Rating: Moody's: "Aaa"
(See "RATING" and "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein)

PRELIMINARY OFFICIAL STATEMENT
Dated: June 14, 2022

NEW ISSUE: **BOOK-ENTRY-ONLY**

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings, and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein.

$19,685,000*
BURLESON INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Johnson & Tarrant Counties, Texas)
Unlimited Tax Refunding Bonds, Series 2022

Interest Accrual Date: Initial Delivery (Defined Below)
Dated Date: July 15, 2022 **Due: February 1, as shown on the inside cover page**

The Burleson Independent School District Unlimited Tax Refunding Bonds, Series 2022 (the "Bonds") are being issued pursuant to the Constitution and general laws of the State of Texas, including Chapters 1207 and 1371, Texas Government Code, as amended (together, the "Act"), as amended, and an order (the "Bond Order") authorizing the issuance of the Bonds adopted on June 13, 2022 by the Board of Trustees (the "Board") of the Burleson Independent School District (the "District"). As permitted by the provisions of the Act, the Board, in the Bond Order, delegated the authority to certain District officials (each, a "Pricing Officer") to execute approval of a pricing certificate (the "Pricing Certificate") establishing the pricing terms for the Bonds (the "Pricing Certificate" and together with the Bond Order, are collectively referred to herein as the "Order"). The Bonds are payable as to principal and interest from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, against all taxable property located within the District. The District has received conditional approval from the Texas Education Agency for the Bonds to be guaranteed under the State of Texas Permanent School Fund Guarantee Program (hereinafter defined) which will automatically become effective when the Attorney General of Texas approves the Bonds. (See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM").

Interest on the Bonds will accrue from the date of initial delivery to the Underwriter set forth below (the "Underwriter"), to occur on or about July 19, 2022 (the "Initial Delivery") and will be payable on February 1 and August 1 of each year, commencing February 1, 2023, until stated maturity. The Bonds will be issued in fully registered form in principal denominations of $5,000 or any integral multiple thereof. Principal will be payable by the Paying Agent/Registrar, which initially is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"), upon presentation and surrender of the Bonds for payment; 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. Interest on the Bonds is payable by check dated as of the interest payment date and mailed by the Paying Agent/Registrar to the registered owners as shown on the records of the Paying Agent/Registrar on the close of business as of the last business day of the month next preceding each interest payment date.

The District intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York ("DTC"). 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 Bonds will be used to (i) refund a portion of the District's outstanding bonds for debt service savings and (ii) pay the costs of issuing the Bonds. (See "THE BONDS - Authorization and Purpose" and "SCHEDULE I – Schedule of Refunded Bonds").

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

MATURITY SCHEDULE
(On Inside Cover)

The Bonds are offered for delivery when, as and if issued, and received by the Underwriter subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The Bonds are expected to be available for initial delivery through the facilities of DTC on or about July 19, 2022.

PIPER SANDLER & CO.

**Preliminary, subject to change.*

$19,685,000*
BURLESON INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Johnson & Tarrant Counties, Texas)
UNLIMITED TAX REFUNDING BONDS, SERIES 2022

MATURITY SCHEDULE*
Base CUSIP No: 121403[1]

Maturity Date 2/1	Principal Amount*	Interest Rate	Initial Yield	CUSIP No. Suffix[1]
2023	$10,330,000			
2024	9,355,000			

(Interest to accrue from the Initial Delivery)

**Preliminary, subject to change.*

[1] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2022 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Financial Advisor, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

BURLESON INDEPENDENT SCHOOL DISTRICT

BOARD OF TRUSTEES

Name	Date Initially Elected	Current Term Expires	Occupation
Pat Worrell, President	2009	2024	Retired Educator
Staci Eisner, Vice President	2004	2024	Real Estate Development
Ryan Richardson, Secretary	2014	2023	Vice President, Bank
Michael Ancy, Member	2007	2025	Senior Account Manager
Jerri McNair, Member	2018	2024	Retired Educator
Vacant [(1)]			
Andy Pickens, Member	2011	2023	President, Chamber of Commerce

(1) *On May 4, 2022, the Second District Court of Appeals in Fort Worth, Texas issued a memorandum opinion enjoining the District from declaring the Place 1 trustee elected to a new term. The District is required to hold a special election to fill this vacancy which the District is planning for the Fall of 2022.*

APPOINTED OFFICIALS

Name	Position	Length of Education Service	Length of Service with the District
Dr. Bret Jimerson	Superintendent	17 Years	9 Years
Brenda Mize	Chief Financial Officer	15 Years	15 Years

CONSULTANTS AND ADVISORS

McCall, Parkhurst & Horton L.L.P., San Antonio, Texas	Bond Counsel
SAMCO Capital Markets, Inc., Plano, Texas	Financial Advisor
Weaver and Tidwell, L.L.P., Fort Worth, Texas	Certified Public Accountants

For additional information, contact:

Dr. Bret Jimerson
Superintendent
Burleson ISD
1160 SW Wilshire Blvd.
Burleson, Texas 76028
(817) 245-1022

Doug Whitt / Brian Grubbs
SAMCO Capital Markets, Inc.
5800 Granite Parkway, Suite 210
Plano, Texas 75024
(214) 765-1469
(214) 279-8683 (Fax)

USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement, which includes the cover page, Schedule I 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 representations must not be relied upon.

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

The 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 the promise or guarantee of the District, the Financial Advisor or the Underwriter. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

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. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM – PSF Continuing Disclosure Undertaking" and "CONTINUING DISCLOSURE OF INFORMATION" for a description of the undertakings of the Texas Education Agency ("TEA") and the District, respectively to provide certain information on a continuing basis.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER 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, ITS FINANCIAL ADVISOR, OR THE UNDERWRITER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM DESCRIBED UNDER "BOOK-ENTRY-ONLY SYSTEM" OR THE AFFAIRS OF THE TEA DESCRIBED UNDER "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM", AS SUCH INFORMATION WAS PROVIDED BY THE DTC AND THE TEA, RESPECTIVELY.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM 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.

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

TABLE OF CONTENTS

SELECTED DATA FROM THE OFFICIAL STATEMENT

The 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	The Burleson Independent School District (the "District") is a political subdivision of the State of Texas located in Johnson & Tarrant Counties, Texas. The District is governed by a seven-member 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.
The Bonds	The Bonds are being issued in the principal amount of $19,685,000 (preliminary, subject to change) pursuant to the Constitution and general laws of the State of Texas, including Chapters 1207 and 1371, Texas Government Code (together, the "Act"), as amended, and the order (the "Bond Order") adopted by the Board of Trustees on June 13, 2022. As permitted by the provisions of the Act, the Board, in the Bond Order, delegated the authority to certain District officials, each a "Pricing Officer" to execute a pricing certificate (the "Pricing Certificate") establishing the pricing terms for the Bonds (the Pricing Certificate and the Bond Order, are collectively referred to herein as the "Order"). Proceeds from the sale of the Bonds will be used to (i) refund a portion of the District's outstanding bonds for debt service savings and (ii) pay the costs of issuing the Bonds. (See "THE BONDS - Refunded Bonds" and "Schedule I – Schedule of Refunded Bonds").
Paying Agent/Registrar	The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. The District intends to use the Book-Entry-Only System of DTC. (See "BOOK-ENTRY-ONLY SYSTEM" herein).
Security	The Bonds will constitute direct obligations of the District, payable as to principal and interest from ad valorem taxes levied annually against all taxable property located within the District, without legal limitation as to rate or amount. Payments of principal and interest on the Bonds will be guaranteed by the corpus of the Permanent School Fund of Texas. (See "THE BONDS – Security" and "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein).
No Optional Redemption	The Bonds are not subject to optional redemption prior to maturity. However, the Underwriter may select consecutive maturities of Bonds to be grouped together as a term bond ("Term Bonds"), and only such Term Bonds would be subject to mandatory sinking fund redemption in accordance with the provisions of the Order (see "THE BONDS – No Optional Redemption").
Permanent School Fund Guarantee	The District has received conditional approval from the Texas Education Agency for the payment of the Bonds to be guaranteed under the Permanent School Fund Guarantee Program, which guarantee will automatically become effective when the Attorney General of Texas approves the Bonds. (See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM").
Rating	The Bonds are rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") based upon the guaranteed repayment thereof under the Permanent School Fund Guarantee Program of the Texas Education Agency. The District's unenhanced, underlying rating, including the Bonds, is "Aa3" by Moody's. (See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" and "RATING" herein.)
Tax Matters	In the opinion of Bond Counsel for the District, interest on the Bonds is excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein. (See "TAX MATTERS" and "Appendix C - Form of Legal Opinion of Bond Counsel" herein).
Payment Record	The District has never defaulted on the payment of its bonded indebtedness.
Legal Opinion	Delivery of the Bonds is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel.
Delivery	When issued, anticipated to be on or about July 19, 2022.

INTRODUCTORY STATEMENT

This Official Statement (the "Official Statement"), which includes the cover page, Schedule I and the Appendices attached hereto, has been prepared by the Burleson Independent School District (the "District"), a political subdivision of the State of Texas (the "State") located in Johnson & Tarrant Counties, Texas, in connection with the offering by the District of its Unlimited Tax Refunding Bonds, Series 2022 (the "Bonds") identified on page ii hereof.

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.

There follows in this Official Statement descriptions of the Bonds, the Order (as defined below) 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 by writing the Burleson Independent School District, 1160 SW Wilshire Blvd, Burleson, Texas 76028 and, during the offering period, from the Financial Advisor, SAMCO Capital Markets, Inc., 5800 Granite Parkway, Suite 210, Plano, Texas 75024, by electronic mail or upon payment of reasonable copying, mailing, and handling charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. A copy of this Final Official Statement and the hereinafter defined Escrow Agreement pertaining to the Bonds will be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the District's undertaking to provide certain information on a continuing basis.

COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency (including TEA) that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness, mitigation and reopening. However, on March 2, 2021, the Governor issued Executive Order GA-34 effective March 10, 2021, which supersedes most of the executive orders relating to COVID-19 and provides, generally, for the reopening of the State to 100%, ends the COVID-19 mask mandate, and supersedes any conflicting order issued by local officials in response to COVID-19, among other things and subject to certain limitations. Executive Order GA-34 remains in place until amended, rescinded, or superseded by the Governor. On May 18, 2021, Governor Abbott issued Executive Order GA-36, which supersedes Executive Order GA-34 in part. Executive Order GA-36 prohibits governmental entities in Texas, including counties, cities, school districts, public health authorities, and government officials from requiring or mandating any person to wear a face covering and subjects a governmental entity or official to a fine of up to $1,000 for noncompliance, subject to certain exceptions. Notwithstanding the above, Executive Order GA-36 provides for public schools to continue to follow policies regarding the wearing of face coverings to the extent reflected in current guidance by TEA, until June 4, 2021. However, Executive Order GA-36 required TEA to revise its guidance such that, effective 11:59 p.m. on June 4, 2021, no student, teacher, parent, or other staff member or visitor may be required to wear a face covering. TEA has since updated its guidance in accordance with Executive Order GA-36. Executive Order GA-38, issued on July 29, 2021 and Executive Order GA-39, issued on August 25, 2021, further provide that governmental entities cannot require mask mandates, vaccine passports, or mandatory vaccinations. On October 11, 2021, the Governor issued Executive Order GA-40, prohibiting any entity from requiring COVID vaccinations. Various lawsuits have been filed throughout the State related to the foregoing and litigation is expected to continue. Executive orders remain in place until they are amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the District. While the potential impact of the Pandemic on the District cannot be fully quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and may continue negatively affecting economic growth and financial markets worldwide. In addition, the federal government has taken, and continues to consider additional, action without precedent in effort to counteract or mitigate the Pandemic's economic impact. These conditions and related responses and reactions may reduce or negatively affect property values within the District. See "AD VALOREM TAX PROCEDURES". The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds.

Additionally, state funding of District operations and maintenance in future fiscal years could be adversely impacted by the negative effects on economic growth and financial markets resulting from the Pandemic as well as ongoing disruptions in the global oil markets (which markets provide significant revenues to the State, who in turn, use such revenues to satisfy its public school funding obligations). See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM".

The value of the PSF guarantee could also be adversely impacted by ongoing volatility in the diversified global markets in which the PSF is invested. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM – Infectious Disease Outbreak."

The financial and operating data contained in this Official Statement are as of dates and for periods stated herein. Accordingly, they are not indicative of the future prospects of the District. It is unclear at this time what effect, if any, COVID-19 and resulting economic disruption may have on future assessed values or the collection of taxes, either because of delinquencies or collection and valuation relief resulting from the declared emergency.

THE BONDS

Authorization and Purpose

The Bonds are being issued in the principal amount of $19,685,000 (preliminary, subject to change) pursuant to the Constitution and general laws of the State, including particularly Chapter 1207 and 1371, Texas Government Code (together, the "Act), as amended, and an order (the "Bond Order") adopted on June 13, 2022 by the Board of Trustees of the District (the "Board") which authorizes the issuance of the Bonds. As permitted by the provisions of the Act, the Board, in the Bond Order, delegated the authority to certain District officials each, a "Pricing Officer", to execute a pricing certificate (the "Pricing Certificate") establishing the pricing terms for the Bonds (the Pricing Certificate and the Bond Order are collectively referred to herein as the "Order").

Refunded Bonds

The Bond Order provides that from a portion of the proceeds of the sale of the Bonds to the Underwriter, the District will deposit with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, the escrow agent for the Refunded Bonds (the "Escrow Agent"), an amount, together with other lawfully available funds of the District which will be sufficient to accomplish the discharge and final payment of the Refunded Bonds on their redemption date (the "Redemption Date") as shown on Schedule I hereto. Such funds will be held by the Escrow Agent in an escrow account (the "Escrow Fund") and invested in U.S. Treasury securities ("Defeasance Securities") until the Redemption Date for the Refunded Bonds. Such maturing principal of and interest on the Defeasance Securities will not be available to pay the Bonds. SAMCO Capital Markets, Inc., in its capacity as Financial Advisor to the District, will certify as to the sufficiency of the amounts initially deposited with the Escrow Agent to pay the principal of and interest on the Refunded Bonds on the Redemption Date (the "Sufficiency Certificate"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds.

By the deposit of cash and Defeasance Securities with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of the Refunded Bonds pursuant to the terms of Chapter 1207 and the bond order authorizing the issuance of the Refunded Bonds. It is the opinion of Bond Counsel that as a result of such deposit, and in reliance on the Sufficiency Certificate, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Defeasance Securities and cash held for such purpose by the Escrow Agent, and the Refunded Bonds will not be deemed as being outstanding obligations of the District, payable from the sources and secured in the manner provided in the order authorizing their issuance or for any other purpose, and the District will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Bonds.

Upon defeasance of the Refunded Bonds, the payment of the Refunded Bonds will no longer be guaranteed by the Permanent School Fund of Texas.

General Description

The Bonds will be dated July 15, 2022 (the "Dated Date") and will bear interest from the Initial Delivery. The Bonds will mature on the dates and in the principal amounts set forth on page ii of this Official Statement. Interest on the Bonds is payable initially on February 1, 2023, and on each August 1 and February 1 thereafter until stated maturity.

The Bonds will be issued only as fully registered bonds. The Bonds will be issued in the denominations of $5,000 of principal amount or any integral multiple thereof within a stated maturity. Interest on the Bonds is payable by check mailed on or before each interest payment date by the Paying Agent/Registrar, initially, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas , to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books on the Record Date (defined herein) or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the registered owner to whom interest is to be paid, provided, however, that such person shall bear all risk and expense of such other arrangements. Principal of the Bonds will be payable only upon presentation of such Bonds at the corporate trust office of the Paying Agent/Registrar at stated maturity. So long as the Bonds are registered in the name of CEDE & CO. or other nominee for The Depository Trust Company, New York, New York ("DTC"), payments of principal and interest of the Bonds will be made as described in "BOOK-ENTRY-ONLY SYSTEM" herein.

If the date for any payment due on any Bond shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city in which the designated office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a day. The payment on such date shall have the same force and effect as if made on the original date payment was due.

No Optional Redemption

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

Mandatory Sinking Fund Redemption

If two or more serial bonds of consecutive maturities are combined into one or more "Term Bonds" by the Underwriter, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order and as further set forth in the final Official Statement.

Security

The Bonds are direct obligations of the District and are payable as to both principal and interest from ad valorem taxes levied annually on all taxable property within the District, without legal limitation as to rate or amount. The District has received conditional approval from the Texas Education Agency for the payment of the Bonds to be guaranteed under the State of Texas Permanent School Fund Guarantee Program (hereinafter defined), which will automatically become effective when the Attorney General of Texas approves the Bonds. (See "AD VALOREM TAX PROCEDURES", "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein).

Permanent School Fund Guarantee

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

In the event the District defeases any of the Bonds, the payment of such defeased Bonds will cease to be guaranteed by the Permanent School Fund Guarantee. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" and "REGISTERED OWNERS' REMEDIES" herein.

Legality

The Bonds are offered when, as and if issued, subject to the approval of legality by the Attorney General of the State and McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel. (See "Legal MATTERS" and "Appendix C - Form of Legal Opinion of Bond Counsel").

Payment Record

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

Amendments

In the Bond Order, the District has reserved the right to amend the Bond Order without the consent of any holder for the purpose of amending or supplementing the Bond Order to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Bond Order that do not materially adversely affect the interests of the holders, (iv) qualify the Bond Order under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect or (v) make such other provisions in regard to matters or questions arising under the Bond Order that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the District, do not materially adversely affect the interests of the holders.

The Bond Order further provides that the holders of the Bonds aggregating in principal amount 51% of the outstanding Bonds shall have the right from time to time to approve any amendment not described above to the Bond Order if it is deemed necessary or desirable by the District; provided, however, that without the consent of 100% of the holders of the then outstanding Bonds so affected, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Bonds; (ii) reducing the rate of interest borne by any of the outstanding Bonds; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds; (iv) modifying the terms of payment of principal or interest or redemption premium, if any, on outstanding Bonds or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment. Reference is made to the Bond Order for further provisions relating to the amendment thereof.

Defeasance

The Bond Order provides for the defeasance of the Bonds when payment of the principal amount of the Bonds plus interest accrued on the Bonds to their due date (whether such due date be by reason of stated maturity or otherwise) is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment and/or (2) Defeasance Securities, that will mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds, and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance. The Bond Order provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. The Pricing Officer may restrict such eligible Defeasance Securities as deemed appropriate. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the District adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent , and (d) any additional securities and obligations hereafter authorized by Texas law as eligible for use to accomplish the discharge of obligations such as the Bonds. Each Pricing Officer may limit the foregoing Defeasance Securities in connection with the sale of the Bonds. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid and will cease to be outstanding obligations secured by the Order or treated as debt of the District for purposes of taxation or applying any limitation on the District's ability to issue debt or for any other purpose. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the District to initiate proceedings to take any action amending the terms of the Bonds will be extinguished.

Defeasance will automatically cancel the Permanent School Fund Guarantee with respect to those defeased Bonds.

Sources and Uses of Funds

The proceeds from the sale of the Bonds, together with a cash contribution of the District, will be applied approximately as follows:

Sources	
Par Amount of Bonds	$
[Net] Reoffering Premium	
Issuer Contribution	
Total Sources of Funds	$

Uses	
Deposit to Escrow Fund	$
Costs of Issuance	
Deposit to Interest and Sinking Fund	
Underwriter's Discount	
Total Uses of Funds	$

REGISTERED OWNERS' REMEDIES

The Bond Order establishes specific events of default with respect to the Bonds and provides that if the District defaults in the payment of principal or interest on the Bonds when due, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, and the continuation thereof for a period of 60 days after notice of default is given by the District by any registered owner, the registered owners may seek a writ of mandamus to compel District officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or the Bond Order covenants and the District's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Bond Order does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in Tooke v. City of Mexia, 197 S.W.3rd 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, which pertains to the issuance of public securities by issuers such as the District, permits the District to waive sovereign immunity in the proceedings authorizing the issuance of the Bonds. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Bonds (see "THE BONDS – Authorization and Purpose" herein), 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, bondholders may not be able to bring such a suit against the District for breach of the Bonds or Order covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. As a result, bondholders may not be able to bring such a suit against the District for breach of the Bonds or Bond Order covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein for a description of the procedures to be followed for payment of the Bonds by the Permanent School Fund in the event the District fails to make a payment on the Bonds when due. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bond Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, by general principles of equity which permit the exercise of judicial discretion.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor and the Underwriter believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

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

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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. All payments, with respect to the Bonds, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District, the Financial Advisor and the Underwriter believe to be reliable, but none of the District, the Financial Advisor or the Underwriter take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

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

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Bonds is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Bond Order, the District covenants to maintain and provide a Paying Agent/Registrar until the Bonds are duly paid.

Successor Paying Agent/Registrar

Provision is made in the Bond Order for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank, trust company, financial institution or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District has agreed 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.

Initial Registration

Definitive Bonds will be initially registered and delivered only to CEDE & CO., the nominee of DTC pursuant to the Book-Entry-Only System described herein.

Future Registration

In the event the Book-Entry-Only System is discontinued, the Bonds will be printed and delivered to the beneficial owners thereof and thereafter may be transferred, registered and assigned on the registration books only upon presentation and surrender of the Bonds to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the 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 corporate trust office of the Paying Agent/Registrar, or sent by United States mail, first class postage prepaid to the new registered owner. 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

(3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in authorized denominations and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer.

Record Date for Interest Payment

The Record Date for determining the party to whom the interest payable on a Bond on any interest payment date means the close of business on the fifteenth day of the next preceding month. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Bond appearing on the 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.

Limitation on Transfer of Bonds

The Paying Agent/Registrar shall not be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

Replacement Bonds

If any Bond is mutilated, destroyed, stolen or lost, a new Bond in the same principal amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon surrender and cancellation of such mutilated Bond. In the case of any Bond issued in lieu of and substitution for a Bond which has been destroyed, stolen or lost, such new Bond will be delivered only (a) upon filing with the District and the Paying Agent/Registrar a certificate to the effect that such Bond has been destroyed, stolen or lost and proof of the ownership thereof, and (b) upon furnishing the District and the Paying Agent/Registrar with indemnity satisfactory to them. The person requesting the authentication and delivery of a new Bond must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

The information below concerning the State Permanent School Fund and the Guarantee Program for school district bonds has been provided by the Texas Education Agency (the "TEA") and is not guaranteed as to accuracy or completeness by, and is not construed as a representation by the District, the Financial Advisor, or the Underwriter.

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

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

During the 87th Regular Session of the Texas Legislature (the "87th Regular Session"), which concluded on May 31, 2021, Senate Bill 1232 ("SB 1232" or "the bill") was enacted, and the bill became effective on September 1, 2021. SB 1232 provides for a variety of changes to the operations and management of the Fund, including the creation of the Permanent School Fund Corporation (the "PSF Corporation"), and the delegation of responsibility to manage the portion of the Fund previously under the management supervision of the State Board of Education (the "SBOE") to the PSF Corporation. SB 1232 also requires changes with respect to the management of certain investments previously made at the discretion of the Texas School Land Board ("the "SLB"), including limiting the types of investments that may be made by the SLB and mandating the transfer of cash and certain other investment properties from the SLB to the PSF Corporation once the PSF Corporation is created. Certain of the authorizations of SB 1232, including the creation of the PSF Corporation have occurred, but other authorized changes are expected to be implemented in phases, generally from the first quarter of calendar year 2022 through the end of calendar year 2023. See "Management Transition to the PSF Corporation" for a summary of SB 1232 and its expected impact on the management and operations of the Fund.

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 with a $2,000,000 appropriation by the Texas Legislature (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 is 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 SBOE financial portfolios of the PSF is provided annually through the PSF Comprehensive Annual Financial Report (the "Annual Report"), which is filed with the Municipal Securities Rulemaking Board ("MSRB"). The SLB's land and real assets investment operations, which are part of the PSF as described below, are included in the annual financial report of the Texas General Land Office (the "GLO") that is included in the comprehensive annual report of the State of Texas. The Annual Report includes the Message of the Executive Administrator of the Fund (the "Message") and the Management's Discussion and Analysis ("MD&A"). The Annual Report for the year ended August 31, 2021, when filed with the MSRB in accordance with the PSF undertaking and agreement made in accordance with Rule 15c2-12 ("Rule 15c2-12") of the federal 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, 2021 is derived from the audited financial statements of the PSF, which are included in the Annual Report when and 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, 2021 and for a description of the financial results of the PSF for the year ended August 31, 2021, the most recent year for which audited financial information regarding the Fund is available. The 2021 Annual Report speaks only as of its date and the TEA has not obligated itself to update the 2021 Annual Report or any other Annual Report. The TEA 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 Statement of Investment Objectives, Policies and Guidelines of the Texas Permanent School Fund, which is codified at 19 Texas Administrative Code, Chapter 33 (the "Investment Policy"), and (iv) monthly updates with respect to the capacity of the Guarantee Program (collectively, the "Web Site Materials") on the TEA web site at http://tea.texas.gov/Finance_and_Grants/Permanent_School_Fund/ 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, is available from the SEC at www.sec.gov/edgar.shtml. A list of the Fund's equity and fixed income holdings as of August 31 of each year is posted to the TEA 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. See "Management Transition to the PSF Corporation" for ongoing changes in the management structure of the Fund that may result in changes to the annual audit prepared with respect to the Fund.

Management and Administration of the Fund Prior to the Implementation of SB 1232

The following discussion describes the legal and management structure of the Fund prior to full implementation of SB 1232, which has begun and is expected to continue in phases over an approximately two year period. See "Management Transition to the PSF Corporation" for summaries of certain laws applicable to the Fund pursuant to the Texas Constitution and SB 1232 and the ongoing changes in the management structure of the Fund.

The Texas Constitution and applicable statutes delegate to the SBOE 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 Texas Constitution provides that the Fund shall be managed though the exercise of the judgment and care under the circumstances then prevailing which persons of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital (the "Prudent Person Standard"). The SBOE has adopted a "Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund," which is codified in the Texas Administrative Code beginning at 19 TAC section 33.1.

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. Under the total-return investment objective, the Investment Policy provides that the PSF shall be managed consistently with respect to the following: generating income for the benefit of the public free schools of Texas, the real growth of the corpus of the PSF, protecting capital, and balancing the needs of present and future generations of Texas school children. 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 Executive Administrator of the Fund is hired by and reports to the Education Commissioner. Moreover, although the Fund's Executive Administrator and the PSF staff at TEA implement the decisions of and provide information to the School Finance/PSF Committee of the SBOE (the "PSF Committee of the SBOE") and the full SBOE, the SBOE can neither select nor dismiss the Executive Administrator. TEA's General Counsel provides legal advice to the Executive Administrator and to the SBOE. The SBOE has also engaged outside counsel to advise it as to its duties over 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.

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 SBOE/PSF investment staff and the SBOE's investment consultant for the Fund are tasked with advising the SBOE with respect to the implementation of the Fund's asset allocation policy, including the timing and manner of the selection of any external managers and other consultants.

The SBOE contracts with a financial institution for custodial and securities lending services in addition to the performance measurement of the total return of the Fund's financial assets managed by the SBOE. A consultant is typically retained for the purpose of providing consultation with respect to strategic asset allocation decisions and to assist the SBOE in selecting external fund management advisors. Like other State agencies and instrumentalities that manage large investment portfolios, the PSF has an incentive compensation plan that may provide additional compensation for investment personnel, depending upon the criteria relating to the investment performance of the Fund.

The Act requires that the Education Commissioner prepare, and the SBOE approve, an annual status report on the Guarantee Program (which is included in the Annual Report). The State Auditor audits the financial statements of the PSF, which are separate from other financial statements of the State.

Texas law assigns to the SLB the ability to control of the Fund's land and mineral rights and make investments in real assets. Administrative duties related to the land and mineral rights reside with the GLO, which is under the guidance of the elected commissioner of the GLO (the "Land Commissioner. The SLB manages the proceeds of the land and mineral rights that are administrated by the GLO on behalf of the Fund. The SLB is governed by a five member board, the membership of which consists of the Land Commissioner, who sits as the chairman of the board, and four citizen members appointed by the Governor. The SLB and is generally authorized to invest in the following asset classes:

- Discretionary real assets investments consisting of externally managed real estate, infrastructure, and energy/minerals investment funds, separate accounts, and co-investment vehicles; internally managed direct real estate investments, and associated cash;
- Sovereign and other lands, being the lands set aside for the Fund when it was created, and other various lands not considered discretionary real asset investments; and,
- Mineral interests associated with Fund lands.

At August 31, 2021, the SLB managed approximately 15% of the PSF, as reflected in the fund balance of the PSF at that date. See "Management Transition to the PSF Corporation" for a summary of SB 1232 and its expected impact on the management and operations of the Fund.

In 2019, the Texas Legislature enacted legislation that required an annual joint meeting of the SLB and the SBOE for the purpose of discussing the allocation of the assets of the PSF and the investment of money in the PSF. Other legislation enacted in 2019 included a bill that created a "permanent school fund liquid account" (the "Liquid Account") in the PSF for the purpose of receiving funds transferred from the SLB on a quarterly basis that are not then invested by the SLB or needed within the forthcoming quarter for investment by the SBOE. That legislation also provided for the SBOE to administer and invest the Liquid Account and required the TEA, in consultation with the GLO, to conduct a study regarding distributions to the ASF from the PSF. That study (the "PSF Distribution Study"), dated August 31, 2020, is available at https://tea.texas.gov/sites/default/files/TEA-Distribution-Study.pdf.

Management Transition to the PSF Corporation

In accordance with SB 1232, at its November 2021 board meeting, the SBOE approved the articles of formation of the PSF Corporation. The articles were filed on December 1, 2021, thus effecting the creation of the PSF Corporation. SB 1232 authorizes the SBOE to delegate investment authority over the PSF and the Charter District Reserve Fund to the PSF Corporation. The bill also provides that the PSF Corporation, the SBOE and TEA must coordinate to determine the PSF Corporation's role in the operation and management of the Guarantee Program to ensure the proper and efficient operation of the program.

The description of SB 1232 that follows summarizes some key provisions of the bill. The full text of the bill can be found at https://capitol.texas.gov/BillLookup/Text.aspx?LegSess=87R&Bill=SB1232. SB 1232 provides for various transition dates relating to implementation of the bill, with the latest dates generally occurring in calendar year 2023. As a result, the full implementation of SB 1232 will necessarily evolve over time with the timing of certain aspects of its implementation yet to be determined.

As allowed by SB 1232, the PSF Corporation has been created as a special-purpose governmental corporation and instrumentality of the State which is entitled to sovereign immunity. The PSF Corporation is to be governed by nine-member board of directors (the "Board"), consisting 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 of the appointees being appointed by the Land Commissioner and the other two appointed by the Governor with confirmation by the Senate.

At the inaugural meeting of the Board in January 2022, the Board appointed the Executive Administrator of the Fund as the interim chief executive officer of the PSF Corporation and in April 2022 the Executive Administrator of the Fund was confirmed as the chief executive officer of the PSF Corporation. The chief executive officer will report to the Board. Any amendments to the PSF Corporation's articles of formation and bylaws will be adopted by the Board but are subject to approval by the SBOE.

Notwithstanding the management transition for the Fund from the SBOE to the PSF Corporation, the provisions of the Texas Constitution that formerly applied to the SBOE's management will continue to provide a framework for the management of the Fund. In particular, the Prudent Person Standard is applicable to the PSF Corporation, and the Total Return Constitutional Amendment will govern distributions from the PSF to the ASF by the SBOE. A separate constitutional provision allowing distributions from the PSF to the ASF that is currently used by the SLB was also granted to the PSF Corporation. When determining any amount to distribute, the PSF Corporation may consider distributions made by the SBOE. In addition, the Fund will continue to be managed as a perpetual endowment for the benefit of citizens of the State.

The SLB's investments in real estate investment funds and real asset investment funds will transfer to the PSF Corporation. Beginning December 31, 2022, the SLB will no longer be authorized to make investments into funds; however, the SLB will still be able to invest in land, mineral and royalty interests, and direct real estate holdings; the SLB will also be required to send PSF mineral revenue to the PSF Corporation for investment, subject to designation via the appropriations process to cover GLO expenses of managing the minerals. Tentatively, the transfer of SLB assets to the management of the PSF Corporation is expected to occur in late 2022 or early 2023, but exceptions could be made for specific investments.

In connection with the transfer of SLB's investment funds to the PSF Corporation, the PSF Corporation will also determine when the Liquid Account can be abolished, and any remaining balance transferred to the PSF managed by the PSF Corporation.

Not less than once each year, the 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 other State laws.

As required by State law, during the 87th Regular Session the LBB issued a fiscal note on SB 1232. The fiscal note stated that uncertainty exists regarding the nature of future returns and the effect of the bill on distributions from all components of the PSF to the ASF, such that the financial impact of the bill could not be determined during the legislative session. However, the fiscal note stated that TEA and the GLO projected that the changes effected by the bill will have a positive fiscal impact in terms of growth of the Fund and future Fund distributions. No assurances can be given as to future investment results for the Fund.

The State general appropriations act for fiscal years 2022-23 required TEA (and GLO) to submit a plan to the LBB describing the steps required to implement SB 1232, and the plan was submitted on September 1, 2021. The plan included a description of appropriated funds and full time equivalent employees ("FTEs") to be transferred to PSF Corporation and identified costs to accrue to TEA as a result of such transfers. The plan identified a cost range of approximately $8,000,000 to $11,000,000 required in connection with the establishment of the PSF Corporation. During the Summer or Fall of 2022, an appropriation request is expected to be made by the chief executive officer of the PSF Corporation acting in cooperation with the Board to LBB in preparation for the 2024-2025 State biennium.

The Total Return Constitutional Amendment

The Total Return Constitutional Amendment approved a fundamental change in the way that distributions are made to the ASF from the PSF. Prior to the adoption of the Total Return Constitutional Amendment, all interest and dividend income produced by Fund investments flowed into the ASF, where they were distributed to local school districts and open-enrollment charter schools based on average daily attendance, any net gains from investments of the Fund were reflected in the value of the PSF, and costs of administering the PSF were allocated to the ASF. The Total Return Constitutional Amendment requires that PSF distributions to the ASF be determined using a 'total-return-based' formula instead of the 'current-income-based' formula, which was used from 1964 to the end of the 2003 fiscal year. The Total Return Constitutional Amendment 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) that 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 its 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.

On November 8, 2011, a referendum was held in the State at which voters of the State approved amendments that effected an increase to the base amount used in calculating the Distribution Rate from the Fund to the ASF and authorized the SLB to make direct transfers to the ASF, as described below.

The November 8, 2011 referendum included an increase to the base used to calculate the Distribution Rate by adding to the calculation base certain discretionary real assets and cash in the Fund that is managed by entities other than the SBOE (at present, by the SLB). The value of those assets was already included in the value of the Fund for purposes of the Guarantee Program, but prior to the amendment had not been included in the calculation base for purposes of making transfers from the Fund to the ASF. While the amendment provided for an increase in the base for the calculation of approximately $2 billion, no new resources were provided for deposit to the Fund. As described under "The Total Return Constitutional Amendment" the SBOE is prevented from approving a Distribution Rate or making a pay out from the Fund if the amount distributed would exceed 6% of the average of the market value of the Fund, excluding real property in the Fund, but including discretionary real asset investments 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 or if such pay out would exceed the Ten Year Total Return.

