August 2019.
[8] Spring and Andy Dekaney Ninth-Grade Centers opened in September 2020.
[9] Westfield Ninth-Grade Center opened in January 2021.
[10] Momentum High School opened as a virtual learning program in August 2022.
[11] Momentum High School moved to 14450 T.C. Jester Blvd. in August 2023.
[12] Spring Leadership Academy moved to 12625 River Laurel Dr. in August 2023.

Source: District records

spring ISD



HIGH SCHOOLS

1. ANDY DEKANEY.....281-891-7260
22351 Imperial Valley Dr.
Houston, TX 77073-1102

Ninth-Grade Center.....281-891-7432
22215 Imperial Valley Dr.
Houston, TX 77073-1102

2. SPRING EARLY COLLEGE ACADEMY..... 281-891-6880
2700 W. W. Thorne Dr.
Academic Building, Suite A 104
Houston, TX 77073-3499

3. SPRING.....281-891-7000
19428 I-45 N
Spring, TX 77373-2910

Ninth-Grade Center..... 281-891-7391
19640 Lockridge Dr.
Spring, TX 77373-2910

4. WESTFIELD 281-891-7130
16713 Ella Blvd.
Houston, TX 77090-4213

Ninth-Grade Center.....281-891-7411
1500 Southridge Road
Houston, TX 77090-4213

5. CARL WUNSCHE SR..... 281-891-7650
900 Wunsche Loop
Spring, TX 77373-2513

6. RICHEY ACADEMY 281-891-6710
341 East Richey Rd. Building B
Houston, TX 77073-6038

7. MOMENTUM..... 281-891-6223
14450 T.C. Jester Blvd.
Houston, TX 77014-1457

MIDDLE SCHOOLS

8. BAILEY.....281-891-8000
3377 James C. Leo Dr.
Spring, TX 77373-1701

9. SCHOOL FOR INTERNATIONAL STUDIES AT BAMMEL (PK-4 & 6-8) 281-891-7900
16711 Ella Blvd.
Houston, TX 77090-4213

10. CLAUGHTON 281-891-7950
3000 Spears Rd.
Houston, TX 77067-5235

11. DUEITT 281-891-7800
1 Eagle Crossing
Spring, TX 77373-8027

12. ROBERSON..... 281-891-7700
12430 Veterans Memorial Dr.
Houston, TX 77014-2301

13. SPRING LEADERSHIP ACADEMY.. 281-891-8050
12625 River Laurel Dr.
Houston, TX 77014-3642

14. SPRINGWOODS VILLAGE..... 281-891-8100
1120 Crossgate Blvd.
Spring, TX 77373-5687

15. TWIN CREEKS..... 281-891-7850
27100 Old Cypresswood Dr.
Spring, TX 77373-6370

16. WELLS 281-891-7750
4033 Gladeridge Dr.
Houston, TX 77068-2307

ELEMENTARY SCHOOLS

17. ANDERSON..... 281-891-8360
6218 Lynngate Dr.
Spring, TX 77373-7356

18. BAMMEL..... 281-891-8150
17309 Red Oak Dr.
Houston, TX 77090-1243

19. BENEKE..... 281-891-8450
3840 Briarchase Dr.
Houston, TX 77014-2755

20. BOOKER..... 281-891-8750
22352 Imperial Valley Dr.
Houston, TX 77073-1101

21. BURCHETT 281-891-8630
3366 James C. Leo Dr.
Spring, TX 77373-1700

22. CLARK
1825 Rushworth Dr. **281-891-8540**
Houston, TX 77014-2885

23. COOPER 281-891-8660
18655 Imperial Valley Dr.
Houston, TX 77073-4608

24. EICKENROHT..... 281-891-8840
15252 Grand Point Dr.
Houston, TX 77090-6329

25. HERITAGE..... 281-891-8510
12255 T.C. Jester Blvd.
Houston, TX 77067-1381

26. HIRSCH..... 281-891-8330
2633 Trailing Vine Rd.
Spring, TX 77373-7716

27. HOYLAND..... 281-891-8810
2200 Wittershaw Rd.
Houston, TX 77090-7202

28. JENKINS..... 281-891-8300
4615 Reynaldo Dr.
Spring, TX 77373-6861

29. LEWIS 281-891-8720
3230 Spears Rd.
Houston, TX 77067-5241

30. LINK 281-891-8390
2815 Ridge Hollow Dr.
Houston, TX 77067-1939

31. MAJOR 281-891-8870
16855 Sugar Pine Dr.
Houston, TX 77090-3626

32. MARSHALL..... 281-891-4900
24505 Birnamwood Blvd.
Spring, TX 77373-9575

33. McNABB 281-891-8690
743 East Cypresswood Dr.
Spring, TX 77373-5516

34. MEYER..... 281-891-8270
16330 Forest Way Dr.
Houston, TX 77090-4717

35. NORTHGATE CROSSING 281-891-8780
23437 Northgate Crossing Blvd.
Spring, TX 77373-5687

36. PONDEROSA 281-891-8180
17202 Butte Creek Rd.
Houston, TX 77090-2322

37. REYNOLDS 281-891-8240
3975 Gladeridge Dr.
Houston, TX 77068-2422

38. SALYERS 281-891-8570
25705 Hardy St.
Spring, TX 77373-2684

39. SMITH..... 281-891-8420
26000 Cypresswood Dr.
Spring, TX 77373-5860

40. THOMPSON 281-891-8480
12470 Walters Rd.
Houston, TX 77014-2422

41. WINSHIP 281-891-8210
2175 Spring Creek Dr.
Spring, TX 77373-6141

ADMINISTRATION and SUPPORT FACILITIES

GORDON M. ANDERSON LEADERSHIP CENTER 281-891-6000
16717 Ella Blvd.
Houston, TX 77090-4213

42. COMMUNITY ..... 281-891-6736 ENGAGEMENT CENTER
17125 Ella Blvd.
Houston, TX 77090-2409

43. POLICE COMMAND .....281-891-6911 CENTER & TAX OFFICE
420 420 Lockhaven Dr.
Houston, TX 77073-5530

44. DISTRIBUTION CENTER 281-891-6465
Operations 281-891-6425
Construction/Energy.... 281-891-6430
Safety/.....281-891-6440
Risk Management
15330 Kuykendahl Rd.
Houston, TX 77090-4109

45. CHILD NUTRITION ..... 281-891-6445 AND TRAINING CENTER
15330 Kuykendahl Rd.
Houston, TX 77090-4109

46. TRANSPORTATION ..... 281-891-6490 CENTER
341 East Richey Rd.
Houston, TX 77073-6038

47. MAINTENANCE..... 281-891-6405
24037 W. Hardy Rd. #109
Houston, Texas 77373-5717

48. TEACHUP SPRING ..... 281-891-6037 LEARNING CENTER
15651 I-45 North
Houston, Texas 77090-4213

Revised: 8/10/2023

SPRING INDEPENDENT SCHOOL DISTRICT **Exhibit L-1**

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS

June 30, 2025

Data Codes	**Account Descriptions**	Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statues, laws and rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	$0

SPRING INDEPENDENT SCHOOL DISTRICT
16717 ELLA BLVD.
HOUSTON, TX 77090

PHONE 281-891-6000
FAX 281-891-6006

WWW.SPRINGISD.ORG

Spring Independent School District is an equal opportunity employer. The Board of Trustees and its agents, officers and staff members shall not discriminate on the basis of gender, race, disabling condition, age, color, religion, national origin, military status, or any other legally protected status in making decisions regarding staff members or students.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Spring Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Spring 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 12, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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*.

DRAFT 10-30-2025

To the Board of Trustees
Spring 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.

Houston, Texas
November 12, 2024

DRAFT 10-30-2025

SPRING INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2025

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

II. Financial Statement Findings

None Noted

DRAFT 10-30-2025

APPENDIX D
FORM OF BOND COUNSEL'S OPINION

BRACEWELL

[CLOSING DATE]

We have represented the Spring Independent School District (the "District") as its bond counsel in connection with issues of bonds described as follows:

> SPRING INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2026A (PSF), dated December 1, 2026, in the aggregate principal amount of $_____ (the "Series 2026A Bonds"); and
>
> SPRING INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2026B (Non-PSF), dated December 1, 2026, in the aggregate principal amount of $_____ (the "Series 2026B Bonds," and together with the Series 2026A Bonds, the "Bonds").
>
> The Bonds mature, bear interest, may be transferred and exchanged, and with respect to the Series 2026A Bonds, are subject to redemption prior to maturity, as set out in the Bonds and in the order adopted by the Board of Trustees of the District authorizing their issuance (the "Bond Order") and the pricing certificate relating to each series of Bonds executed pursuant thereto (the "Pricing Certificates," and together with the Bond Order, the "Order").

We have acted as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas and the excludability of interest on the Bonds from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein. Capitalized terms used herein and not otherwise defined are used with the meanings assigned to such terms in the Order.

In our capacity as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the authorization and issuance of the Bonds, on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the District; an escrow agreement (the "Escrow Agreement") between the District and The Bank of New York Mellon Trust Company, N.A., as escrow agent (the "Escrow Agent"); the report (the "Report") of Public Finance Partners LLC, as verification agent (the "Verification Agent"), verifying the sufficiency of the deposits made with the Escrow Agent for defeasance of the Refunded Bonds; customary certificates of officers, agents and representatives of the District and other public officials; and other certified showings relating to the authorization and issuance of the Bonds and the refunding and defeasance of the Refunded Bonds. We have also analyzed such laws, regulations, guidance, documents and other materials as we have deemed

necessary to render the opinions contained herein. Moreover, we have examined executed Bond No. I-1 of each issue.

In providing the opinions set forth herein, we have relied on representations and certifications of the District and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the District and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Order, including, but not limited to, covenants relating to the tax-exempt status of the Bonds.

Based on such examination and in reliance on such representations, certifications and assumptions, it is our opinion that:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and, therefore, the Bonds constitute valid and legally binding obligations of the District;

(2) A continuing ad valorem tax, without limit as to rate or amount, has been levied on all taxable property in the District and pledged irrevocably to the payment of the principal of and interest on the Bonds;

(3) Firm banking and financial arrangements have been made for the discharge and final payment of the Refunded Bonds pursuant to the Order, the Escrow Agreement, and the Report, and therefore the Refunded Bonds are deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor under the Escrow Agreement; and

(4) Interest on the Bonds is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Bonds is not 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 on certain corporations.

The rights of the owners of the Bonds are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

We express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of the Bonds. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the District and other parties upon which we have relied are determined to

be inaccurate or incomplete or the District fails to comply with the covenants of the Order, interest on the Bonds could become includable in gross income for federal income tax purposes from the date of the original delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of the facts as to the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

APPENDIX E
THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM FOR THE SERIES 2026A BONDS

APPENDIX E

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

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

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

The regular session of the 89th Texas Legislature (the "Legislature") convened on January 14, 2025, and is scheduled to conclude on June 2, 2025. As of the date of this disclosure, the regular session is underway. The Texas Governor may call one or more special sessions at the conclusion of the regular session. During this time, the Legislature may enact laws that materially change current law as it relates to the Guarantee Program, the TEA, the State Board of Education (the "SBOE"), the Permanent School Fund Corporation (the "PSF Corporation"), the Act, and Texas school finance generally. No representation is made regarding any actions the Legislature has taken or may take, but the TEA, SBOE, and PSF Corporation monitor and analyze legislation for any developments applicable thereto.

History and Purpose

The PSF supports the State's public school system in two major ways: distributions to the constitutionally established Available School Fund (the "ASF"), as described below, and the guarantee of school district and charter district issued bonds through the Guarantee Program. The PSF was created in 1845 and received its first significant funding with a $2,000,000 appropriation by the Legislature in 1854 expressly for the benefit of the public schools of Texas, with the sole purpose of assisting in the funding of public education for present and future generations. The Constitution of 1876 described that the PSF would be "permanent," and stipulated that certain lands and all proceeds from the sale of these lands should also constitute the PSF. Additional acts later gave more public domain land and rights to the PSF. In 1953, the U.S. Congress passed the Submerged Lands Act that relinquished to coastal states all rights of the U.S. navigable waters within state boundaries. If the State, by law, had set a larger boundary prior to or at the time of admission to the Union, or if the boundary had been approved by Congress, then the larger boundary applied. After three years of litigation (1957-1960), the U.S. Supreme Court on May 31, 1960, affirmed Texas' historic three marine leagues (10.35 miles) seaward boundary. Texas proved its submerged lands property rights to three leagues into the Gulf of Mexico by citing historic laws and treaties dating back to 1836. All lands lying within that limit belong to the PSF. The proceeds

from the sale and the mineral-related rental of these lands, including bonuses, delay rentals and royalty payments, become the corpus of the Fund. Prior to the approval by the voters of the State of an amendment to the constitutional provision under which the Fund was established and administered, which occurred on September 13, 2003 (the "Total Return Constitutional Amendment"), and which is further described below, only the income produced by the PSF could be used to complement taxes in financing public education, which primarily consisted of income from securities, capital gains from securities transactions, and royalties from the sale of oil and natural gas. The Total Return Constitutional Amendment provides that interest and dividends produced by Fund investments will be additional revenue to the PSF.

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

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

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

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

Audited financial information for the PSF is provided annually through the PSF Corporation's Annual Comprehensive Financial Report (the "Annual Report"), which is filed with the Municipal Securities Rulemaking Board ("MSRB"). The Texas School Land Board's (the "SLB") land and real assets investment operations, which are part of the PSF as described below, are also included in the annual financial report of the Texas General Land Office (the "GLO") that is included in the annual comprehensive report of the State of Texas. The Annual Report includes the Message From the Chief Executive Officer of the PSF Corporation (the "Message") and the Management's Discussion and Analysis ("MD&A"). The Annual Report for the year ended August 31, 2024, as filed with the MSRB in accordance with the PSF undertaking and agreement made in accordance with Rule 15c2-12 ("Rule 15c2-12") of the United States Securities and Exchange Commission (the "SEC"), as described below, is hereby incorporated by reference into this disclosure. Information included herein for the year ended August 31, 2024, is derived from the audited

financial statements of the PSF, which are included in the Annual Report as it is filed and posted. Reference is made to the Annual Report for the complete Message and MD&A for the year ended August 31, 2024, and for a description of the financial results of the PSF for the year ended August 31, 2024, the most recent year for which audited financial information regarding the Fund is available. The 2024 Annual Report speaks only as of its date and the PSF Corporation has not obligated itself to update the 2024 Annual Report or any other Annual Report. The PSF Corporation posts (i) each Annual Report, which includes statistical data regarding the Fund as of the close of each fiscal year, (ii) the most recent disclosure for the Guarantee Program, (iii) the PSF Corporation's Investment Policy Statement (the "IPS"), and (iv) monthly updates with respect to the capacity of the Guarantee Program (collectively, the "Web Site Materials") on the PSF Corporation's web site at https://texaspsf.org and with the MSRB at www.emma.msrb.org. Such monthly updates regarding the Guarantee Program are also incorporated herein and made a part hereof for all purposes. In addition to the Web Site Materials, the Fund is required to make quarterly filings with the SEC under Section 13(f) of the Securities Exchange Act of 1934. Such filings, which consist of a list of the Fund's holdings of securities specified in Section 13(f), including exchange-traded (e.g., NYSE) or NASDAQ-quoted stocks, equity options and warrants, shares of closed-end investment companies and certain convertible debt securities, are available from the SEC at www.sec.gov/edgar. A list of the Fund's equity and fixed income holdings as of August 31 of each year is posted to the PSF Corporation's web site and filed with the MSRB. Such list excludes holdings in the Fund's securities lending program. Such list, as filed, is incorporated herein and made a part hereof for all purposes.

Management and Administration of the Fund

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

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

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

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

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

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

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

For each biennium, beginning with the 2024-2025 State biennium, the PSF Corporation is required to submit a legislative appropriations request ("LAR") to the LBB and the Office of the Governor that details a request for appropriation of funds to enable the PSF Corporation to carry out its responsibilities for the investment management of the Fund. The requested funding, budget structure, and riders are sufficient to fully support all operations of the PSF Corporation in state fiscal years 2026 and 2027. As described therein, the LAR is designed to provide the PSF Corporation with the ability to operate as a stand-alone state entity in the State budget while retaining the flexibility to fulfill its fiduciary duty and provide oversight and transparency to the Legislature and Governor.