The constitutional amendments approved on November 8, 2011, also provided authority to the GLO or another entity (described in statute as the SLB) 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. Prior to November 2019, the amount authorized to be transferred to the ASF from the GLO or SLB was limited to $300 million per year. On November 5, 2019, a constitutional amendment was approved by State voters that increased the maximum transfer to the ASF to $600 million 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)") and the SLB (the "PSF(SLB)").

Annual Distributions to the Available School Fund[1]

Fiscal Year Ending	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
PSF(SBOE) Distribution	$1,021	$1,021	$839	$839	$1,056	$1,056	$1,236	$1,236	$1,102	$1,102
PSF(SLB) Distribution	$0	$300	$0	$0	$0	$0	$0	$300	$600	$600[2]
Per Student Distribution	$221	$281	$175	$173	$215	$212	$247	$306	$347	$341

1 In millions of dollars. Source: PSF Annual Report for year ended August 31, 2021.

2 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 2020, the SBOE approved a projected $3.4 billion distribution to the ASF for State fiscal biennium 2022-2023. In making its determination of the 2022-2023 Distribution Rate, the SBOE took into account the announced planned distribution to the ASF by the SLB of $875 million for the biennium.

Efforts to achieve the intergenerational equity objective, as described above, result in changes in the Distribution Rate for each biennial period. The following table sets forth the Distribution Rates announced by the SBOE in the fall of each even numbered year to be applicable for the following biennium.

State Fiscal Biennium	2008-09	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21	2022-23
SBOE Distribution Rate[1]	3.5%	2.5%	4.2%	3.3%	3.5%	3.7%	2.974%	4.18%

[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.

See “Management Transition to the PSF Corporation” for a discussion of planned changes in the management of the Fund that may impact distributions to the ASF.

Asset Allocation of Fund Portfolios

With respect to the management of the Fund’s financial assets portfolio, the single most significant change made to date as a result of the Total Return Constitutional Amendment has been new asset allocation policies adopted from time to time by the SBOE. The SBOE generally reviews the asset allocations during its summer meeting in even-numbered years. The first asset allocation policy adopted by the SBOE following the Total Return Constitutional Amendment was in February 2004, and the policy was reviewed and modified or reaffirmed in the summers of each even-numbered year, most recently in July 2020. The Fund’s Investment Policy provides for minimum and maximum ranges among the components of each of the asset classifications: equities, fixed income and alternative asset investments. The alternative asset allocation category includes real estate, real return, absolute return and private equity components. Alternative asset classes diversify the SBOE-managed assets and are not as correlated to traditional asset classes, which is intended to increase investment returns over the long run while reducing risk and return volatility of the portfolio. Given the greater weighting in the overall portfolio of passively managed investments, it is expected that the Fund will reflect the general performance returns of the markets in which the Fund is invested.

The most recent asset allocation of the PSF(SBOE), approved by the SBOE in July 2020, is set forth below, along with the current asset allocations of the PSF(SLB) and the asset allocation of the Liquid Account (the Liquid Account asset allocation was most recently revised in November 2021). The next scheduled review of the PSF(SBOE) asset allocation is June 2022. See “Management Transition to the PSF Corporation” for a discussion of planned changes in the management of the Fund that could affect the responsibility for review of the asset allocation and the timing of asset allocation review, as well as elimination of the Liquid Account.

PSF Strategic Asset Allocations

	PSF Total	PSF(SBOE)	PSF(SLB)	Liquid Account
Equity Total	47%	52%	0%	60%
Public Equity Total	34%	37%	0%	60%
Large Cap US Equity	13%	14%	0%	30%
Small/Mid Cap US Equity	5%	6%	0%	7%
International Equities	13%	14%	0%	23%
Emerging Markets Equity	2%	3%	0%	0%
Private Equity	13%	15%	0%	0%
Fixed Income Total	27%	25%	0%	38%
Core Bonds	11%	12%	0%	10%
High Yield	2%	3%	0%	0%
Emerging Markets Debt	6%	7%	0%	0%
Treasuries	2%	3%	0%	0%
TIPS	3%	0%	0%	5%
Short Duration	2%	0%	0%	23%
Alternative Investments Total	25%	22%	100%	0%
Absolute Return	6%	7%	0%	0%
Real Estate	12%	11%	33%	0%
Real Return	1%	4%	0%	0%

Energy	3%	0%	35%	0%
Infrastructure	3%	0%	32%	0%
Emerging Manager Program	0%	1%	0%	0%
Cash	2%	0%	0%	2%

For a variety of reasons, each change in asset allocation for the Fund has been implemented in phases, and that approach is likely to be carried forward when and if the asset allocation policy is again modified.

The table below sets forth the comparative investments of the PSF(SBOE) for the years ending August 31, 2020 and 2021.

Comparative Investment Schedule - PSF(SBOE)[1]

Fair Value (in millions) August 31, 2021 and 2020

ASSET CLASS	August 31, 2021	August 31, 2020	Amount of Increase (Decrease)	Percent Change
EQUITY				
Domestic Small Cap	$ 2,597.3	$ 2,005.8	$ 591.5	29.5%
Domestic Large Cap	6,218.7	5,106.3	1,112.4	21.8%
Total Domestic Equity	8,816.0	7,112.1	1,703.9	24.0%
International Equity	8,062.1	6,380.9	1,681.2	26.3%
TOTAL EQUITY	16,878.1	13,493.0	3,385.1	25.1%
FIXED INCOME				
Domestic Fixed Income	4,853.1	4,232.6	620.5	14.7%
U.S. Treasuries	1,243.3	918.7	324.6	35.3%
Emerging Market Debt	2,683.7	2,450.7	233.0	9.5%
TOTAL FIXED INCOME	8,780.1	7,602.0	1,178.1	15.5%
ALTERNATIVE INVESTMENTS				
Absolute Return	3,546.0	3,517.2	28.8	0.8%
Real Estate	3,706.0	3,102.1	603.9	19.5%
Private Equity	7,724.6	4,761.5	2,963.1	62.2%
Risk Parity	-	1,164.9	(1,164.9)	-100.0%
Real Return	1,675.5	2,047.4	(371.9)	-18.2%
TOTAL ALT INVESTMENTS	16,652.1	14,593.1	2,059.0	14.1%
UNALLOCATED CASH	262.9	122.9	140.0	113.9%
TOTAL PSF(SBOE) INVESTMENTS	$ 42,573.2	$ 35,811.0	$ 6,762.2	18.9%

Source: PSF Annual Report for year ended August 31, 2021.

[1] *The investments shown in the table above at August 31, 2021 do not fully reflect the changes made to the PSF Strategic Asset Allocation in 2020, as those changes were still being phased in at the end of the fiscal year.*

In accordance with legislation enacted during 2019, the PSF has established the Liquid Account for purposes of investing cash received from the SLB to be invested in liquid assets and managed by the SBOE in the same manner it manages the PSF. That cash was previously included in the PSF valuation but was held and invested by the State Comptroller. In July 2020, the SBOE adopted an asset allocation policy for the Liquid Account and that policy was revised in November 2021 (the current allocation is as shown in the table "PSF Strategic Asset Allocations" above). As so amended, the Liquid Account asset allocation is expected to be fully implemented in the first calendar quarter of calendar year 2022. See "Management Transition to the PSF Corporation" for a discussion of planned changes in the management of the Fund that could result in the dissolution of the Liquid Account and a blending of assets held in the Liquidity Account into the general investment portfolio of the Fund.

The table below sets forth the investments of the Liquid Account for the year ended August 31, 2021.

Liquid Account Fair Value at August 31, 2021[1]

Fair Value (in millions) August 31, 2021 and 2020

ASSET CLASS	August 31, 2021	August 31, 2020	Amount of Increase (Decrease)	Percent Change
Equity				
Domestic Small/Mid Cap	$228.3	-	$228.3	N/A
Domestic Large Cap	578.6	-	578.6	N/A
Total Domestic Equity	806.9	-	806.9	N/A
International Equity	392.6	-	392.6	N/A
TOTAL EQUITY	1,199.5	-	1,199.5	N/A

Fixed Income				
Short-Term Fixed Income	1,074.8	$1,597.3	(522.5)	-32.7%
Core Bonds	413.1	-	413.1	N/A
TIPS	213.9	-	213.9	N/A
TOTAL FIXED INCOME	1,701.8	1,597.3	104.5	6.5%
Unallocated Cash	1,420.5	2,453.3	(1,032.8)	-42.1%
Total Liquid Account Investments	$4,321.8	$4,050.6	$271.2	6.7%

[1] In millions of dollars.
Source: PSF Annual Report for year ended August 31, 2021.

The table below sets forth the comparative investments of the PSF(SLB) for the years ending August 31, 2020 and 2021.

Comparative Investment Schedule - PSF(SLB)

Fair Value (in millions) August 31, 2021 and 2020

Asset Class	As of 8-31-21	As of 8-31-20	Increase (Decrease)	Percent Change
Discretionary Real Assets Investments				
Externally Managed				
Real Assets Investment Funds[1]				
Energy/Minerals	$1,707.5	$1,164.0	$543.5	46.7%
Infrastructure	1,652.3	1,485.4	166.9	11.2%
Real Estate	1,276.8	1,174.8	102.0	8.7%
Internally Managed Direct				
Real Estate Investments	223.9	219.5	4.4	2.0%
Total Discretionary Real Assets Investments	4,860.5	4,043.7	816.8	20.2%
Dom. Equity Rec'd as In-Kind Distribution	1.7	0.9	0.8	88.9%
Sovereign and Other Lands	405.4	408.6	(3.2)	-0.8%
Mineral Interests	2,720.4	2,115.4	605	28.6%
Cash at State Treasury[2]	699.2	333.8	365.4	109.5%
Total PSF(SLB) Investments	$8,687.2	$6,902.4	$1,784.8	25.9%

[1] The fair values of externally managed real assets investment funds, separate accounts, and co-investment vehicles are estimated using the most recent valuations available, adjusted for subsequent contributions and withdrawals.
[2] Cash at State Treasury represents amounts that have been deposited in the State Treasury and temporarily invested in short-term investments until called for investment by the external real assets investment funds, separate accounts, and co-investment vehicles to which PSF(SLB) has made capital commitments. Prior to September 1, 2019, PSF(SLB) was required by statute to deposit cash designated by the SLB for investment in real assets in the State Treasury until it is drawn for investment. After September 1, 2019, that cash was moved to the Liquid Account to be invested by the SBOE.

The asset allocation of the Fund's financial assets portfolio is subject to change by the SBOE from time to time based upon a number of factors, including recommendations to the SBOE 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 and the market impact of domestic and international climate change; 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. See "Management Transition to the PSF Corporation" for a discussion of planned changes in the management of the Fund that may affect these factors. The Guarantee Program could also be impacted by changes in State or federal law or regulations or the implementation of new accounting standards.

The School District Bond Guarantee Program

The School District Bond Guarantee Program requires an application be made by a school district to the Education Commissioner for a guarantee of its bonds. If the conditions for the School District Bond Guarantee Program are satisfied, the guarantee becomes effective upon approval of the bonds by the Attorney General and remains in effect until the guaranteed bonds are paid or defeased, by a refunding or otherwise.

In the event of default, holders of guaranteed school district bonds will receive all payments due from the corpus of the PSF. Following a determination that a school district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires the school district to notify the Education Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment. Immediately following receipt of such notice, the Education Commissioner must cause to be transferred from the appropriate account in the PSF to the Paying Agent/Registrar an amount necessary to pay the maturing or matured principal and interest. Upon receipt of funds for payment of such principal or interest, the Paying Agent/Registrar must pay the amount due and forward the canceled bond or evidence of payment of the interest to the State Comptroller of Public Accounts (the "Comptroller"). The Education Commissioner will instruct the Comptroller to withhold the amount paid, plus interest, from the first State money payable to the school district. The amount withheld pursuant to this funding "intercept" feature will be deposited to the credit of the PSF. The Comptroller must hold such canceled bond or evidence of payment of the interest on behalf of the PSF. Following full reimbursement of such payment by the school district to the PSF with interest, the Comptroller will cancel the bond or evidence of payment of the interest and forward it to the school district. The Act permits the Education Commissioner to order a school district to set a tax rate sufficient to reimburse the PSF for any payments made with respect to guaranteed bonds, and also sufficient to pay future payments on guaranteed bonds, and provides certain enforcement mechanisms to the Education Commissioner, including the appointment of a board of managers or annexation of a defaulting school district to another school district.

If a school district fails to pay principal or interest on a bond as it is stated to mature, other amounts not due and payable are not accelerated and do not become due and payable by virtue of the district's default. The School District Bond Guarantee Program does not apply to the payment of principal and interest upon redemption of bonds, except upon mandatory sinking fund redemption, and does not apply to the obligation, if any, of a school district to pay a redemption premium on its guaranteed bonds. The guarantee applies to all matured interest on guaranteed school district bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond order provision requiring an interest rate change. The guarantee does not extend to any obligation of a school district under any agreement with a third party relating to guaranteed bonds that is defined or described in State law as a "bond enhancement agreement" or a "credit agreement," unless the right to payment of such third party is directly as a result of such third party being a bondholder.

In the event that two or more payments are made from the PSF on behalf of a district, the Education Commissioner shall request the Attorney General to institute legal action to compel the district and its officers, agents and employees to comply with the duties required of them by law in respect to the payment of guaranteed bonds.

Generally, the regulations that govern the School District Bond Guarantee Program (the "SDBGP Rules") limit guarantees to certain types of notes and bonds, including, with respect to refunding bonds issued by school districts, a requirement that the bonds produce debt service savings, and that bonds issued for capital facilities of school districts must have been voted as unlimited tax debt of the issuing district. The Guarantee Program 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 33.65 and are available at https://tea.texas.gov/sites/default/files/ch033a.pdf.

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 33.67 and are available at https://tea.texas.gov/sites/default/files/ch033a.pdf.

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.

As of March 2022 (the most recent date for which data is available), the percentage of students enrolled in open-enrollment charter schools (excluding charter schools authorized by school districts) to the total State scholastic census was approximately 6.98%. At April 29, 2022, there were 191 active open-enrollment charter schools in the State and there were 908 charter school campuses active under such charters (though as of such date, 25 of such campuses are not currently serving students for various reasons). Section 12.101, Texas Education Code, as amended by the Legislature in 2013, limits the number of charters that the Education Commissioner may grant to 215 charters as of the end of fiscal year 2014, with the number increasing in each fiscal year thereafter through 2019 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.

The Act provides that immediately following receipt of notice that a charter district will be or is unable to pay maturing or matured principal or interest on a guaranteed bond, the Education Commissioner is required to instruct the Comptroller to transfer from the Charter District Reserve Fund to the district's paying agent an amount necessary to pay the maturing or matured principal or interest. If money in the Charter District Reserve Fund is insufficient to pay the amount due on a bond for which a notice of default has been received, the Education Commissioner is required to instruct the Comptroller to transfer from the PSF to the district's paying agent the amount necessary to pay the balance of the unpaid maturing or matured principal or interest. If a total of two or more payments are made under the Charter District Bond Guarantee Program on charter district bonds and the Education Commissioner determines that the charter district is acting in bad faith under the program, the Education Commissioner may request the Attorney General to institute appropriate legal action to compel the charter district and its officers, agents, and employees to comply with the duties required of them by law in regard to the guaranteed bonds. As is the case with the School District Bond Guarantee Program, the Act provides a funding "intercept" feature that obligates the Education Commissioner to instruct the Comptroller to withhold the amount paid with respect to the Charter District Bond Guarantee Program, plus interest, from the first State money payable to a charter district that fails to make a guaranteed payment on its bonds. The amount withheld will be deposited, first, to the credit of the PSF, and then to restore any amount drawn from the Charter District Reserve Fund as a result of the non-payment.

The CDBGP Rules provide that the PSF may be used to guarantee bonds issued for the acquisition, construction, repair, or renovation of an educational facility for an open-enrollment charter holder and equipping real property of an open-enrollment charter school and/or to refinance promissory notes executed by an open-enrollment charter school, each in an amount in excess of $500,000 the proceeds of which loans were used for a purpose described above (so-called new money bonds) or for refinancing bonds previously issued for the charter school that were approved by the attorney general (so-called refunding bonds). Refunding bonds may not be guaranteed under the Charter District Bond Guarantee Program if they do not result in a present value savings to the charter holder.

The CDBGP Rules provide that an open-enrollment charter holder applying for charter district designation and a guarantee of its bonds under the Charter District Bond Guarantee Program satisfy various provisions of the regulations, including the following: It must (i) have operated at least one open-enrollment charter school with enrolled students in the State for at least three years; (ii) agree that the bonded indebtedness for which the guarantee is sought will be undertaken as an obligation of all entities under common control of the open-enrollment charter holder, and that all such entities will be liable for the obligation if the open-enrollment charter holder defaults on the bonded indebtedness, provided, however, that an entity that does not operate a charter school in Texas is subject to this provision only to the extent it has received state funds from the open-enrollment charter holder; (iii) have had completed for the past three years an audit for each such year that included unqualified or unmodified audit opinions; and (iv) have received an investment grade credit rating within the last year. Upon receipt of an application for guarantee under the Charter District Bond Guarantee Program, the Education Commissioner is required to conduct an investigation into the financial status of the applicant charter district and of the accreditation status of all open-enrollment charter schools operated under the charter, within the scope set forth in the CDBGP Rules. Such financial investigation must establish that an applying charter district has a historical debt service coverage ratio, based on annual debt service, of at least 1.1 for the most recently completed fiscal year, and a projected debt service coverage ratio, based on projected revenues and expenses and maximum annual debt service, of at least 1.2. The failure of an open-enrollment charter holder to comply with the Act or the applicable regulations, including by making any material misrepresentations in the charter holder's application for charter district designation or guarantee under the Charter District Bond Guarantee Program, constitutes a material violation of the open-enrollment charter holder's charter.

From time to time, TEA has limited new guarantees under the Charter District Bond Guarantee Program to conform to capacity limits specified by the Act. Legislation enacted during the Legislature's 2017 regular session modified the manner of calculating the capacity of the Charter District Bond Guarantee Program (the "CDBGP Capacity"), which further increased the amount of the CDBGP Capacity, beginning with State fiscal year 2018, but that provision of the law does not increase overall Program capacity, it merely makes available to the Charter District Bond Guarantee Program a greater share of capacity in the Guarantee Program. 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" and "2017 Legislative Changes to the Charter District Bond 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 lessor 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 on the basis of receipt of the IRS Notice.

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 may reduce the multiplier to 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

Prior to the issuance of the IRS Notice (defined below), the capacity of the program under the IRS Limit was limited to two and one-half times the lower of cost or fair market value of the Fund's assets adjusted by a factor that excluded additions to the Fund made since May 14, 1989. On December 16, 2009, the IRS published Notice 2010-5 (the "IRS Notice") stating that the IRS would issue proposed regulations amending the existing regulations to raise the IRS limit to 500% of the total cost of the assets held by the PSF as of December 16, 2009. In accordance with the IRS Notice, the amount of any new bonds to be guaranteed by the PSF, together with the then outstanding amount of bonds previously guaranteed by the PSF, must not exceed the IRS limit on the sale date of the new bonds to be guaranteed. The IRS Notice further provided that the IRS Notice may be relied upon for bonds sold on or after December 16, 2009, and before the effective date of future regulations or other public administrative guidance affecting funds like the PSF.

On September 16, 2013, the IRS published proposed regulations (the "Proposed IRS Regulations") that, among other things, would enact the IRS Notice. The preamble to the Proposed IRS Regulations provides that issuers may elect to apply the Proposed IRS Regulations, in whole or in part, to bonds sold on or after September 16, 2013, and before the date that final regulations became effective.

On July 18, 2016, the IRS issued final regulations enacting the IRS Notice (the "Final IRS Regulations"). The Final IRS Regulations are effective for bonds sold on or after October 17, 2016. The IRS Notice, the Proposed IRS Regulations and the Final IRS Regulations establish a static capacity for the Guarantee Program based upon the cost value of Fund assets on December 16, 2009, multiplied by five. On December 16, 2009, the cost value of the Guarantee Program was $23,463,730,608 (estimated and unaudited), thereby producing an IRS Limit of approximately $117.3 billion.

In September 2015, the SBOE also approved a new 5% capacity reserve for the Charter District Bond Guarantee Program. The State Capacity Limit increased from $128,247,002,583 on August 31, 2020 to $135,449,634,408 on August 31, 2021 (but at such date the IRS Limit ($117,318,653,038) remained the lower of the two, so it is 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 September 1, 2009, the Act provides that the SBOE may annually establish a percentage of the cost value of the Fund to be reserved from use in guaranteeing bonds (the "Capacity Reserve"). The SDBGP Rules provide for a minimum Capacity Reserve for the overall Guarantee Program of no less than 5% and provide that the amount of the Capacity Reserve may be increased by a majority vote of the SBOE. The CDBGP Rules provide for an additional 5% reserve of CDBGP Capacity. The Education Commissioner is authorized to change the Capacity Reserve, which decision must be ratified or rejected by the SBOE at its next meeting following any change made by the Education Commissioner. The current Capacity Reserve is noted in the monthly updates with respect to the capacity of the Guarantee Program on the TEA web site at http://tea.texas.gov/Finance_and_Grants/Permanent_School_Fund/, 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. As the amount of guaranteed bonds approaches the IRS Limit, the SBOE is seeking changes to the existing federal tax law requirements regarding the Guarantee Program with the objective of obtaining an increase in the IRS Limit, but no assurances can be given that the SBOE will be successful in that undertaking. The implementation of the Charter School Bond Guarantee Program has also increased the total amount of guaranteed bonds

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. SB 1480 provided for the implementation of the new method of calculating the CDBGP Capacity to begin with the State fiscal year that commences September 1, 2021 (the State's fiscal year 2022) but authorized the SBOE discretion to increase the CDBGP Capacity incrementally in the intervening four fiscal years, beginning with fiscal year 2018 by up to a cumulative 20% in each fiscal year (for a total maximum increase of 80% in fiscal year 2021) as compared to the capacity figure calculated under the Act as of January 1, 2017, which it has done.

The percentage of the charter district scholastic population to the overall public school scholastic population has grown from 3.53% in September 2012 to 6.83% in March 2021. 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 previously required the Education Commissioner to make an investigation of the accreditation status and certain financial criteria for a charter district applying for a bond guarantee, which remain in place.

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 March 31, 2022, the Charter District Reserve Fund contained $75,612,752, which represented approximately 2.1% of the guaranteed charter district bonds. The Reserve Fund is held and invested as a non-commingled fund under the administration of the PSF 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, which could in the future be a significant reimbursement resource for the PSF.

Infectious Disease Outbreak

Since the onset of the COVID-19 pandemic in March 2020, TEA and TEA investment management for the PSF have continued to operate and function pursuant to the TEA continuity of operations plan developed as mandated in accordance with Texas Labor Code Section 412.054. That plan was designed to ensure performance of the Agency's essential missions and functions under such threats and conditions in the event of, among other emergencies, a pandemic event.

Results of the PSF operations through the fiscal year ended August 31, 2021 and at other periodic points in time are set forth herein or incorporated herein by reference. Fund management is of the view that since the onset of the pandemic the Fund has performed generally in accordance with its portfolio benchmarks and with returns generally seen in the national and international investment markets in which the Fund is invested (see "Discussion and Analysis Pertaining to Fiscal Year Ended August 31, 2021").

Circumstances regarding the COVID-19 pandemic continue to evolve; for additional information on these events in the State, reference is made to the website of the Governor, https://gov.texas.gov/, and, with respect to public school events, the website of TEA, https://tea.texas.gov/texas-schools/safe-and-healthy-schools/coronavirus-covid-19-support-and-guidance.

TEA cannot predict whether any school or charter district may experience short- or longer-term cash flow emergencies as a direct or indirect effect of COVID-19 that would require a payment from the PSF to be made to a paying agent for a guaranteed bond. However, through the end of December 2021, no school district or charter district had failed to perform with respect to making required payments on their guaranteed bonds. Information regarding the respective financial operations of the issuer of bonds guaranteed, or to be guaranteed, by the PSF is provided by such issuers in their respective bond offering documents and the TEA takes no responsibility for the respective information, as it is provided by the respective issuers.

For information on the September 2020 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, that was made in light of the public health and economic circumstances resulting from the COVID-19 pandemic and its impact on the school children of Texas, see "The Total Return Constitutional Amendment."

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 "RATING" herein.

Valuation of the PSF and Guaranteed Bonds

Permanent School Fund Valuations

Fiscal Year Ended 8/31	Book Value(1)	Market Value(1)
2017	$31,870,581,428	$41,438,672,573
2018	33,860,358,647	44,074,197,940
2019	35,288,344,219	46,464,447,981
2020	36,642,000,738	46,764,059,745
2021(2)	38,699,045,012	55,581,401,632

---

(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 TEA uses current, unaudited values for TEA managed investment portfolios and cash held by the SLB. 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 by the SLB. The SLB reports that information to the PSF 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, 2021, mineral assets, sovereign and other lands and internally managed discretionary real estate, external discretionary real estate investments, domestic equities, and cash managed by the SLB had book values of approximately $13.4 million, $183.7 million, $4,655.9 million, $4.7 million, and $699.2 million, respectively, and market values of approximately $2,720.4 million, $629.3 million, $4,636.6 million, $1.8 million, and $699.2 million, respectively. At March 31, 2022, the PSF had a book value of $40,697,026,320 and a market value of $54,743,079,871. March 31, 2022 values are based on unaudited data, which is subject to adjustment.

Permanent School Fund Guaranteed Bonds

At 8/31	Principal Amount[1]
2017	$74,266,090,023
2018	79,080,901,069
2019	84,397,900,203
2020	90,336,680,245
2021	92,259,161,922[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, 2021 (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 $144,196,223,433, of which $48,937,061,511 represents interest to be paid. As shown in the table above, at August 31, 2021, there were $95,259,161,922 in principal amount of bonds guaranteed under the Guarantee Program. Using the IRS Limit of $117,318,653,038 (the IRS Limit is currently the Capacity Limit), net of the Capacity Reserve, as of March 31, 2022, 6.98% of the Guarantee Program's capacity was available to the Charter District Bond Guarantee Program. As of March 31, 2022, the amount of outstanding bond guarantees represented 83.27% of the Capacity Limit (which is currently the IRS Limit). March 31, 2022 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
2017	3,253	$72,884,480,023	40	$1,381,610,000	3,293	$74,266,090,023
2018	3,249	77,647,966,069	44	1,432,935,000	3,293	79,080,901,069
2019	3,297	82,537,755,203	49	1,860,145,000	3,346	84,397,900,203
2020	3,296	87,800,478,245	64	2,536,202,000	3,360	90,336,680,245
2021[2]	3,346	91,951,175,922	83	3,307,986,000	3,429	95,259,161,922

(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 March 31, 2022 (based on unaudited data, which is subject to adjustment), there were $97,691,155,818 of bonds guaranteed under the Guarantee Program, representing 3,341 school district issues, aggregating $94,160,444,818 in principal amount and 91 charter district issues, aggregating $3,530,711,000 in principal amount. At March 31, 2022, the CDBGP Capacity was $7,779,399,883 (based on unaudited data, which is subject to adjustment).

Discussion and Analysis Pertaining to Fiscal Year Ended August 31, 2021

The following discussion is derived from the Annual Report for the year ended August 31, 2021, including the Message of the Executive Administrator of the Fund and the Management's Discussion and Analysis 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 fifteen member SBOE are referred to throughout this MD&A as the PSF(SBOE) and, with respect to the Liquid Account, Liquid(SBOE) assets. As of August 31, 2021, the Fund's land, mineral rights and certain real assets are managed by the five-member SLB and these assets are referred to throughout as the PSF(SLB) assets. The current PSF(SBOE) asset allocation policy includes an allocation for real estate investments, and as such investments are made, and become a part of the PSF(SBOE) investment portfolio, those investments will be managed by the SBOE and not the SLB.

At the end of fiscal 2021, the Fund balance was $55.6 billion, an increase of $8.9 billion from the prior year. This increase is primarily due to overall net increases in value of the asset classes in which the Fund is invested. During the year, the SBOE continued implementing the long-term strategic asset allocation, diversifying the PSF(SBOE) 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(SBOE) annual rates of return for the one-year, five-year, and ten-year periods ending August 31, 2021, net of fees, were 22.97%, 10.49% and 9.05%, respectively, and the Liquid(SBOE) annual rate of return for the one-year period ending August 31, 2021, net of fees, was 4.90% (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). In addition, the SLB continued its shift into externally managed real asset investment funds, and the one-year, five-year, and ten-year annualized total returns for the PSF(SLB) externally managed real assets, net of fees and including cash, were 12.81%, 1.56%, and 4.18%, respectively.

The market value of the Fund's assets is directly impacted by the performance of the various financial markets in which the assets are invested. The most important factors affecting investment performance are the asset allocation decisions made by the SBOE and SLB. The current SBOE long term asset allocation policy allows for diversification of the PSF(SBOE) portfolio into alternative asset classes whose returns are not as positively correlated as traditional asset classes. The implementation of the long term asset allocation will occur over several fiscal years and is expected to provide incremental total return at reduced risk. See "Comparative Investment Schedule - PSF(SBOE)" for the PSF(SBOE) holdings as of August 31, 2021.

As of August 31, 2021, the SBOE has approved, and the Fund made capital commitments to, externally managed real estate investment funds in a total amount of $5.7 billion and capital commitments to private equity limited partnerships for a total of $7.5 billion. Unfunded commitments at August 31, 2021, totaled $2.0 billion in real estate investments and $2.4 billion in private equity investments.

PSF Returns Fiscal Year Ended 8-31-2021[1]

Portfolio	Return	Benchmark Return[2]
Total PSF(SBOE) Portfolio	22.97%	20.73%
Domestic Large Cap Equities(SBOE)	31.26	31.17
Domestic Small/Mid Cap Equities(SBOE)	47.88	47.40
International Equities(SBOE)	25.27	24.87
Emerging Market Equity(SBOE)	19.33	21.12
Fixed Income(SBOE)	1.64	-0.08
Treasuries	-7.02	-7.27
Absolute Return(SBOE)	13.84	13.05
Real Estate(SBOE)	12.06	9.34
Private Equity(SBOE)	53.88	43.38
Real Return(SBOE)	16.06	18.08
Emerging Market Debt(SBOE)	5.92	4.14
Liquid Large Cap Equity(SBOE)	43.24	38.19
Liquid Small Cap Equity(SBOE)	61.97	52.07
Liquid International Equity(SBOE)	12.20	12.18
Liquid Short-Term Fixed Income(SBOE)	0.91	0.37
Liquid Core Bonds(SBOE)	-0.07	-0.18
Liquid TIPS(SBOE)	6.09	6.20
Liquid Transition Cash Reserves(SBOE)	0.44	0.08
Liquid Combined(SBOE)	4.90	4.27
PSF(SLB)	12.81	N/A

[1] Time weighted rates of return adjusted for cash flows for the PSF(SBOE) investment assets. Does not include GLO managed real estate or real assets. Returns are net of fees. Source: PSF Annual Report for year ended August 31, 2021.
[2] Benchmarks are as set forth in the PSF Annual Report for year ended August 31, 2021.

The PSF(SLB) portfolio is generally characterized by three broad categories: (1) discretionary real assets investments, (2) sovereign and other lands, and (3) mineral interests. Discretionary real assets investments consist of externally managed real estate, infrastructure, and energy/minerals investment funds; internally managed direct real estate investments, and cash. Sovereign and other lands consist primarily of the lands set aside to the PSF when it was created. Mineral interests consist of all of the minerals that are associated with PSF lands. The investment focus of PSF(SLB) discretionary real assets investments has shifted from internally managed direct real estate investments to externally managed real assets investment funds. The PSF(SLB) makes investments in certain limited partnerships that legally commit it to possible future capital contributions. At August 31, 2021, the remaining commitments totaled approximately $2.24 billion.

For fiscal year 2021, total revenues, inclusive of unrealized gains and losses and net of security lending rebates and fees, totaled $10.8 billion, an increase of $8.8 billion from fiscal year 2020 earnings of $2.0 billion. This increase reflects the performance of the securities markets in which the Fund was invested in fiscal year 2021. In fiscal year 2021, revenues earned by the Fund included lease payments, bonuses and royalty income received from oil, gas and mineral leases; lease payments from commercial real estate; surface lease and easement revenues; revenues from the resale of natural and liquid gas supplies; dividends, interest, and securities lending revenues; the net change in the fair value of the investment portfolio; and, other miscellaneous fees and income.

Expenditures are paid from the Fund before distributions are made under the total return formula. Such expenditures include the costs incurred by the SLB to manage the land endowment, as well as operational costs of the Fund, including external management fees paid from appropriated funds. Total operating expenditures, net of security lending rebates and fees, increased 42.5% for the fiscal year ending August 31, 2021. This increase is primarily attributable to an increase in PSF(SLB) quantities of purchased gas for resale in the State Energy Management Program, which is administered by the SLB as part of the Fund.

The Fund directly supports the public school system in the State by distributing a predetermined percentage of its asset value to the ASF. For fiscal years 2020 and 2021, the distribution from the SBOE to the ASF totaled $1.1 billion and $1.1 billion, respectively. Distributions from the SLB to the ASF for fiscal years 2020 and 2021 totaled $600 and $600 million, respectively.

At the end of the 2021 fiscal year, PSF assets guaranteed $95.3 billion in bonds issued by 880 local school districts and charter districts, the latter of which entered into the Guarantee Program during the 2014 fiscal year. Since its inception in 1983, the Fund has guaranteed 8,203 school district and charter district bond issues totaling $220.2 billion in principal amount. During the 2021 fiscal year, the number of outstanding issues guaranteed under the Guarantee Program totaled 3,429. The dollar amount of guaranteed school and charter bond issues outstanding increased by $4.9 billion or 5.4%. The State Capacity Limit increased by $7.2 billion, or 5.6%, during fiscal year 2021 due to continued growth in the cost basis of the Fund used to calculate that Program capacity limit. The effective capacity of the Guarantee Program did not increase during fiscal year 2021 as the IRS Limit was reached in a prior fiscal year, and it is the lower of the two State and federal capacity limits for the Guarantee Program.

Other Events and Disclosures

The State Investment Ethics Code governs the ethics and disclosure requirements for financial advisors and other service providers who advise certain State governmental entities, including the PSF. In accordance with the provisions of the State Investment Ethics Code, the SBOE periodically modifies its code of ethics, which occurred most recently in April 2018. The SBOE code of ethics includes prohibitions on sharing confidential information, avoiding conflict of interests and requiring disclosure filings with respect to contributions made or received in connection with the operation or management of the Fund. The code of ethics applies to members of the SBOE as well as to persons who are responsible by contract or by virtue of being a TEA PSF staff member for managing, investing, executing brokerage transactions, providing consultant services, or acting as a custodian of the PSF, and persons who provide investment and management advice to a member of the SBOE, with or without compensation under certain circumstances. The code of ethics is codified in the Texas Administrative Code at 19 TAC sections 33.5 et seq. and is available on the TEA web site at https://tea.texas.gov/sites/default/files/ch033a.pdf.

In addition, the GLO has established processes and controls over its administration of real estate transactions and is subject to provisions of the Texas Natural Resources Code and its own internal procedures in administering real estate transactions for assets it manages for the Fund.

The TEA received an appropriation of $30.4 million for each of the fiscal years 2020, and 2021.