The Total Return Constitutional Amendment

The Total Return Constitutional Amendment requires that PSF distributions to the ASF be determined using a "total-return-based" approach that provides that the total amount distributed from the Fund to the ASF: (1) in each year of a State fiscal biennium must be an amount that is not more than 6% of the average of the market value of the Fund, excluding real property (the "Distribution Rate"), on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium, in accordance with

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

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

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

The following table shows amounts distributed to the ASF from the portions of the Fund administered by the SBOE (the "PSF(SBOE)"), the PSF Corporation (the "PSF(CORP)"), and the SLB (the "PSF(SLB)").

Annual Distributions to the Available School Fund[1]

Fiscal Year Ending	2015	2016	2017	2018	2019	2020	2021	2022	2023[2]	2024
PSF(CORP) Distribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$2,076	$2,156
PSF(SBOE) Distribution	839	1,056	1,056	1,236	1,236	1,102	1,102	1,731	-	-
PSF(SLB) Distribution	-	-	-	-	300	600	600[3]	415	115	-
Per Student Distribution	173	215	212	247	306	347	341	432	440	430

[1] In millions of dollars. Source: Annual Report for year ended August 31, 2024.

[2] Reflects the first fiscal year in which distributions were made by the PSF Corporation.

[3] In September 2020, the SBOE approved a special, one-time transfer of $300 million from the portion of the PSF managed by the SBOE to the portion of the PSF managed by the SLB, which amount is to be transferred to the ASF by the SLB in fiscal year 2021. In approving the special transfer, the SBOE determined that the transfer was in the best interest of the PSF due to the historic nature of the public health and economic circumstances resulting from the COVID-19 pandemic and its impact on the school children of Texas.

In November 2024, the SBOE approved a $3.6 billion distribution to the ASF for State fiscal biennium 2026-2027. In making its determination of the 2026-2027 Distribution Rate, the SBOE took into account the planned distribution to the ASF by the PSF Corporation of $1.2 billion for the biennium.

Efforts to achieve the intergenerational equity objective, as described above, result in changes in the Distribution Rate for each biennial period. The following table sets forth the Distribution Rates announced by the SBOE in the fall of each even-numbered year to be applicable for the following biennium.

State Fiscal Biennium	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21	2022-23	2024-25	2026-27
SBOE Distribution Rate[1]	2.5%	4.2%	3.3%	3.5%	3.7%	2.974%	4.18%	3.32%	3.45%

[1] Includes only distributions made to the ASF by the SBOE; see the immediately preceding table for amounts of direct SLB distributions to the ASF. In addition, the PSF Corp approved transfers of $600 million per year directly to the ASF for fiscal biennium 2026-27.

PSF Corporation Strategic Asset Allocation

The PSFC Board sets the asset allocation policy for the Fund, including determining the available asset classes for investment and approving target percentages and ranges for allocation to each asset class, with the goal of delivering a long-term risk adjusted return through all economic and market environments. The IPS includes a combined asset allocation for all Fund assets (consisting of assets transferred for management to the PSF Corporation from the SBOE and the SLB). The IPS provides that the Fund's investment objectives are as follows:

- Generate distributions for the benefit of public schools in Texas;
- Maintain the purchasing power of the Fund, after spending and inflation, in order to maintain intergenerational equity with respect to distributions from the Fund;
- Provide a maximum level of return consistent with prudent risk levels, while maintaining sufficient liquidity needed to support Fund obligations; and
- Maintain a AAA credit rating, as assigned by a nationally recognized securities rating organization.

The table below sets forth the current strategic asset allocation of the Fund that was adopted September 2024 (which is subject to change from time to time):

Asset Class	Strategic Asset Allocation	Range	
		Min	Max
Cash	2.0%	0.0%	n/a
Core Bonds	10.0%	5.0%	15.0%
High Yield	2.0%	0.0%	7.0%
Bank Loans	4.0%	0.0%	9.0%
Treasury Inflation Protected Securities	2.0%	0.0%	7.0%
Large Cap Equity	14.0%	9.0%	19.0%
Small/Mid-Cap Equity	6.0%	1.0%	11.0%
Non-US Developed Equity	7.0%	2.0%	12.0%
Absolute Return	3.0%	0.0%	8.0%
Real Estate	12.0%	7.0%	17.0%
Private Equity	20.0%	10.0%	30.0%
Private Credit	8.0%	3.0%	13.0%
Natural Resources	5.0%	0.0%	10.0%
Infrastructure	5.0%	0.0%	10.0%

The table below sets forth the comparative investments of the PSF for the fiscal years ending August 31, 2023 and 2024, as set forth in the Annual Report for the 2024 fiscal year. As of January 1, 2023, the assets of the PSF(SBOE) and the PSF (SLB) were generally combined (referred to herein as the PSF(CORP)) for investment management and accounting purposes.

Comparative Investment Schedule – PSF(CORP)

ASSET CLASS	August 31, 2024	August 31, 2023	Amount of Increase	Percent Change
EQUITY				
Domestic Small Cap	$3,651.3	$ 2,975.1	$ 676.2	22.7%
Domestic Large Cap	8,084.6	7,896.5	188.1	2.4%
Total Domestic Equity	11,735.9	10,871.6	864.3	8.0%
International Equity	4,131.1	7,945.5	(3,814.4)	-48.0%
TOTAL EQUITY	15,867.0	18,817.1	(2,950.1)	-15.7%
FIXED INCOME				
Domestic Fixed Income	-	5,563.7	-	-
US Treasuries	-	937.5	-	-
Core Bonds	8,151.6	-	-	-
Bank Loans	2,564.1	-	-	-
High Yield Bonds	2,699.5	1,231.6	1,467.9	119.2%
Emerging Market Debt	-	869.7	-	-
TOTAL FIXED INCOME	13,415.2	8,602.5	4,812.7	55.9%
ALTERNATIVE INVESTMENTS				
Absolute Return	3,106.0	3,175.8	(69.8)	-2.2%
Real Estate	6,101.0	6,525.2	(424.2)	-6.5%
Private Equity	8,958.8	8,400.7	558.1	6.6%
Emerging Manager Program	-	134.5	-	-
Real Return	-	1,663.7	-	-
Private Credit	2,257.9	-	-	-
Real Assets	4,648.1	4,712.1	(64.0)	-1.4%
TOT ALT INVESTMENTS	25,071.8	24,612.0	459.8	1.9%
UNALLOCATED CASH	2,583.2	348.2	2,235	641.9%
TOTAL PSF(CORP) INVESTMENTS	56,937.2	$ 52,379.8	$ 4,557.4	8.7%

Source: Annual Report for year ended August 31, 2024.

The table below sets forth the investments of the PSF(SLB) for the year ended August 31, 2024.

Investment Schedule - PSF(SLB)[1]

Fair Value (in millions) August 31, 2024

Investment Type	As of 8-31-24	
Investments in Real Assets		
Sovereign Lands	$ 277.47	
Discretionary Internal Investments	457.01	
Other Lands	153.15	
Minerals [2], [3]	4,540.61	[6]
Total Investments[4]	5,428.23	
Cash in State Treasury [5]	0	
Total Investments & Cash in State Treasury	$ 5,428.23	

[1] Unaudited figures from Table 5 in the FY 2024 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.

2 Historical Cost of investments at August 31, 2024 was: Sovereign Lands $838,730.24; Discretionary Internal Investments $318,902,420.97; Other Lands $37,290,818.76; and Minerals $13,437,063.73.

3 Includes an estimated 1,000,000.00 acres in freshwater rivers.

4 Includes an estimated 1,747,600.00 in excess acreage.

5 Cash in State Treasury is managed by the Treasury Operations Division of the Comptroller of Public Accounts of the State of Texas.

6 Future Net Revenues discounted at 10% and then adjusted for risk factors. A mineral reserve report is prepared annually by external third-party petroleum engineers.