As of August 31, 2021, certain lawsuits were pending against the State and/or the GLO, which challenge the Fund's title to certain real property and/or past or future mineral income from that property, and other litigation arising in the normal course of the investment activities of the PSF. Reference is made to the Annual Report, when filed, for a description of such lawsuits that are pending, which may represent contingent liabilities of the Fund.

PSF Continuing Disclosure Undertaking

The SBOE has adopted an investment policy rule (the "TEA Rule") pertaining to the PSF and the Guarantee Program. The TEA Rule is codified in Section I of the TEA Investment Procedure Manual, which relates to the Guarantee Program and is posted to the TEA web site at http://tea.texas.gov/Finance_and_Grants/Texas_Permanent_School_Fund/Texas_Permanent_School_Fund_Disclosure_Statement_-_Bond_Guarantee_Program/. The most recent amendment to the TEA Rule was adopted by the SBOE on February 1, 2019 and is summarized below. Through the adoption of the TEA Rule and its commitment to guarantee bonds, the SBOE 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 Rule obligates the TEA to make any filings or disclosures with respect to guaranteed bonds, as the obligations of the TEA under the TEA Rule 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 agreement, the TEA will be 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 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 Official Statement under the heading "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM." The information also includes the Annual Report. The TEA will update and provide this information within six months after the end of each fiscal year.

The TEA 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. 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 were prepared to conform to U.S. Generally Accepted Accounting Principles as established by the Governmental Accounting Standards Board.

The Fund is reported by the State of Texas as a permanent fund and accounted for on a current financial resources measurement focus and the modified accrual basis of accounting. Measurement focus refers to the definition of the resource flows measured. Under the modified accrual basis of accounting, all revenues reported are recognized based on the criteria of availability and measurability. Assets are defined as available if they are in the form of cash or can be converted into cash within 60 days to be usable for payment of current liabilities. Amounts are defined as measurable if they can be estimated or otherwise determined. Expenditures are recognized when the related fund liability is incurred.

The State's current fiscal year end is August 31. Accordingly, the TEA must provide updated information by the last day of February in each year, unless the State changes its fiscal year. If the State changes its fiscal year, the TEA will notify the MSRB of the change.

Event Notices

The TEA 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 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 will provide timely notice of any failure by the TEA to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The TEA has 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 has agreed to update information and to provide notices of material events only as described above. The TEA 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 TEA makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The TEA 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 of Bonds may seek a writ of mandamus to compel the TEA to comply with its agreement.

The continuing disclosure agreement of the TEA 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 the Official Statement.

This continuing disclosure agreement may be amended by the TEA 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, 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 (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 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 has not failed to substantially comply with its 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.

STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS

Litigation Relating to the Texas Public School Finance System

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

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

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

Possible Effects of Changes in Law on District Bonds

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

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

CURRENT PUBLIC SCHOOL FINANCE SYSTEM

Overview

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

Local funding is derived from collections of ad valorem taxes levied on property located within each school district's boundaries. School districts are authorized to levy two types of property taxes: a maintenance and operations ("M&O") tax to pay current expenses and an interest and sinking fund ("I&S") tax to pay debt service on bonds. School districts may not increase their M&O tax rate for the purpose of creating a surplus to pay debt service on bonds. Prior to 2006, school districts were authorized to levy their M&O tax at a voter-approved rate, generally up to $1.50 per $100 of taxable value. Since 2006, the State Legislature has enacted various legislation that has compressed the voter-approved M&O tax rate, as described below. Current law also requires school districts to demonstrate their ability to pay debt service on outstanding bonded indebtedness through the levy of an I&S tax at a rate not to exceed $0.50 per $100 of taxable value at the time bonds are issued. Once bonds are issued, however, school districts generally may levy an I&S tax sufficient to pay debt service on such bonds unlimited as to rate or amount (see "TAX RATE LIMITATIONS – I&S Tax Rate Limitations" herein). Because property values vary widely among school districts, the amount of local funding generated by school districts with the same I&S tax rate and M&O tax rate is also subject to wide variation; however, the public school finance funding formulas are designed to generally equalize local funding generated by a school district's M&O tax rate.

Prior to the 2019 Legislative Session, a school district's maximum M&O tax rate for a given tax year was determined by multiplying that school district's 2005 M&O tax rate levy by an amount equal to a compression percentage set by legislative appropriation or, in the absence of legislative appropriation, by the Commissioner of Education (the "Commissioner"). This compression percentage was historically set at 66.67%, effectively setting the maximum compressed M&O tax rate for most school districts at $1.00 per $100 of taxable value, since most school districts in the State had a voted maximum M&O tax rate of $1.50 per $100 of taxable value (though certain school districts located in Harris County had special M&O tax rate authorizations allowing a higher M&O tax rate). School districts were permitted, however, to generate additional local funds by raising their M&O tax rate up to $0.04 above the compressed tax rate or, with voter-approval at a valid election in the school district, up to $0.17 above the compressed tax rate (for most school districts, this equated to an M&O tax rate between $1.04 and $1.17 per $100 of taxable value). School districts received additional State funds in proportion to such taxing effort.

2021 Regular and Special Legislative Sessions

The Texas Legislature meets in regular session in odd-numbered years, for 140 days. The 87th Texas Legislature convened on January 12, 2021 and concluded on May 31, 2021 ("87th Regular Session"). During the 87th Regular Session, the Legislature did not make significant changes to the school finance system, State funding of school districts, nor ad valorem taxation procedures affecting school districts.

When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor's direction, each lasting no more than 30 days, and for which the Governor sets the agenda. Following the conclusion of the 87th Regular Session, the Texas Governor has called three special sessions of the Legislature. No significant changes were made to the Texas school finance system or property tax systems during the First and Second Special Sessions. Senate Joint Resolution 2, passed during the Third Special Session, proposed a constitutional amendment increasing the mandatory homestead exemption for school districts from $25,000 to $40,000, which was approved by voters at an election held May 7, 2022. The amendment to the Constitution is effective beginning January 1, 2022. As a result of the increased exemption, additional changes to the education finance system will be implemented, including "hold harmless" allotments, to provide funding to school districts who have less revenue (including revenues specifically for debt service and maintenance and operations) due to the implementation of the increased homestead exemption. At this time, the District cannot ascertain the financial impact, if any, the change in homestead exemption will have on the District's finances.

The District can make no representations or predictions regarding any actions the Legislature may take during future legislative sessions concerning the substance or the effect of any legislation that previously passed, or may be passed.

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, as further discussed under the subcaption "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – Local Revenue Level In Excess of Entitlement" herein.

State Compression Percentage

The State Compression Percentage is a statutorily-defined percentage of the rate of $1.00 per $100 that is used to determine a school district's Maximum Compressed Tax Rate (described below). The State Compression Percentage is the lesser of three alternative calculations: (1) 93% or a lower percentage set by appropriation for a school year; (2) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the State Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (3) the prior year State Compression Percentage. For any year, the maximum State Compression Percentage is 93%. For the State fiscal year ending in 2022, the State Compression Percentage is set at 91.34%.

Maximum Compressed Tax Rate

The Maximum Compressed Tax Rate (the "MCR") is the tax rate per $100 of valuation of taxable property at which a school district must levy its Tier One Tax Rate to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of three alternative calculations: (1) the school district's prior year MCR; (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5%; or (3) the product of the State Compression Percentage for the current year multiplied by $1.00. However, each year the TEA shall evaluate the MCR for each school district in the State, and for any given year, if a school district's MCR is calculated to be less than 90% of any other school district's MCR for the current year, then the school district's MCR is instead equal to the school district's prior year MCR, until TEA determines that the difference between the school district's MCR and any other school district's MCR is not more than 10%. These compression formulas are intended to more closely equalize local generation of Tier One funding among districts with disparate tax bases and generally reduce the Tier One Tax Rates of school districts as property values increase. During the 2021 Legislative Session, a provision of the general appropriations act reduced the maximum MCR for the 2021-2022 school year. It established $0.9134 as the maximum rate and $0.8220 as the floor.

Tier One Tax Rate

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

Enrichment Tax Rate

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

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

State Funding for School Districts

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

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

The current public school finance system also provides an Existing Debt Allotment ("EDA") to subsidize debt service on eligible outstanding school district bonds, an Instructional Facilities Allotment ("IFA") to subsidize debt service on newly issued bonds, and a New Instructional Facilities Allotment ("NIFA") to subsidize operational expenses associated with the opening of a new instructional facility. IFA primarily addresses the debt service needs of property-poor school districts. For the 2022-2023 State fiscal biennium, the State Legislature appropriated funds in the amount of $1,007,300,000 for the EDA, IFA, and NIFA.

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

Tier One

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

The Basic Allotment for a school district with a Tier One Tax Rate equal to the school district's MCR, is $6,160 (or a greater amount as may be provided by appropriation) for each student in ADA and is revised downward for a school district with a Tier One Tax Rate lower than the school district's MCR. The Basic Allotment is then supplemented for all school districts by various weights to account for differences among school districts and their student populations. Such additional allotments include, but are not limited to, increased funds for students in ADA who: (i) attend a qualified special education program, (ii) are diagnosed with dyslexia or a related disorder, (iii) are economically disadvantaged, or (iv) have limited English language proficiency. Additional allotments to mitigate differences among school districts include, but are not limited to: (i) a transportation allotment for mileage associated with transporting students who reside two miles or more from their home campus, (ii) a fast growth allotment (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 Texas' goal of increasing the number of students who attain a post-secondary education or workforce credential, and (iv) a teacher incentive allotment to increase teacher compensation 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.

For the 2021-2022 school year, the fast growth allotment weight is 0.45 for districts in the top 40% of school districts for growth, 0.30 for districts in the middle 30% of school districts for growth and 0.15 for districts in the bottom 30% of school districts for growth. After the 2021-2022 school year, the fast growth allotment weights change to 0.48 for districts in the top 40% of school districts for growth, 0.33 for districts in the middle 30% of school districts for growth and 0.18 for districts in the bottom 30% of school districts for growth. The fast growth allotment is limited to $270 million for the 2021-2022 school year, $310 million for the 2022-2023 school year and $315 million for the 2023-2024 school year.

Tier Two

Tier Two supplements Tier One funding and provides two levels of enrichment with different guaranteed yields (i.e., Golden Pennies and Copper Pennies) depending on the school district's Enrichment Tax Rate. Golden Pennies generate a guaranteed yield equal to the greater of (i) the local revenue per student in WADA per cent of tax effort available to a school district at the ninety-sixth (96th) percentile of wealth per student in WADA, or (ii) the Basic Allotment (or a greater amount as may be provided by appropriation) multiplied by 0.016. For the 2022-2023 State fiscal biennium, school districts are guaranteed a yield of $98.56 per student in WADA for each Golden Penny levied. Copper Pennies generate a guaranteed yield per student in WADA equal to the school district's Basic Allotment (or a greater amount as may be provided by appropriation) multiplied by 0.008. For the 2022-2023 State fiscal biennium, school districts are guaranteed a yield of $49.28 per student in WADA for each Copper Penny levied. For any school year in which the guaranteed yield of Copper Pennies per student in WADA exceeds the guaranteed yield of Copper Pennies per student in WADA for the preceding school year, a school district is required to reduce its Copper Pennies levied so as to generate no more revenue per student in WADA than was available to the school district for the preceding year.

Existing Debt Allotment, Instruction Facilities Allotment, and New Instructional Facilities Allotment

The Foundation School Program also includes facilities funding components consisting of the IFA and the EDA, subject to legislative appropriation each State fiscal biennium. To the extent funded for a biennium, these programs assist school districts in funding facilities by, generally, equalizing a school district's I&S tax effort. The IFA guarantees each awarded school district a specified amount per student (the "IFA Yield") in State and local funds for each cent of I&S tax levied to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate or improve instructional facilities. The IFA Yield has been $35 since this program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the State Legislature. To receive an IFA award, in years where new IFA awards are available, a school district must apply to the Commissioner in accordance with rules adopted by the TEA before issuing the bonds to be paid with IFA State assistance. The total amount of debt service assistance over a biennium for which a school district may be awarded is limited to the lesser of (1) the actual debt service payments made by the school district in the biennium in which the bonds are issued; or (2) the greater of (a) $100,000 or (b) $250 multiplied by the number of students in ADA. The IFA is also available for lease-purchase agreements and refunding bonds meeting certain prescribed conditions. Once a school district receives an IFA award for bonds, it is entitled to continue receiving State assistance for such bonds without reapplying to the Commissioner. 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 2022-2023 State fiscal biennium, the State Legislature did not appropriate any funds for new IFA awards; however, awards previously granted in years the State Legislature did appropriate funds for new IFA awards will continue to be funded.

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

Since future-year IFA awards were not funded by the State Legislature for the 2022-2023 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 2022-2023 State fiscal biennium on new bonds issued by school districts in the 2022-2023 State fiscal biennium to construct, acquire and improve facilities must be funded solely from local I&S taxes.

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. In the 2021 Legislative Session, the State Legislature appropriated funds in the amount of $70,000,000 for each fiscal year of the 2022-2023 State fiscal biennium for NIFA allotments.

Tax Rate and Funding Equity

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

Furthermore, "property-wealthy" school districts that received additional State funds under the public school finance system prior to the enactment of the 2019 Legislation are entitled to an equalized wealth transition grant on an annual basis through the 2023-2024 school year in an amount equal to the amount of additional revenue such school district would have received under former Texas Education Code Sections 41.002(e) through (g), as those sections existed on January 1, 2019. This grant is phased out through the 2023-2024 school year as follows: (1) 20% reduction for the 2020-2021 school year, (2) 40% reduction for the 2021-2022 school year, (3) 60% reduction for the 2022-2023 school year, and (4) 80% reduction for the 2023-2024 school year. Additionally, school districts (through the fiscal year ending in 2025) and open-enrollment charter schools (through the fiscal year ending in 2024) are entitled to receive an allotment in the form of a formula transition grant meant to ensure a smooth transition into the funding formulas enacted by the 86th State Legislature. Beginning with the 2021-2022 school year, if the total amount of allotments to which school districts and open enrollment charter schools are entitled for a school year exceeds $400 million, the Commissioner shall proportionately reduce each district's or school's allotment. The reduction in the amount to which a district or school is entitled may not result in an amount that is less than zero.

Local Revenue Level in Excess of Entitlement

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

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

Options for Local Revenue Levels in Excess of Entitlement

Under Chapter 49, a school district has six options to reduce local revenues to a level that does not exceed the school district's respective entitlements: (1) a school district may consolidate by agreement with one or more school districts to form a consolidated school district; all property and debt of the consolidating school districts vest in the consolidated school district; (2) a school district may detach property from its territory for annexation by a property-poor school district; (3) a school district may purchase attendance credits from the State; (4) a school district may contract to educate nonresident students from a property-poor school district by sending money directly to one or more property-poor school districts; (5) a school district may execute an agreement to provide students of one or more other school districts with career and technology education through a program designated as an area program for career and technology education; or (6) a school district may consolidate by agreement with one or more school districts to form a consolidated taxing school district solely to levy and distribute either M&O taxes or both M&O taxes and I&S taxes. A Chapter 49 school district may also exercise any combination of these remedies. Options (3), (4) and (6) require prior approval by the Chapter 49 school district's voters.

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

CURRENT PUBLIC SCHOOL FINANCE SYSTEM AS APPLIED TO THE DISTRICT

For the 2021-22 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 "excess local revenues" must be tested for each future school year and, if it exceeds the maximum permitted level, the District must reduce its wealth per student by the exercise of one of the permitted wealth equalization options. Accordingly, if the District's wealth per student should exceed the maximum permitted value in future school years, it will be required to exercise one or more of the permitted wealth equalization options. If the District were to consolidate (or consolidate its tax base for all purposes) with a property-poor district, the outstanding debt of each district could become payable from the consolidated district's combined property tax base, and the District's ration of taxable property to debt could become diluted. If the District were to detach property voluntarily, a portion of its outstanding debt (including the Bonds) could be assumed by the district to which the property is annexed, in which case timely payment of the Bonds could become dependent in part on the financial performance of an annexing district.

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

AD VALOREM TAX PROCEDURES

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Valuation of Taxable Property

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

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property.

State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

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

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

State Mandated Homestead Exemptions

State law grants, with respect to each school district in the State, (1) a $40,000 exemption of the appraised value of all homesteads, (2) a $10,000 exemption of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled, and (3) various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty. On November 2, 2021, the Texas Constitution was amended to provide that the surviving spouse of an individual who received a limitation on the school district property taxes on the person's residence homestead on the basis of disability continued to receive that limitation while the property remained the spouse's residence homestead if the spouse was at least 55 years old. See "Appendix A – Financial Information of the District – Assessed Valuation" for the reduction in taxable valuation attributable to state-mandated homestead exemptions. Senate Joint Resolution 2, passed during the third special session of the 87th Texas Legislature and approved by voters on May 7, 2022 authorized a constitutional amendment increasing the mandatory homestead exemption for school districts from $25,000 to $40,000 beginning January 1, 2022. Senate Bill 1, which was also passed during the third special session of the 87th Texas Legislature, makes provisions based on the successful election for additional state aid to hold school districts harmless for tax revenue losses resulting from the increased homestead exemption.

Local Option Homestead Exemptions

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

State Mandated Freeze on School District Taxes

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

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport and Goods-In-Transit Exemptions

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

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

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property. See "Appendix A – Financial Information – Assessed Valuation" for the reduction in taxable valuation, if any, attributable to Goods-in-Transit or Freeport Property exemptions.

Other Exempt Property

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

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. For tax years beginning prior to January 1, 2022, except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. For tax years beginning on or after January 1, 2022, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

Tax Increment Reinvestment Zones

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

Until September 1, 1999, school districts were able to reduce the value of taxable property reported to the State to reflect any taxable value lost due to TIRZ participation by the school district. The ability of the school district to deduct the taxable value of the tax increment that it contributed prevented the school district from being negatively affected in terms of state school funding. However, due to a change in law, local M&O tax rate revenue contributed to a TIRZ created on or after May 31, 1999 will count toward a school district's Tier One entitlement (reducing Tier One State funds for eligible school districts) and will not be considered in calculating any school district's Tier Two entitlement (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts"). The 87th Texas Legislature did not vote to extend this program, which is now scheduled to expire by its terms effective December 31, 2022.

Tax Limitation Agreements

The Texas Economic Development Act (Chapter 313, Texas Tax Code, as amended), allows 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"). The 87th Texas Legislature did not take action to extend this program, which is now scheduled to expire by its terms effective December 31, 2022.

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

District and Taxpayer Remedies

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $50 million for the 2020 tax year, $50.6 million for the 2021 tax year, $52,978,200 for the 2022 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

Levy and Collection of Taxes

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

District's Rights in the Event of Tax Delinquencies

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

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

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

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

TAX RATE LIMITATIONS

M&O Tax Rate Limitations

The District is authorized to levy an M&O tax rate pursuant to the approval of the voters of the District at an election held on November 7, 2006, in accordance with the provisions of Section 45.003, Texas Education Code, as amended.

The maximum M&O tax rate per $100 of taxable value that may be adopted by a school district is the sum of $0.17 and the school district's MCR. A school district's MCR is, generally, inversely proportional to the change in taxable property values both within the school district and the State, and is subject to recalculation annually. For any year, the highest possible MCR for a school district is $0.93.

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

I&S Tax Rate Limitations

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

Section 45.0031 of the Texas Education Code, as amended, requires a school district to demonstrate to the Texas Attorney General that it has the prospective ability to pay its maximum annual debt service on a proposed issue of bonds and all previously issued bonds, other than bonds approved by voters of a school district at an election held on or before April 1, 1991 and issued before September 1, 1992 (or debt issued to refund such bonds, collectively, "exempt bonds"), from a tax levied at a rate of $0.50 per $100 of assessed valuation before bonds may be issued (the "50-cent Test"). In demonstrating the ability to pay debt service at a rate of $0.50, a school district may take into account EDA and IFA allotments to the school district, which effectively reduces the school district's local share of debt service, and may also take into account Tier One funds allotted to the school district. If a school district exercises this option, it may not adopt an I&S tax until it has credited to the school district's I&S fund an amount equal to all State allotments provided solely for payment of debt service and any Tier One funds needed to demonstrate compliance with the threshold tax rate test and which is received or to be received in that year. Additionally, a school district may demonstrate its ability to comply with the 50-cent Test by applying the $0.50 tax rate to an amount equal to 90% of projected future taxable value of property in the school district, as certified by a registered professional appraiser, anticipated for the earlier of the tax year five (5) years after the current tax year or the tax year in which the final payment for the bonds is due. However, if a school district uses projected future taxable values to meet the 50-cent Test and subsequently imposes a tax at a rate greater than $0.50 per $100 of valuation to pay for bonds subject to the test, then for subsequent bond issues, the Texas Attorney General must find that the school district has the projected ability to pay principal and interest on the proposed bonds and all previously issued bonds subject to the 50-cent Test from a tax rate of $0.45 per $100 of valuation. Once the prospective ability to pay such tax has been shown and the bonds are issued, a school district may levy an unlimited tax to pay debt service. Refunding bonds issued pursuant to Chapter 1207, Texas Government Code ("Chapter 1207"), are not subject to the 50-cent Test; however, taxes levied to pay debt service on such bonds (other than bonds issued to refund exempt bonds) are included in maximum annual debt service for calculation of the 50-cent Test when applied to subsequent bond issues that are subject to the 50-cent Test. The Bonds are issued as refunding bonds pursuant to Chapter 1207 and are, therefore, not subject to the 50-cent Test; however, taxes levied to pay debt service on the Bonds are included in the calculation of the 50-cent Test as applied to subsequent issues of "new debt". The District has not used State assistance other than EDA or IFA allotment funding or projected property values to satisfy this threshold test.

Public Hearing and Voter-Approval Tax Rate

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

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

The Voter-Approval Tax Rate for a school district is the sum of (i) the school district's MCR; (ii) the greater of (a) the school district's Enrichment Tax Rate for the preceding year, less any amount by which the school district is required to reduce its current year Enrichment Tax Rate pursuant to Section 48.202(f), Education Code, as amended, or (b) the rate of $0.05 per $100 of taxable value; and (iii) the school district's current I&S tax rate. However, for only the 2020 tax year, if the governing body of the school district does not adopt by unanimous vote an M&O tax rate at least equal to the sum of the school district's MCR plus $0.05, then $0.04 is substituted for $0.05 in the calculation for such school district's Voter-Approval Tax Rate for the 2020 tax year. For the 2020 tax year, and subsequent years, a school district's M&O tax rate may not exceed the rate equal to the sum of (i) $0.17 and (ii) the school district's MCR (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein, for more information regarding the State Compression Percentage, MCR, and the Enrichment Tax Rate).

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

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

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

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

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 in Johnson & Tarrant Counties, Texas (together, the "County"). The Appraisal District is governed by a board of directors appointed by members of the governing bodies of various political subdivisions within the County.

Property within the District is assessed as of January 1 of each year, taxes become due October 1 of the same year and become delinquent on February 1 of the following year.

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

The District does not collect an additional 20% penalty to defray attorney costs in the collection of delinquent taxes over and above the penalty automatically assessed under the Tax Code.

The District's taxes are collected by the Johnson County Tax Assessor.

The District does not allow split payments of taxes on homesteads and does not give discounts for early payment of taxes.

The District does not participate in a tax increment financing zone. The District does not grant tax abatements.

The District does not grant the additional local option exemption of up to 20% of the market value of residence homesteads.

The District does exempt freeport property from taxation. The District has taken action to continue to tax goods-in-transit.

EMPLOYEE BENEFIT PLANS AND OTHER POST-EMPLOYMENT BENEFITS

The District's employees participate in a retirement plan (the "Plan") with the State of Texas. The Plan is administered by the Teacher Retirement System of Texas ("TRS"). State contributions are made to cover costs of the TRS retirement plan up to certain statutory limits. The District is obligated for a portion of TRS costs relating to employee salaries that exceed the statutory limit. For fiscal year ended June 30, 2021, the District made a contribution to TRS on a portion of their employee's salaries that exceeded the statutory minimum. For a discussion of the Plan, see Note 6 "Defined Benefit Pension Plan" to the audited financial statements of the District that are attached hereto as Appendix D (the "Financial Statements").

In addition to its participation in the System, 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 Teacher Retirement System of Texas. 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 7 "Defined Other Post-Employment Benefit Plans" to Financial Statements attached hereto as Appendix D.

During the fiscal year ended June 30, 2021, employees of the District were covered by a fully-insured health insurance plan (the "Health Care Plan"). The District contributed $235 per month per employee to the Health Care Plan. Employees, at their option, authorize payroll withholdings to pay premiums for dependents. See Note 11 "Risk Management - Health Care" of the Financial Statements.

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

In June 2012, Government Accounting Standards Board (GASB) Statement No. 68 (Accounting and Financial Reporting for Pensions) was issued to improve accounting and financial reporting by state and local governments regarding pensions. GASB Statement No. 68 requires reporting entities, such as the District, to recognize their proportionate share of the net pension liability and operating statement activity related to changes in collective pension liability. This means that reporting entities, such as the District, that contribute to the TRS pension plan will report a liability on the face of their government-wide financial statements. Such reporting began with the District's fiscal year ending August 31, 2015. See "APPENDIX A – Change in Net Assets". GASB Statement No. 68 applies only to pension benefits and does not apply to Other Post-Employment Benefits (OPEB) or TRS-Care related liabilities.

RATING

The Bonds are rated "Aaa" by Moody's Investors Service ("Moody's") based upon the guaranteed repayment thereof under the Permanent School Fund Guarantee Program of the Texas Education Agency. The District's current unenhanced, underlying rating, including the Bonds, is "Aa3" by Moody's. (See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM – Ratings of Bonds Guaranteed Under the Guarantee Program" herein).

An explanation of the significance of such rating may be obtained from Moody's. The rating of the Bonds by Moody's reflect only the view of said company at the time the rating is given, and the District makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by Moody's, if, in the judgment of Moody's, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

The above rating is not a recommendation to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by Moody's. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

LEGAL MATTERS

The delivery of the Bonds is subject to the approval of the Attorney General of Texas who will deliver its opinion to the effect that the Bonds are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property in the District, and based upon examination of such transcript of proceedings, the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel to the District ("Bond Counsel"), to like effect. The form of Bond Counsel's opinion is attached hereto as Appendix C. Certain legal matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The legal fee to be paid to counsel to the Underwriter for services rendered in connection with the issuance of the Bonds is contingent upon the sale of the delivery of the Bonds.

Though it represents the Financial Advisor and the Underwriter 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 the issuance of the Bonds. McCall, Parkhurst & Horton L.L.P. also advises the TEA in connection with its disclosure obligations under the federal securities laws, but such firm has not passed upon any TEA disclosures contained in this Official Statement. Except as noted below, Bond Counsel was not requested to participate, and did not take part in the preparation of this Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under the captions or subcaptions "THE BONDS" (except under the subcaptions "Permanent School Fund Guarantee", "Payment Record", and "Sources and Uses of Funds", as to which no opinion is expressed), "REGISTRATION, TRANSFER AND EXCHANGE", "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) "LEGAL MATTERS" (except for the last two sentences of the first paragraph thereunder), "TAX MATTERS", "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS", "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE" and "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance with Prior Undertakings," as to which no opinion will be expressed) and such firm is of the opinion that the information relating to the Bonds and the Order contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law.

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

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas, Bond Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See Appendix C - Form of Legal Opinion of Bond Counsel.

In rendering its opinion, Bond Counsel will rely upon (a) the District's federal tax certificate and the Sufficiency Certificate of SAMCO Capital Markets, Inc. relating to the refunding of the Refunded Bonds, (b) covenants of the District with respect to arbitrage and the use of the proceeds of the Bonds and the Refunded Bonds and the property financed or refinanced therewith, and (c) the certificate with respect to arbitrage by the Commissioner of Education regarding the allocation and investment of certain investments in the Permanent School Fund. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds or the Refunded Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the maturity amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see the discussion set forth below.

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

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued 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 Original Issue Discount 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 (a) 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 (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with Subchapter C earnings and profits, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

Future and Proposed Legislation

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

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

INVESTMENT POLICIES

Investments

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

Legal Investments

Available District funds are invested as authorized by State law and in accordance with investment policies approved by the Board of Trustees. Both State law and the District's investment policies are subject to change. 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 issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the District in compliance with the Public Funds Investment Act (Chapter 2256, Government Code) as amended (the "PFIA"), (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the District's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the District appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for District deposits, or (ii) where (a) the funds are invested by the District through a broker or institution that has a main office or branch office in the State and selected by the District in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the District appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clause (1) above, clause (12) below, or, if applicable, which are pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the District is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party designated by the District, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service.

The District 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.

Under State law, the District may 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 of 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 has not contracted with, and has no present intention of contracting with, any such investment management firm or the State Securities Board to provide such services.

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, but only if the District has formally amended its investment policy to authorize such investments. Texas law defines "corporate bonds" as senior secured debt obligations issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include a bond that is convertible into stocks or shares in the entity issuing the bond (or an affiliate or subsidy thereof) or any unsecured debt. Corporate bonds must finally mature not later than 3 years from their date of purchase by the school district. A school district may not (1) invest more than 15% of its monthly average fund balance (excluding bond proceeds, reserves, and other funds held for the payment of debt service) in corporate bonds; or (2) invest more than 25% of the funds invested in corporate bonds in any one domestic business entity (including subsidiaries and affiliates thereof). Corporate bonds held by a school district must be sold if they are at any time downgraded below "AA-" (or the equivalent thereof) or, with respect to a corporate bond rated "AA-" (or the equivalent thereof), such corporate bond is placed on negative credit watch.

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 includes a list of authorized investments for District funds, maximum allowable stated maturity of any individual investment owned by the District, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. As an integral part of its investment policy, the District is required to adopt a separate written investment strategy for each of the funds under its control. 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, District investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived". At least quarterly the investment officers of the District shall submit an investment report detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest during 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 strategy statements and (b) State law. No person may invest District funds without express written authority from the Board.

Additional Provisions

Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the Board; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in non-money market mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (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

As of March 31, 2022, the District had approximately $23,778,780 (unaudited) invested in Lone Star Pool, $65,821,784 (unaudited) invested in TexPool (both of which are government investment pools that generally have the characteristics of a money-market mutual fund), and $11,777,661 (unaudited) invested at a local bank. The market value of such investments (as determined by the District by reference to published quotations, dealer bids, and comparable information) is approximately 100% of the book value. No funds of the District are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

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

FINANCIAL ADVISOR

SAMCO Capital Markets Inc. is employed as Financial Advisor to the District to assist in the issuance of the Bonds. In this capacity, the Financial Advisor has compiled certain data relating to the Bonds that is contained in this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the District to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fee of the Financial Advisor for services with respect to the Bonds is contingent upon the issuance and sale of the Bonds. In the normal course of business, the Financial Advisor may from time to time sell investment securities to the District for the investment of bond proceeds or other funds of the District upon the request of the District.

The Financial Advisor 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.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the PFIA requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "RATING" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value.

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

CYBERSECURITY RISK MANAGEMENT

The District's operations are increasingly dependent on information technologies and services, which are exposed to cybersecurity risks and cyber incidents or attacks. While the District continually assesses and monitors its cybersecurity risks, the District has been (and may be in the future) subject to cyber-attacks from time to time. In response to such assessments and monitoring, the District takes actions it deems appropriate in response to cybersecurity risks, including, but not limited to, implementing cybersecurity training programs, obtaining technology improvements to mitigate cybersecurity risks, and taking other similar measures. 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. However, no assurance can be given that the District will fully prevent or successfully remediate the operational and/or financial impact of any cybersecurity incursions or incidents arising from events wholly or partially beyond the District's control, including electrical telecommunications outages, natural disasters or cyber-attacks initiated by criminal activities of individuals or organizations. Any such occurrence could materially and adversely affect the District's operations and/or financial condition.

CONTINUING DISCLOSURE OF INFORMATION

In the Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains 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. The information provided to the MSRB will be available to the public free of charge via the EMMA system at www.emma.msrb.org. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" for a description of the TEA's continuing disclosure undertaking to provide certain updated financial information and operating data annually with respect to the Permanent School Fund and the State, as the case may be, and to provide timely notice of certain specified events related to the guarantee, to the MSRB.

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes financial information and operating data with respect to the District of the general type included in this Official Statement in Appendix A (such information being the "Annual Operating Report"). The District will additionally provide financial statements of the District (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in Appendix D or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in Appendix D and (ii) audited, if the District commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The District will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within six months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2022. The District may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within six months after any such fiscal year end, then the District shall file unaudited Financial Statements within such six-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12.

The District's current fiscal year end is June 30. Accordingly, the Annual Operating Report must be provided by the last day of December in each year, and the Financial Statements must be provided by the last day of December, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Notice of Certain Events

The District will also 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 a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties. In addition, the District will provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under "Annual Reports". In the Order, the District adopted policies and procedures to ensure timely compliance with continuing disclosure undertakings. Neither the Bonds nor the Order make any provision for a bond trustee, debt service reserves, credit enhancement (except for the Permanent School Fund guarantee), optional redemption, or liquidity enhancement. The District will provide each notice described in this paragraph to the MSRB.

For these purposes, (a) any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District, and (b) the District intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

Availability of Information

Effective July 1, 2009 (the "EMMA Effective Date"), the SEC implemented amendments to the Rule which approved the establishment by the MSRB of EMMA, which is now the sole successor to the national municipal securities information repositories with respect to filings made in connection with undertakings made under the Rule. Commencing with the EMMA Effective Date, all information and documentation filing required to be made by the District in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB.

With respect to debt of the District issued prior to the EMMA Effective Date, the District remains obligated to make annual required filings, as well as notices of certain events, under its continuing disclosure obligations relating to those debt obligations (which includes a continuing obligation to make such filings with the Texas state information depository (the "SID")). Prior to the EMMA Effective Date, the Municipal Advisory Council of Texas (the "MAC") had been designated by the State and approved by the SEC staff as a qualified SID. Subsequent to the EMMA Effective Date, the MAC entered into a Subscription Agreement with the MSRB pursuant to which the MSRB makes available to the MAC, in electronic format, all Texas-issuer continuing disclosure documents and related information posted to EMMA's website simultaneously with such posting. Until the District receives notice of a change in this contractual agreement between the MAC and EMMA or of a failure of either party to perform as specified thereunder, the District has determined, in reliance on guidance from the MAC, that making its continuing disclosure filings solely with the MSRB will satisfy its obligations to make filings with the SID pursuant to its continuing disclosure agreements entered into prior to the EMMA Effective Date.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with Rule 15c2-12, taking into account any amendments or interpretations of Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any qualified person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the registered 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 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 in the primary offering of the Bonds. If the District so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

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

LITIGATION

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

At the time of the initial delivery of the Bonds, the District will provide the Underwriter with a certificate to the effect that except as disclosed in the Official Statement, no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of the Bonds.

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.

UNDERWRITING

The Underwriter has agreed, subject to certain customary conditions, to purchase the Bonds at a price equal to the initial offering prices to the public, as shown on the inside cover page hereof, less an Underwriter's discount of $_______. The Underwriter's obligations are subject to certain conditions precedent, and the Underwriter will be obligated to purchase all of the Bonds, if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriter.

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

Piper Sandler & Co., the underwriter of the Bonds, has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings including the Bonds, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Bonds from Piper Sandler & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

CONCLUDING STATEMENT

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy in any state 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 of solicitation.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, the Rule.

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which the District considers 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 documents for further information. Reference is made to official documents in all respects.