The asset allocation of the Fund's financial assets portfolio is subject to change by the PSF Corporation from time to time based upon a number of factors, including recommendations to the PSF Corporation made by internal investment staff and external consultants. Fund performance may also be affected by factors other than asset allocation, including, without limitation, the general performance of the securities markets and other capital markets in the United States and abroad, which may be affected by different levels of economic activity; decisions of political officeholders; significant adverse weather events; development of hostilities in and among nations; cybersecurity threats and events; changes in international trade policies or practices; application of the Prudent Person Standard, which may eliminate certain investment opportunities for the Fund; management fees paid to external managers and embedded management fees for some fund investments; and PSF operational limitations impacted by Texas law or legislative appropriation. The Guarantee Program could also be impacted by changes in State or federal law or regulations or the implementation of new accounting standards.

The School District Bond Guarantee Program

The School District Bond Guarantee Program requires an application be made by a school district to the Education Commissioner for a guarantee of its bonds. If the conditions for the School District Bond Guarantee Program are satisfied, the guarantee becomes effective upon approval of the bonds

by the Attorney General and remains in effect until the guaranteed bonds are paid or defeased, by a refunding or otherwise.

In the event of default, holders of guaranteed school district bonds will receive all payments as and when may become due from the corpus of the PSF. Following a determination that a school district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires the school district to notify the Education Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment. Immediately following receipt of such notice, the Education Commissioner must cause to be transferred from the appropriate account in the PSF to the Paying Agent/Registrar an amount necessary to pay the maturing or matured principal and interest, as applicable. Upon receipt of funds for payment of such principal or interest, the Paying Agent/Registrar must pay the amount due and forward the canceled bond or evidence of payment of the interest to the State Comptroller of Public Accounts (the "Comptroller"). The Education Commissioner will instruct the Comptroller to withhold the amount paid, plus interest, from the first State money payable to the school district. The amount withheld pursuant to this funding "intercept" feature will be deposited to the credit of the PSF. The Comptroller must hold such canceled bond or evidence of payment of the interest on behalf of the PSF. Following full reimbursement of such payment by the school district to the PSF with interest, the Comptroller will cancel the bond or evidence of payment of the interest and forward it to the school district. The Act permits the Education Commissioner to order a school district to set a tax rate sufficient to reimburse the PSF for any payments made with respect to guaranteed bonds, and also sufficient to pay future payments on guaranteed bonds, and provides certain enforcement mechanisms to the Education Commissioner, including the appointment of a board of managers or annexation of a defaulting school district to another school district.

If a school district fails to pay principal or interest on a bond as it is stated to mature, other amounts not due and payable are not accelerated and do not become due and payable by virtue of the district's default. The School District Bond Guarantee Program does not apply to the payment of principal and interest upon redemption of bonds, except upon mandatory sinking fund redemption, and does not apply to the obligation, if any, of a school district to pay a redemption premium on its guaranteed bonds. The guarantee applies to all matured interest on guaranteed school district bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond order provision requiring an interest rate change. The guarantee does not extend to any obligation of a school district under any agreement with a third party relating to guaranteed bonds that is defined or described in State law as a "bond enhancement agreement" or a "credit agreement," unless the right to payment of such third party is directly as a result of such third party being a bondholder.

In the event that two or more payments are made from the PSF on behalf of a district, the Education Commissioner shall request the Attorney General to institute legal action to compel the district and its officers, agents and employees to comply with the duties required of them by law in respect to the payment of guaranteed bonds.

Generally, the regulations that govern the School District Bond Guarantee Program (the "SDBGP Rules") limit guarantees to certain types of notes and bonds, including, with respect to refunding bonds issued by school districts, a requirement that the bonds produce debt service savings. The SDBGP Rules include certain accreditation criteria for districts applying for a guarantee of their

bonds, and limit guarantees to districts that have less than the amount of annual debt service per average daily attendance that represents the 90th percentile of annual debt service per average daily attendance for all school districts, but such limitation will not apply to school districts that have enrollment growth of at least 25% over the previous five school years. The SDBGP Rules are codified in the Texas Administrative Code at 19 TAC section 33.6 and are available at https://tea.texas.gov/finance-and-grants/state-funding/facilities-funding-and-standards/bond-guarantee-program.

The Charter District Bond Guarantee Program

The Charter District Bond Guarantee Program became effective March 3, 2014. The SBOE published final regulations in the Texas Register that provide for the administration of the Charter District Bond Guarantee Program (the "CDBGP Rules"). The CDBGP Rules are codified at 19 TAC section 33.7 and are available at https://tea.texas.gov/finance-and-grants/state- funding/facilities-funding-and-standards/bond-guarantee-program.

The Charter District Bond Guarantee Program has been authorized through the enactment of amendments to the Act, which provide that a charter holder may make application to the Education Commissioner for designation as a "charter district" and for a guarantee by the PSF under the Act of bonds issued on behalf of a charter district by a non-profit corporation. If the conditions for the Charter District Bond Guarantee Program are satisfied, the guarantee becomes effective upon approval of the bonds by the Attorney General and remains in effect until the guaranteed bonds are paid or defeased, by a refunding or otherwise.

Pursuant to the CDBGP Rules, the Education Commissioner annually determines the ratio of charter district students to total public school students, for the 2025 fiscal year, the ratio is 7.86%. At February 27, 2025, there were 188 active open-enrollment charter schools in the State and there were 1,222 charter school campuses authorized under such charters, though as of such date, 264 of such campuses are not currently serving students for various reasons; therefore, there are 958 charter school campuses actively serving students in Texas. Section 12.101, Texas Education Code, limits the number of charters that the Education Commissioner may grant to a total number of 305 charters. While legislation limits the number of charters that may be granted, it does not limit the number of campuses that may operate under a particular charter. For information regarding the capacity of the Guarantee Program, see "Capacity Limits for the Guarantee Program." The Act provides that the Education Commissioner may not approve the guarantee of refunding or refinanced bonds under the Charter District Bond Guarantee Program in a total amount that exceeds one-half of the total amount available for the guarantee of charter district bonds under the Charter District Bond Guarantee Program.

In accordance with the Act, the Education Commissioner may not approve charter district bonds for guarantee if such guarantees will result in lower bond ratings for public school district bonds that are guaranteed under the School District Bond Guarantee Program. To be eligible for a guarantee, the Act provides that a charter district's bonds must be approved by the Attorney General, have an unenhanced investment grade rating from a nationally recognized investment rating firm, and satisfy a limited investigation conducted by the TEA.

The Charter District Bond Guarantee Program does not apply to the payment of principal and interest upon redemption of bonds, except upon mandatory sinking fund redemption, and does not apply to the obligation, if any, of a charter district to pay a redemption premium on its guaranteed bonds. The guarantee applies to all matured interest on guaranteed charter district bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond resolution provision requiring an interest rate change. The guarantee does not extend to any obligation of a charter district under any agreement with a third party relating to guaranteed bonds that is defined or described in State law as a "bond enhancement agreement" or a "credit agreement," unless the right to payment of such third party is directly as a result of such third party being a bondholder.

In the event of default, holders of guaranteed charter district bonds will receive all payments as and when they become due from the corpus of the PSF. Following a determination that a charter district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires a charter district to notify the Education Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment and provides that immediately following receipt of notice that a charter district will be or is unable to pay maturing or matured principal or interest on a guaranteed bond, the Education Commissioner is required to instruct the Comptroller to transfer from the Charter District Reserve Fund to the district's paying agent an amount necessary to pay the maturing or matured principal or interest, as applicable. If money in the Charter District Reserve Fund is insufficient to pay the amount due on a bond for which a notice of default has been received, the Education Commissioner is required to instruct the Comptroller to transfer from the PSF to the district's paying agent the amount necessary to pay the balance of the unpaid maturing or matured principal or interest, as applicable. If a total of two or more payments are made under the Charter District Bond Guarantee Program on charter district bonds and the Education Commissioner determines that the charter district is acting in bad faith under the program, the Education Commissioner may request the Attorney General to institute appropriate legal action to compel the charter district and its officers, agents, and employees to comply with the duties required of them by law in regard to the guaranteed bonds. As is the case with the School District Bond Guarantee Program, the Act provides a funding "intercept" feature that obligates the Education Commissioner to instruct the Comptroller to withhold the amount paid with respect to the Charter District Bond Guarantee Program, plus interest, from the first State money payable to a charter district that fails to make a guaranteed payment on its bonds. The amount withheld will be deposited, first, to the credit of the PSF, and then to restore any amount drawn from the Charter District Reserve Fund as a result of the non-payment.