The Order authorized the Pricing Officer to approve the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorized its further use in the re-offering of the Bonds by the Underwriter. This Official Statement will be approved by the Pricing Officer of the District for distribution in accordance with the provisions of the Rule.

/s/

Pricing Officer

BURLESON INDEPENDENT SCHOOL DISTRICT

Schedule I - Schedule of Refunded Bonds

Fixed Rate & Variable Rate Unlimited Tax School Building Bonds Series 2018

Maturities Being Redeemed	Original CUSIP	Principal Amount Outstanding	Interest Rate	Principal Amount Being Refunded		Call Date	Principal Amount Unrefunded
2/1/2042		$ 2,735,000.00	2.500%	$ 2,735,000.00	[1]	August 1, 2022	-
2/1/2043		2,930,000.00	2.500%	2,930,000.00	[1]	August 1, 2022	-
2/1/2044		3,145,000.00	2.500%	3,145,000.00	[1]	August 1, 2022	-
2/1/2045		3,375,000.00	2.500%	3,375,000.00	[1]	August 1, 2022	-
2/1/2046		3,620,000.00	2.500%	3,620,000.00	[1]	August 1, 2022	-
2/1/2047	1214032Y4	3,880,000.00	2.500%	3,880,000.00	[1]	August 1, 2022	-
		$ 19,685,000.00		$ 19,685,000.00			$ -

[1] Represents a mandatory sinking fund redemption of the term bond outstanding in the principal amount of $19,685,000 that matures February 1, 2047.

APPENDIX A

FINANCIAL INFORMATION OF THE DISTRICT

BURLESON INDEPENDENT SCHOOL DISTRICT

Financial Information

ASSESSED VALUATION [(1)]

2021/22 Total Valuation……………………………………………………………………………………		$ 7,138,937,088
Less Exemptions & Deductions [(2)]:		
State Homestead Exemption	$ 375,316,549	
State Over-65 Exemption	52,239,269	
Disabled Homestead Exemption Loss	76,056,189	
Local Option Over-65 Exemption	127,255,945	
Veterans Exemption Loss	7,056,172	
Surviving Spouse of Veteran Exemption Loss	1,187,776	
Freeport Exemption	7,405,758	
Pollution Control Exemption Loss	599,244	
Solar/Wind Exemption	934,299	
Prorations & Other Partial Exemptions	346,888	
Productivity Loss	168,300,784	
Homestead Cap Loss	151,262,192	
	$ 967,961,065	
2021/22 Net Taxable Valuation ……………………………………………………………………....................		$ 6,170,976,023
2022/23 Preliminary Net Taxable Valuation [(3)] …………………………………………………………………		$ 6,870,569,253

(1) Source: Comptroller of Public Accounts - Property Tax Division. The passage of a Texas Constitutional Amendment on November 3, 2015 increased the homestead exemption from $15,000 to $25,000.
(2) Excludes the values on which property taxes are frozen for persons 65 years of age or older and disabled taxpayers which totaled $355,229,157 in 2021/22.
(3) Source: Johnson Central and Tarrant Appraisal Districts Preliminary Certified Value as of April 2022. The passage of a Texas Constitutional Amendment on May 7, 2022 increased the homestead exemption from $25,000 to $40,000.

VOTED GENERAL OBLIGATION DEBT

Unlimited Tax Bonds Outstanding [(1)]		$ 309,726,599
Less: The Refunded Bonds [(2)]		(19,685,000)
Plus: The Bonds [(2)]		19,685,000
Total Unlimited Tax Bonds [(1) (2)]		$ 309,726,599
Less: Interest & Sinking Fund Balance (As of June 30, 2021) [(3)]		(20,982,247)
Net General Obligation Debt		$ 288,744,352
Ratio of Net G.O. Debt to Net Taxable Valuation [(4)]	4.20%	
2022 Population Estimate [(5)]	72,165	
Per Capita Net Taxable Valuation	$95,206	
Per Capita Net G.O. Debt	$4,001	

(1) Excludes the interest accreted on outstanding capital appreciation bonds. The District plans to redeem $6,585,000 of the remaining principal from the Series 2012 Refunding Bonds on August 1, 2022 pursuant to the approval received by the Board on June 13, 2022.
(2) Preliminary, subject to change.
(3) Source: Burleson ISD Audited Financial Statement.
(4) See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the body of the Official Statement and "DEBT SERVICE REQUIREMENTS" in this appendix and see the "Audited Financial Report Fiscal Year Ended June 30, 2021" in Appendix D for more information relative to the District's outstanding obligations.
(5) Source: Municipal Advisory Council of Texas.

PROPERTY TAX RATES AND COLLECTIONS

Fiscal Year	Net Taxable Valuation	Tax Rate	% Collections [(5)] Current [(6)]	Total [(6)]
2006/07	$ 2,226,990,971 [(1)]	$ 1.5904 [(7)]	97.90%	100.41%
2007/08	2,498,065,323 [(1)]	1.4051 [(7)]	98.38%	100.40%
2008/09	3,275,241,977 [(1)]	1.4688	97.16% [(8)]	98.06% [(8)]
2009/10	3,658,222,717 [(1)]	1.5400	97.25%	99.48%
2010/11	3,502,366,339 [(1)]	1.5400	98.06%	100.57%
2011/12	3,489,472,149 [(1)]	1.5400	98.06%	99.79%
2012/13	3,438,826,788 [(1)]	1.5400	98.05%	100.07%
2013/14	3,356,825,551 [(1)]	1.5400	98.27%	100.31%
2014/15	3,642,584,992 [(1)]	1.5400	98.41%	100.04%
2015/16	3,714,178,058 [(1) (2)]	1.5400	98.35%	99.96%
2016/17	3,910,986,806 [(1) (2)]	1.5400	98.73%	100.26%
2017/18	4,399,179,017 [(1) (2)]	1.6700	98.48%	99.58%
2018/19	4,824,792,558 [(1) (2)]	1.6700	98.69%	100.11%
2019/20	5,370,009,509 [(1) (2)]	1.5684 [(9)]	98.66%	99.80%
2020/21	5,721,449,749 [(1) (2)]	1.5383	98.74%	99.93%
2021/22	6,170,976,023 [(1) (2)]	1.4946	(In Process of Collection)	
2022/23	6,870,569,253 [(3) (4)]			

(1) Source: Comptroller of Public Accounts - Property Tax Division.
(2) The passage of a Texas Constitutional Amendment on November 3, 2015 increased the homestead exemption from $15,000 to $25,000.
(3) Source: Johnson Central and Tarrant Appraisal Districts Preliminary Certified Value as of April 2022.
(4) The passage of a Texas Constitutional Amendement on May 7, 2022 increased the homestead exemption from $25,000 to $40,000.
(5) Source: Burleson ISD Audited Financial Statements.
(6) Excludes penalties and interest.
(7) The declines in the District's Maintenance & Operation Tax for the 2006/07 and 2007/08 fiscal years are a function of House Bill 1 adopted by the Texas Legislature in May 2006. See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the body of the Official Statement.
(8) During the 2009 Fiscal Year, the District changed its fiscal year from ending August 31 to June 30.
(9) The decline in the District's Maintenance & Operation Tax from the 2018/19 fiscal year to the 2019/20 fiscal year is a function of House Bill 3 adopted by the Texas Legislature in June 2019. See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the Official Statement.

TAX RATE DISTRIBUTION

	2017/18 [1]	2018/19	2019/20 [2]	2020/21	2021/22
Maintenance & Operations	$1.1700	$1.1700	$1.0684	$1.0383	$0.9946
Debt Service	$0.5000	$0.5000	$0.5000	$0.5000	$0.5000
Total Tax Rate	$1.6700	$1.6700	$1.5684	$1.5383	$1.4946

(1) On May 6, 2017, the District successfully held a tax ratification election at which the voters of the District authorized the District to levy a maintenance and operations tax in the amount of $1.17 per $100 assessed valuation.
(2) The decline in the District's Maintenance & Operations Tax from the 2018/19 fiscal year to the 2019/20 fiscal year is a function of House Bill 3 adopted by the Texas Legislature in June 2019.

VALUATION AND FUNDED DEBT HISTORY

Fiscal Year	Net Taxable Valuation	Bond Debt Outstanding [1]	Ratio Debt to A.V. [2]
2006/07	$ 2,226,990,971	$147,910,029	6.64%
2007/08	2,498,065,323	146,852,976	5.88%
2008/09	3,275,241,977	228,104,009	6.96%
2009/10	3,658,222,717	293,143,199	8.01%
2010/11	3,502,366,339	312,862,942	8.93%
2011/12	3,489,472,149	310,441,276	8.90%
2012/13	3,438,826,788	307,661,944	8.95%
2013/14	3,356,825,551	304,395,852	9.07%
2014/15	3,642,584,992	297,495,852	8.17%
2015/16	3,714,178,058	291,140,852	7.84%
2016/17	3,910,986,806	334,260,852	8.55%
2017/18	4,399,179,017	345,695,852	7.86%
2018/19	4,824,792,558	332,790,852	6.90%
2019/20	5,370,009,509	318,562,015	5.93%
2020/21	5,721,449,749	310,561,599	5.43%
2021/22	6,170,976,023	296,158,949 [4]	4.80%
2022/23	6,870,569,253 [3]	277,958,538 [4]	4.05%

(1) The Bonds are illustrated on the State of Texas fiscal year end of August 31st, although the District's fiscal year ends June 30th. Excludes interest accreted on outstanding capital appreciation bonds.
(2) See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the body of the Official Statement, "DEBT SERVICE REQUIREMENTS" in this Appendix and see the "Audited Financial Report Fiscal Year Ended June 30, 2021" in Appendix D for more information.
(3) Source: Johnson Central and Tarrant Appraisal Districts Preliminary Certified Value as of April 2022. The passage of a Texas Constitutional Amendment on May 7, 2022 increased the homestead exemption from $25,000 to $40,000.
(4) Includes the Bonds and excludes the Refunded Bonds. Reflects the Early Redemption of the Series 2012 Refunding Bonds authorized by the Board on June 13, 2022 and scheduled to be redeemed on August 1, 2022. Preliminary, subject to change.

ESTIMATED OVERLAPPING DEBT STATEMENT

Taxing Body	Amount	Percent Overlapping	Amount Overlapping
Burleson, City of	$ 58,161,566	86.97%	$ 50,583,114
Crowley, City of	29,427,676	4.56%	1,341,902
Fort Worth, City of	796,484,216	0.91%	7,248,006
Johnson County	18,735,000	29.44%	5,515,584
Tarrant County	443,270,000	0.87%	3,856,449
Tarrant County College District	255,995,000	0.87%	2,227,157
Tarrant County Hospital District	12,825,000	0.87%	111,578
Total Overlapping Debt [1]			$ 70,883,789
Burleson Independent School District [2]			288,744,352
Total Direct & Overlapping Debt [2]			$ 359,628,142
Ratio of Net Direct & Overlapping Debt to Net Taxable Valuation		5.23%	
Per Capita Direct & Overlapping Debt		$4,983	

(1) Equals gross debt less self-supporting debt.
(2) Includes the Bonds and excludes the Refunded Bonds. Excludes the accreted value of outstanding capital appreciation bonds. Reflects the Early Redemption of the Series 2012 Refunding Bonds authorized by the Board on June 13, 2022 and scheduled to be redeemed on August 1, 2022. Preliminary, subject to change.

Source: Municipal Advisory Council of Texas. The District has not independently verified the accuracy or completeness of such information (except for the amounts relating to the District), and no person should rely upon such information as being accurate or complete.

PRINCIPAL TAXPAYERS [1]

2021/22 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Burleson Gateway Station LP	Retail	$ 53,974,294	0.87%
Oncor Electric Delivery Co LLC	Electric Utility	38,194,321	0.62%
Golden State Foods Corp.	Food Supplier	35,801,001	0.58%
Burleson Manufacturing Realty	Manufacturing	34,215,534	0.55%
Welltower TCG	Real Estate Investments	29,794,383	0.48%
Wagner Smith Equipment Co.	Electric Equipment Services	26,578,261	0.43%
Abby Burleson MF LLC	Real Estate	22,328,637	0.36%
Burleson Commons LLC	Apartments	20,966,323	0.34%
MCSquare 18 LLC	Real Estate	20,623,803	0.33%
Jahco Burleson Town Center	Shopping Center/Mall	19,454,403	0.32%
		$ 301,930,960	4.89%

2020/21 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Burleson Gateway Station LP	Retail	$ 54,842,884	0.96%
Halliburton Energy Services	Oil & Gas	34,629,175	0.61%
Golden State Foods Corp.	Food Supplier	32,595,438	0.57%
Burleson Manufacturing Realty	Manufacturing	31,720,263	0.55%
Welltower TCG	Real Estate Investments	30,284,006	0.53%
Wagner Smith Equipment Co.	Electric Equipment Services	28,867,753	0.50%
Abby Burleson MF LLC	Real Estate	21,675,415	0.38%
MCSquare 18 LLC	Real Estate	21,300,000	0.37%
SunTrust Equipment Finance and Leasing	Finance	21,272,113	0.37%
Oncor Electric Delivery Co LLC	Electric Utility	20,969,639	0.37%
		$ 298,156,686	5.21%

2019/20 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Burleson Gateway Station LP	Retail	$ 52,061,755	0.97%
Halliburton Energy Services	Oil & Gas	34,629,175	0.64%
TEP Barnett USA LLC	Oil & Gas	33,420,256	0.62%
Welltower TCG	Real Estate Investments	29,730,085	0.55%
Wagner Smith Equipment Co.	Electric Equipment Services	28,237,011	0.53%
FDL Operating LLC	Oil & Gas	24,009,835	0.45%
XTO Energy Inc.	Oil & Gas	23,792,556	0.44%
McAlister Square 18 LLC	Retail	20,764,034	0.39%
Sam's Real Estate Business	Real Estate	19,064,673	0.36%
Oncor Electric Delivery Co LLC	Electric Utility	16,582,219	0.31%
		$ 282,291,599	5.26%

(1) Source: Comptroller of Public Accounts - Property Tax Division.

CLASSIFICATION OF ASSESSED VALUATION BY USE CATEGORY [1]

Category	2021/22	% of Total	2020/21	% of Total	2019/20	% of Total
Real, Residential, Single-Family	$ 4,774,114,357	66.87%	$ 4,421,037,708	66.50%	$ 4,188,630,978	66.49%
Real, Residential, Multi-Family	220,022,673	3.08%	164,713,360	2.48%	167,427,773	2.66%
Real, Vacant Lots/Tracts	104,810,368	1.47%	101,623,364	1.53%	98,692,515	1.57%
Real, Acreage	172,467,769	2.42%	167,021,901	2.51%	138,686,900	2.20%
Real, Farm & Ranch Improvements	332,886,041	4.66%	250,133,822	3.76%	231,047,469	3.67%
Real, Commercial & Industrial	892,385,232	12.50%	854,170,557	12.85%	802,353,137	12.74%
Oil & Gas	88,763,480	1.24%	101,554,053	1.53%	156,795,723	2.49%
Utilities	111,751,404	1.57%	109,307,608	1.64%	103,204,173	1.64%
Tangible Personal, Commercial	235,423,993	3.30%	271,825,775	4.09%	274,051,377	4.35%
Tangible Personal, Industrial	144,546,217	2.02%	141,630,889	2.13%	72,149,932	1.15%
Tangible Personal, Mobile Homes & Other	9,323,179	0.13%	9,166,548	0.14%	9,897,966	0.16%
Tangible Personal, Residential Inventory	14,137,377	0.20%	21,309,741	0.32%	23,080,786	0.37%
Special Inventory	38,304,998	0.54%	35,034,111	0.53%	33,489,391	0.53%
Total Appraised Value	$ 7,138,937,088	100.00%	$ 6,648,529,437	100.00%	$ 6,299,508,120	100.00%
Less:						
Homestead Cap Adjustment	$ 151,262,192		$ 142,748,716		$ 198,637,272	
Productivity Loss	168,300,784		162,964,282		134,714,787	
Exemptions [2]	648,398,089		621,366,690		596,146,552	
Total Exemptions/Deductions [3]	$ 967,961,065		$ 927,079,688		$ 929,498,611	
Net Taxable Assessed Valuation	$ 6,170,976,023		$ 5,721,449,749		$ 5,370,009,509	

Category	2018/19	% of Total	2017/18	% of Total	2016/17	% of Total
Real, Residential, Single-Family	$ 3,808,303,289	66.47%	$ 3,423,474,572	64.99%	$ 2,955,593,945	63.44%
Real, Residential, Multi-Family	144,250,307	2.52%	143,702,063	2.73%	115,018,985	2.47%
Real, Vacant Lots/Tracts	100,903,758	1.76%	90,862,747	1.73%	87,713,197	1.88%
Real, Acreage	141,061,826	2.46%	133,380,591	2.53%	118,782,154	2.55%
Real, Farm & Ranch Improvements	199,083,496	3.47%	196,543,173	3.73%	170,765,168	3.67%
Real, Commercial & Industrial	751,844,850	13.12%	709,933,223	13.48%	649,495,338	13.94%
Oil & Gas	118,628,585	2.07%	108,600,269	2.06%	117,434,856	2.52%
Utilities	99,509,736	1.74%	102,419,447	1.94%	104,704,509	2.25%
Tangible Personal, Commercial	278,737,900	4.87%	268,910,843	5.11%	252,320,658	5.42%
Tangible Personal, Industrial	33,226,461	0.58%	30,631,494	0.58%	37,224,583	0.80%
Tangible Personal, Mobile Homes & Other	9,614,296	0.17%	8,684,857	0.16%	8,264,507	0.18%
Tangible Personal, Residential Inventory	8,815,356	0.15%	16,908,872	0.32%	11,511,118	0.25%
Special Inventory	35,310,383	0.62%	33,258,295	0.63%	29,996,190	0.64%
Total Appraised Value	$ 5,729,290,243	100.00%	$ 5,267,310,446	100.00%	$ 4,658,825,208	100.00%
Less:						
Homestead Cap Adjustment	$ 201,355,858		$ 203,421,619		$ 116,767,170	
Productivity Loss	136,858,417		129,165,673		115,109,137	
Exemptions [2]	566,283,410		535,544,137		515,962,095	
Total Exemptions/Deductions [3]	$ 904,497,685		$ 868,131,429		$ 747,838,402	
Net Taxable Assessed Valuation	$ 4,824,792,558		$ 4,399,179,017		$ 3,910,986,806	

(1) Source: Comptroller of Public Accounts - Property Tax Division.
(2) The passage of a Texas constitutional amendment on November 3, 2015 increased the homestead exemption from $15,000 to $25,000.
(3) Excludes values on which property taxes are frozen for persons 65 years of age or older and disabled taxpayers.

PRINCIPAL REPAYMENT SCHEDULE [1]

Fiscal Year Ending 8/31	Outstanding Bonds [2] [3]	Less: Refunded Bonds [4]	Plus: The Bonds [4]	Total [2] [3] [4]	Bonds Unpaid At Year End	Percent of Principal Retired
2022	$ 14,402,650.30	$ -	$ -	$ 14,402,650.30	$ 296,158,948.95	4.64%
2023	7,870,411.20	-	10,330,000.00	18,200,411.20	277,958,537.75	10.50%
2024	7,868,537.75	-	9,355,000.00	17,223,537.75	260,735,000.00	16.04%
2025	9,130,000.00	-		9,130,000.00	251,605,000.00	18.98%
2026	9,500,000.00	-		9,500,000.00	242,105,000.00	22.04%
2027	9,870,000.00	-		9,870,000.00	232,235,000.00	25.22%
2028	9,340,000.00	-		9,340,000.00	222,895,000.00	28.23%
2029	11,390,000.00	-		11,390,000.00	211,505,000.00	31.90%
2030	13,925,000.00	-		13,925,000.00	197,580,000.00	36.38%
2031	14,470,000.00	-		14,470,000.00	183,110,000.00	41.04%
2032	14,740,000.00	-		14,740,000.00	168,370,000.00	45.79%
2033	15,310,000.00	-		15,310,000.00	153,060,000.00	50.72%
2034	15,905,000.00	-		15,905,000.00	137,155,000.00	55.84%
2035	16,520,000.00	-		16,520,000.00	120,635,000.00	61.16%
2036	17,170,000.00	-		17,170,000.00	103,465,000.00	66.68%
2037	17,845,000.00	-		17,845,000.00	85,620,000.00	72.43%
2038	18,550,000.00	-		18,550,000.00	67,070,000.00	78.40%
2039	19,280,000.00	-		19,280,000.00	47,790,000.00	84.61%
2040	20,070,000.00	-		20,070,000.00	27,720,000.00	91.07%
2041	13,300,000.00	-		13,300,000.00	14,420,000.00	95.36%
2042	4,850,000.00	2,735,000.00		2,115,000.00	12,305,000.00	96.04%
2043	5,150,000.00	2,930,000.00		2,220,000.00	10,085,000.00	96.75%
2044	5,480,000.00	3,145,000.00		2,335,000.00	7,750,000.00	97.50%
2045	5,830,000.00	3,375,000.00		2,455,000.00	5,295,000.00	98.30%
2046	6,200,000.00	3,620,000.00		2,580,000.00	2,715,000.00	99.13%
2047	6,595,000.00	3,880,000.00		2,715,000.00	-	100.00%
Total	$ 310,561,599.25	$ 19,685,000.00	$ 19,685,000.00	$ 310,561,599.25		

(1) The Bonds are illustrated on the State of Texas fiscal year end of August 31st, although the District's fiscal year ends June 30th.
(2) Excludes the accreted value of outstanding capital appreciation bonds. Reflects the Early Redemption of the Series 2012 Refunding Bonds authorized by the Board on June 13, 2022 and scheduled to be redeemed on August 1, 2022.
(3) Principal payments in years 2042 through 2047 represent mandatory sinking fund payments for a term bond maturing on February 1, 2047.
(4) Preliminary, subject to change.

DEBT SERVICE REQUIREMENTS [1]

Fiscal Year Ending 8/31	Outstanding Debt Service [(2) (3) (4)]	Less: Refunded Bonds [(5)]	Plus: The Bonds [(5)] Principal	Interest	Total	Combined Total [(2) (3) (4) (5) (6)]
2022	$ 29,389,077.46	$ 246,062.50	$ -	$ -	$ -	$ 29,143,014.96
2023	22,406,877.46	590,550.00	10,330,000.00	682,927.50	11,012,927.50	32,829,254.96
2024	22,474,002.46	590,550.00	9,355,000.00	210,487.50	9,565,487.50	31,448,939.96
2025	21,170,577.46	590,550.00				20,580,027.46
2026	21,166,402.46	590,550.00				20,575,852.46
2027	21,155,702.46	590,550.00				20,565,152.46
2028	21,142,552.46	590,550.00				20,552,002.46
2029	22,801,802.46	590,550.00				22,211,252.46
2030	22,801,752.46	590,550.00				22,211,202.46
2031	22,804,572.06	590,550.00				22,214,022.06
2032	22,544,229.46	590,550.00				21,953,679.46
2033	22,545,204.46	590,550.00				21,954,654.46
2034	22,547,204.46	590,550.00				21,956,654.46
2035	22,542,016.96	590,550.00				21,951,466.96
2036	22,546,385.70	590,550.00				21,955,835.70
2037	22,544,998.20	590,550.00				21,954,448.20
2038	22,546,423.20	590,550.00				21,955,873.20
2039	22,543,410.70	590,550.00				21,952,860.70
2040	22,546,623.20	590,550.00				21,956,073.20
2041	14,982,223.20	590,550.00				14,391,673.20
2042	6,067,650.00	3,284,525.00				2,783,125.00
2043	6,174,300.00	3,394,550.00				2,779,750.00
2044	6,299,300.00	3,518,425.00				2,780,875.00
2045	6,431,750.00	3,650,625.00				2,781,125.00
2046	6,570,950.00	3,790,700.00				2,780,250.00
2047	6,721,075.00	3,938,200.00				2,782,875.00
	$ 483,467,063.74	$ 33,043,537.50	$ 19,685,000.00	$ 893,415.00	$ 20,578,415.00	$ 471,001,941.24

(1) Debt service for the Bonds is illustrated on the State of Texas fiscal year end of August 31st, although the District's fiscal year ends on June 30th.
(2) Includes the accreted value of outstanding capital appreciation bonds. Reflects the Early Redemption of the Series 2012 Refunding Bonds authorized by the Board on June 13, 2022 and scheduled to be redeemed on August 1, 2022.
(3) Principal payments in years 2042 through 2047 represent mandatory sinking fund payments for a term bond maturing on February 1, 2047 (which are the Refunded Bonds).
(4) The interest rate on the variable rate portion of the District's Fixed Rate and Variable Rate Unlimited Tax School Building Bonds, Series 2018 (currently in a term rate mode) and comprising the Refunded Bonds is calculated at the actual term rate of 2.50% through the next scheduled mandatory tender date of August 1, 2022, and for the purposes of this table, thereafter at an assumed rate of 3.00% through final stated maturity.
(5) Preliminary, subject to change.
(6) Based on its wealth per student, the District does not expect to receive Instructional Facilities Allotment nor Existing Debt Allotment state financial assistance for the payment of debt service for the fiscal year 2021/22. The amount of state financial assistance for debt service, if any, may differ substantially each year depending on a variety of factors, including the amount, if any, appropriated for that purpose by the state legislature and a school district's wealth per student. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the body of the Official Statement.

TAX ADEQUACY WITH RESPECT TO THE DISTRICT'S BONDS

Projected Maximum Debt Service Requirement [(1)]	$	32,829,254.96
Projected State Financial Assistance for Hold Harmless of Increased Homestead Exemption [(2)]		520,000.00
Projected Net Debt Service Requirement [(1) (2)]	$	32,309,254.96
$0.47026 Tax Rate @ 100% Collections Produces [(3)]	$	32,309,254.96
2022/23 Preliminary Net Taxable Assessed Valuation [(4)]	$	6,870,569,253

(1) Includes the Bonds and excludes the Refunded Bonds. Includes interest accreted on outstanding capital appreciation bonds. Reflects the Early Redemption of the Series 2012 Refunding Bonds authorized by the Board on June 13, 2022 and scheduled to be redeemed on August 1, 2022. Preliminary, subject to change.
(2) The amount of state financial assistance for debt service, if any, may differ substantially each year depending on a variety of factors, including the amount, if any, appropriated for that purpose by the state legislature and a school district's wealth per student. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the body of the Official Statement. The District will not receive any Instructional Facilities Allotment nor Existing Debt Allotment state aid in 2021/22, but will receive additional state aid for the increase in the homestead exemption which took effect in 2015/16.
(3) Bonds issued for new construction purposes are subject to the 50 cent test, and if the District uses State tier one funds to pass the test, under current law it must credit State assistance payments (including any tier one State funding used to demonstrate the District's ability to pass the $0.50 bond issuance test) to the District's interest and sinking fund each year in an amount equal to the amount used by the District to demonstrate its ability to comply with the $0.50 test, and the District may not adopt its annual interest and sinking fund tax rate until such amount of State funding has been credited to the District's interest and sinking fund. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - State Funding for Local School Districts and "TAX RATE LIMITATIONS."
(4) Source: Johnson Central and Tarrant Appraisal Districts Preliminary Certified Value as of April 2022. The passage of a Texas Constitutional Amendment on May 7, 2022 increased the homestead exemption from $25,000 to $40,000.

AUTHORIZED BUT UNISSUED BONDS

The District does not have any authorized but unissued unlimited ad valorem tax bonds. The District may incur other financial obligations payable from its collection of taxes and other sources of revenue, including maintenance tax notes payable from its collection of maintenance taxes, public property finance contractual obligations, delinquent tax notes, and leases for various purposes payable from State appropriations and surplus maintenance taxes.

COMPARATIVE STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES [(1)]

	Fiscal Year Ended June 30				
	2017	2018	2019	2020	2021
Beginning Fund Balance	**$ 22,439,419**	**$ 23,252,166**	**$ 25,582,124**	**$ 28,167,925**	**$ 36,222,707**
Revenues:					
Local and Intermediate Sources	$ 40,229,411	$ 49,946,643	$ 54,599,247	$ 55,351,905	$ 56,680,239
State Program Revenues	47,345,766	52,049,435	50,897,675	64,239,002	61,014,626
Federal Sources & Other	1,155,895	1,427,874	2,370,606	890,689	2,000,317
Total Revenues	**$ 88,731,072**	**$ 103,423,952**	**$ 107,867,528**	**$ 120,481,596**	**$ 119,695,182**
Expenditures:					
Instruction	$ 53,332,030	$ 55,684,614	$ 57,562,917	$ 63,725,005	$ 62,385,730
Instructional Resources & Media Services	1,072,215	1,166,925	1,172,134	1,265,805	1,239,428
Curriculum & Instructional Staff Development	1,319,349	1,490,989	1,634,007	1,556,819	1,491,045
Instructional Leadership	1,723,372	1,842,099	1,669,182	1,655,224	1,569,476
School Leadership	5,722,176	5,910,006	6,254,815	6,977,445	6,609,125
Guidance, Counseling & Evaluation Services	3,196,795	3,664,525	4,116,154	4,087,369	5,143,008
Social Work Services	112,998	102,198	104,419	172,147	177,154
Health Services	1,152,444	1,149,067	1,230,636	1,400,285	1,689,848
Student (Pupil) Transportation	2,933,393	3,082,676	3,065,297	2,894,233	3,087,765
Food Services	32,953	17,346	67,426	74,647	131,068
Cocurricular/Extracurricular Activities	3,044,171	3,657,304	3,243,564	3,512,890	3,768,448
General Administration	2,942,363	2,643,583	2,781,770	3,063,222	2,895,479
Plant Maintenance and Operations	8,412,133	8,578,396	9,217,177	10,427,512	11,590,212
Security and Monitoring Services	312,399	381,888	562,808	621,661	828,768
Data Processing Services	1,935,745	2,462,969	2,420,182	3,085,558	2,939,327
Community Services	36,382	37,755	34,700	63,263	126,647
Principal on Long-Term Debt	-	-	-	112,322	112,322
Facilities Acquisition and Construction	-	-	503,374	545,147	-
Payments to Juvenile Justice Alternative Ed. Program	-	-	2,322	-	-
Other Intergovernmental Charges	637,407	702,052	771,182	794,109	820,737
Total Expenditures	**$ 87,918,325**	**$ 92,574,392**	**$ 96,414,066**	**$ 106,034,663**	**$ 106,605,587**
Excess (Deficiency) of Revenues over Expenditures	$ 812,747	$ 10,849,560	$ 11,453,462	$ 14,446,933	$ 13,089,595
Other Resources and (Uses):					
Transfer Out	$ -	$ (8,519,602)	$ (8,868,087)	$ (6,937,298)	$ (13,089,595)
Transfer In	-	-	426	-	-
Proceeds from Capital Leases	-	-	-	545,147	-
Total Other Resources (Uses)	**$ -**	**$ (8,519,602)**	**$ (8,867,661)**	**$ (6,392,151)**	**$ (13,089,595)**
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	$ 812,747	$ 2,329,958	$ 2,585,801	$ 8,054,782	$ -
Ending Fund Balance	**$ 23,252,166**	**$ 25,582,124**	**$ 28,167,925**	**$ 36,222,707**	**$ 36,222,707** [(2)]

(1) See "MANAGEMENT'S DISCUSSION AND ANALYSIS" in Appendix D and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the Official Statement.
(2) The District's estimated anticipated fund balance as of June 30, 2022 is $36,282,755.

CHANGE IN NET ASSETS [(1)]

	Fiscal Year Ended June 30				
	2017	2018	2019	2020	2021
Revenues:					
Program Revenues:					
Charges for Services	$ 6,998,299	$ 7,141,089	$ 7,385,986	$ 5,926,447	$ 2,724,856
Operating Grants and Contributions	8,245,324	(7,522,786)	18,537,571	18,135,923	22,534,001
General Revenues:					
Property Taxes Levied for General Purposes	39,179,085	48,692,234	52,882,627	53,982,021	56,142,675
Property Taxes Levied for Debt Service	18,733,850	20,963,615	22,463,135	25,234,174	26,976,669
State Aid - Formula Grants	53,075,316	53,159,874	51,524,236	64,798,129	61,455,084
Investment Earnings	351,980	1,501,201	2,558,767	1,193,675	103,366
Miscellaneous	957,418	896,023	831,670	587,058	677,185
	$ 127,541,272	$ 124,831,250	$ 156,183,992	$ 169,857,427	$ 170,613,836
Expenses:					
Instruction	$ 65,545,974	$ 46,765,905	$ 74,085,797	$ 86,489,219	$ 81,677,558
Instruction Resources & Media Services	1,259,513	1,027,506	1,444,932	1,626,546	1,464,491
Curriculum & Staff Development	2,126,353	1,593,667	2,682,213	2,552,826	2,108,419
Instruction Leadership	2,184,617	1,530,629	2,352,001	2,483,001	2,351,077
School Leadership	6,829,731	4,930,009	7,786,400	9,117,006	8,476,344
Guidance, Counseling & Evaluation Services	4,393,048	3,111,946	5,754,459	6,525,875	6,746,291
Social Work Services	130,744	76,802	130,288	366,699	422,699
Health Services	1,351,624	938,338	1,492,499	1,780,718	1,972,822
Student Transportation	2,942,211	3,087,009	3,075,072	2,908,181	3,098,834
Food Service	5,997,147	4,803,198	7,098,022	7,589,065	6,923,853
Cocurricular/Extracurricular Activities	4,315,441	3,861,508	4,371,801	4,707,026	4,210,331
General Administration	4,082,942	3,073,986	4,094,256	4,585,909	4,218,465
Plant Maintenance & Operations	9,329,370	7,879,454	10,094,402	11,830,787	12,946,367
Security and Monitoring Services	377,468	424,889	688,565	680,862	850,878
Data Processing Services	2,603,464	2,307,625	2,815,807	3,898,249	3,269,064
Community Services	973,505	616,331	1,002,886	1,173,873	936,122
Debt Service - Interest on Long-term Debt	12,017,106	14,085,772	15,707,900	12,794,886	17,744,605
Debt Service - Bond Issuance Cost and Fees	320,831	1,223,629	-	-	-
Business Type Activities - Child Care	566,394	604,849	655,083	755,873	772,490
Total Expenditures	$ 127,347,483	$ 101,943,052	$ 145,332,383	$ 161,866,601	$ 160,190,710
Change in Net Assets	$ 193,789	$ 22,888,198	$ 10,851,609	$ 7,990,826	$ 10,423,126
Beginning Net Assets	$ (2,997,324)	$ (2,803,535)	$ (38,286,431)	$ (27,434,822)	$ (19,443,996)
Prior Period Adjustment	$ -	$ (58,371,094) [(2)]	$ -	$ -	$ -
Ending Net Assets	$ (2,803,535)	$ (38,286,431)	$ (27,434,822)	$ (19,443,996)	$ (9,020,870)

(1) The foregoing information represents government-wide financial information provided in accordance with GASB 34, which the District adopted in the 2002 fiscal year.
(2) In fiscal year 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. As a result, the beginning net position has been restated to reflect the net OPEB liability and deferred outflow of resources relating to TRS-Care contributions made after the prior measurement date.

APPENDIX B

GENERAL INFORMATION REGARDING THE DISTRICT AND ITS ECONOMY

BURLESON INDEPENDENT SCHOOL DISTRICT

General and Economic Information

Burleson Independent School District (the "District") is a suburban residential and industrial area that includes the City of Burleson, a commercial center located seven miles south of Fort Worth in north Johnson County and south Tarrant County. The District's current estimated population is 72,165.