The CDBGP Rules provide that the PSF may be used to guarantee bonds issued for the acquisition, construction, repair, or renovation of an educational facility for an open-enrollment charter holder and equipping real property of an open-enrollment charter school and/or to refinance promissory notes executed by an open-enrollment charter school, each in an amount in excess of $500,000 the proceeds of which loans were used for a purpose described above (so-called new money bonds) or for refinancing bonds previously issued for the charter school that were approved by the Attorney General (so-called refunding bonds). Refunding bonds may not be guaranteed under the Charter District Bond Guarantee Program if they do not result in a present value savings to the charter holder.

The CDBGP Rules provide that an open-enrollment charter holder applying for charter district designation and a guarantee of its bonds under the Charter District Bond Guarantee Program satisfy

various provisions of the regulations, including the following: It must (i) have operated at least one open-enrollment charter school with enrolled students in the State for at least three years; (ii) agree that the bonded indebtedness for which the guarantee is sought will be undertaken as an obligation of all entities under common control of the open-enrollment charter holder, and that all such entities will be liable for the obligation if the open-enrollment charter holder defaults on the bonded indebtedness, provided, however, that an entity that does not operate a charter school in Texas is subject to this provision only to the extent it has received state funds from the open- enrollment charter holder; (iii) have had completed for the past three years an audit for each such year that included unqualified or unmodified audit opinions; and (iv) have received an investment grade credit rating within the last year. Upon receipt of an application for guarantee under the Charter District Bond Guarantee Program, the Education Commissioner is required to conduct an investigation into the financial status of the applicant charter district and of the accreditation status of all open-enrollment charter schools operated under the charter, within the scope set forth in the CDBGP Rules. Such financial investigation must establish that an applying charter district has a historical debt service coverage ratio, based on annual debt service, of at least 1.1 for the most recently completed fiscal year, and a projected debt service coverage ratio, based on projected revenues and expenses and maximum annual debt service, of at least 1.2. The failure of an open- enrollment charter holder to comply with the Act or the applicable regulations, including by making any material misrepresentations in the charter holder's application for charter district designation or guarantee under the Charter District Bond Guarantee Program, constitutes a material violation of the open-enrollment charter holder's charter.

From time to time, TEA has limited new guarantees under the Charter District Bond Guarantee Program to conform to capacity limits specified by the Act. The Charter District Bond Guarantee Program Capacity (the "CDBGP Capacity") is made available from the capacity of the Guarantee Program but is not reserved exclusively for the Charter District Bond Guarantee Program. See "Capacity Limits for the Guarantee Program." Other factors that could increase the CDBGP Capacity include Fund investment performance, future increases in the Guarantee Program multiplier, changes in State law that govern the calculation of the CDBGP Capacity, as described below, changes in State or federal law or regulations related to the Guarantee Program limit, growth in the relative percentage of students enrolled in open-enrollment charter schools to the total State scholastic census, legislative and administrative changes in funding for charter districts, changes in level of school district or charter district participation in the Guarantee Program, or a combination of such circumstances.

Capacity Limits for the Guarantee Program

The capacity of the Fund to guarantee bonds under the Guarantee Program is limited to the lesser of that imposed by State law (the "State Capacity Limit") and that imposed by regulations and a notice issued by the IRS (the "IRS Limit", with the limit in effect at any given time being the "Capacity Limit"). From 2005 through 2009, the Guarantee Program twice reached capacity under the IRS Limit, and in each instance the Guarantee Program was closed to new bond guarantee applications until relief was obtained from the IRS. The most recent closure of the Guarantee Program commenced in March 2009 and the Guarantee Program reopened in February 2010 after the IRS updated regulations relating to the PSF and similar funds.

Prior to 2007, various legislation was enacted modifying the calculation of the State Capacity limit; however, in 2007, Senate Bill 389 ("SB 389") was enacted, providing for increases in the capacity of the Guarantee Program, and specifically providing that the SBOE may by rule increase the capacity of the Guarantee Program from two and one-half times the cost value of the PSF to an amount not to exceed five times the cost value of the PSF, provided that the increased limit does not violate federal law and regulations and does not prevent bonds guaranteed by the Guarantee Program from receiving the highest available credit rating, as determined by the SBOE. SB 389 further provided that the SBOE shall at least annually consider whether to change the capacity of the Guarantee Program. Additionally, on May 21, 2010, the SBOE modified the SDBGP Rules, and increased the State Capacity Limit to an amount equal to three times the cost value of the PSF. Such modified regulations, including the revised capacity rule, became effective on July 1, 2010. The SDBGP Rules provide that the Education Commissioner will estimate the available capacity of the PSF each month and may increase or reduce the State Capacity Limit multiplier to prudently manage fund capacity and maintain the AAA credit rating of the Guarantee Program but also provide that any changes to the multiplier made by the Education Commissioner are to be ratified or rejected by the SBOE at the next meeting following the change. See "Valuation of the PSF and Guaranteed Bonds" below.

Since September 2015, the SBOE has periodically voted to change the capacity multiplier as shown in the following table.

Changes in SBOE-determined multiplier for State Capacity Limit

Date	Multiplier
Prior to May 2010	2.50
May 2010	3.00
September 2015	3.25
February 2017	3.50
September 2017	3.75
February 2018 (current)	3.50

Since December 16, 2009, the IRS Limit was a static limit set at 500% of the total cost value of the assets held by the PSF as of December 16, 2009; however, on May 10, 2023, the IRS released Notice 2023-39 (the "IRS Notice"), stating that the IRS would issue regulations amending the existing regulations to amend the calculation of the IRS limit to 500% of the total cost value of assets held by the PSF as of the date of sale of new bonds, effective as of May 10, 2023.

The IRS Notice changed the IRS Limit from a static limit to a dynamic limit for the Guarantee Program based upon the cost value of Fund assets, multiplied by five. As of January 31, 2025 the cost value of the Guarantee Program was $48,560,433,760 (unaudited), thereby producing an IRS Limit of $242,802,168,800 in principal amount of guaranteed bonds outstanding.

As of January 31, 2025, the estimated State Capacity Limit is $169,961,518,160, which is lower than the IRS Limit, making the State Capacity Limit the current Capacity Limit for the Fund.

Since July 1991, when the SBOE amended the Guarantee Program Rules to broaden the range of bonds that are eligible for guarantee under the Guarantee Program to encompass most Texas school district bonds, the principal amount of bonds guaranteed under the Guarantee Program has increased

sharply. In addition, in recent years a number of factors have caused an increase in the amount of bonds issued by school districts in the State. See the table "Permanent School Fund Guaranteed Bonds" below. Effective March 1, 2023, the Act provides that the SBOE may establish a percentage of the Capacity Limit to be reserved from use in guaranteeing bonds (the "Capacity Reserve"). The SDBGP Rules provide for a maximum Capacity Reserve for the overall Guarantee Program of 5% and provide that the amount of the Capacity Reserve may be increased or decreased by a majority vote of the SBOE based on changes in the cost value, asset allocation, and risk in the portfolio, or may be increased or decreased by the Education Commissioner as necessary to prudently manage fund capacity and preserve the AAA credit rating of the Guarantee Program (subject to ratification or rejection by the SBOE at the next meeting for which an item can be posted). The CDBGP Rules provide for an additional reserve of CDBGP Capacity determined by calculating an equal percentage as established by the SBOE for the Capacity Reserve, applied to the CDBGP Capacity. Effective March 1, 2023, the Capacity Reserve is 0.25%. The Capacity Reserve is noted in the monthly updates with respect to the capacity of the Guarantee Program on the PSF Corporation's web site at https://texaspsf.org/monthly-disclosures/, which are also filed with the MSRB.