Johnson County (the "County") is a north central Texas county created and organized in 1854 from McLennan, Hill, and Navarro Counties. Popular recreation includes water activities on Lakes Whitney, Alvarado, and Pat Cleburne. The county seat is Cleburne.

Source: Texas Municipal Report for Burleson ISD and Johnson County

Enrollment Statistics

Year Ending 6/30	Enrollment
2012	10,221
2013	10,457
2014	10,711
2015	10,957
2016	11,375
2017	11,748
2018	12,054
2019	12,340
2020	12,775
2021	12,474
Current	12,606

District Staff

Teachers		813
Auxiliary Personnel		404
Teachers' Aides & Secretaries		144
Other		169
Administrators		57
	Total	1,587

Facilities

Campus	Grades	Current Enrollment	Capacity	Year Built	Year of Addition/ Renovation
Academy at Nola Dunn	K-5	659	700	2010	
Academy of the Arts at Bransom	EE-5	594	600	2002	
Academy of Leadership & Technology at Mound	EE-5	428	550	1962	
STEAM Academy at Stribling	K-5	495	600	1998	
Brock Elementary	EE-5	640	700	2008	
Clinkscale Elementary	K-5	563	700	2009	
Frazier Elementary	PK-5	591	700	2008	
Hajek Elementary	PK-5	571	700	2008	
Norwood Elementary	PK-5	448	700	1976	
Taylor Elementary	EE-5	516	600	1986	2016
Hughes Middle School	6-8	1,065	1,100	1968	2019
Kerr Middle School	6-8	1,246	1,275	1960	2019
STEAM Middle School of Choice	6-8	511	600	1963	2015
Burleson High School	9-12	1,688	2,500*	1997	2019
Burleson Collegiate High School	9-12	210	600*	2016	Ongoing renovations, to be Higher Ed Facility at old Kerr
Centennial High School	9-12	2,001	2,500	2010	
Crossroads High School	9-12	92	150	2002	
REALM Secondary School	9-12	288	600	-	2021-moved to new

**Capacity is included in the Burleson High School capacity. Both schools share a single campus.*
***REALM of Burleson Collegiate High School assumed instructional space of Old Kerr Middle School. Will add one grade annually through 6th grade.*

Principal Employers within the District

Name of Company	Type of Business	Number of Employees
Burleson ISD	Public Education	1,587
City of Burleson	Municipal Government	516
Wal-Mart	Retail	550
HEB Grocery	Grocery Retail	450
Champion Buildings	Manufacturing	320
Golden State	Manufacturing	150
Sam’s Club	Retail	170
Basden Steel	Manufacturing	150
KWS	Manufacturing	160
Kroger	Grocery Retail	160

Unemployment Rates

	April 2020	April 2021	April 2022
Johnson County	10.5%	5.0%	3.0%
State of Texas	4.7%	3.9%	3.7%

Source: Texas Workforce Commission

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

McCALL
PARKHURST & HORTON
Focused on Public Finance since 1919.

July 19, 2022

BURLESON INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX REFUNDING BONDS, SERIES 2022
DATED AS OF JULY 15, 2022
IN THE AGGREGATE PRINCIPAL AMOUNT OF $_______

AS BOND COUNSEL FOR THE BURLESON INDEPENDENT SCHOOL DISTRICT (the *District*) in connection with the issuance of the bonds described above (the *Bonds*), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds until maturity at the rates and are payable on the dates, all in accordance with the terms and conditions stated in the text of the Bonds.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and general laws of the State of Texas and a transcript of certified proceedings of the District, and other pertinent instruments authorizing and relating to the issuance of the Bonds including (i) the order authorizing the issuance of the Bonds (the *Order*), (ii) the Escrow Deposit Letter, dated as of June 13, 2022, between the District and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as Escrow Agent (the *Escrow Agreement*), (iii) the certificate of SAMCO Capital Markets, Inc., with respect to the adequacy of certain escrowed funds and securities to accomplish the refunding purposes of the Bonds (the *Sufficiency Certificate*), (iv) the executed Initial Bond numbered T-1, and (v) the District's Federal Tax Certificate of even date herewith.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized, issued and delivered in accordance with law; that the Bonds constitute valid and legally binding general obligations of the District in accordance with their terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted relating to creditors' rights generally; that the District has the legal authority to issue the Bonds and to repay the Bonds; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the District, and have been pledged for such payment, without limit as to rate or amount.

IT IS FURTHER OUR OPINION that the Escrow Agreement has been duly authorized, executed and delivered by the District and constitutes a binding and enforceable agreement in accordance with its terms and that the "Refunded Obligations" (as defined in the Order) being refunded by the Bonds are outstanding under the order authorizing their issuance only for the purpose of receiving the funds provided by, and are secured solely by and payable solely from, the Escrow Agreement and the cash and investments, including the income therefrom, held by the Escrow Agent pursuant to the Escrow Agreement. In rendering this opinion, we have relied upon the Sufficiency Certificate concerning the sufficiency of the cash and investments deposited pursuant to the Escrow Agreement for the purpose of paying the principal of, redemption premium, if any, and interest on the Refunded Obligations.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the *Code*). In expressing the aforementioned opinions, we have relied on the Sufficiency Certificate, and we have further relied on, and assumed compliance by the District with, certain representations and covenants regarding the use and investment of the proceeds of the Bonds. We call your attention to the fact that failure by the District to comply with such representations and covenants may cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the *Service*); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem 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 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. We observe that the District has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the District, and, in that capacity, we have been engaged by the District for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds and the defeasance of the Refunded Obligations under the Constitution and general laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the District, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the District as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the District. 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.

Respectfully,

APPENDIX D

AUDITED FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2021

BURLESON ISD

ANNUAL COMPREHENSIVE FINANCIAL REPORT

BISD

FISCAL YEAR ENDED
JUNE 30, 2021
BURLESON, TEXAS

This Page Intentionally Left Blank

Independent School District
Burleson, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

Prepared by:
Brenda Mize, Chief Financial Officer

This Page Intentionally Left Blank

Burleson Independent School District

Annual Comprehensive Financial Report

This Page Intentionally Left Blank

Burleson Independent School District
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021
Table of Contents

Burleson Independent School District

Annual Comprehensive Financial Report
For the Year Ended June 30, 2021
Table of Contents - Continued

Burleson Independent School District

Annual Comprehensive Financial Report
For the Year Ended June 30, 2021
Table of Contents - Continued

This Page Intentionally Left Blank

Introductory Section

This Page Intentionally Left Blank

1160 SW Wilshire Blvd. ● Burleson, Texas 76028 ● 817.245.1000 ● Fax: 817.447.5737 ● www.burlesonisd.net

November 8, 2021

Board of Trustees and Citizens of
Burleson Independent School District

Dear Board Members and Citizens:

In accordance with §44.008 of the Texas Education Code, an annual audit shall be performed by a certified public accountant (CPA), internal auditor and/or state auditor holding a permit from the Texas State Board of Public Accountancy. The audit must be completed at the close of each fiscal year and shall include an audit of the accuracy of the fiscal information provided by the District through the Public Education Information System (P.E.I.M.S.).

The Annual Comprehensive Financial Report (ACFR) of the Burleson Independent School District (District), approved by the Board of Trustees, is filed with the Texas Education Agency no later than the 150th day after the end of the fiscal year for which the audit was made. All District funds have been audited and the auditor's reports are included within this report.

The ACFR consists of management's representations concerning the finances of the District. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District's administration. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. 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 rather than absolute assurance that the financial statements will be free from material misstatement.

The District engaged Weaver and Tidwell, L.L.P., Certified Public Accountants, to audit the District's financial statements. Their unmodified opinion based upon the audit of the Burleson Independent School District's financial statements for the fiscal year ended June 30, 2021 is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the report of the independent auditors and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the District

In 1901, Burleson's first school, the Red Oak Academy was constructed. It was destroyed by fire in 1909. The State of Texas granted a charter for an independent school district and the citizens of Burleson voted to construct a new school. By 1910 the new school was opened. Burleson Independent School District is located just south of Fort Worth in Tarrant and Johnson Counties. Burleson ISD covers 52 square miles. Burleson ISD has a tradition of providing an excellent education with highly-qualified teachers passionate and dedicated to student success. Burleson ISD has 18 schools serving 12,474 students. The District provides approximately 10,275 students a full range of educational services appropriate to grade levels pre-Kindergarten through twelve. These include regular and enriched academic education, special education, occupational education, and language training for those with limited English proficiency. BISD employs approximately 1,587 staff members with 60% serving as classroom instructional employees.

Governing Body

Residents of the district elect a seven member Board of Trustees, each of which serves for three years without compensation. On a rotating basis, two or three places are filled during annual elections held the second Saturday in May.

Regular meetings are normally scheduled the second Monday of the month and are held in the District's administration building. Special meetings are scheduled as needed and announced in compliance with public notice requirements. The Board shall constitute a body corporate and shall have the exclusive power to govern and oversee the management of the public schools of the District. Decisions of the Board are based on a majority vote of the quorum present.

Governing the school district is the primary role of a school board. School board members are guardians of the public trust by adopting policies that inform district actions. Key roles and responsibilities of a school board are ensuring creation of a vision and goals for the district and evaluating district success, hiring a superintendent to serve as the chief executive officer of the District and evaluating the superintendent's success, approving an annual budget consistent with the District vision, and communicating the District's vision and success to the community.

Strategic Plan

Core Values:

- We believe in setting high expectations for all.
- We believe in cultivating and sustaining intellectual curiosity.
- We believe each student's voice is important in the decisions made about their education.
- We believe families matter and deserve the opportunity to be heard and considered.
- We believe strong, positive relationships develop engaged students, respectful communities and a sense of belonging.
- We believe in nurturing each individual's strengths and talents.
- We believe in honoring the unique needs of the individual while creating a physically and emotionally safe learning environment.
- We believe that fun is an integral part of the learning process.
- We believe growth occurs through challenge.

Objectives:

- Each student will be able to communicate and compete globally.
- Each student will graduate with the ability to showcase and communicate their unique talents and achievements.
- Each student will be able to independently identify a problem, effectively collaborate, and communicate innovative solutions that positively impact society.
- Each student will successfully transition out of high school with the opportunity to earn a debt-free college degree or post-secondary certification.

Strategies:

- We will design an engaging and challenging curriculum that develops each student's ability to read, write, think, and defend.
- We will provide students with multiple avenues for specialized instruction and opportunities to advance at their own pace.
- We will equip teachers with the resources, training, and time necessary to achieve our strategic objectives.
- We will establish a college-going culture on every BISD campus that intentionally prepares students for future endeavors.
- We will offer educational programs of choice that nurture students' unique talents and promote global citizenship.

Budget Process

Budget Adoption. The District annually adopts legally authorized appropriated budgets for the general fund, debt service fund, and National School Lunch Program special revenue fund. The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Before June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days public notice of the meeting has been given.
3. Before July 1, the Board legally enacts the budget through passage of a resolution.

The appropriated budget is prepared by fund, function, major object, and campus/department. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year end.

Tax Rate Adoption. The District Tax Assessor-Collector and Chief Financial Officer calculated the estimated rollback tax rate and published the required legal notice in June 2020. The Board of Trustees held the required public meeting on June 22, 2020, to discuss the proposed tax rate of $1.0383 maintenance and operations (General Fund) + $.50 interest and sinking (Debt Service Fund) = $1.5383 per $100 taxable valuation, however no action was taken. The Board of Trustees held the required public meeting on September 14, 2020, to discuss and adopt the 2020 proposed tax rate.

Accounting System

The District follows certain methods and procedures of accounting for revenues and disbursements as required by Texas Education Code. These methods and procedures are outlined by TEA Financial Accountability System Resource Guide. The business and purchasing operations of the District are under the direction of the Superintendent and the Chief Financial Officer.

The District contracts with Skyward for computer services, which record all revenues realized and all expenditures made during the fiscal year. The records include a statement showing total receipts from each fund, itemized according to source; total disbursements, itemized according to the nature of expenditures; and the balance on hand in each fund. The records are kept in the business office under the direction of the Chief Financial Officer.

The annual operating budget is a site-based decision making process. This process is designed to allow schools and central office departments to plan future operations in a manner which best serves the needs of students. Each principal/supervisor works with a total appropriation. Individual allocations will be determined at the campus level and site based shared decision making requires input from the faculty.

Economic Condition and Outlook

Located within the Dallas-Fort Worth metropolitan area, Burleson is Fort Worth's closest and largest neighbor to the south. It is strategically bisected by one of the most traveled interstates in America, I-35 West, the NAFTA corridor that supports North American manufacturing. The city surrounds this massive commerce pipeline, providing over nine miles of interstate frontage, including the steadily expanding Highpoint business park. I-35 West connects to a number of other interstates, including I-30 and I-20, which traverse the state of Texas and branch across the country, allowing for the wide distribution of goods.

According to statistics from the Burleson's Economic Development, sales tax increased 6.9% in 2020 over the prior year. New home starts grew by 150. In 2020, the city's population reached just over 49,000 residents, doubling from just over 23,400 in the year 2000. Prices in Burleson's housing market typically exceed regional averages due to quality of life and have increased the growth in population and employment.

The COVID-19 pandemic creates a significant amount of economic uncertainty. Because the underlying economy was strong prior to this situation, the decline is likely to be more of a pause than a fundamental change, particularly if safe and effective measures to resume activity are successful. There will definitely be some lasting shifts in both attitudes and actions. Certain behaviors will change and we will forever view the economy through a different lens.

State Funding Components

- Maintenance and Operations Tax Rate – $0.9946
- Interest and Sinking Tax Rate – $0.50
- Basic Allotment – $6,160
- Per Capita Rate – 404.428

State Accountability System

TEA submitted a federal assessment and accountability waiver on March 24, 2020, and issued labels indicating Not Rated: Declared State of Disaster for 2020 to recognize that the closure of schools during the state's testing window inhibited the ability of the state to accurately measure district and campus performance.

Awards

GFOA Certificate of Achievement. Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Burleson Independent School District for its annual financial report for the fiscal year ended June 30, 2020. This was the eleventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual 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 financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine eligibility for another certificate.

Texas Comptroller Financial Transparency Stars. The Texas Comptroller of Public Accounts' Transparency Stars program recognizes local governments for going above and beyond in their transparency efforts. The program recognizes government entities that provide clear and meaningful financial information not only by posting financial documents, but also through summaries, visualizations, downloadable data and other relevant information. The Burleson Independent School District has been awarded a Transparency Star in Traditional Finances and Debt Obligation.

The previous transparency system, the Texas Transparency Leadership Circle, was an online system which ensured that taxpayer dollars were spent efficiently by ensuring decisions were made in the open and on the record. Burleson ISD maintains the Gold Level **Leadership Circle** for Financial Transparency.

Acknowledgements

The presentation and development of this report would not have been possible without the special efforts of the business office and cooperation of contributing staff members. We would also like to express our appreciation to the Board of Trustees for their interest and support regarding District financial operations.

Sincerely,

Dr. Bret Jimerson
Superintendent

Brenda Mize
Chief Financial Officer

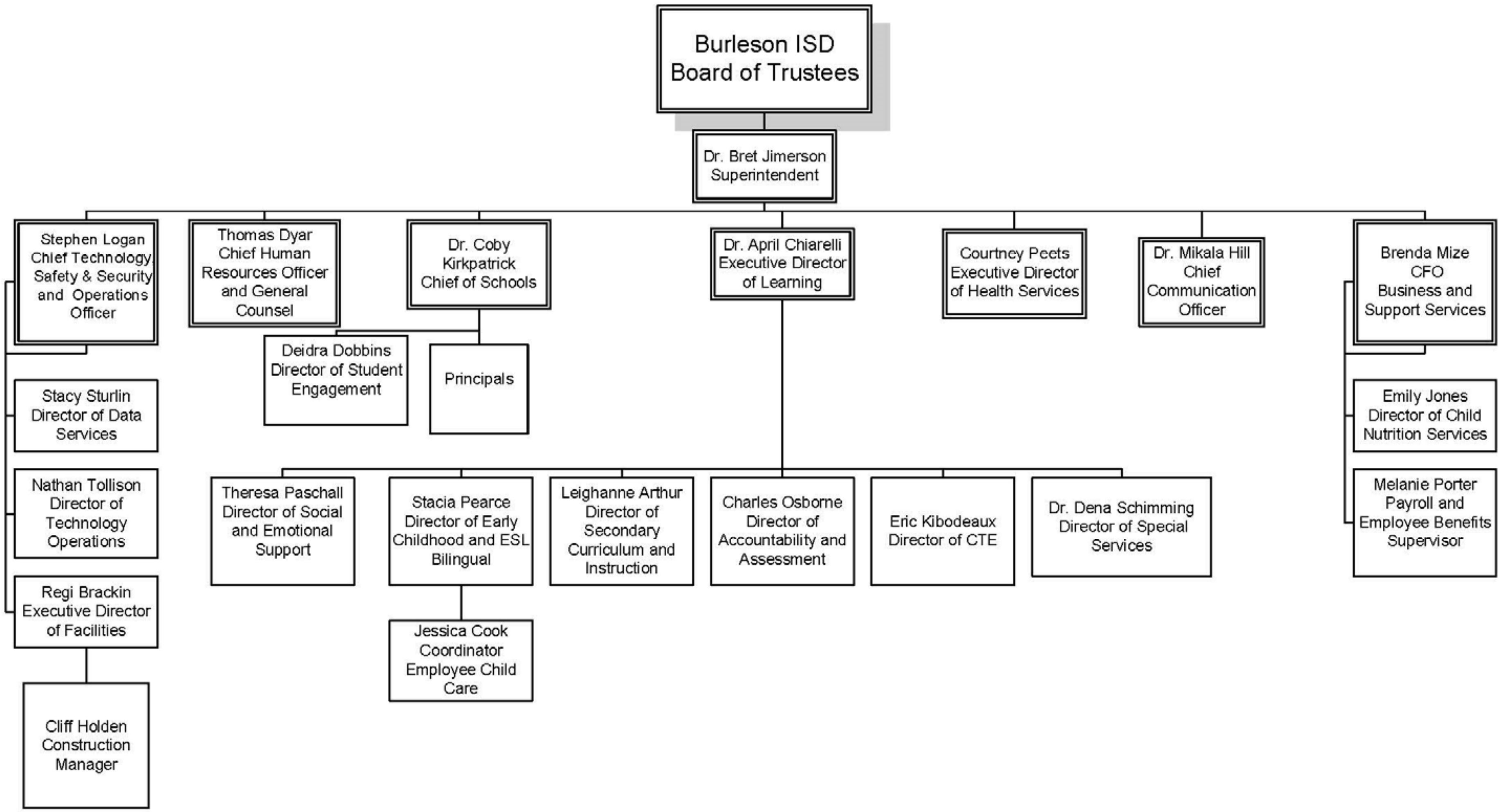
Burleson Independent School District

Board of Trustees, Administrators, and Consultants

Board of Trustees

Administrative Staff

Consultants and Advisors



Burleson ISD
Board of Trustees
Dr. Bret Jimerson
Superintendent
Stephen Logan
Chief Technology
Safety & Security
and Operations
Officer
Stacy Sturlin
Director of Data
Services
Nathan Tollison
Director of
Technology
Operations
Regi Brackin
Executive Director
of Facilities
Cliff Holden
Construction
Manager
Thomas Dyar
Chief Human
Resources Officer
and General
Counsel
Dr. Coby
Kirkpatrick
Chief of Schools
Deidra Dobbins
Director of Student
Engagement
Principals
Dr. April Chiarelli
Executive Director
of Learning
Theresa Paschall
Director of Social
and Emotional
Support
Stacia Pearce
Director of Early
Childhood and ESL
Bilingual
Jessica Cook
Coordinator
Employee Child
Care
Leighanne Arthur
Director of
Secondary
Curriculum and
Instruction
Charles Osborne
Director of
Accountability and
Assessment
Eric Kibodeaux
Director of CTE
Dr. Dena Schimming
Director of Special
Services
Courtney Peets
Executive Director
of Health Services
Dr. Mikala Hill
Chief
Communication
Officer
Brenda Mize
CFO
Business and
Support Services
Emily Jones
Director of Child
Nutrition Services
Melanie Porter
Payroll and
Employee Benefits
Supervisor

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Burleson Independent School District
Texas

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill
Executive Director/CEO

Certificate of the Board

Burleson Independent School District	Johnson	126-902
Name of School District	County	Co. – Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ___✓___approved _________disapproved for the year ended June 30, 2021 at a meeting of the Board of Trustees of such school district on the ___8th___ day of November 2021.

Signature of Board Secretary

Pat Worrell

Signature of Board President

Financial Section

This Page Intentionally Left Blank

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Burleson Independent School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Weaver and Tidwell, L.L.P.
2821 West 7th Street, Suite 700 | Fort Worth, Texas 76107
Main: 817.332.7905

The Board of Trustees of
Burleson Independent School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during year ended June 30, 2021, the District implemented Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Beginning net position in the custodial fiduciary fund has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

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

The Board of Trustees of
Burleson Independent School District

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
November 8, 2021

This Page Intentionally Left Blank

BURLESON INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021
(UNAUDITED)

As management of Burleson Independent School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2021. Please read this narrative in conjunction with the independent auditor's report on page 3, and the District's Basic Financial Statements that begin on page 17.

Financial Highlights

- On a government-wide basis, the liabilities and deferred inflows of Burleson Independent School District exceeded its assets and deferred outflows at the close of the most recent fiscal year by $9,020,870 (net position). Unrestricted net position was ($30,824,423) as of June 30, 2021.
- The District's total net position increased by $10,423,126 which is due to an increase in attendance and property tax revenue.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $84,108,684. Approximately 43% of this total amount, $35,903,246, is unassigned and available for use within the District's designations and policies.
- At the end of the current fiscal year, the unassigned fund balance of the general fund was $35,909,306 or 34% of the total general fund expenditures.
- The District's Enterprise Fund net position decreased by $53,375 from operations with net position of $120,807. Decrease in the Enterprise Fund was a result of the daycare maintaining healthy environments and operations to lower the risk of COVID-19 spread in their program.

<u>Overview of the Financial Statements</u>
This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 17 and 18). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 20) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental funds, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The District maintains a proprietary type fund shown as an Enterprise Fund for the business-type activity in the government-wide financial statements. This fund is used to account for the District's Day Care Fund. The District also maintains a proprietary type fund shown as an Internal Service Fund for the governmental activities in the government-wide financial statements. This fund is used to account for the District’s Insurance Fund.

These proprietary fund statements may be found on pages 27-29 of this report. The notes to the financial statements (starting on page 33) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The *Statement of Net Position* and *the Statement of Activities*
The analysis of the District's overall financial condition and operations begins on page 17. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows, liabilities, and deferred inflows at the end of the fiscal year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting (the basis used by private sector companies).

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

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

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

- Governmental activities- Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

- Business-type activities- The District does have a program in which it charges a fee to "customers" to help it cover all or most of the cost of services it provides. Thus, the District Daycare was a business-type activity during the current fiscal year.

Reporting the District's Most Significant Funds

Fund Financial Statements
The fund financial statements begin on page 20 and provide detailed information about the most significant funds- not the District as a whole. Laws and contracts require the District to establish some funds such as grants received under the Every Student Succeeds Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

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

- Proprietary funds- Accounted and budgeted for using the full-accrual basis of accounting. Under this method, revenues are recognized when they are earned and measurable, while expenses are recognized when they are incurred. These are used to account for operations that provide services and/or goods for a fee.

The District as Trustee

Reporting the District's Fiduciary Responsibilities
The District is the trustee, or fiduciary, for money raised by student activities. The District's fiduciary activity is reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position on pages 30 and 31. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in this fund are used for their intended purposes.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. On June 30, 2021, assets and deferred outflows have fallen behind liabilities and deferred inflows by $9 million with an increase in net position of $10,423,126 indicating that the District's overall financial position remains sound. A portion of the District's net position represented resources subject to external restrictions on how they may be used. As of June 30, 2021, the District's restricted net position for grant funds was $472,943 and restricted net position for debt service was $14.5 million. As of June 30, 2021, the unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or legal requirements were a deficit of $30.8 million.

The net investment in capital assets is $6.8 million. The District uses capital assets to provide services; consequently, these assets are not available for future appropriation. Although the District's investment in its capital assets is reported net of related debt, it should be understood that the resources needed to repay District debt is provided from other resources, since the capital assets themselves cannot be used to meet debt obligations.

Business-type Activities
The only business-type activity operated by the District is the child care center.

The following table presents a comparison summary of the District's net assets for the fiscal year ended June 30, 2021 and fiscal year ended June 30, 2020:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 105,718,773	$ 94,704,255	$ 207,076	$ 267,051	$ 105,925,849	$ 94,971,306
Capital assets	337,645,182	335,726,287	-	-	337,645,182	335,726,287
Long term investments	250,931	1,002,506	-	-	250,931	1,002,506
Total assets	443,614,886	431,433,048	207,076	267,051	443,821,962	431,700,099
Deferred outflow of resources	37,191,856	40,969,632	-	-	37,191,856	40,969,632
Current Liabilities	24,439,300	33,892,262	86,269	92,869	24,525,569	33,985,131
Long-term liabilities	436,859,712	433,980,529	-	-	436,859,712	433,980,529
Total liabilities	461,299,012	467,872,791	86,269	92,869	461,385,281	467,965,660
Deferred inflow of resources	28,649,407	24,148,067	-	-	28,649,407	24,148,067
Net position						
Net investment in capital assets	6,835,778	(2,523,086)	-	-	6,835,778	(2,523,086)
Restricted	14,967,775	8,808,618	-	-	14,967,775	8,808,618
Unrestricted	(30,945,230)	(25,903,710)	120,807	174,182	(30,824,423)	(25,729,528)
Total net position	$ (9,141,677)	$ (19,618,178)	$ 120,807	$ 174,182	$ (9,020,870)	$ (19,443,996)

Table I presents a summary of the changes in net position for the fiscal year ended June 30, 2021 with a comparison to the fiscal year ended June 30, 2020. Net position of the District's governmental activities increased $10.4 million from $19.6 in the prior year.

Costs in the business-type activities exceeded revenues, resulting in a $53,375 decrease in net position. This decrease is primarily due to increased payroll for maintaining COVID-19 safety protocols.

Government Activities

As shown in Table II, the cost of all governmental activities for the current fiscal year was $159,418,220. However, as shown in the Statement of Activities on page 18, the amount that our taxpayers ultimately financed for these activities through District taxes was only $83,119,344 because some of the costs were paid by those who directly benefited from the programs ($2,053,556) or by other governments and organizations that subsidized certain programs with grants and contributions offset by NECE contributions related to OPEB ($22,486,186) or by State equalization funding ($61,455,084).

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for Services	$ 2,053,556	$ 5,368,444	$ 671,300	$ 558,003	$ 2,724,856	$ 5,926,447
Operating grants and contributions	22,486,186	18,090,460	47,815	45,463	22,534,001	18,135,923
General Revenues						
Maintenance and operations taxes	56,142,675	53,982,021	-	-	56,142,675	53,982,021
Debt service taxes	26,976,669	25,234,174	-	-	26,976,669	25,234,174
State aid	61,455,084	64,798,129	-	-	61,455,084	64,798,129
Investment Earnings	103,366	1,193,675	-	-	103,366	1,193,675
Miscellaneous	677,185	587,058	-	-	677,185	587,058
Total Revenue	169,894,721	169,253,961	719,115	603,466	170,613,836	169,857,427
Expenses						
Instruction, curriculum and media services	85,250,468	90,668,591	-	-	85,250,468	90,668,591
Instructional and school leadership	10,827,421	11,600,007	-	-	10,827,421	11,600,007
Student support services	12,240,646	11,581,473	-	-	12,240,646	11,581,473
Child nutrition	6,923,853	7,589,065	-	-	6,923,853	7,589,065
Extracurricular activities	4,210,331	4,707,026	-	-	4,210,331	4,707,026
General administration	4,218,465	4,585,909	-	-	4,218,465	4,585,909
Plant maintenance, security & data processing	17,066,309	16,409,898	-	-	17,066,309	16,409,898
Community Services	936,122	1,173,873	772,490	755,873	1,708,612	1,929,746
Debt service	17,744,605	12,794,886	-	-	17,744,605	12,794,886
Intergovernmental charges	-	-	-	-	-	-
Total Expenses	159,418,220	161,110,728	772,490	755,873	160,190,710	161,866,601
Excess (deficit) before transfers	10,476,501	8,143,233	(53,375)	(152,407)	10,423,126	7,990,826
Transfers in (out)	-	-	-	-	-	-
Change in net position	10,476,501	8,143,233	(53,375)	(152,407)	10,423,126	7,990,826
Net position at beginning of year	(19,618,178)	(27,761,411)	174,182	326,589	(19,443,996)	(27,434,822)
Net position at end of year	$ (9,141,677)	$ (19,618,178)	$ 120,807	$ 174,182	$ (9,020,870)	$ (19,443,996)

The increase in net position resulted primarily from property tax revenue increases and an increase in operating grants and contributions.

Revenues for the District's governmental activities increased just under $1 million for the year ended June 30, 2021. Approximately 48.9% of the District's revenues came from property taxes, with an additional 49.1% derived from state funding formulas and federal grants. Last fiscal year 46.8 % of the District's revenues came from property taxes and 48.9% came from state funding formulas and federal grants.

Expenses for the District's governmental activities decreased over prior year $1.7 million for the year ended June 30, 2021. The majority of the District's governmental activities expenses (74.9%) pay for direct instructional and student support services and for plant maintenance, security and data processing (10.7%). The remainder (14.4%) is divided into general administration, debt service payments, community related services, and miscellaneous expenses.

The District's Funds

As the District completed the fiscal year, its governmental funds (as presented in the balance sheet on page 20) reported a combined fund balance of $84,108,684, which is $5,775,648 more than last year's total of $78,333,036. Included in this year's total change in fund balance is an increase of $4,795,958 in the District's Debt Service Fund and an increase of $1,113,472 in the District's Capital Projects Fund.

Over the course of the fiscal year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the fiscal year and reflect the actual beginning balances (versus the amounts we estimated in June 2020). The second category includes changes that the Board made during the fiscal year to reflect new information regarding revenue sources and expenditure needs. The third category involves amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of $36,222,707 reported on pages 20 does not differ from the General Fund's budgetary fund balance of $36,222,707 reported in the budgetary comparison schedule on page 70. This is principally due to a board approval of a resolution to move excess funds to Capital Projects in the amount of $13,077,610.

The debt service fund has a total fund balance of $20,982,247, all of which is restricted for the payment of debt service. The District makes semi-annual debt service payments in February and August of each year. Debt service payments including bond fees for the year ended June 30, 2021 were $22,615,896.

The capital projects fund has a total fund balance of $24,732,407 of which $23,444,305 is committed for authorized construction and technology projects/enhancements and $1,288,102 is restricted related to bond proceeds. The net increase in fund balance during the current year of $1,113,472 was primarily due to the transfer from General Fund of $13,077,610 and the expenditure of funds in completing construction projects in the amount of $12,392,131.

The day care fund has total net position of $120,807, after recording a decrease of $53,375 for the year.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2021, the District had $337,645,182 invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of $1,918,895 above last year.

More detailed information about the District's capital assets is presented in Note 3 to the financial statements.

Debt Administration

At year-end, the District had $424,296,265 in bonds and other long-term liabilities outstanding (including accreted interest on bonds) versus $433,980,529 last year-a decrease of $9,684,264. This decrease was largely driven by refunding of $16,700,000 in school building bonds and OPEB liability of $31,613,166. The District's general obligation bond rating is AAA (as a result of guarantees of the Texas Permanent School Fund) according to national rating agencies.

More detailed information about the District's long-term liabilities is presented in Note 4 to the financial statements.

Land	$	12,228,033
Buildings		411,142,802
Furniture and Equipment		10,071,509
Construction in Progress		9,553,599
Total Capital Assets		442,995,943
Less Accumulated Depreciation		(105,350,761)
Related Debt		
Bonds Payable and Capital Leases		317,975,196
Premium on Capital Appreciation Bonds		31,727,140
Less Deferred Loss on Refunding		(17,604,830)
Net Related Debt		332,097,506
Unspent Bond Proceeds		1,288,102
Net Investment in capital assets	$	6,835,778

Net position: Net Investment in Capital Assets

At June 30, 2021, the District had invested $337,645,182 in capital assets with $332,097,506 from debt financing. Then the amount of unspent bond proceeds totaled $1,288,102. The net position of $6,835,778 is derived from netting the total assets, net of related debt with accumulated depreciation (non-cash expenditure) resulting in a current year calculation of $6,835,778 for Net Investment in Capital Assets.

Economic Factors and Next Year's Budgets and Rates

- The General Fund budgeted expenditures for the 2021-2022 year increased $2.9 million compared to the 2020-2021 budgeted expenditures.

- The District decreased the maintenance and operations property tax rate at $0.9946 per $100 valuation. The debt service rate remained $0.50 per $100 valuation. Based on this information and these rates, budgeted local tax revenues increased by approximately $1.5 million and State foundation funding decreased approximately $1.5 million.

Contacting the District's Financial Management

- This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Burleson Independent School District, 1160 SW Wilshire Blvd., Burleson, Texas 76028 (817) 245-1000.

This Page Intentionally Left Blank

Basic Financial Statements

This Page Intentionally Left Blank

Burleson Independent School District **Exhibit A-1**

Statement of Net Position
June 30, 2021

Control Data Codes		Primary Government Governmental Activities	Business-Type Activities	Total
	ASSETS			
1110	Cash and temporary investments	$ 81,565,291	$ 130,442	$ 81,695,733
1220	Property taxes receivable (delinquent)	2,463,108	-	2,463,108
1230	Allowance for uncollectible taxes	(323,703)	-	(323,703)
1240	Due from other governments	21,675,998	-	21,675,998
1250	Accrued Interest	23	-	23
1290	Other receivables, net	16,000	76,634	92,634
1300	Inventories	97,521	-	97,521
1410	Prepaid expenses	224,535	-	224,535
	Capital assets:			
1510	Land	12,228,033	-	12,228,033
1520	Buildings, net	314,131,515	-	314,131,515
1530	Furniture and equipment, net	1,732,035	-	1,732,035
1580	Construction in progress	9,553,599	-	9,553,599
1910	Long term investments	250,931	-	250,931
1000	Total assets	443,614,886	207,076	443,821,962
	DEFERRED OUTFLOWS OF RESOURCES			
1700	Deferred loss on refunding	17,604,830	-	17,604,830
1705	Deferred outflows - pension	12,617,749	-	12,617,749
1706	Deferred outflows - OPEB	6,969,277	-	6,969,277
	Total deferred outflows of resources	37,191,856	-	37,191,856
	LIABILITIES			
2110	Accounts payable	1,929,692	742	1,930,434
2140	Accrued interest payable	7,149,270	-	7,149,270
2150	Payroll deductions and withholdings	1,332,954	6,214	1,339,168
2160	Accrued wages payable	10,924,935	79,313	11,004,248
2180	Due to other governments	3,102,449	-	3,102,449
2300	Unearned revenues	-	-	-
	Noncurrent liabilities:			
2501	Due within one year	12,563,447	-	12,563,447
2502	Due in more than one year:	360,214,989	-	360,214,989
2540	Net pension liability	32,468,110	-	32,468,110
2545	OPEB liability	31,613,166	-	31,613,166
2000	Total liabilities	461,299,012	86,269	461,385,281
	DEFERRED INFLOWS OF RESOURCES			
2605	Deferred inflows - pension	5,496,211	-	5,496,211
2606	Deferred inflows - OPEB	23,153,196	-	23,153,196
	Total deferred inflows of resources	28,649,407	-	28,649,407
	NET POSITION			
3200	Net investment in capital assets	6,835,778	-	6,835,778
3820	Restricted for federal and state programs	472,943	-	472,943
3850	Restricted for debt service	14,494,832	-	14,494,832
3900	Unrestricted net position	(30,945,230)	120,807	(30,824,423)
3000	Total net position	$ (9,141,677)	$ 120,807	$ (9,020,870)

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

Burleson Independent School District
Statement of Activities
Year Ended June 30, 2021

Data Control Codes		Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions
	PRIMARY GOVERNMENT			
	Governmental activities			
11	Instruction	$ 81,677,558	$ 1,344,009	$ 9,176,321
12	Instructional resources and media services	1,464,491	-	99,535
13	Curriculum and staff development	2,108,419	-	297,076
21	Instructional leadership	2,351,077	-	353,569
23	School leadership	8,476,344	-	859,458
31	Guidance, counseling and evaluation services	6,746,291	-	766,815
32	Social work services	422,699	-	124,707
33	Health services	1,972,822	-	137,521
34	Student (pupil) transportation	3,098,834	-	65,512
35	Food services	6,923,853	484,777	8,658,407
36	Extracurricular activities	4,210,331	224,075	356,995
41	General administration	4,218,465	-	239,368
51	Plant maintenance and operations	12,946,367	695	658,531
52	Security and monitoring services	850,878	-	28,707
53	Data processing services	3,269,064	-	191,270
61	Community services	936,122	-	470,160
72	Debt service - interest on long term debt	17,744,605	-	2,234
	Total governmental activities	159,418,220	2,053,556	22,486,186
	Business-type activities			
	Child care	772,490	671,300	47,815
	Total business-type activities	772,490	671,300	47,815
[TP]	**TOTAL PRIMARY GOVERNMENT**	$ 160,190,710	$ 2,724,856	$ 22,534,001

Data Control Codes	
	General revenues
	Taxes
MT	Property taxes, levied for general purposes
DT	Property taxes, levied for debt service
SF	State aid - formula grants, unrestricted
IE	Investment earnings
MI	Miscellaneous revenue
TR	Total general revenues
CN	Change in net position
NB	Net position, beginning
NE	Net position, ending

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

EXHIBIT B-1

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (71,157,228)	$ -	$ (71,157,228)
(1,364,956)	-	(1,364,956)
(1,811,343)	-	(1,811,343)
(1,997,508)	-	(1,997,508)
(7,616,886)	-	(7,616,886)
(5,979,476)	-	(5,979,476)
(297,992)	-	(297,992)
(1,835,301)	-	(1,835,301)
(3,033,322)	-	(3,033,322)
2,219,331	-	2,219,331
(3,629,261)	-	(3,629,261)
(3,979,097)	-	(3,979,097)
(12,287,141)	-	(12,287,141)
(822,171)	-	(822,171)
(3,077,794)	-	(3,077,794)
(465,962)	-	(465,962)
(17,742,371)	-	(17,742,371)
(134,878,478)	-	(134,878,478)
-	(53,375)	(53,375)
-	(53,375)	(53,375)
$ (134,878,478)	$ (53,375)	$ (134,931,853)
56,142,675	-	56,142,675
26,976,669	-	26,976,669
61,455,084	-	61,455,084
103,366	-	103,366
677,185	-	677,185
145,354,979	-	145,354,979
10,476,501	(53,375)	10,423,126
(19,618,178)	174,182	(19,443,996)
$ (9,141,677)	$ 120,807	$ (9,020,870)

Burleson Independent School District
Balance Sheet – Governmental Funds
June 30, 2021

Data Control Codes		10 General Fund	50 Debt Service Fund
	ASSETS		
1110	Cash and temporary investments	$ 37,427,877	$ 21,016,104
1220	Property taxes receivable (delinquent)	1,709,873	753,235
1230	Allowance for uncollectible taxes	(223,061)	(100,642)
1240	Due from other governments	16,030,336	-
1250	Accrued interest	17	-
1260	Due from other funds	5,448,978	-
1290	Other receivables	-	-
1300	Inventories	88,866	-
1410	Prepaid items	224,535	-
1910	Long term investments	250,931	-
1000	Total assets	60,958,352	21,668,697
1000A	**TOTAL ASSETS AND DEFERRED OUTFLOWS**	$ 60,958,352	$ 21,668,697
	LIABILITIES		
2110	Accounts payable	$ 750,356	$ -
2150	Payroll deductions and withholdings	1,294,443	-
2160	Accrued wages payable	10,341,865	-
2170	Due to other funds	6,427,337	-
2181	Due to state	3,067,798	33,857
2000	Total liabilities	21,881,799	33,857
	DEFERRED INFLOWS OF RESOURCES		
2600	Deferred revenue and property taxes	2,853,846	652,593
	FUND BALANCES		
	Nonspendable		
3410	Inventories	88,866	-
3430	Prepaid items	224,535	-
	Restricted		
3480	Debt service	-	20,982,247
3470	Capital acquisitions	-	-
3450	Grant funds	-	-
	Committed		
3545	Other purposes	-	-
3600	Unassigned	35,909,306	-
3000	Total fund balances	36,222,707	20,982,247
4000	**TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES**	$ 60,958,352	$ 21,668,697

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

EXHIBIT C-1

60 Capital Projects	Other Funds	Total Governmental Funds
$ 19,675,678	$ 2,373,928	$ 80,493,587
-	-	2,463,108
-	-	(323,703)
-	5,645,662	21,675,998
-	6	23
6,104,792	20,142	11,573,912
-	16,000	16,000
-	8,655	97,521
-	-	224,535
-	-	250,931
25,780,470	8,064,393	116,471,912
$ 25,780,470	$ 8,064,393	$ 116,471,912
$ 1,048,063	$ 124,120	$ 1,922,539
-	38,511	1,332,954
-	583,070	10,924,935
-	5,146,575	11,573,912
-	794	3,102,449
1,048,063	5,893,070	28,856,789
-	-	3,506,439
-	8,655	97,521
-	-	224,535
-	-	20,982,247
1,288,102	-	1,288,102
-	472,943	472,943
23,444,305	1,695,785	25,140,090
-	(6,060)	35,903,246
24,732,407	2,171,323	84,108,684
$ 25,780,470	$ 8,064,393	$ 116,471,912

Burleson Independent School District **Exhibit C-2**

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total fund balances - governmental funds	$	84,108,684
Capital assets used in governmental activities are not financial resources; therefore are not reported in the fund financial statements.		442,995,943
Accumulated depreciation is not reported in the fund financial statements.		(105,350,761)
Bonds payable, capital leases and accumulated sick leave benefits are not reported in the fund financial statements.		(318,545,525)
Net pension liability is not reported in the fund financial statements.		(32,468,110)
Net OPEB liability is not reported in the fund financial statements.		(31,613,166)
Accreted interest on capital appreciation bonds is not reported in the fund financial statements.		(22,263,025)
Bond premiums on outstanding bonds payable are not recorded in the fund financial statements.		(31,727,140)
Deferred loss on bond refunding has not been reflected in the fund financial statements.		17,604,830
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.		(7,149,270)
Property tax and other revenue reported as deferred inflows in the fund financial statements is recognized as revenue in the government-wide financial statements.		3,506,439
Deferred outflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.		12,617,749
Deferred inflows of resources for pension related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.		(5,496,211)
Deferred outflows of resources for OPEB related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.		6,969,277
Deferred inflows of resources for OPEB related liabilities are recognized in the government-wide statements but are not recorded in the fund financial statements.		(23,153,196)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		821,805
Net position of governmental activities	$	(9,141,677)

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

This Page Intentionally Left Blank

Burleson Independent School District

Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
Year Ended June 30, 2021

Data Control Codes		10 General Fund	50 Debt Service Fund
	REVENUES		
5700	Local and intermediate sources	$ 56,680,239	$ 26,971,314
5800	State program revenues	61,014,626	554,969
5900	Federal program revenues	2,000,317	-
5020	Total revenues	119,695,182	27,526,283
	EXPENDITURES		
	Current		
0011	Instruction	62,385,730	-
0012	Instructional resources and media services	1,239,428	-
0013	Curriculum and instructional staff development	1,491,045	-
0021	Instructional leadership	1,569,476	-
0023	School leadership	6,609,125	-
0031	Guidance, counseling and evaluation services	5,143,008	-
0032	Social work services	177,154	-
0033	Health services	1,689,848	-
0034	Student (pupil) transportation	3,087,765	-
0035	Food services	131,068	-
0036	Extracurricular activities	3,768,448	-
0041	General administration	2,895,479	-
0051	Facilities maintenance and operations	11,590,212	-
0052	Security and monitoring services	828,768	-
0053	Data processing services	2,939,327	-
0061	Community services	126,647	-
	Debt service		
0071	Principal on long-term debt	112,322	6,288,837
0072	Interest on long-term debt	-	16,054,250
0073	Bond issuance cost and fees	-	272,809
	Capital outlay		
0081	Facilities acquisition and construction	-	-
	Intergovernmental		
0093	Payments to fiscal agent/member districts of SSA	-	-
0099	Other intergovernmental charges	820,737	-
6030	Total expenditures	106,605,587	22,615,896
1100	Excess (deficiency) of revenues over (under) expenditures	13,089,595	4,910,387
7900	**OTHER FINANCING SOURCES (USES)**		
7911	Issuance of refunding bonds	-	16,700,000
7915	Transfers in	-	-
7916	Premium or discount on issuance of bonds	-	4,839,483
8911	Transfers out	(13,089,595)	-
8949	Payment to refunded bond escrow agent	-	(21,653,912)
7080	Total other financing sources (uses)	(13,089,595)	(114,429)
1200	Net change in fund balances	-	4,795,958
0100	**FUND BALANCE at July 1 (beginning)**	36,222,707	16,186,289
3000	**FUND BALANCE at June 30 (ending)**	$ 36,222,707	$ 20,982,247

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

Exhibit C-3

60 Capital Projects	Other Funds	Total Governmental Funds
$ 427,993	$ 1,831,424	$ 85,910,970
-	1,097,823	62,667,418
-	12,330,849	14,331,166
427,993	15,260,096	162,909,554
2,688	6,380,340	68,768,758
-	7,319	1,246,747
-	315,566	1,806,611
-	383,298	1,952,774
-	510,042	7,119,167
-	580,660	5,723,668
-	210,000	387,154
-	8,516	1,698,364
-	-	3,087,765
-	5,869,739	6,000,807
-	225,546	3,993,994
17,568	725	2,913,772
391,798	85,308	12,067,318
-	21,154	849,922
7,110	79,700	3,026,137
-	707,425	834,072
-	-	6,401,159
-	-	16,054,250
-	-	272,809
11,972,967	-	11,972,967
-	20,525	20,525
-	-	820,737
12,392,131	15,405,863	157,019,477
(11,964,138)	(145,767)	5,890,077
-	-	16,700,000
13,077,610	11,985	13,089,595
-	-	4,839,483
-	-	(13,089,595)
-	-	(21,653,912)
13,077,610	11,985	(114,429)
1,113,472	(133,782)	5,775,648
23,618,935	2,305,105	78,333,036
$ 24,732,407	$ 2,171,323	$ 84,108,684

Burleson Independent School District **Exhibit C-4**

Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures, and Changes in Fund Balances to
the Statement of Activities
Year Ended June 30, 2021

Total net change in fund balances - governmental funds	$ 5,775,648
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of reclassifying the current year capital asset additions is to increase net position.	12,140,233
Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position in the government-wide financial statements.	(10,221,338)
The current year refunding of bonds and capital leases are shown as an other resource in the fund financial statements but are shown as an increase in long term debt in the government-wide financial statements.	(16,700,000)
Current year payments to bond refunding escrow agent are included as other uses in the fund financial statements but are shown as reductions in long term debt and as a deferred loss on bond refunding in the government-wide financial statements.	16,700,000
Current year long-term debt principal payments on bonds payable and capital leases are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	6,401,159
The change in current year accretion on capital appreciation bonds is not reflected in the fund financial statements.	(4,414,905)
Outstanding debt in the government-wide financial statements, including capital leases, in the fund financial statements.	1,418,332
The change in other long-term debt for local leave payable is not recognized in the fund financial statements.	4,312
Changes in the net pension liability, and related deferred inflows and outflows are recognized in the government-wide financials but are not reported in the fund financial statements. The effect of the change is an decrease to net position.	(3,305,692)
Changes in the OPEB liability, and related deferred inflows and outflows are recognized in the government-wide financials but are not reported in the fund financial statements. The effect of the change is an decrease to net position.	647,188
Revenues from property taxes and other sources are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectible amounts, in the government-wide financial statements.	435,070
Premiums associated with bonds payable are reported as revenue on the fund financial statements when bonds are issued. Amounts are reported net of amortization on the government-wide financial statements.	(4,839,483)
Current year amortization and refunding of the premium on bonds payable is not recorded in the fund financial statements, but is shown as a decrease in long-term debt in the government-wide financial statements.	3,423,106
Current year deferred loss on refunding associated with bonds payable is reported net of amortization on the government-wide financial statements.	3,109,833
The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income of internal service funds is reported with governmental activities. The net effect of this consolidation is to increase net position.	(96,962)
Change in net position of governmental activities	$ 10,476,501

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

Burleson Independent School District

Exhibit D-1

Statement of Net Position – Proprietary Funds
June 30, 2021

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Day Care Fund	Insurance Fund
ASSETS		
Current assets		
Cash and temporary investments	$ 130,442	$ 1,071,704
Other receivables	76,634	-
Total current assets	207,076	1,071,704
TOTAL ASSETS	207,076	1,071,704
LIABILITIES		
Current liabilities		
Accounts payable	742	7,153
Payroll deductions and withholdings	6,214	-
Accrued wages payable	79,313	-
Claims payable	-	182,019
Total current liabilities	86,269	189,172
Noncurrent liabilities		
Claims payable	-	60,727
Total noncurrent liabilities	-	60,727
TOTAL LIABILITIES	86,269	249,899
NET POSITION		
Unrestricted	120,807	821,805
TOTAL NET POSITION	$ 120,807	$ 821,805

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

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

Statement of Revenues, Expenses, and Changes In
Net Position – Proprietary Funds
Year Ended June 30, 2021

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	Day Care Fund	Insurance Fund
OPERATING REVENUES		
Charges for services	$ 671,300	$ 236,827
Total operating revenues	671,300	236,827
OPERATING EXPENSES		
Personnel services	705,917	-
Contractual services	8,485	-
Utilities	25,769	-
Other supplies and expenses	31,015	-
Other operating costs	1,304	333,789
Total operating expenses	772,490	333,789
Operating income (loss)	(101,190)	(96,962)
NONOPERATING REVENUES		
State on-behalf revenue	47,815	-
Total nonoperating revenue	47,815	-
Income (loss) before contributions and transfers	(53,375)	(96,962)
Change in net position	(53,375)	(96,962)
TOTAL NET POSITION, beginning	174,182	918,767
TOTAL NET POSITION, ending	$ 120,807	$ 821,805

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

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

Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021

	Business-type Activities Enterprise Fund — Day Care Fund	Governmental Activities Internal Service Fund — Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and interfund services	$ 639,204	$ 236,827
Payments to suppliers	(66,374)	(292,825)
Payments to employees	(664,901)	-
Net cash provided by (used in) operating activities	(92,071)	(55,998)
Net increase (decrease) in cash and temporary investments	(92,071)	(55,998)
BALANCES, beginning of the year	222,513	1,127,702
BALANCES, end of the year	$ 130,442	$ 1,071,704
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	$ (101,190)	$ (96,962)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
State on-behalf revenue	47,815	-
Change in assets and liabilities		
Other receivables	(32,096)	-
Accounts payable	199	4,324
Payroll deductions and witholdings	(1,938)	
Accrued wages payable	(4,861)	-
Claims payable	-	36,640
Net cash provided by (used in) operating activities	$ (92,071)	$ (55,998)

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

Burleson Independent School District

Exhibit E-1

Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2021

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and temporary investments	$ 33,108	$ 114,935
Accounts receivable	-	1,038
Total assets	$ 33,108	$ 115,973
LIABILITIES		
Accounts payable	$ -	$ 1,054
Total liabilities	-	1,054
Total Net Position	$ 33,108	$ 114,919

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

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

Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2021

	Private Purpose Trust Fund	Custodial Fund
Additions		
Miscellanous revenue from student activities	1,393	85,743
Other miscellanous operating revenues	-	26
Total additions	1,393	85,769
Deductions		
Supplies	-	105,938
Contracted services	-	2,695
Other miscellanous operating expenses	-	39
Total deductions	-	108,672
Change in net position	1,393	(22,903)
Net position:		
Net position, beginning	31,715	-
Cumulative effect of implementation of GASB 84	-	137,822
Net position, beginning, restated	31,715	137,822
Net position, ending	33,108	114,919

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

This Page Intentionally Left Blank

Note 1. Summary of Significant Accounting Policies

Burleson Independent School District's (the District) basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (FAR). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

Reporting Entity

The Board of Trustees, a seven-member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The public elects the Board of Trustees (the Board). The trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees.

The District's basic financial statements include the accounts of all District operations. The District is not included in any other governmental reporting entity as defined by GASB. And based on the criteria set forth by GASB, the District has no component units.

Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity within the governmental activities columns has been removed from these statements. Taxes and intergovernmental revenues normally support governmental activities.

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

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

Fund Financial Statements

The District segregates transactions related to certain functions or activities in separate, self-balancing funds in order to aid financial management and to demonstrate legal compliance. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. Governmental funds are those funds through which most governmental functions typically are financed. The District has presented the following major governmental funds:

General Fund – This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be committed or assigned by the Board of Trustees to implement its responsibilities.

Debt Service Fund – This fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund. Any unused debt service fund balances are transferred to the General Fund after all of the related debt obligations have been met.

Capital Projects Fund – This fund is established to account for proceeds from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation as well as furnishings and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are used to retire related bond principal. The fund balance is restricted for capital acquisition to the extent that bond proceeds remain while the remaining portion of fund balance has been committed by the Board for future capital projects.

Other Funds – These special revenue funds are established to account for federal, state and local funds received mostly through grants. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds. Fund balance is either restricted or committed for purposes specified by grant requirements or board policy.

Additionally, the District reports the following fund types:

Enterprise Fund – This fund is a proprietary fund used to account for the operations of the District's day care program. The enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Revenues are distinguished between operating and non-operating. Operating revenues are derived primarily from charges to users. Non-operating revenues are derived from state on-behalf contributions to the employees' pension plan and retiree health plan. All expenses are considered operating.

Internal Service Fund – This fund is a proprietary fund used to account for accumulation of resources for the payment of employee workers' compensation and claims. Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for claims is determined by estimating the amount which will ultimately be paid to each claimant. The provision for claims incurred but not yet reported is estimated based on District experience and that of similar districts.

Custodial Fund- The District accounts for resources held for others in a custodial capacity in a custodial fund. The fund is used to account for assets held by the District as an agent for student and other organizations. These funds were previously reported in an agency fund. The implementation of GASB 84 resulted in reporting more detail of additions to and deductions from custodial funds than was reported for agency funds.

Private Purpose Trust Funds- These funds are used to account for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District has funds that have been received for scholarships that are to be awarded to current and former students for post-secondary education purposes.

Measurement Focus/Basis of Accounting

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the statement of activities presents increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

The enterprise and internal service fund financial statements use the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available.

The private purpose trust funds and custodial funds are reported using the economic resources measurement focus and the accrual basis of accounting. Reporting is oriented towards providing accountability for the sources, uses, and balances or resources held in trust for others, therefore, the additions and deductions in fiduciary balances are reported. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the funds' statement of net position. The funds' equity is segregated into restricted net position and unrestricted net position.

Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. The property taxes received after the 60 day period are recorded as a deferred inflow of resources. A one year availability period is used for recognition of all other governmental fund revenue. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred or other compliance requirement is met. Funds received but unearned are reflected as unearned revenues, and funds expended but not yet reimbursed are shown as receivables. Funds received before time requirements are met but after all other eligibility requirements have been met will be reported as a deferred inflow of resources.

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

Budgetary Control

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

The official school budget is prepared for adoption for required Governmental Fund Types prior to June 19 of the preceding fiscal year for the subsequent fiscal year beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level and revenue object code level.

Annual budgets are legally adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund and the Child Nutrition Program. TEA requires these budgets to be filed with the Agency. The budget should not exceed expenditures in any function and expenditure category under TEA requirements. The original and amended budgets are included in this report as schedules G-1, J-3 and J-4.

The other special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting.

The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

Encumbrance Accounting

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget.

As of June 30, 2021, there were no outstanding purchase orders.

Cash and Temporary Investments

For purposes of the statement of cash flows, temporary investments are considered to be cash equivalents if they are short term, highly liquid with a maturity within three months or less.

Prepaid Items

The consumption method is used to account for prepayments. Under this method, these items are carried in a prepaid account at the respective fund at cost and are subsequently charged to expenditures when used. Prepaid balances are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year, and the prepaid items have been recognized as nonspendable to signify that a portion of fund balance is not available for other subsequent expenditures.

Investments

Investments, except for the investment pools, are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. External investment pools operate in accordance with appropriate state laws and regulations and may be reported at amortized cost. The non-TRS pension trust fund investment is a fixed annuity contract and is reported at contract value (a cost-based measure).

Inventories

The consumption method is used to account for inventories of food products and school supplies. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. Reported inventories are classified as a nonspendable fund balance indicating that they are unavailable as current expendable financial resources.

Interfund Receivables and Payables

Short-term amounts owed between funds are classified as due to/from other funds.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, works of art and similar items, and capital assets received in a service concession arrangement are valued at the acquisition value. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

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

Buildings	25-50 years
Furniture and equipment	10 years

Categories and Classifications of Fund Balances

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Fund balance categories are Nonspendable and Spendable. Classifications under the Spendable category are Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details on the various fund balance classifications, refer to Note 15.

Net Position

Net position equals assets plus deferred outflows minus deferred inflows and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

When both restricted and unrestricted net position is available, restricted net position is expended before unrestricted net position if such use is consistent with the restricted purpose.

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 statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the current period.

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

Oil and Gas Royalties

The District receives royalties related to various oil and gas leases for which the District acts as lessor. The royalties are generally payable to the District when production begins at the lease site, and revenue is recognized at the time the royalty is earned. These revenues have been committed in the Capital Projects Fund by the Board for future capital projects.

GASB Pronouncements implemented by the District

GASB Statement No. 84, *Fiduciary Activities*. This Statement was issued in January 2017 and provides guidance to enhance the consistency and comparability of fiduciary activities reporting by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities.

Estimates

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

The amount of state revenue from the Foundation School Program a school district earns for a year can and does vary until the time when final values for each of the factors in the formula becomes available.

Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimate as of June 30, 2021 will change.

Deferred Outflows and Deferred Inflows of Resources

The statement of net position includes a separate section, in addition to assets, for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position/fund balance that applies to a future period(s) and therefore will not be recognized as an expense/expenditure until that time. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as revenue until that time.

If a balance previously reported as an asset or liability does not meet the definition of an asset, deferred outflow, liability, or deferred inflow, then it must be reported as a current inflow or outflow of resources (revenue, expense, or expenditure).

The portion of the District's property tax levy that was not collected until more than 60 days after the end of the current year and therefore not considered available has been reported as a deferred inflow of resources in the Governmental Funds Balance Sheet totaling $1,486,812 and $652,593 in the General Fund and Debt Service Fund, respectively. The remaining amounts reported in the General Fund represent governmental revenue not expected to be collected within one year and has therefore, been reported as deferred inflow of resources.

Defined Benefit Pension Plan

The District participates in a cost-sharing, multiple-employer defined benefit pension that has a special funding situation. The Teacher Retirement System of Texas (TRS) administers the plan. The fiduciary net position of the TRS 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 reported by the District, 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

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

Note 2. Deposits and Investments

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

Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy.

That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Primary government	$ 81,946,664
Fiduciary funds	148,043
	$ 82,094,707

Cash and investments as of June 30, 2021 consist of the following:

Cash	$ 8,092,403
Temporary investments	73,751,373
Long term investments	250,931
	$ 82,094,707

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

<u>*Custodial Credit Risk- Deposits*</u>: In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it.

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

- Depository: Wells Fargo;
- Securities pledged as of the date of the highest balance: $18,027,527;
- Largest cash, savings, and certificate of deposit combined account balance amounted to $12,385,833 and occurred during December 2020;
- Total amount of FDIC coverage at the time of the largest combined balance was $250,000.

The District was fully collateralized throughout the fiscal year ended June 30, 2021, including the date of the highest combined balance.

Custodial Credit Risk – Investments: The District's investments are insured, registered, or the District's agent holds the securities in the District's name; therefore, the District is not exposed to custodial risk. Custodial risk for investments is the risk that, in the event of the failure of the counterparty 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 generally holds securities to maturity. The District did not purchase any derivative investment products during the current year nor did the District participate in any repurchase agreements or security lending agreements during the current year.

Credit Risk: State Law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. The credit risk is such that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for Lone Star Investment Pool at year-end was AAA (Standard & Poor's). The credit quality rating for TexPool Investment Pool at year-end was AAAm (Standard & Poor's). The credit quality rating for Wells Fargo at year end was AAAm (Standard & Poor's).

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment.

The District does not have a formal policy relating to investment-related risks.

Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. At June 30, 2021, the District was not exposed to foreign currency risk.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools are excluded from the 5 percent disclosure requirement. The District did not have any other investments that exceeded 5 percent.

The District is a voluntary participant in TexPool Investment Pool and Lone Star Investment Pool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2A7 of the Investment Company Act of 1940.

The Lone Star Investment Pool is governed by an 11-member board, all of whom are participants in the Pool. This ensures that the policies they set affect not only other entities' assets, but their own as well. The Board meets quarterly to review Pool operations, adopt or make changes to the investment policy, review the Pool's financial statements, and approve Pool contractor agreements. The Pool is tailored to comply with the Public Funds Investment Act.

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

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The framework provides for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

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

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

The Texpool and Lone Star investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. Investment Pools measured at amortized cost are exempt from fair value reporting. Certificates of deposits are valued based on current market rates offered for deposits with similar remaining maturities and are considered level 2 investments in the fair value hierarchy.

The District has the following amount invested in external investment pools and certificates of deposits. The District's investment balances and weighted average maturity of such investments are as follows:

	Value at June 30, 2021	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Investments measured at amortized cost				
Investment pools				
TexPool	$ 42,079,820	57%	46	AAAm
Lonestar	31,671,553	43%	39	AAA
Other investments				
Certificates of deposit	250,931	0%	-	AAAm
Total	$ 74,002,304	100%		
Portfolio weighted average maturity			43	

The investment pools meet the criteria to be recorded at amortized cost, which in most cases approximates fair value. The objective of the external investment pools is to maintain a stable $1.00 net asset value. The investment pools have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. Texpool and Lone Star have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions/ Completions	(Retirements)/ Adjustments	Balance June 30, 2021
Governmental activities				
Capital assets not being depreciated				
Land	$ 12,020,716	$ 207,317	$ -	$ 12,228,033
Construction in progress	-	9,553,599	-	9,553,599
Total capital assets not being depreciated	12,020,716	9,760,916	-	21,781,632
Capital assets being depreciated				
Buildings	409,648,338	1,494,464	-	411,142,802
Furniture and equipment	9,287,910	884,853	(101,254)	10,071,509
Total assets being depreciated	418,936,248	2,379,317	(101,254)	421,214,311
Less accumulated depreciation for				
Buildings	(87,376,603)	(9,634,684)	-	(97,011,287)
Furniture and equipment	(7,854,074)	(586,654)	101,254	(8,339,474)
Total accumulated depreciation	(95,230,677)	(10,221,338)	101,254	(105,350,761)
Total capital assets being depreciated, net	323,705,571	(7,842,021)	-	315,863,550
Governmental activities capital assets, net	$ 335,726,287	$ 1,918,895	$ -	$ 337,645,182

Depreciation expense was charged as direct expense as follows:

Governmental activities		
Instruction	$	6,900,748
Instructional resources and media services		125,960
Curriculum and staff development		155,253
Instructional leadership		181,351
School leadership		788,635
Guidance, counseling and evaluation services		450,255
Social services		19,678
Health services		151,575
Student (pupil) transportation		7,431
Food services		353,780
Extracurricular activities		26,329
General administration		268,837
Plant maintenance and operations		637,789
Security and monitoring services		56
Data processing services		146,659
Community services		7,002
Total depreciation expense - governmental activities	$	10,221,338

Note 4. Long-Term Debt

Long-term debt includes par bonds, capital appreciation (deep discount) serial bonds, capital leases and accumulated sick leave benefits. All long-term debt represents transactions in the District's governmental activities.

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council.

This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

The following is the Bond debt payable as of June 30, 2021 as follows:

	Interest Rate Payable	Amounts Outstanding 7/1/2020	Issued Current Year	Refunded Current Year	Retired	Amounts Outstanding 6/30/2021	Due Within One Year
Bond indebtedness							
1995 Refunding bonds	5.90-5.95%	$ 65,852	$ -	$ -	$ 18,837	$ 47,015	$ 15,416
2009 School building bonds	2.45-5.00%	20,000	-	-	20,000	-	-
2010 School building and refunding bonds	4.00%	1,450,000	-	-	1,450,000	-	-
2011 School building and refunding bonds	2.00-5.00%	21,210,000	-	16,700,000	320,000	4,190,000	335,000
2012 School building and refunding bonds	.057-3.00%	7,275,000	-	-	230,000	7,045,000	230,000
2015 School building and refunding bonds	2.00-5.00%	17,675,000	-	-	2,160,000	15,515,000	2,265,000
2016 School building and refunding bonds	2.00-5.00%	118,335,000	-	-	390,000	117,945,000	400,000
2017 School building and refunding bonds	2.00-5.00%	15,335,000	-	-	740,000	14,595,000	760,000
2017 School building bonds	4.00-5.00%	41,340,000	-	-	795,000	40,545,000	835,000
2017A School building and refunding bonds	3.00-6.00%	63,965,000	-	-	-	63,965,000	965,000
2018 School building bonds	5.00%	19,685,000	-	-	-	19,685,000	-
2020 School building and refunding bonds	2.00-5.00%	17,700,000	-	-	165,000	17,535,000	2,015,000
2020 Taxable school building and refunding bonds	1-2.812%	-	16,700,000	-	-	16,700,000	220,000
Total bonded indebtedness		324,055,852	16,700,000	16,700,000	6,288,837	317,767,015	8,040,416

The following is a summary of the changes in the District's long-term debt for the year ended June 30, 2021:

	Beginning Balance	Additions	Refunded	Ending Balance	Due within One Year
Governmental activities					
Building bonds	$ 61,045,000	$ -	$ -	$ 60,230,000	$ 835,000
Refunding bonds	65,852	-	-	47,015	15,416
Building and Refunding bonds	262,945,000	16,700,000	16,700,000	257,490,000	7,190,000
Accreted interest on Capital appreciation bonds	17,848,120	5,959,907	-	22,263,025	2,389,584
Premium on bonds	30,310,763	4,839,483	-	31,727,140	1,789,816
Accumulated unpaid sick leave benefits	574,641	24,781	-	570,329	49,290
Capital Lease	320,503	-	-	208,181	112,322
Claims payable	206,106	80,039	-	242,746	182,019
Net Pension Liability	33,480,793	3,274,961	-	32,468,110	-
Net OPEB Liability	39,330,928	1,781,307	-	31,613,166	-
Total other obligations	$ 446,127,706	$ 32,660,478	$ 16,700,000	$ 436,859,712	$ 12,563,447

Debt service requirements by fiscal year on the District's outstanding bonds were as follows:

	Principal	Interest	Requirements
2022	$ 8,040,416	$ 14,582,989	$ 22,623,405
2023	7,862,650	14,887,066	22,749,716
2024	8,145,411	14,540,642	22,686,053
2025	8,078,538	14,607,916	22,686,454
2026	10,655,000	11,969,079	22,624,079
2027-2031	58,990,000	54,079,616	113,069,616
2032-2036	77,280,000	34,566,495	111,846,495
2037-2041	92,375,000	17,959,003	110,334,003
2042-2046	39,745,000	4,735,674	44,480,674
2047	6,595,000	252,150	6,847,150
	$ 317,767,015	$ 182,180,630	$ 499,947,645

The 1995, 2009, 2010 and 2011 bond series include Capital Appreciation Bonds. No interest is paid on these bonds prior to maturity. The bonds mature variously in 2021 through 2047. Interest accrues on these bonds each February 1 and August 1 even though the interest is not paid until maturity.

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

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at June 30, 2021.

The General Fund has been used to liquidate the liability for compensated absences.

On July 1, 2020, the District issued Unlimited Tax Refunding Bonds, Taxable Series 2020 for $16,700,000 to refund a portion of the Unlimited Tax Refunding Bond, Series 2011. The bonds bear accrued interest at rates from 1% to 2.8%, which is due and payable on February 1 and August 1 of each year. The bonds are scheduled to mature between 2021 to 2029. The refunding was undertaken to reduce the District’s total debt service payments over the next 20 years by $ 10,716,534 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $6,632,089.

In fiscal year 2018, the District entered into a capital lease arrangement in the amount of $545,147. Amortization of the equipment under the capital lease is included in depreciation expense and began on July 1, 2019. As of June 30, 2021, the cumulative amortization totaled $218,058 resulting a Net Book Value of $327,089. The capital lease matures on February 2023 and requires total payments of $561,610, of which $20,731 represents interest for a present value of net minimum lease payments of $540,879. For the remaining two years on the lease, the District will pay an annual payment of $112,322 of which $6,298 represents interest and $218,346 represents principal.

Note 5. Property Taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code.

Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2021 fiscal year was based was $5,691,305,452. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the fiscal year ended June 30, 2021 to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were $1.03830 and $0.50 per $100 valuation, respectively, for a total of $1.5383 per $100 valuation.

Current tax collections for the year ended June 30, 2021 were 100% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2021, property taxes receivable, net of estimated uncollectible taxes, totaled $1,486,812 and $652,593 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and unearned revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected.

Note 6. Defined Benefit Pension Plans

Plan Description

The District participates in and contributes to a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). 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 exempt from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2019.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

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

Contributions

Employee contribution rates are set in state statute, Texas Government Code 825.402. Contribution requirements are established or amended pursuant to Article XVI, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than six percent of the member’s annual compensation and a state contribution rate of not less than six percent and not more than ten percent of the aggregate annual compensation paid to members of the system during the fiscal year. 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.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2020	2021
Member	7.7%	7.7%
Non-employer contributing entity (state)	7.5%	7.5%
Employers (District)	7.5%	7.5%
Employers (District - Non-OASDI)*	1.5%	1.5%

*SB12 requires an increase in employer contributions by public school districts, charter schools and regional education service centers. Prior to SB12, only those employers not participating in social security were required to pay a 1.5% contribution (Non-OASDI surcharge). Beginning September 1, 2019, all employers are required to pay the Public Education Employer contribution irrespective of participation in social security.