Based upon historical performance of the Fund, the legal restrictions relating to the amount of bonds that may be guaranteed has generally resulted in a lower ratio of guaranteed bonds to available assets as compared to many other types of credit enhancements that may be available for Texas school district bonds and charter district bonds. However, the ratio of Fund assets to guaranteed bonds and the growth of the Fund in general could be adversely affected by a number of factors, including Fund investment performance, investment objectives of the Fund, an increase in bond issues by school districts in the State or legal restrictions on the Fund, changes in State laws that implement funding decisions for school districts and charter districts, which could adversely affect the credit quality of those districts, the implementation of the Charter District Bond Guarantee Program, or significant changes in distributions to the ASF. The issuance of the IRS Notice and the Final IRS Regulations resulted in a substantial increase in the amount of bonds guaranteed under the Guarantee Program.

No representation is made as to how the capacity will remain available, and the capacity of the Guarantee Program is subject to change due to a number of factors, including changes in bond issuance volume throughout the State and some bonds receiving guarantee approvals may not close. If the amount of guaranteed bonds approaches the State Capacity Limit, the SBOE or Education Commissioner may increase the State Capacity Limit multiplier as discussed above.

2017 Legislative Changes to the Charter District Bond Guarantee Program

The CDBGP Capacity is established by the Act. During the 85th Texas Legislature, which concluded on May 29, 2017, Senate Bill 1480 ("SB 1480") was enacted. SB 1480 amended the Act to modify how the CDBGP Capacity is established effective as of September 1, 2017, and made other substantive changes to the Charter District Bond Guarantee Program. Prior to the enactment of SB 1480, the CDBGP Capacity was calculated as the Capacity Limit less the amount of outstanding bond guarantees under the Guarantee Program multiplied by the percentage of charter district scholastic population relative to the total public school scholastic population. SB 1480 amended the CDBGP Capacity calculation so that the Capacity Limit is multiplied by the percentage of charter district scholastic population relative to the total public school scholastic population prior to the subtraction of the outstanding bond guarantees, thereby increasing the CDBGP Capacity.

The percentage of the charter district scholastic population to the overall public school scholastic population has grown from 3.53% in September 2012 to 7.86% in February 2025. TEA is unable to predict how the ratio of charter district students to the total State scholastic population will change over time.

In addition to modifying the manner of determining the CDBGP Capacity, SB 1480 provided that the Education Commissioner's investigation of a charter district application for guarantee may include an evaluation of whether the charter district bond security documents provide a security interest in real property pledged as collateral for the bond and the repayment obligation under the proposed guarantee. The Education Commissioner may decline to approve the application if the Education Commissioner determines that sufficient security is not provided. The Act and the CDBGP Rules also require the Education Commissioner to make an investigation of the accreditation status and financial status for a charter district applying for a bond guarantee.

Since the initial authorization of the Charter District Bond Guarantee Program, the Act has established a bond guarantee reserve fund in the State treasury (the "Charter District Reserve Fund"). Formerly, the Act provided that each charter district that has a bond guaranteed must annually remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 10% of the savings to the charter district that is a result of the lower interest rate on its bonds due to the guarantee by the PSF. SB 1480 modified the Act insofar as it pertains to the Charter District Reserve Fund. Effective September 1, 2017, the Act provides that a charter district that has a bond guaranteed must remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 20% of the savings to the charter district that is a result of the lower interest rate on the bond due to the guarantee by the PSF. The amount due shall be paid on receipt by the charter district of the bond proceeds. However, the deposit requirement will not apply if the balance of the Charter District Reserve Fund is at least equal to 3.00% of the total amount of outstanding guaranteed bonds issued by charter districts. At January 31, 2025, the Charter District Reserve Fund contained $120,355,020, which represented approximately 2.44% of the guaranteed charter district bonds. The Reserve Fund is held and invested as a non-commingled fund under the administration of the PSF Corporation staff.

Charter District Risk Factors

Open-enrollment charter schools in the State may not charge tuition and, unlike school districts, charter districts have no taxing power. Funding for charter district operations is largely from amounts appropriated by the Legislature. Additionally, the amount of State payments a charter district receives is based on a variety of factors, including the enrollment at the schools operated by a charter district, and may be affected by the State's economic performance and other budgetary considerations and various political considerations.

Other than credit support for charter district bonds that is provided to qualifying charter districts by the Charter District Bond Guarantee Program, State funding for charter district facilities construction is limited to a program established by the Legislature in 2017, which provides $60 million per year for eligible charter districts with an acceptable performance rating for a variety of funding purposes, including for lease or purchase payments for instructional facilities. Since State funding for charter facilities is limited, charter schools generally issue revenue bonds to fund facility construction and acquisition, or fund facilities from cash flows of the school. Some charter districts have issued non-

guaranteed debt in addition to debt guaranteed under the Charter District Bond Guarantee Program, and such non-guaranteed debt is likely to be secured by a deed of trust covering all or part of the charter district's facilities. In March 2017, the TEA began requiring charter districts to provide the TEA with a lien against charter district property as a condition to receiving a guarantee under the Charter District Bond Guarantee Program. However, charter district bonds issued and guaranteed under the Charter District Bond Guarantee Program prior to the implementation of the new requirement did not have the benefit of a security interest in real property, although other existing debts of such charter districts that are not guaranteed under the Charter District Bond Guarantee Program may be secured by real property that could be foreclosed on in the event of a bond default.

As a general rule, the operation of a charter school involves fewer State requirements and regulations for charter holders as compared to other public schools, but the maintenance of a State- granted charter is dependent upon on-going compliance with State law and regulations, which are monitored by TEA. TEA has a broad range of enforcement and remedial actions that it can take as corrective measures, and such actions may include the loss of the State charter, the appointment of a new board of directors to govern a charter district, the assignment of operations to another charter operator, or, as a last resort, the dissolution of an open-enrollment charter school. Charter holders are governed by a private board of directors, as compared to the elected boards of trustees that govern school districts.

As described above, the Act includes a funding "intercept" function that applies to both the School District Bond Guarantee Program and the Charter District Bond Guarantee Program. However, school districts are viewed as the "educator of last resort" for students residing in the geographical territory of the district, which makes it unlikely that State funding for those school districts would be discontinued, although the TEA can require the dissolution and merger into another school district if necessary to ensure sound education and financial management of a school district. That is not the case with a charter district, however, and open-enrollment charter schools in the State have been dissolved by TEA from time to time. If a charter district that has bonds outstanding that are guaranteed by the Charter District Bond Guarantee Program should be dissolved, debt service on guaranteed bonds of the district would continue to be paid to bondholders in accordance with the Charter District Bond Guarantee Program, but there would be no funding available for reimbursement of the PSF by the Comptroller for such payments. As described under "The Charter District Bond Guarantee Program," the Act established the Charter District Reserve Fund, to serve as a reimbursement resource for the PSF.

Ratings of Bonds Guaranteed Under the Guarantee Program

Moody's Investors Service, Inc., S&P Global Ratings, and Fitch Ratings, Inc. rate bonds guaranteed by the PSF "Aaa," "AAA" and "AAA," respectively. Not all districts apply for multiple ratings on their bonds, however. See the applicable rating section within the offering document to which this is attached for information regarding a district's underlying rating and the enhanced rating applied to a given series of bonds.

Valuation of the PSF and Guaranteed Bonds

Permanent School Fund Valuations

Fiscal Year Ended 8/31	Book Value[(1)]	Market Value[(1)]
2020	$36,642,000,738	$46,764,059,745
2021	38,699,895,545	55,582,252,097
2022	42,511,350,050	56,754,515,757
2023	43,915,792,841	59,020,536,667
2024[(2)]	46,276,260,013	56,937,188,265

[(1)] SLB managed assets are included in the market value and book value of the Fund. In determining the market value of the PSF from time to time during a fiscal year, the current, unaudited values for PSF investment portfolios and cash held by the SLB are used. With respect to SLB managed assets shown in the table above, market values of land and mineral interests, internally managed real estate, investments in externally managed real estate funds and cash are based upon information reported to the PSF Corporation by the SLB. The SLB reports that information to the PSF Corporation on a quarterly basis. The valuation of such assets at any point in time is dependent upon a variety of factors, including economic conditions in the State and nation in general, and the values of these assets, and, in particular, the valuation of mineral holdings administered by the SLB, can be volatile and subject to material changes from period to period.

[(2)] At August 31, 2024, mineral assets, sovereign lands, other lands, and discretionary internal investments, had book values of approximately $13.4 million, $0.8 million, $37.2 million, and $318.9 million, respectively, and market values of approximately $4,540.6 million, $277.4 million, $153.1 million, and $457.0 million, respectively.

Permanent School Fund Guaranteed Bonds

At 8/31	Principal Amount[(1)]
2020	$90,336,680,245
2021	95,259,161,922
2022	103,239,495,929
2023	115,730,826,682
2024	125,815,981,603[(2)]

[(1)] Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program. The TEA does not maintain records of the accreted value of capital appreciation bonds that are guaranteed under the Guarantee Program.

[(2)] At August 31, 2024 (the most recent date for which such data is available), the TEA expected that the principal and interest to be paid by school districts and charter districts over the remaining life of the bonds guaranteed by the Guarantee Program was $196,294,405,488, of which $70,478,423,885 represents interest to be paid. As shown in the table above, at August 31, 2024, there were $125,815,981,603 in principal amount of bonds guaranteed under the Guarantee Program. Using the State Capacity Limit of $169,961,518,160 (the State Capacity Limit is currently the Capacity Limit), net of the Capacity Reserve, as of January 31, 2025, 7.69% of the Guarantee Program's capacity was

available to the Charter District Bond Guarantee Program. As of January 31, 2025, the amount of outstanding bond guarantees represented 76.33% of the Capacity Limit (which is currently the State Capacity Limit). January 31, 2025 values are based on unaudited data, which is subject to adjustment.

Permanent School Fund Guaranteed Bonds by Category[1]

	School District Bonds		Charter District Bonds		Totals	
Fiscal Year Ended 8/31	No. of Issues	Principal Amount ($)	No. of Issues	Principal Amount ($)	No. of Issues	Principal Amount ($)
2020	3,296	87,800,478,245	64	2,536,202,000	3,360	90,336,680,245
2021	3,346	91,951,175,922	83	3,307,986,000	3,429	95,259,161,922
2022	3,348	99,528,099,929	94	3,711,396,000	3,442	103,239,495,929
2023	3,339	111,647,914,682	102	4,082,912,000	3,441	115,730,826,682
2024[2]	3,330	121,046,871,603	103	4,769,110,000	3,433	125,815,981,603

[1] Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program.

[2] At January 31, 2025 (based on unaudited data, which is subject to adjustment), there were $129,723,799,121 in principal amount of bonds guaranteed under the Guarantee Program, representing 3,437 school district issues, aggregating $124,794,149,121 in principal amount and 109 charter district issues, aggregating $4,929,650,000 in principal amount. At January 31, 2025 the projected guarantee capacity available was $39,780,221,830 (based on unaudited data, which is subject to adjustment).

Discussion and Analysis Pertaining to Fiscal Year Ended August 31, 2024

The following discussion is derived from the Annual Report for the year ended August 31, 2024, including the Message from the Chief Executive Officer of the Fund, the Management's Discussion and Analysis, and other schedules contained therein. Reference is made to the Annual Report, as filed with the MSRB, for the complete Message and MD&A. Investment assets managed by the PSF Corporation are referred to throughout this MD&A as the PSF(CORP). The Fund's non-financial real assets are managed by the SLB and these assets are referred to throughout as the PSF(SLB) assets.

At the end of fiscal year 2024, the PSF(CORP) net position was $57.3 billion. During the year, the PSF(CORP) continued implementing the long-term strategic asset allocation, diversifying the investment mix to strengthen the Fund. The asset allocation is projected to increase returns over the long run while reducing risk and portfolio return volatility. The PSF(CORP) is invested in global markets and liquid and illiquid assets experience volatility commensurate with the related indices. The PSF(CORP) is broadly diversified and benefits from the cost structure of its investment program. Changes continue to be researched, crafted, and implemented to make the cost structure more effective and efficient. The PSF(CORP) annual rates of return for the one-year, five-year, and ten-year periods ending August 31, 2024, net of fees, were 10.12%, 7.31%, and 6.32%, respectively (total return takes into consideration the change in the market value of the

Fund during the year as well as the interest and dividend income generated by the Fund's investments). See "Comparative Investment Schedule - PSF(CORP)" for the PSF(CORP) holdings as of August 31, 2024.

Effective February 1, 2024, Texas PSF transitioned into a new strategic asset allocation. The new allocation of the PSF Corporation updated the strategic asset allocation among public equities, fixed income, and alternative assets, as discussed herein. Alternative assets now include private credit, absolute return, private equity, real estate, natural resources, and infrastructure. For a description of the accrual basis of accounting and more information about performance, including comparisons to established benchmarks for certain periods, please see the 2024 Annual Report which is included by reference herein.

PSF Returns Fiscal Year Ended 8-31-2024[1]

Portfolio	Return	Benchmark Return[2]
Total PSF(CORP) Portfolio	10.12	9.28
Domestic Large Cap Equities	27.30	27.14
Domestic Small/Mid Cap Equities	18.35	18.37
International Equities	18.82	18.08
Private Credit	1.41	0.93
Core Bonds	7.08	7.30
Absolute Return	11.50	8.87
Real Estate	(6.42)	(7.22)
Private Equity	4.62	4.23
High Yield	12.03	12.53
Natural Resources	12.36	6.42
Infrastructure	4.41	3.63
Bank Loans	3.02	3.23
Short Term Investment Portfolio	2.42	2.28

[1] Time weighted rates of return adjusted for cash flows for the PSF(CORP) investment assets. Does not include SLB managed real estate or real assets. Returns are net of fees. Source: Annual Report for year ended August 31, 2024.

[2] Benchmarks are as set forth in the Annual Report for year ended August 31, 2024.

The SLB is responsible for the investment of money in the Real Estate Special Fund Account (RESFA) of the PSF (also referred to herein as the PSF(SLB)). Pursuant to applicable law, money in the PSF(SLB) may be invested in land, mineral and royalty interest, and real property holdings. For more information regarding the investments of the PSF(SLB), please see the 2024 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.

The Fund directly supports the public school system in the State by distributing a predetermined percentage of its asset value to the ASF. In fiscal year 2024, $2.2 billion was distributed to the ASF, $600 million of which was distributed by the PSF(CORP) on behalf of the SLB.

Other Events and Disclosures

State ethics laws govern the ethics and disclosure requirements for financial advisors and other service providers who advise certain State governmental entities, including the PSF. The SBOE code of ethics provides ethical standards for SBOE members, the Education Commissioner, TEA staff, and persons who provide services to the SBOE relating to the Fund. The PSF Corporation developed its own ethics policy that provides basic ethical principles, guidelines, and standards of conduct relating to the management and investment of the Fund in accordance with the requirements of §43.058 of the Texas Education Code, as amended. The SBOE code of ethics is codified in the Texas Administrative Code at 19 TAC sections 33.4 et seq. and is available on the TEA web site at https://tea.texas.gov/sites/default/files/ch033a.pdf. The PSF Corporation's ethics policy is posted to the PSF Corporation's website at texaspsf.org.

In addition, the SLB and GLO have established processes and controls over the administration of real estate transactions and are subject to provisions of the Texas Natural Resources Code and internal procedures in administering real estate transactions for Fund assets it manages.

As of August 31, 2024, certain lawsuits were pending against the State and/or the GLO, which challenge the Fund's title to certain real property and/or past or future mineral income from that property, and other litigation arising in the normal course of the investment activities of the PSF. Reference is made to the Annual Report, when filed, for a description of such lawsuits that are pending, which may represent contingent liabilities of the Fund.

PSF Continuing Disclosure Undertaking

As of March 1, 2023, the TEA's undertaking pursuant to Rule 15c2-12 (the "TEA Undertaking") pertaining to the PSF and the Guarantee Program, is codified at 19 TAC 33.8, which relates to the Guarantee Program and is available at available at https://tea.texas.gov/sites/default/files/ch033a.pdf.