The contribution amounts for the District’s fiscal year 2021 as follows:

Employer #0442	2021
Employer contributions	$ 2,501,296
Member contributions	6,290,143
NECE on-behalf contributions	4,384,294

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during 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 are two additional surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected rate of return	7.25
Municipal bond rate as of August 2020	2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA index"
Last year ending August 31 in projection period (100 years)	2119
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc postemployment benefit changes	None
Active mortality rates	Based on 90% of the RP 2014 Employing Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates for healthy lives were based on the 2018 TRS Texas Health Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.

The actuarial methods and assumptions are primarily based on a study of actual experience for the three year period ending August 31, 2018 and adopted in July 2018.

Discount Rate and Long-Term Expected Rate of Return

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2019 are summarized below:

Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2021 are summarized below:

Asset Class	Target Allocation*	Long-Term Expected Geometric Real Rate of Return**	Contribution to Long Term Portfolio Returns***
Global Equity			
U.S.	18%	3.90%	0.99%
Non-U.S. Developed	13%	5.10%	0.92%
Emerging Markets	9%	5.60%	0.83%
Private Equity	14%	6.70%	1.41%
Stable Value			
Government Bonds	16%	-0.07%	-0.05%
Absolute return	0%	1.80%	0.00%
Stable value hedge funds	5%	1.90%	0.11%
Real Return			
Real Estate	15%	4.60%	1.02%
Energy, natural resources and inflation	6%	6.00%	0.42%
Commodities	0%	0.80%	0.00%
Risk Parity			
Risk Parity	8%	3.00%	0.30%
Asset Allocation Leverage			
Cash	2%	-1.50%	-0.03%
Asset Allocation Leverage	-6%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag***			-0.67%
Total	100%		7.33%

* Target allocations are based on the FY2020 policy model

** Capital Market Assumptions come from Aon Hewitt (as of 8/31/2020)

*** The volatility drag results from the conversation between arithmetic and geometric mean

Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease in discount rate (6.25%)	Discount rate (7.25%)	1% Increase in discount rate (8.25%)
District's proportionate share of the net pension liability	$ 50,065,245	$ 32,468,110	$ 18,170,824

Change of Assumptions Since the Prior Measurement Date

There were no changes of assumptions that affected measurement of the total pension liability during the measurement period.

Change of Benefit Terms Since the Prior Measurement Date

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

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

At June 30, 2021, the District reported a liability of $32,468,110 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	$ 32,468,110
State's proportionate share that is associated with District	56,910,483
Total	$ 89,378,593

The net pension liability was measured as of August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2019, rolled forward to August 31, 2020. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 30, 2019 through August 31, 2020.

At the measurement date of August 31, 2020, the employer's proportion of the collective net pension liability was 0.060622%, which was an decrease from 0.003785%, its proportion measured as of August 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of $3,253,493 and revenue of $6,845,067 for support provided by the State.

At June 30, 2021, 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	$ 59,284	$ 906,099
Changes in actuarial assumptions	7,533,757	3,203,301
Differences between projected and actual investment earnings	657,289	-
Changes in proportion and difference between the employer's contributions and the proportionate share of the contributions	2,981,863	1,386,811
Contributions paid to TRS subsequent to the measurement dates	1,385,556	-
	$ 12,617,749	$ 5,496,211

$1,385,556 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2022	2,032,681
2023	2,160,418
2024	1,736,220
2025	440,720
2026	(548,754)
Thereafter	(85,303)
	$ 5,735,982

Note 7. Defined Other Post-Employment Benefit Plan

Plan Description

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

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2019.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for the average retiree with Medicare Parts A&B coverage, with 20 to 29 years of service for the basic plan and the two optional plans.

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

* or surviving spouse

Contributions

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

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

	2020	2021
Active employees	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers/District	0.75%	0.75%
Federal/private funding remitted by Employers	1.25%	1.25%

The contribution amounts for the District's fiscal year 2021 are as follows:

Employer contributions	$	632,080
Member contributions		517,741
NECE on-behalf contributions		849,352

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 a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of $2.2 million in fiscal year 2020

Actuarial Methods and Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2019. Update procedures were used to roll forward the total OPEB liability to August 31, 2020.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2020 TRS annual pension actuarial valuation:

Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Salary increases
Rates of disability	

Additional Actuarial Methods and Assumptions:

Actuarial cost method	Individual entry age normal
Single discount rate	2.33%
Aging factors	Based on plan specific experience
Election Rates	Normal retirement: 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc post-employment benefit changes	None

Discount Rate

A single discount rate of 2.33% was used to measure the total OPEB liability at August 31, 2020. This was a decrease of 0.3% in the discount rate since the August 31, 2019 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index".

Asset Class	Target Allocation*	Long-Term Expected Geometric Real Rate of Return***	Expected Contribution to Long Term Portfolio Returns
Global Equity			
U.S.	18%	3.90%	0.99%
Non-U.S. Developed	13%	5.10%	0.92%
Emerging Markets	9%	5.60%	0.83%
Private Equity	14%	6.70%	1.41%
Stable Value			
Government Bonds	16%	-0.07%	-0.05%
Absolute return	0%	1.80%	0.00%
Stable value hedge funds	5%	1.90%	0.11%
Real Return			
Real Estate	15%	4.60%	1.02%
Energy, natural resources and inflation	6%	6.00%	0.42%
Commodities	0%	0.80%	0.00%
Risk Parity			
Risk Parity	8%	3.00%	0.30%
Asset Allocation Leverage			
Cash	2%	-1.5%	-0.03%
Asset Allocation Leverage	-6%	-1.3%	0.08%
Inflation Expectation			2.00%
Volatility Drag***			-0.67%
Total	100%		7.33%

* Target allocations are based on the FY2020 policy model

** Capital Market Assumptions come from Aon Hewitt (as of 8/31/2020)

*** The volatility drag results from the conversation between arithmetic and geometric mean returns

Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the net OPEB liability.

	1% Decrease (1.33%)	Current Single Discount Rate (2.33%)	1% Increase (3.33%)
District's proportionate share of the net OPEB liability	$ 37,935,727	$ 31,613,166	$ 26,619,251

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the OPEB liability	$ 25,823,907	$ 31,613,166	$ 39,323,641

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

At June 30, 2021, the District reported a liability of $31,613,166 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	$ 31,613,166
State's proportionate share that is associated with District	42,480,518
Total	$ 74,093,684

The net OPEB liability was measured as of August 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of August 31, 2019 rolled forward to August 31, 2020. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 through August 31, 2020.

At August 31, 2020 the employer's proportion of the collective Net OPEB Liability was .083161% which was an decrease of .000007% from its proportion measured as of August 31, 2019.

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

- The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 50% to 40%. This change decreased the total OPEB liability.
- The ultimate health care trend assumption was lowered from 4.50% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change decreased the total OPEB liability.

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of $3,253,493 and revenue of ($294,969) for support provided by the State.

At June 30, 2021, the District reported 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	$ 1,655,253	$ 14,467,801
Changes in actuarial assumptions	1,949,875	8,681,139
Differences between projected and actual investment earnings	10,273	-
Changes in proportion and difference between the employer's contributions and the proportionate share of the contributions	2,802,486	4,256
Contributions paid subsequent to the measurement dates	551,390	-
	$ 6,969,277	$ 23,153,196

$551,390 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 OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2022	(2,803,805)
2023	(2,805,178)
2024	(2,805,964)
2025	(2,805,749)
2026	(1,961,353)
Thereafter	(3,553,260)
	$ (16,735,309)

Note 8. Medicare Part D

Plan Description

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the years ended June 30, 2021, 2020 and 2019, the contributions made on behalf of the District were $401,305, $340,059 and $274,832, respectively.

Note 9. Accumulated Unpaid Sick Leave Benefits

Upon retirement of certain employees with ten years or more service and other requirements, the District pays any accrued, unused local sick leave in a lump sum cash payment, at one-half of the employee's daily rate. A summary of changes in the accumulated local sick leave liability follows:

Balance at July 1, 2020	$ 574,641
Additions	
New entrants, days earned (net), and salary increments	24,781
Deductions	
Payments to participants	(29,093)
Balance at June 30, 2021	$ 570,329

The liability for unpaid sick leave benefits is reported in the District's government-wide financial statements as long-term debt. In prior years, the District's General Fund has been used to pay unused sick leave benefits to retiring employees.

Note 10. Interfund Activity

Interfund balances consist of short-term borrowing arrangements that result primarily from payroll and other regularly occurring charges that are paid by the General Fund and then charged back to the appropriate other fund. Additionally, some borrowing may occur between two or more nonmajor governmental funds. The District had not cleared the following interfund payables and receivables at year-end. Most of the amounts represent short-term borrowings between funds for operating expense payments.

	Due from Other Funds	Due to Other Funds
Major governmental funds		
General fund	5,448,978	6,427,337
Capital projects fund	6,104,792	-
Nonmajor governmental funds		
Special revenue funds		
Federal (funds 200-289)	20,142	5,122,544
State (funds 385-429)	-	22,636
Local (461-482)	-	1,395
Total	$ 11,573,912	$ 11,573,912

Note 11. Risk Management

The District is exposed to various risks related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss through self-insurance, by obtaining property, casualty, and liability coverage through commercial carriers. The District's participation in the risk pool is limited to payment of premiums. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Health Care

Employees of the District are covered under the State of Texas statewide health insurance plan (TRS Active-Care). TRS Active-Care is a fully insured plan. During 2020-2021, the District contributed $235 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contributions and contributions for dependents.

Workers' Compensation Pool Self-funded

Starting October 1, 2012, the District self-insures against workers' compensation. The costs associated with the self-insurance plan are reported as operating revenues and operating expenses of the Internal Service fund. The total estimated claims payable at June 30, 2021, includes $242,746 for workers' compensation case reserve losses, with $182,019 of this amount due within one year. This liability includes estimated outstanding claims from August 12, 2020 to June 30, 2021. The liabilities reported in the fund at June 30, 2021 are based on the requirements of Governmental Accounting Standards Board Statement Nos. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This includes provisions for claims reported but not paid and claims incurred but not reported. The provision for reported claims is determined by estimating the amount which will ultimately be paid to each claimant. The provision for claims incurred but not yet reported is estimated based on the District's experience. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Workers' compensation liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time were computed by an actuary and are reported at their nominal value.

Unemployment Compensation Self-funded

During the year ended June 30, 2021, the District met its statutory unemployment compensation obligations by participating as a self-funded member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code and Chapter 504, Texas Labor Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

As a self-funded member of the TASB Risk Management Fund, the District is solely responsible for all claim costs, both reported and unreported. The Fund provides administrative services to its self-funded members including claims administration and customer service. The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2020 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin, Texas.

Note 12. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2021, are summarized below:

	State Entitlements	Federal Grants	Total
General fund	$ 14,663,301	$ 1,367,035	$ 16,030,336
Other funds	16,604	5,629,058	5,645,662
Total	$ 14,679,905	$ 6,996,093	$ 21,675,998

Note 13. Litigation and Contingencies

The District participates in numerous state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the opinion of the District's management, the outcome of any present legal proceedings will not have a material adverse effect on the accompanying financial statements. In the opinion of the District, there are neither significant contingent liabilities related to 2021 issues nor future costs that will have a material effect on the financial statements of the District.

Note 14. Revenues from Local and Intermediate Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Total
Property taxes	$ 55,699,562	$ 26,805,509	$ -	$ -	$ 82,505,071
Food sales	-	-	-	484,777	484,777
Investment income	54,627	13,671	34,641	427	103,366
Penalties, interest and other tax related income	424,372	147,420	-	-	571,792
Co-curricular student activities	224,075	-	-	1,343,934	1,568,009
Mineral Interests	-	-	393,352	-	393,352
Other	277,603	4,714	0	2,286	284,603
Total	$ 56,680,239	$ 26,971,314	$ 427,993	$ 1,831,424	$ 85,910,970

Note 15. Classification of Fund Balance

The District classifies governmental fund balances, as follows:

Nonspendable Fund Balance

This includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid items.

Spendable Fund Balance

Restricted Fund Balance – includes amounts that can be spent only for the specific purposes as imposed by law, or imposed by creditors, grantors, contributors, or other governments' laws and regulations.

- The aggregate fund balance in the debt service fund is legally restricted for payment of bonded indebtedness and is not available for other purposes until all bonded indebtedness is liquidated.
- The proceeds of specific revenue sources that are restricted to expenditures for specified purposes as designated by grantors, contributors, or governmental entities over state or local program grants.

As of June 30, 2021, total restricted fund balance was $22,743,292.

Committed Fund Balance – includes amounts that can be used only for the specific purposes as determined by the governing body by formal action recorded in the minutes of the governing body. Commitments may be changed or lifted only by the Board, considered the District's highest level of decision making authority taking the same formal action such as passing a board resolution that imposed the constraint originally. Examples include, but are not specifically limited to, Board action regarding construction, claims, and judgments, retirement of loans/notes payable, capital expenditures, and self-insurance. The District's Board must take action to commit funds for a specific purpose prior to the end of the fiscal year, but the amount of the commitment may be determined after the end of the fiscal year.

- Campus activity funds are considered committed by the governing body through adoption of board policy pertaining to the usage of these funds.
- Funds derived from oil and gas royalties are committed for future capital replacements in the Capital Projects Fund.

As of June 30, 2021, total committed fund balance was $25,140,090.

Assigned Fund Balance – comprises amounts intended to be used by the District for specific purposes. This intent can be expressed by an official or body to which the governing body delegates that authority. That authority has not been delegated to any official or body. The Board of Trustees is the only governing body that can assign fund balance for specific purposes by formal action recorded in the official minutes. Examples take on the similar appearance as those enumerated for committed fund balance, but may also include the appropriation of existing fund balance to eliminate a deficit in next year's budget. At June 30, 2021, there were no assignments of fund balance.

Unassigned Fund Balance – is the residual classification of the General Fund and includes all amounts not contained in other classifications.

Per the District's policies, funds will be reduced in the following order: restricted, committed, assigned and unassigned.

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

Per the District's Fiscal and Budget Strategy, the District will strive to maintain a General Fund balance in- the general operating fund in which the total fund balance is twenty-five percent (25%) of the total operating expenditures and the unassigned fund balance is twenty-nine percent (29%) of the total operating expenditures.

Note 16. Instructional Materials Allotment

In May 2011, Senate Rule 6 created an Instructional Materials Allotment (IMA) for the purchase of instructional materials, technology equipment, and technology related services. Under the IMA, instructional material purchases must be made through TEA's online registration system. Instructional materials acquired through the IMA totaling $895,180 are recorded as revenues and expenditures in the State Instructional Materials Fund.

Ownership of textbooks previously purchased by the state and utilized by the District was transferred to the District. The majority of these textbooks were sold or otherwise disposed of in accordance with TEA guidelines. At June 30, 2021, the remainder of the textbooks, in possession of the District, have minimal value and are not otherwise reflected elsewhere in these statements.

Note 17. Recent Accounting Pronouncements

GASB Statement No. 87*, Leases* (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019; however, issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), extended the effective date of GASB 87 to reporting periods beginning after June 15, 2021, with earlier application encouraged. GASB 87 will be implemented in the District's fiscal year 2022 financial statements and the impact has not yet been determined.

GASB Statement No. 89: Accounting for Interest Cost Incurred before the End of a Construction Period. Statement 89 was issued in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Standard becomes effective for the District in fiscal year 2022. The District has not yet determined the impact of this statement.

GASB Statement No. 91: Conduit Debt Obligations. Statement 91 was issued in May 2019. This Statement establishes a single method of reporting conduit debt obligations by issuers to eliminate diversity in practice. This Standard becomes effective for the District in fiscal year 2021. The District has not yet determined the impact of this statement.

GASB Statement No. 92: Omnibus 2020. Statement 92 was issued in January 2020. This Statement establishes accounting and financial reporting requirements for specific issues related to leases, intra entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. This Standard becomes effective for the District in fiscal year 2022. The District has not yet determined the impact of this statement.

GASB Statement No. 93: Replacement of Interbank Offered Rates. Statement 93 was issued in March 2020. This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. This Standard becomes effective for the District in fiscal year in fiscal year 2022. The District has not yet determined the impact of this statement.

GASB Statement No. 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Statement 94 was issued in March 2020. This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. This Standard becomes effective for the District in fiscal year in fiscal year 2023. The District has not yet determined the impact of this statement.

GASB Statement No. 96: Subscription-Based Information Technology Arrangements. Statement 96 was issued in May 2020. This Statement establishes standards of accounting and financial reporting for Subscription-based information technology arrangements by a government end user (a government). This Standard becomes effective for the District in fiscal year in fiscal year 2023. The District has not yet determined the impact of this statement.

GASB Statement No. 97: Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32." Statement 97 was issued in June 2020. This Statement modifies the applicability of certain component unit criteria as they relate to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. This Standard becomes effective for the District in fiscal year in fiscal year 2022. The District has not yet determined the impact of this statement.

This Page Intentionally Left Blank

Required Supplementary Information

This Page Intentionally Left Blank

Burleson Independent School District **Exhibit G-1**

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2021

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 58,343,098	$ 56,525,000	$ 56,680,239	$ 155,239
5800	State program revenues	60,831,456	63,492,285	61,014,626	(2,477,659)
5900	Federal program revenues	1,620,000	1,620,000	2,000,317	380,317
5020	Total revenues	120,794,554	121,637,285	119,695,182	(1,942,103)
	EXPENDITURES				
	Current				
0011	Instruction	66,939,695	66,560,464	62,385,730	4,174,734
0012	Instructional resources and media services	1,226,169	1,256,669	1,239,428	17,241
0013	Curriculum and instructional staff development	1,742,972	1,496,601	1,491,045	5,556
0021	Instructional leadership	1,752,118	1,637,397	1,569,476	67,921
0023	School leadership	6,985,859	6,682,144	6,609,125	73,019
0031	Guidance, counseling and evaluation services	4,664,879	5,163,979	5,143,008	20,971
0032	Social work services	180,276	180,276	177,154	3,122
0033	Health services	1,537,854	1,712,854	1,689,848	23,006
0034	Student (pupil) transportation	3,712,868	3,162,868	3,087,765	75,103
0035	Food services	75,000	145,000	131,068	13,932
0036	Extracurricular activities	3,674,553	3,843,869	3,768,448	75,421
0041	General administration	3,175,851	2,967,796	2,895,479	72,317
0051	Facilities maintenance and operations	10,811,264	12,123,576	11,590,212	533,364
0052	Security and monitoring services	785,837	889,702	828,768	60,934
0053	Data processing services	3,000,169	2,982,169	2,939,327	42,842
0061	Community services	41,057	141,057	126,647	14,410
0071	Principal on long-term debt	112,408	112,408	112,322	86
0095	Payments to juvenile justice alternative ed. prg.	3,500	3,500	-	3,500
0099	Other intergovernmental charges	822,882	822,882	820,737	2,145
6030	Total expenditures	111,245,211	111,885,211	106,605,587	5,279,624
1100	Excess of revenues over expenditures	9,549,343	9,752,074	13,089,595	3,337,521
	OTHER FINANCING SOURCES (USES)				
8911	Transfers out	(6,900,000)	(9,752,074)	(13,089,595)	3,337,521
7080	Total other financing sources (uses)	(6,900,000)	(9,752,074)	(13,089,595)	3,337,521
1200	Net change in fund balances	2,649,343	-	-	-
0100	**FUND BALANCE - July 1 (beginning)**	36,222,707	36,222,707	36,222,707	-
3000	**FUND BALANCE - June 30 (ending)**	$ 38,872,050	$ 36,222,707	$ 36,222,707	$ -

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

Burleson Independent School District

Schedule of the District's Proportionate Share of
the Net Pension Liability
Year Ended June 30, 2021

	2021	2020	2019
District's Proportion of the Net Pension Liability (Asset)	0.0606223810%	0.0644070393%	0.063098416%
District's Proportionate Share of Net Pension Liability (Asset)	32,468,110	$ 33,480,793	$ 34,730,900
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	56,910,483	51,464,842	56,651,232
Total	$ 89,378,593	$ 84,945,635	$ 91,382,132
District's Covered Payroll	$ 79,652,594	$ 73,515,250	$ 71,885,704
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered Payroll	40.76%	45.54%	48.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.54%	75.24%	73.74%

*Note: Only seven years of data is presented in accordance with GASB Standard No. 68 as the data for the years prior to 2015 is not available.

Exhibit G-2

2018	2017	2016	2015
0.060151343%	0.056092500%	0.051144300%	0.028050900%
$ 19,233,159	$ 21,196,537	$ 18,078,829	$ 7,492,783
33,601,011	39,284,622	37,390,769	31,992,845
$ 52,834,170	$ 60,481,159	$ 55,469,598	$ 39,485,628
$ 69,580,209	$ 65,990,540	$ 57,353,065	$ 56,750,102
27.64%	32.12%	31.52%	13.20%
82.17%	78.00%	78.43%	83.25%

Burleson Independent School District
Schedule of the District's Contributions
Year Ended June 30, 2021

	2021	2020	2019
Contractually Required Contribution	$ 1,635,637	$ 1,554,068	$ 1,390,203
Contribution in Relation to the Contractually Required Contribution	(1,635,637)	(1,554,068)	(1,390,203)
Contribution Deficiency (Excess)	$ -	$ -	$ -
District's Covered Payroll	81690151	78,898,605	72,980,410
Contributions as a Percentage of Covered Payroll	2.00%	1.97%	1.90%

Note 1: GASB 68, Paragraph 81 requires that the information on this schedule be data from the District's most recent fiscal yea
Ten years of data is not available.

Exhibit G-3

2018	2017	2016	2015
$ 1,278,781	$ 1,151,179	$ 980,294	$ 767,797
(1,278,781)	(1,151,179)	(980,294)	(767,797)
$ -	$ -	$ -	$ -
$ 70,639,806	$ 66,995,472	$ 62,059,880	$ 56,750,102
1.81%	1.72%	1.58%	1.35%

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

Schedule of the District's Proportionate Share of the
Net OPEB Liability of a Cost-Sharing Multiple-Employer OPEB Plan –
Teacher Retirement System of Texas
Year Ended June 30, 2021

	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.08316077570%	0.08316749510%	0.0821054138%	0.0765493643%
District's proportionate share of net OPEB liability	31,613,166	39,330,928	40,995,985	33,288,447
State's proportionate share of the net OPEB liability associated with the District	42,480,518	52,262,005	61,891,748	54,213,057
Total	74,093,684	91,592,933	102,887,733	87,501,504
District's covered payroll	79,652,594	73,515,250	71,885,704	69,580,209
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	39.69%	53.50%	57.03%	47.84%
Plan fiduciary net position as a percentage of the total OPEB liability	4.99%	2.66%	1.57%	0.91%

Note: Only four years of data is presented in accordance with GASB Standard No. 75 as the data for the years other than 2021, 2020, 2019 and 2018 are not available.

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

Schedule of the District's Contributions to the OPEB Plan

Year Ended June 30, 2021

	2021	2020	2019	2018
Contractually required contribution	$ 654,492	$ 628,565	$ 585,522	$ 529,186
Contribution in relation to the contractually required contribution	(654,492)	(628,565)	(585,522)	(529,186)
Contribution deficiency (excess)	-	-	-	-
District's covered payroll	81,690,151	78,898,605	72,980,410	70,639,806
Contributions as a percentage of covered payroll	0.80%	0.80%	0.80%	0.75%

Note: Only four years of data is presented in accordance with GASB Standard No. 75 as the data for the years other than 2021, 2020, 2019 and 2018 are not available.

Note 1. Budgetary Data

A. Budgetary Information

The official budget was prepared for adoption for the general, child nutrition, and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1.
2. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
3. Prior to the expenditures of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the functional level by personnel responsible for the organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

B. Net Pension Liability and Net OPEB Liability

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

Changes in actuarial assumptions and inputs

	Net Pension Liability		Net OPEB Liability
Measurement Date August 31,	Discount Rate	Long-Term Expected Rate of Return	Discount Rate
2020	7.250%	7.250%	2.330%
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	
2014	8.000%	8.000%	

Changes in demographic and economic assumptions

For measurement date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

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

Changes in benefit terms

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

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

Other changes

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

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

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

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

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

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

This Page Intentionally Left Blank

Supplementary Information
Combining Statements and Schedules

This Page Intentionally Left Blank

Combining and Individual Nonmajor Fund Financial Statements

Burleson Independent School District
Combining Balance Sheet
Non Major Governmental Funds
June 30, 2021

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 Child Nutrition Program
	ASSETS				
1110	Cash and temporary investments	$ -	$ 953	$ -	$ 60,962
1240	Due from other governments	249,502	337,661	12,621	261,046
1250	Accrued interest	-	-	-	-
1260	Due from other funds	-	-	-	20,142
1290	Other receivables	-	-	-	10,832
1300	Inventories	-	-	-	8,385
1000	Total assets	249,502	338,614	12,621	361,367
	TOTAL ASSETS	$ 249,502	$ 338,614	$ 12,621	$ 361,367
	LIABILITIES				
2110	Accounts payable	$ 8,268	$ 7,872	$ 2,785	$ 24,454
2150	Payroll deductions and withholdings	4,159	5,477	548	22,965
2160	Accrued wages payable	85,343	104,083	3,700	313,903
2170	Due to other funds	151,732	221,182	5,588	45
2181	Due to state	-	-	-	-
2000	Total liabilities	249,502	338,614	12,621	361,367
	FUND BALANCES				
	Nonspendable				
3410	Inventories	-	-	-	8,385
	Restricted				
3450	Grant funds	-	-	-	(8,385)
	Committed				
3545	Other purposes	-	-	-	-
3600	Unassigned	-	-	-	-
3000	Total fund balances	-	-	-	-
4000	**TOTAL LIABILITIES AND FUND BALANCES**	$ 249,502	$ 338,614	$ 12,621	$ 361,367

Exhibit H-1

244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER I	277 Coronavirus Relief Fund (CRF) of the CARES Act	281 ESSER II	289 Summer School LEP
$ -	$ -	$ -	$ 2,359	$ -	$ -	$ 7,559
16,126	58,851	21,744	302,254	-	4,356,980	12,273
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
16,126	58,851	21,744	304,613	-	4,356,980	19,832
$ 16,126	$ 58,851	$ 21,744	$ 304,613	$ -	$ 4,356,980	$ 19,832
$ -	$ -	$ 299	$ -	$ -	$ -	$ -
-	359	170	-	-	-	-
-	6,080	7,409	-	-	-	-
16,126	52,412	13,866	304,613	-	4,356,980	-
-	-	-	-	-	-	-
16,126	58,851	21,744	304,613	-	4,356,980	-
-	-	-	-	-	-	-
-	-	-	-	-	-	19,832
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	19,832
$ 16,126	$ 58,851	$ 21,744	$ 304,613	$ -	$ 4,356,980	$ 19,832

Burleson Independent School District
Combining Balance Sheet
Non Major Governmental Funds
June 30, 2021

Data Control Codes		385 Visual Impairment	397 Advanced Placement Incentives	410 Instructional Materials Allotment
	ASSETS			
1110	Cash and temporary investments	$ -	$ -	$ 517,368
1240	Due from other governments	4,349	12,255	-
1250	Accrued interest	-	-	-
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1300	Inventories	-	-	-
1000	**Total assets**	4,349	12,255	517,368
	TOTAL ASSETS	$ 4,349	$ 12,255	$ 517,368
	LIABILITIES			
2110	Accounts payable	$ 28	$ -	$ 57,476
2150	Payroll deductions and withholdings	-	-	-
2160	Accrued wages payable	-	-	-
2170	Due to other funds	4,321	18,315	-
2181	Due to state	-	-	-
2000	**Total liabilities**	4,349	18,315	57,476
	FUND BALANCES			
	Nonspendable			
3410	Inventories	-	-	-
	Restricted			
3450	Grant funds	-	-	459,892
	Committed			
3545	Other purposes	-	-	-
3600	Unassigned	-	(6,060)	-
3000	**Total fund balances**	-	(6,060)	459,892
4000	**TOTAL LIABILITIES AND FUND BALANCES**	$ 4,349	$ 12,255	$ 517,368

429 DATE / Read to Succeed / Recycling Grant	461 Campus Activity Funds	482 Fuel Up To Play 60	Total Nonmajor Governmental Funds
$ 185	$ 1,783,123	$ 1,419	$ 2,373,928
-	-	-	5,645,662
-	6		6
-	-	-	20,142
-	5,168	-	16,000
-	270	-	8,655
185	1,788,567	1,419	8,064,393
$ 185	$ 1,788,567	$ 1,419	$ 8,064,393
$ -	$ 22,938	$ -	$ 124,120
-	4,833	-	38,511
-	62,552	-	583,070
-	1,395	-	5,146,575
-	794	-	794
-	92,512	-	5,893,070
-	270	-	8,655
185	-	1,419	472,943
-	1,695,785	-	1,695,785
-	-	-	(6,060)
185	1,696,055	1,419	2,171,323
$ 185	$ 1,788,567	$ 1,419	$ 8,064,393

Burleson Independent School District

Combining Statement of Revenues, Expenditures and Changes in
Fund Balances – Non Major Governmental Funds
Year Ended June 30, 2021

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 Child Nutrition Program
	REVENUES				
5700	Local and intermediate sources	$ -	$ -	$ -	$ 485,204
5800	State program revenues	-	-	-	98,473
5900	Federal program revenues	939,957	1,348,254	35,132	5,270,375
5020	**Total revenues**	939,957	1,348,254	35,132	5,854,052
	EXPENDITURES				
	Current				
0011	Instruction	695,329	377,411	34,637	-
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and Instructional staff development	12,837	80,004	495	-
0021	Instructional leadership	4,000	379,298	-	-
0023	School leadership	550	-	-	-
0031	Guidance, counseling and evaluation services	550	488,208	-	-
0032	Social Work Services	210,000	-	-	-
0033	Health services	-	-	-	-
0035	Food services	-	-	-	5,869,739
0036	Extracurricular activities	1,691	2,808	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	15,000	-	-	-
	Intergovernmental				
0093	Payments to fiscal agent/member districts of SSA	-	20,525	-	-
6030	Total expenditures	939,957	1,348,254	35,132	5,869,739
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	(15,687)
7900	**OTHER FINANCING SOURCES (USES)**				
7915	Transfers in	-	-	-	11,985
8911	Transfers out	-	-	-	-
7080	**Total other financing sources (uses)**	-	-	-	11,985
1200	Net change in fund balances	-	-	-	(3,702)
0100	**Fund Balance - July 1 (Beginning)**	-	-	-	3,702
3000	**Fund Balance - June 30 (Ending)**	$ -	$ -	$ -	$ -

Exhibit H-2

244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 ESSER I	277 Coronavirus Relief Fund (CRF) of the CARES Act	281 ESSER II	289 Summer School LEP
$ -	$ -	$ -	$ -	$ -		$ -
-	-	-	32,981			-
89,051	146,554	73,320	405,119	9,725	3,965,288	47,157
89,051	146,554	73,320	438,100	9,725	3,965,288	47,157
89,051	-	17,556	6,076	-	3,965,288	39,500
-	-	-	-	-	-	-
-	146,554	37,096	-	-	-	-
-	-	-	-	-	-	-
-	-	-	423,574	-	-	-
-	-	18,668	-	-	-	-
-	-	-	-	-	-	-
-	-	-	8,450	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	9,725	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
89,051	146,554	73,320	438,100	9,725	3,965,288	39,500
-	-	-	-	-	-	7,657
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	7,657
-	-	-	-	-	-	12,175
$ -	$ -	$ -	$ -	$ -	$ -	$ 19,832

Burleson Independent School District

Combining Statement of Revenues, Expenditures and Changes In
Fund Balances – Non major Governmental Funds
Year Ended June 30, 2021

Data Control Codes		385 Visual Impairment	397 Advanced Placement Incentives	410 Instructional Materials Allotment
	REVENUES			
5700	Local and intermediate sources	$ -	$ -	$ -
5800	State program revenues	6,488	12,305	895,180
5900	Federal program revenues	-	-	-
5020	Total revenues	6,488	12,305	895,180
	EXPENDITURES			
	Current			
0011	Instruction	6,428	-	954,006
0012	Instructional resources and media services	-	-	-
0013	Curriculum and Instructional staff development	60	29,232	-
0021	Instructional leadership	-	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-
0032	Social Work Services	-	-	-
0033	Health services	-	-	-
0035	Food services	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
	Intergovernmental			
0093	Payments to fiscal agent/member districts of SSA	-	-	-
6030	Total expenditures	6,488	29,232	954,006
1100	Excess (deficiency) of revenues over (under) expenditures	-	(16,927)	(58,826)
	OTHER FINANCING SOURCES (USES)			
7915	Transfers in		-	-
8911	Transfers out		-	-
7080	**Total other financing sources (uses)**		-	-
1200	**Net change in fund balances**	-	(16,927)	(58,826)
0100	**Fund Balance - July 1 (Beginning)**	-	10,867	518,718
3000	**Fund Balance - June 30 (Ending)**	$ -	$ (6,060)	$ 459,892

429 DATE / Read to Succeed / Recycling Grant	461 Campus Activity Funds	482 Fuel Up To Play 60	Total Nonmajor Governmental Funds
$ -	$ 1,346,220	$ -	$ 1,831,424
37	52,359	-	1,097,823
-	917	-	12,330,849
37	1,399,496	-	15,260,096
-	195,058	-	6,380,340
-	7,319	-	7,319
-	9,288	-	315,566
-	-	-	383,298
-	85,918	-	510,042
-	73,234	-	580,660
-	-	-	210,000
-	66	-	8,516
-	-	-	5,869,739
-	221,047	-	225,546
-	725	-	725
-	75,583	-	85,308
-	21,154	-	21,154
-	79,700	-	79,700
-	692,425	-	707,425
-	-	-	20,525
-	1,461,517	-	15,405,863
37	(62,021)	-	(145,767)
-	-	-	11,985
-	-	-	-
-	-	-	11,985
37	(62,021)	-	(133,782)
148	1,758,076	1,419	2,305,105
$ 185	$ 1,696,055	$ 1,419	$ 2,171,323

This Page Intentionally Left Blank

Texas Education Agency Required Schedules

Burleson Independent School District
Schedule of Delinquent Taxes Receivable
Year Ended June 30, 2021

	(1)	(2)	(3)	(10)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes	Beginning Balance 7/1/2020
Last Ten Years	**Maintenance**	**Debt Service**		
2012 and and prior years	Various	Various	Various	$ 497,500
2013	1.040000	0.500000	3,434,466,119	78,466
2014	1.040000	0.500000	3,342,085,197	60,329
2015	1.040000	0.500000	3,639,098,970	47,673
2016	1.040000	0.500000	3,709,079,314	126,487
2017	1.040000	0.500000	3,880,366,485	115,064
2018	1.170000	0.500000	4,336,695,747	156,012
2019	1.170000	0.500000	4,785,058,271	269,477
2020	1.068350	0.500000	5,313,431,532	1,055,813
2021 (school year under audit)	1.038300	0.500000	5,691,305,452	
1000 TOTALS				$ 2,406,821

(a) Current year's total levy is net of $4,855,917 for levy loss due to frozen taxes on "over 65" accounts.