Through the codification of the TEA Undertaking and its commitment to guarantee bonds, the TEA has made the following agreement for the benefit of the issuers, holders, and beneficial owners of guaranteed bonds. The TEA (or its successor with respect to the management of the Guarantee Program) is required to observe the agreement for so long as it remains an "obligated person," within the meaning of Rule 15c2-12, with respect to guaranteed bonds. Nothing in the TEA Undertaking obligates the TEA to make any filings or disclosures with respect to guaranteed bonds, as the obligations of the TEA under the TEA Undertaking pertain solely to the Guarantee Program. The issuer or an "obligated person" of the guaranteed bonds has assumed the applicable obligation under Rule 15c2-12 to make all disclosures and filings relating directly to guaranteed bonds, and the TEA takes no responsibility with respect to such undertakings. Under the TEA Undertaking, the TEA is obligated to provide annually certain updated financial information and operating data, and timely notice of specified material events, to the MSRB.

The MSRB has established the Electronic Municipal Market Access ("EMMA") system, and the TEA is required to file its continuing disclosure information using the EMMA system. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org, and the continuing disclosure filings of the TEA with respect to the PSF can be found at https://emma.msrb.org/IssueView/Details/ER355077 or by searching for "Texas Permanent School Fund Bond Guarantee Program" on EMMA.

Annual Reports

The PSF Corporation, on behalf of the TEA, and the TEA will annually provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the Guarantee Program and the PSF of the general type included in this offering document under the heading "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM." The information also includes the Annual Report. The PSF Corporation will update and provide this information within six months after the end of each fiscal year.

The TEA and the PSF Corporation may provide updated information in full text or may incorporate by reference certain other publicly-available documents, as permitted by Rule 15c2-12. The updated information includes audited financial statements of, or relating to, the State or the PSF, when and if such audits are commissioned and available. In the event audits are not available by the filing deadline, unaudited financial statements will be provided by such deadline, and audited financial statements will be provided when available. Financial statements of the State will be prepared in accordance with generally accepted accounting principles as applied to state governments, as such principles may be changed from time to time, or such other accounting principles as the State Auditor is required to employ from time to time pursuant to State law or regulation. The financial statements of the Fund are required to be prepared to conform to U.S. Generally Accepted Accounting Principles as established by the Governmental Accounting Standards Board.

The Fund is composed of two primary segments: the financial assets (PSF(CORP)) managed by PSF Corporation, and the non-financial assets (PSF(SLB)) managed by the SLB. Each of these segments is reported separately und different bases of accounting.

The PSF Corporation reports as a special-purpose government engaged in business-type activities and reports to the State of Texas as a discretely presented component unit accounted for on an economic resources measurement focus and the accrual basis of accounting. Measurement focus refers to the definition of the resource flows measured. Under the accrual basis of accounting, all revenues reported are recognized in the period they are earned or when the PSF Corporation has a right to receive them. Expenses are recognized in the period they are incurred, and the subsequent amortization of any deferred outflows. Additionally, costs related to capital assets are capitalized and subsequently depreciated over the useful life of the assets. Both current and long-term assets and liabilities are presented in the statement of net position.

The SLB manages the Fund's non-financial assets (PSF(SLB)), is classified as a governmental permanent fund and accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, amounts are recognized as revenues in the period in which they are available to finance expenditures of the current period and are measurable. Amounts are considered measurable if they can be estimated or otherwise determined. Expenditures are recognized in the period in which the related liability is incurred, if measurable.

The State's current fiscal year end is August 31. Accordingly, the TEA and the PSF Corporation must provide updated information by the last day of February in each year, unless the State changes

its fiscal year. If the State changes its fiscal year, the TEA and PSF Corporation will notify the MSRB of the change.

Event Notices

The TEA and the PSF Corporation will also provide timely notices of certain events to the MSRB. Such notices will be provided not more than ten business days after the occurrence of the event. The TEA or the PSF Corporation will provide notice of any of the following events with respect to the Guarantee Program: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if such event is material within the meaning of the federal securities laws; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Guarantee Program, or other material events affecting the tax status of the Guarantee Program; (7) modifications to rights of holders of bonds guaranteed by the Guarantee Program, if such event is material within the meaning of the federal securities laws; (8) bond calls, if such event is material within the meaning of the federal securities laws, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of bonds guaranteed by the Guarantee Program, if such event is material within the meaning of the federal securities laws; (11) rating changes of the Guarantee Program; (12) bankruptcy, insolvency, receivership, or similar event of the Guarantee Program (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Guarantee Program in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Guarantee Program, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Guarantee Program); (13) the consummation of a merger, consolidation, or acquisition involving the Guarantee Program or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if such event is material within the meaning of the federal securities laws; (14) the appointment of a successor or additional trustee with respect to the Guarantee Program or the change of name of a trustee, if such event is material within the meaning of the federal securities laws; (15) the incurrence of a financial obligation of the Guarantee Program, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Guarantee Program, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Guarantee Program, any of which reflect financial difficulties. (Neither the Act nor any other law, regulation or instrument pertaining to the Guarantee Program make any provision with respect to the Guarantee Program for bond calls, debt service reserves, credit enhancement, liquidity enhancement, early redemption, or the appointment of a trustee with respect to the Guarantee Program.) In addition, the TEA or the PSF Corporation will provide timely notice of any failure

by the TEA or the PSF Corporation to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The TEA and the PSF Corporation have agreed to provide the foregoing information only to the MSRB and to transmit such information electronically to the MSRB in such format and accompanied by such identifying information as prescribed by the MSRB. The information is available from the MSRB to the public without charge at www.emma.msrb.org.

Limitations and Amendments

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

The continuing disclosure agreement is made only with respect to the PSF and the Guarantee Program. The issuer of guaranteed bonds or an obligated person with respect to guaranteed bonds may make a continuing disclosure undertaking in accordance with Rule 15c2-12 with respect to its obligations arising under Rule 15c2-12 pertaining to financial information and operating data concerning such entity and events notices relating to such guaranteed bonds. A description of such undertaking, if any, is included elsewhere in this offering document.

This continuing disclosure agreement may be amended by the TEA or the PSF Corporation from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the TEA or the PSF Corporation, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell guaranteed bonds in the primary offering of such bonds in compliance with Rule 15c2-12, taking into account any amendments or interpretations of Rule 15c2-12 since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding bonds guaranteed by the Guarantee Program consent to such amendment or (b) a person that is unaffiliated with the TEA or the PSF Corporation (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the bonds guaranteed by the Guarantee Program. The TEA or the PSF Corporation may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provision of Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an

underwriter from lawfully purchasing or selling bonds guaranteed by the Guarantee Program in the primary offering of such bonds.

Compliance with Prior Undertakings

Except as stated below, during the last five years, the TEA and the PSF Corporation have not failed to substantially comply with their previous continuing disclosure agreements in accordance with Rule 15c2-12. On April 28, 2022, TEA became aware that it had not timely filed its 2021 Annual Report with EMMA due to an administrative oversight. TEA took corrective action and filed the 2021 Annual Report with EMMA on April 28, 2022, followed by a notice of late filing made with EMMA on April 29, 2022. TEA notes that the 2021 Annual Report was timely filed on the TEA website by the required filing date and that website posting has been incorporated by reference into TEA's Bond Guarantee Program disclosures that are included in school district and charter district offering documents.

SEC Exemptive Relief

On February 9, 1996, the TEA received a letter from the Chief Counsel of the SEC that pertains to the availability of the "small issuer exemption" set forth in paragraph (d)(2) of Rule 15c2-12. The letter provides that Texas school districts which offer municipal securities that are guaranteed under the Guarantee Program may undertake to comply with the provisions of paragraph (d)(2) of Rule 15c2-12 if their offerings otherwise qualify for such exemption, notwithstanding the guarantee of the school district securities under the Guarantee Program. Among other requirements established by Rule 15c2-12, a school district offering may qualify for the small issuer exemption if, upon issuance of the proposed series of securities, the school district will have no more than $10 million of outstanding municipal securities.