Exhibit J-1

(20) Current Year's Total Levy (a)	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2021
$ -	$ 7,082	$ 2,819	$ (1,371)	$ 486,228
-	1,753	584	(467)	75,662
-	3,810	1,391	(626)	54,502
-	6,021	2,895	(307)	38,450
-	9,977	4,797	(36)	111,677
-	17,514	8,420	1,246	90,376
-	35,516	17,075	2,634	106,055
-	160,035	68,391	121,968	163,019
-	374,483	175,262	(209,448)	296,620
81,211,192	55,082,106	26,525,140	1,436,573	1,040,519
$ 81,211,192	$ 55,698,297	$ 26,806,774	$ 1,350,166	$ 2,463,108

This Page Intentionally Left Blank

Budgetary Comparison Schedules

Burleson Independent School District

Exhibit J-3

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Child Nutrition Program
Year Ended June 30, 2021

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Over or (Under)
	REVENUES				
5700	Local and intermediate sources	$ 3,025,000	$ 504,981	$ 485,204	$ (19,777)
5800	State program revenues	180,000	90,000	98,473	8,473
5900	Federal program revenues	3,500,000	4,988,206	5,270,375	282,169
5020	Total revenues	6,705,000	5,583,187	5,854,052	270,865
	EXPENDITURES				
0035	Food services	6,616,286	6,016,286	5,869,739	146,547
0051	Facilities maintenance and operations	35,000	35,000	-	35,000
6030	Total expenditures	6,651,286	6,051,286	5,869,739	181,547
1100	Excess (deficiency) of revenues over (under) expenditures	53,714	(468,099)	(15,687)	89,318
	OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	11,985	11,985
7080	Total other financing sources (uses)	-	-	11,985	11,985
1200	Net change in fund balances	53,714	(468,099)	(3,702)	464,397
0100	Fund balance - July 1 (beginning)	3,702	3,702	3,702	-
3000	Fund balance - June 30 (ending)	$ 57,416	$ (464,397)	$ -	$ 464,397

Burleson Independent School District **Exhibit J-4**

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Debt Service Fund
Year Ended June 30, 2021

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Over or (Under)
	REVENUES				
5700	Local and intermediate sources	$ 27,122,191	$ 27,122,191	$ 26,971,314	$ (150,877)
5800	State program revenues	-	553,553	554,969	1,416
5020	Total revenues	27,122,191	27,675,744	27,526,283	(149,461)
	EXPENDITURES				
0071	Debt service	23,163,198	22,663,198	22,615,896	47,302
6030	Total expenditures	23,163,198	22,663,198	22,615,896	47,302
1100	Excess (deficiency) of revenues over (under) expenditures	3,958,993	5,012,546	4,910,387	(102,159)
	OTHER FINANCING SOURCES (USES)				
7911	Issuance of refunding bonds	-	-	16,700,000	16,700,000
7916	Premium or discount on issuance of bonds	-	-	4,839,483	4,839,483
8949	Other uses - refunding of bonds	-	-	(21,653,912)	(21,653,912)
7080	Total other financing sources (uses)	-	-	(114,429)	(114,429)
1200	Net change in fund balances	3,958,993	5,012,546	4,795,958	(216,588)
0100	Fund balance - July 1 (beginning)	16,186,289	16,186,289	16,186,289	-
3000	Fund balance - June 30 (ending)	$ 20,145,282	$ 21,198,835	$ 20,982,247	$ (216,588)

This Page Intentionally Left Blank

Statistical Section (Unaudited)

This Page Intentionally Left Blank

This statistical section is organized in five sections:

- Financial Trends- Compiles information reported in the Annual Comprehensive Financial Report over the past ten years (2012-2021) as a result of the implementation of GASB 34 reporting. Information for Government Wide statements dates back to 2002 when the District implemented GASB 34. These schedules report how the District's financial position has changed over time.

- Revenue Capacity Information- Provides information regarding the District's major own source revenue (property taxes) and the stability/growth of that revenue for the past ten year period.

- Debt Capacity Information- Provides information on the District's outstanding debt, the District's ability to repay the debt, and its ability to issue additional debt, if needed, for the past ten years, where applicable.

- Demographic and Economic Information- Provides information regarding the District's socioeconomic environment: specifically, its taxpayers, employers, and the changes to those groups over the past ten years, if applicable.

- Operating Information- Provides information on the District's employees, operations of the District, and facilities for the period stated in the reports.

Burleson Independent School District
Net Position by Component
Last Ten Years
(accrual basis of accounting)
(Unaudited)

	2012	2013	2014	2015
Governmental Activities				
Net investment in capital assets	$ (18,016,518)	$ (20,842,058)	$(28,305,183)	$ (30,697,028)
Restricted	15,934,357	12,663,826	10,081,840	8,800,546
Unrestricted	14,612,284	10,459,002	19,861,926	17,862,321
Business Type Activities				
Unrestricted	78,246	66,612	73,853	112,166
Total Primary Government Net Position	$ 12,608,369	$ 2,347,382	$ 1,712,436	$ (3,921,995)

Schedule 1

2016	2017	2018	2019	2020	2021
$ (23,725,928)	$ (18,985,241)	$ (14,623,939)	$ (6,871,592)	$ (2,523,086)	$ 6,835,778
9,356,974	9,598,901	11,320,215	11,206,645	8,808,618	14,967,775
11,252,600	6,423,062	(35,224,216)	(32,096,464)	(25,903,710)	(30,945,230)
119,030	159,743	241,509	326,589	174,182	120,807
$ (2,997,324)	$ (2,803,535)	$ (38,286,431)	$(27,434,822)	$ (19,443,996)	$ (9,020,870)

Burleson Independent School District
Governmental Activities Revenue and Expense
Last Ten Years
(accrual basis of accounting)
(Unaudited)

	2012	2013	2014	2015
Expenses by Function				
Governmental Activities				
Instruction	$ 48,097,966	$ 48,317,821	$ 51,233,610	$ 52,121,810
Instructional Resources & Media Services	1,090,999	1,176,099	1,241,127	1,174,637
Curriculum & Staff Development	1,394,480	1,387,812	1,324,047	1,412,597
Instructional Leadership	875,690	946,455	1,075,638	1,642,223
School Leadership	5,104,708	5,102,142	5,569,981	5,698,793
Guidance, Counseling, & Evaluation Services	2,911,712	3,096,151	3,330,123	3,432,098
Social Work Services	-	56,328	59,666	64,471
Health Services	1,011,880	1,093,506	1,042,166	1,088,384
Student (Pupil) Transportation	1,771,166	1,864,305	1,880,920	1,915,025
Food Services	4,351,854	4,750,681	5,188,060	5,371,267
Extracurricular Activities	2,825,755	3,026,639	3,117,749	3,753,960
General Administration	2,450,929	2,707,304	2,852,421	3,080,199
Plant Maintenance & Operations	7,997,299	9,040,355	8,584,064	8,936,625
Security & Monitoring Services	265,415	276,481	445,356	314,735
Data Processing Services	1,384,539	1,411,545	1,547,764	2,643,544
Community Services	1,391,995	643,776	687,624	671,939
Debt Service - Interest on Long Term Debt	15,522,282	15,492,377	14,959,125	15,143,300
Debt Service - Bond Issurance Cost & Fees	109,175	624,805	128,539	5,000
Facilities Acquisition & Construction	-	-	-	-
Total Governmental Activities Expense	98,557,844	101,014,582	104,267,980	108,470,607
Business Type Activities Expense				
Child Care	604,630	610,249	543,580	552,290
Program Revenues				
Charges for Services				
Instruction	44,285	2,573,230	2,775,865	2,908,785
Food Service	2,222,403	2,394,643	2,613,549	2,586,788
Extracurricular Activities	471,228	441,557	415,322	436,947
Community Services	-	-	-	-
Other	57,805	48,873	140,105	127,308
Operating Grants and Contributions	12,625,718	6,760,500	6,858,969	6,365,989
Total Governmental Activities Program Revenue	15,421,439	12,218,803	12,803,810	12,425,817
Business Type Activities Revenues				
Charges for Services	574,687	566,867	521,753	560,564
Operating Grants and Contributions	-	-	29,068	30,039
Net (Expense)/Revenue And Changes in Net Position	$ (83,166,348)	$ (88,839,161)	$ (91,456,929)	$ (96,006,477)

Source: District's Financial Audit, Exhibit B-1

Schedule 2

2016	2017	2018	2019	2020	2021
$ 59,854,511	$ 65,545,974	$ 46,765,905	$ 74,085,797	$ 86,489,219	$ 81,677,558
1,232,622	1,259,513	1,027,506	1,444,932	1,626,546	1,464,491
1,931,145	2,126,353	1,593,667	2,682,213	2,552,826	2,108,419
1,935,294	2,184,617	1,530,629	2,352,001	2,483,001	2,351,077
6,271,740	6,829,731	4,930,009	7,786,400	9,117,006	8,476,344
4,046,727	4,393,048	3,111,946	5,754,459	6,525,875	6,746,291
67,371	130,744	76,802	130,288	366,699	422,699
1,261,473	1,351,624	938,338	1,492,499	1,780,718	1,972,822
2,794,187	2,942,211	3,087,009	3,075,072	2,908,181	3,098,834
5,746,504	5,997,147	4,803,193	7,098,022	7,589,065	6,923,853
3,955,992	4,315,441	3,861,508	4,371,801	4,707,026	4,210,331
3,339,681	4,082,942	3,073,986	4,094,256	4,585,909	4,218,465
8,761,763	9,329,370	7,879,459	10,094,402	11,830,787	12,946,367
361,066	377,468	424,889	688,565	680,862	850,878
2,265,949	2,603,464	2,307,625	2,815,807	3,898,249	3,269,064
815,466	973,505	616,331	1,002,886	1,173,873	936,122
12,307,683	12,017,106	14,085,772	15,446,748	12,794,886	17,744,605
1,417,599	320,831	1,223,629	261,152	-	-
-	-	-	-	-	-
118,366,773	126,781,089	101,338,203	144,677,300	161,110,728	159,418,220
562,388	566,394	604,849	655,083	755,873	772,490
3,023,031	3,258,332	3,180,944	3,070,943	2,330,055	1,344,009
2,515,875	2,567,586	2,741,209	2,939,390	2,388,039	484,777
461,277	489,433	460,985	550,015	523,856	224,075
-	-	-	-	-	-
99,008	105,560	103,833	118,877	126,494	695
9,720,657	8,215,605	(7,555,283)	18,504,169	18,090,460	22,486,186
15,819,848	14,636,516	(1,068,312)	25,183,394	23,458,904	24,539,742
540,404	577,388	654,118	706,761	558,003	671,300
28,848	29,719	32,497	33,402	45,463	47,815
$ (102,540,061)	$ (112,103,860)	$ (102,324,749)	$ (119,408,826)	$ (137,804,231)	$ (134,931,853)

Burleson Independent School District

General Revenues And Changes In Net Position
Last Ten Years
(accrual basis of accounting)
(Unaudited)

	2012	2013	2014	2015
Net (Expense)/Revenue				
Governmental Activities	$ (88,795,779)	$ (88,839,161)	$ (91,464,170)	$ (96,044,790)
Business-type Activities	(2,339)	(11,634)	7,241	38,313
	$ (88,798,118)	$ (88,850,795)	$ (91,456,929)	$ (96,006,477)
General Revenue and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property Taxes, Levied for General Purposes	$ 35,171,679	$ 35,332,535	$ 34,367,419	$ 37,232,750
Property Taxes, Levied for Debt Service	16,855,823	16,919,470	16,495,771	17,896,527
State Aid - Unrestricted Formula Grants	30,548,650	31,980,677	38,320,076	42,264,958
Investment Earnings	80,209	83,777	57,588	58,632
Miscellaneous Local and Intermediate Revenue	1,266,642	923,169	1,581,129	1,689,255
Total Governmental Activities	83,923,003	85,239,628	90,821,983	99,142,122
Business-type Activities:	-	-	-	-
Total Business-type Activities	-	-	-	-
Total Primary Government	$ 83,923,003	$ 85,239,628	$ 90,821,983	$ 99,142,122
Change in Net Position				
Governmental Activities	$ 687,798	$ (3,556,151)	$ 3,097,332	$ 1,029,973
Business-type Activities	78,246	(11,634)	7,241	38,313
Total Change in Net Position	$ 766,044	$ (3,567,785)	$ 3,104,573	$ 1,068,286

Source: District's Financial Audit, Exhibit B-1

Schedule 3

2016	2017	2018	2019	2020	2021
$ (102,546,925)	$ (112,144,573)	$ (102,406,515)	$ (119,493,906)	$ (137,651,824)	$ (134,878,478)
6,864	40,713	81,766	85,080	(152,407)	(53,375)
$ (102,540,061)	$ (112,103,860)	$ (102,324,749)	$ (119,408,826)	$ (137,804,231)	$ (134,931,853)
$ 37,793,546	$ 39,179,085	$ 48,692,234	$ 52,882,627	$ 53,982,021	$ 56,142,675
18,104,303	18,733,850	20,963,615	22,463,135	25,234,174	26,976,669
46,369,557	53,075,316	53,159,874	51,524,236	64,798,129	61,455,084
213,369	351,980	1,501,201	2,558,767	1,193,675	103,366
1,096,123	957,418	896,023	831,670	587,058	677,185
103,576,898	112,297,649	125,212,947	130,260,435	145,795,057	145,354,979
-	-	-	-		
-	-	-	-	-	-
$ 103,576,898	$ 112,297,649	$ 125,212,947	$ 130,260,435	$ 145,795,057	$ 145,354,979
$ 153,076	$ 22,806,432	$ 10,766,529	$ 10,766,529	$ 8,143,233	$ 10,476,501
6,864	40,713	81,766	85,080	(152,407)	(53,375)
$ 159,940	$ 22,847,145	$ 10,848,295	$ 10,851,609	$ 7,990,826	$ 10,423,126

Burleson Independent School District

Fund Balances, Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

(Unaudited)

	2012	2013	2014	2015
General Fund				
Nonspendable	$ 226,556	$ 304,651	$ 250,157	$ 400,292
Committed	99,806	149,325	20,706	287,680
Unassigned	20,112,493	19,596,818	23,647,503	24,524,180
Total General Fund	20,438,855	20,050,794	23,918,366	25,212,152
All Other Governmental Funds				
Nonspendable	58,212	11,495	34,886	30,963
Committed	14,827,092	15,071,963	15,068,464	18,835,540
Restricted for:				
Debt Service	19,707,583	17,694,475	15,061,089	14,137,487
Capital Acquisitions	4,647,629	3,469,281	1,934,410	-
Grant Funds	396,979	241,104	312,276	181,750
Unassigned	-	-	-	-
Total All Other Governmental Funds	39,637,495	36,488,318	32,411,125	33,185,740
Total All Government Funds	$ 60,076,350	$ 56,539,112	$ 56,329,491	$ 58,397,892
Change in Fund Balance for Governmental Funds	$ 3,097,504	$ (3,537,238)	$ (209,621)	$ 2,068,401

Source: District's Financial Audit, Exhibit C-1

Schedule 4

	2016	2017	2018	2019	2020	2021
	$ 278,233	$ 270,614	$ 752,698	$ 686,121	$ 270,642	$ 313,401
	161,186	-	-	-	-	-
	22,000,000	22,981,552	24,829,426	27,481,804	35,952,065	35,909,306
	22,439,419	23,252,166	25,582,124	28,167,925	36,222,707	36,222,707
	27,825	8,114	4,225	5,147	482	8,655
	15,422,545	11,696,613	15,430,133	19,858,055	23,433,993	25,140,090
	13,088,136	13,542,177	16,125,004	16,280,074	16,186,289	20,982,247
	-	-	48,074,312	21,632,688	1,942,748	1,288,102
	181,239	432,066	289,830	1,317,519	546,817	472,943
	-	-	(451.00)	(19,907)	-	(6,060)
	28,719,745	25,678,970	79,923,053	59,073,576	42,110,329	47,885,977
	$ 51,159,164	$ 48,931,136	$ 105,505,177	$ 87,241,501	$ 78,333,036	$ 84,108,684
	$ (7,238,728)	$ (2,228,028)	$ 56,574,041	$ (18,263,676)	$ (8,908,465)	$ 5,775,648

Burleson Independent School District
Governmental Funds Revenues
Last Ten Years
(Unaudited)

	2012	2013	2014	2015
Local Sources:				
Local Maintenance and Debt Service Tax	$ 52,371,892	$ 52,219,304	$ 51,003,758	$ 55,150,878
Tuition from Patrons	-	-	-	-
Other Revenue from Local Sources	4,199,895	3,444,393	3,888,383	3,961,718
Other Revenue from Intermediate Sources	-	-	-	-
Co-curricular Revenues	3,309,125	3,020,855	3,695,172	3,834,222
Total Local Sources	59,880,912	58,684,552	58,587,313	62,946,818
State Programs:				
Per Capita and Foundation	27,372,818	28,670,064	38,320,076	38,654,135
Other State Program Revenues	4,741,181	4,034,466	1,362,739	4,375,445
Total State Programs	32,113,999	32,704,530	39,682,815	43,029,580
Federal Programs:				
State Distributed Revenues from Federal Source:	7,180,955	5,654,017	5,652,580	5,650,616
Total Federal Programs	7,180,955	5,654,017	5,652,580	5,650,616
Other Financing Sources:				
Bond Proceeds and Other	13,874,622	12,031,542	-	-
Total Revenues	$ 113,050,488	$ 109,074,641	$ 103,922,708	$ 111,627,014

Schedule 5

	2016	2017	2018	2019	2020	2021
	$ 55,876,497	$ 58,023,847	$ 69,455,629	$ 75,409,200	$ 79,096,498	$ 83,076,863
	-	-	-			
	3,868,962	4,000,853	5,244,204	3,556,885	1,910,702	781,321
	-	-	-			
	3,539,722	3,729,456	3,637,408	6,512,777	5,238,475	2,052,786
	63,285,181	65,754,156	78,337,241	85,478,862	86,245,675	85,910,970
	42,197,507	43,220,942	47,478,657	46,283,554	58,660,171	54,539,627
	5,447,670	6,719,491	6,400,187	7,248,181	7,259,502	8,127,791
	47,645,177	49,940,433	53,878,844	53,531,735	65,919,673	62,667,418
	6,171,935	6,981,525	7,193,578	8,712,408	7,234,139	14,331,166
	6,171,935	6,981,525	7,193,578	8,712,408	7,234,139	14,331,166
	-	-	-	-	-	-
	$ 117,102,293	$ 122,676,114	$ 139,409,663	$ 147,723,005	$ 159,399,487	$ 162,909,554

Burleson Independent School District
Governmental Funds Expenditures By Function
Last Ten Years
(modified accrual basis of accounting)
(Unaudited)

	2012	2013	2014	2015
Expenditures by Function				
Current				
Instruction	$ 44,241,226	$ 43,964,457	$ 46,101,876	$ 47,663,770
Instructional Resources & Media Services	1,053,707	1,083,010	1,132,587	1,083,901
Curriculum & Staff Development	1,273,094	1,282,555	1,223,021	1,325,555
Instructional Leadership	804,834	866,516	975,378	1,504,517
School Leadership	4,561,622	4,600,600	4,967,091	5,167,382
Guidance, Counseling, & Evaluation Services	2,721,542	2,860,732	3,044,477	3,171,903
Social Work Services	-	56,328	59,666	64,471
Health Services	959,767	986,455	926,800	987,154
Student (Pupil) Transportation	1,761,046	1,854,085	1,871,241	1,906,042
Food Services	4,138,943	4,850,615	4,947,288	5,329,987
Extracurricular Activities	2,819,380	3,015,594	3,130,083	3,831,252
General Administration	1,869,336	2,127,303	2,190,131	2,237,327
Plant Maintenance & Operations	7,453,681	8,559,424	8,133,280	8,563,837
Security & Monitoring Services	264,347	317,253	445,368	314,811
Data Processing Services	1,274,022	1,316,464	1,432,054	2,671,521
Community Services	784,338	648,288	687,546	675,254
Debt Service				
Principal on Long Term Debt	2,140,256	2,864,688	3,175,487	3,681,207
Interest on Long Term Debt	16,736,906	16,691,000	17,086,032	16,646,700
Bond Issurance Cost & Fees	3,800	276,535	128,539	5,000
Capital Outlay				
Facilities Acquisition & Construction	719,626	3,624,760	1,881,859	2,057,524
Intergovernmental				
Payments to Fiscal Agent/Member Districts of SSA	6,192	40,048	63,532	74,669
Payments to Juvenile Justice Alternative Ed. Prg.	10,625	158	7,426	1,501
Other Governmental Charges	418,146	384,873	392,948	605,045
Total Expenditures	$ 96,016,436	$ 102,271,741	$ 104,003,710	$ 109,570,330
Debt Service as a percentage of noncapital expenditures	19.81%	20.10%	19.97%	18.91%

Source: District's Financial Audit, Exhibit C-3

Schedule 6

2016	2017	2018	2019	2020	2021
$ 53,309,040	$ 56,467,397	$ 58,660,695	$ 61,284,765	$ 67,437,574	$ 68,768,758
1,117,396	1,104,506	1,214,937	1,222,463	1,310,211	1,246,747
1,785,669	1,921,224	2,059,987	2,281,472	2,094,882	1,806,611
1,727,316	1,898,780	2,107,065	1,902,576	1,899,607	1,952,774
5,552,533	5,831,744	6,085,281	6,386,549	7,141,193	7,119,167
3,603,519	3,811,342	4,148,683	4,716,545	5,000,153	5,723,668
67,334	112,998	102,198	104,419	298,147	387,154
1,114,998	1,152,675	1,149,998	1,233,103	1,407,400	1,698,364
2,783,872	3,168,025	3,091,861	3,065,297	2,894,233	3,087,765
5,408,386	5,569,599	5,818,384	6,190,883	6,428,351	6,000,807
3,886,937	4,138,485	4,600,657	4,081,357	4,285,988	3,993,994
2,411,313	3,032,695	2,683,287	2,809,421	3,080,072	2,913,772
8,276,005	8,569,359	8,759,561	9,381,953	10,577,204	12,067,318
360,600	373,960	432,796	685,302	676,648	849,922
2,155,227	2,457,573	2,463,185	2,588,814	3,572,587	3,026,137
781,105	868,096	885,924	874,163	990,935	834,072
5,967,905	7,735,000	11,715,000	13,590,000	14,337,322	6,401,159
14,074,789	12,429,774	13,115,431	15,245,611	14,998,056	16,054,250
1,417,599	320,831	1,223,629	261,152	247,959	272,809
8,639,262	3,525,032	12,974,599	52,523,770	19,588,450	11,972,967
67,632	93,471	100,967	39,862	29,227	20,525
1,343	-	-	2,322	-	-
627,746	637,407	702,052	771,182	794,109	820,737
$ 125,137,526	$ 125,219,973	$ 144,096,177	$ 191,242,981	$ 169,090,308	$ 157,019,477
18.42%	16.83%	19.87%	20.79%	19.62%	15.50%

Burleson Independent School District

Governmental Funds Other Source, Uses and Changes in Fund Balance

Last Ten Years

(modified accrual basis of accounting)

(Unaudited)

	2012	2013	2014	2015
Excess of revenues over (under) expenditures	$ 3,159,430	$ (5,228,642)	$ (81,002)	$ 2,056,624
Other Financing Sources (Uses)				
Capital Related Debt Issued (Regular Bonds)	-	8,575,000	-	-
Transfers In	13,874,622	1,505,006	-	-
Transfers Out	(13,973,422)	(1,505,006)	-	-
Premium or Discount on proceeds from debt	-	529,340	-	-
Prepaid Interest	-	-	-	-
Other Uses (Refunding Bonds)	-	(9,013,270)	-	-
Capital Leases	-	1,422,196	-	-
Non-Current Loans	-	-	-	-
Sale of Real and Personal Property	-	-	-	11,776
Payment to Refunded Bond Escrow Agent	-	-	-	-
Other (Uses)	-	-	-	-
Total Other Financing Sources (Uses)	(98,800)	1,513,266	-	11,776
Net Change in Fund Balances	$ 3,060,630	$ (3,715,376)	$ (81,002)	$ 2,068,400

Source: District's Financial Audit, Exhibit C-3

2016	2017	2018	2019	2020	2021
$ (8,035,233)	$ (2,543,859)	$ (4,686,514)	$ (43,519,976)	$ (9,690,821)	$ 5,890,077
146,039,656	17,630,000	118,064,151	24,955,000	17,700,000	16,700,000
5,558,760	-	8,519,602	8,868,513	6,957,289	13,089,595
(5,558,760)	-	(8,519,602)	(8,868,513)	(6,957,289)	(13,089,595)
16,247,550	832,340	13,805,714	301,300	2,927,009	4,839,483
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	545,147	-
-	-	-	-	-	-
-	-	-	-	-	-
(161,490,701)	(18,146,509)	(70,609,310)	-	(20,389,800)	(21,653,912)
-	-	-	-	-	-
796,505	315,831	61,260,555	25,256,300	782,356	(114,429)
$ (7,238,728)	$ (2,228,028)	$ 56,574,041	$ (18,263,676)	$ (8,908,465)	$ 5,775,648

Burleson Independent School District

Schedule 8

Assessed and Actual Value - Real and Personal Property
Last Ten Years
(Unaudited)

Tax Roll for Fiscal Year	Actual Value: Real Property	Actual Value: Personal Property	Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate[1]	Estimated Actual Value[2]	Assessed Value to Total Estimated Actual Value
2012	3,714,753,439	576,869,842	848,822,476	3,442,800,805	1.54000	4,291,623,281	80.22%
2013	3,895,626,794	409,373,981	870,534,656	3,434,466,119	1.54000	4,305,000,775	79.78%
2014	3,836,856,513	426,168,092	920,219,408	3,342,805,197	1.54000	4,263,024,605	78.41%
2015	4,218,002,480	423,228,388	1,002,131,898	3,639,098,970	1.54000	4,641,230,868	78.41%
2016	4,516,474,211	355,362,516	1,162,757,413	3,709,079,314	1.54000	4,871,836,727	76.13%
2017	4,802,189,112	391,474,242	1,313,296,869	3,880,366,485	1.54000	5,193,663,354	74.71%
2018	5,466,621,379	378,701,859	1,508,627,491	4,336,695,747	1.67000	5,845,323,238	74.19%
2019	6,034,776,812	400,800,003	1,663,337,441	4,772,239,374	1.67000	6,435,576,815	74.15%
2020	6,566,676,678	440,629,420	1,693,874,566	5,313,431,532	1.56835	7,007,306,098	75.83%
2021	7,020,359,836	512,961,229	1,792,836,340	5,740,484,725	1.53830	7,533,321,065	76.20%

Sources: Johnson and Tarrant County Appraisal District

[1]Per $100 of assessed value.

[2]Estimated actual value includes real property, personal property, and oil, gas, and other minerals.

This Page Intentionally Left Blank

Burleson Independent School District

Property Tax Rates - Direct And Overlapping Governments
(Per $100 Valuation)
Last Ten Years
(Unaudited)

	2012	2013	2014	2015
Burleson ISD:				
Maintenance and Operations	1.04000	1.04000	1.04000	1.04000
Interest and Sinking	0.50000	0.50000	0.50000	0.50000
Total	1.54000	1.54000	1.54000	1.54000
City of Burleson[1]	0.69	0.690	0.690	0.740
City of Fort Worth[1]	0.855	0.855	0.855	0.855
City of Crowley[1]	0.669019	0.669029	0.676448	0.765515
Johnson County[1]	0.3305	0.333229	0.371154	0.445
Tarrant County[1]	0.264	0.264	0.264	0.264
Tarrant County College District[1]	0.1376	0.1376	0.1495	0.1495
Tarrant County Hospital District[1]	0.22789	0.227897	0.227897	0.227897

Sources: Johnson County and Tarrant County Tax Office, District Records

[1]Overlapping rates

Schedule 9

2016	2017	2018	2019	2020	2021
1.04000	1.04000	1.17000	1.17000	1.06835	1.03830
0.50000	0.50000	0.50000	0.50000	0.50000	0.50000
1.54000	1.54000	1.67000	1.67000	1.56835	1.53830
0.740	0.646	0.735	0.735	0.72	0.71
0.855	0.835	0.805	0.785	0.785	0.785
0.718061	0.703351	0.719	0.709	0.681992	0.699806
0.448	0.431713	0.4417	0.472	0.425	0.425
0.264	0.264	0.244	0.234	0.234	0.234
0.1495	0.1447	0.1401	0.1361	0.1302	0.1302
0.227897	0.227897	0.224429	0.224429	0.224429	0.224400

Burleson Independent School District **Schedule 10**

Ten Largest Taxpayers

Current Year and Nine Years Ago

(Unaudited)

		2021			2012	
Principal Employer	Rank	2020-2021 Total Taxable Assessed Value[1]	Percentage of Total Taxable Assessed Value	Rank	2011-2012 Total Taxable Assessed Value[2]	Percentage of Total Taxable Assessed Value
Burleson Gateway	1	$ 54,842,884	0.96%			
Halliburton	2	34,629,175	0.61%			
Golden State Foods	3	32,595,438	0.57%			
Burleson Manufactoring	4	31,720,263	0.56%			
Welltower TCG	5	30,284,006	0.53%			
Wagner Smith	6	28,867,753	0.51%			
Abbey Burleson MF	7	21,675,415	0.38%			
McSquare18 LLC	8	21,300,000	0.37%			
Sun Trust Equipment Finance	9	21,272,113	0.37%			
Oncor	10	20,969,639	0.37%			
Chesapeake Exploration, Inc.				1	147,378,062	4.28%
XTO Energy				2	114,859,279	3.34%
Devon Energy Production				3	53,568,173	1.56%
Williams Production				4	49,091,732	1.43%
EOG Resources				5	48,355,445	1.40%
Barnett Gathering				6	37,176,238	1.08%
Southwestern Gas Pipeline				7	27,352,786	0.79%
EE Burleson				8	25,532,120	0.74%
Burleson Commons				9	15,469,801	0.45%
HEB Grocery				10	12,816,248	0.37%
		$ 298,156,686	5.24%		$ 531,599,884	15.44%

Source: Johnson and Tarrant County Appraisal District

1Total 2020-2021 taxable assessed value equals $5,691,305,452

2Total 2011-2012 taxable assessed value equals $3,442,800,805

Burleson Independent School District **Schedule 11**

Property Tax Levies and Collections
Current Year and Last Ten Years
(Unaudited)

Fiscal Year	Total Tax Levy	Collected Within Fiscal Year of Levy: Amount[1]	Collected Within Fiscal Year of Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy
2012	52,139,195	51,129,246	98.06%	590,759	51,720,005	99.20%
2013	51,689,326	50,678,921	98.05%	528,909	51,207,830	99.07%
2014	50,307,825	49,439,770	98.27%	631,035	50,070,805	99.53%
2015	54,704,182	53,835,542	98.41%	465,112	54,300,654	99.26%
2016	55,572,864	54,656,414	98.35%	231,401	54,887,815	98.77%
2017	57,723,302	56,990,775	98.73%	330,566	57,321,341	99.30%
2018	69,065,299	68,012,167	98.48%	554,633	68,566,800	99.28%
2019	75,474,090	74,483,216	98.69%	62,364	74,545,580	98.77%
2020	78,984,203	77,772,434	98.47%	355,293	78,127,728	98.92%
2021	82,649,690	81,607,246	98.74%	460,256	82,067,502	99.30%

[1]Collected amounts represent total collections before refunds.

Source: Johnson County Tax Office

Burleson Independent School District **Schedule 12**

Outstanding Debt by Type
Last Ten Years
(Unaudited)

Fiscal Year	General Obligation Debt	Accreted interest on Capital Appreciation Bonds and Premium on Bonds	Capital Leases	Notes Payables	Total Primary Government	Percentage of Personal Income	Per Capita
2012	312,862,942	25,180,886	-	-	338,043,828	25.24%	9,841
2013	310,441,243	24,364,535	979,175	-	335,784,953	24.07%	9,775
2014	307,661,941	26,463,747	582,990	-	334,708,678	22.16%	9,744
2015	304,395,852	24,703,067	167,874	-	329,266,793	21.10%	9,586
2016	296,800,852	39,757,407	-	-	336,558,259	20.68%	9,798
2017	288,945,852	38,695,411	-	-	327,641,263	18.52%	9,538
2018	329,205,852	51,604,472	-	-	380,810,324	20.29%	11,086
2019	340,570,852	49,916,805	-	-	390,487,657	19.34%	11,368
2020	324,055,852	48,158,883	320,503	-	372,535,238	N/A	10,852
2021	317,767,015	53,990,165	208,181	-	371,965,361	N/A	10,829

Source: District's Financial Audit, Notes on Long-Term Debt

Note 1: See Schedule 15 for personal income and population data.

Burleson Independent School District **Schedule 13**

Direct and Overlapping Governmental Activities Debt
June 30, 2021
(Unaudited)

Taxing Body	Net Debt Outstanding	As of	Percent Overlapping[1]	Amount Overlapping Net Debt
City of Burleson	$ 139,580,000	6/30/2021	76.21%	$ 106,373,918
City of Crowley	37,850,000	6/30/2021	3.23%	1,222,555
City of Fort Worth	972,335,000	6/30/2021	0.91%	8,848,249
Johnson County	18,340,000	6/30/2021	24.95%	4,575,830
Tarrant County	240,445,000	6/30/2021	0.87%	2,091,872
Tarrant County College District	264,175,000	6/30/2021	0.87%	2,298,323
Tarrant County Hospital District	14,495,000	6/30/2021	0.87%	126,107
Total Overlapping Net Debt	1,687,220,000			125,536,854
Burleson ISD	317,975,196	6/30/2021	100%	317,975,196
Total Direct and Overlapping Debt				$ 443,512,050
Ratio of Total Direct and Overlapping Net Debt to 2021 Taxable Assessed Valuation $5,691,305,452				9.29%

Source: City of Burleson, Johnson County Appraisal District, Tarrant County Appraisal District

[1]The percentage of overlapping debt is estimated using taxable assessed property values.
Percentages were estimated by determing the portion of the overlapping taxing authority's taxable assessed value that is within the District boundaries and dividing it by the overlapping taxing authority's total taxable assessed value.

Burleson Independent School District
Ratio of Net General Debt to Taxable Assessed Valuation
and Net Bonded Debt Per Capita
Last Ten Years
(Unaudited)

Fiscal Year	Total Taxable Assessed Value	Assessment Ratio	Gross Bonded Debt Outstanding at Year End[1]	Reserve for Retirement of Bonded Debt	Net Bonded Debt Outstanding at Year End
2012	3,442,800,805	100%	312,862,942	14,477,247	298,385,695
2013	3,434,466,119	100%	310,441,243	12,422,722	298,018,521
2014	3,342,805,197	100%	307,661,941	9,769,564	297,892,377
2015	3,639,098,970	100%	304,395,852	8,618,796	295,777,056
2016	3,709,079,314	100%	296,800,852	9,175,735	287,625,117
2017	3,880,366,485	100%	327,280,798	9,166,835	318,113,963
2018	4,336,695,747	100%	380,810,324	11,030,385	369,779,939
2019	4,772,239,374	100%	340,570,852	9,889,126	314,166,726
2020	5,313,431,532	100%	324,055,852	8,261,801	315,794,051
2021	5,691,305,452	100%	371,757,180	14,494,832	357,262,348

Sources: Johnson and Tarrant County Appraisal District, District records

[1]The District's bonded indebtedness consists of general obligation debt.

Fiscal Year	Ratio Bonded Debt to Taxable Assessed Valuation	Estimated Population	Net Bonded Debt Per Capita	Taxable Assessed Value Per Capita
2012	8.67%	38,130	7,825	90,291
2013	8.68%	39,010	7,640	88,041
2014	8.91%	40,714	7,317	82,105
2015	8.13%	41,213	7,177	88,300
2016	7.75%	42,560	6,758	87,149
2017	8.20%	43,960	7,236	88,270
2018	8.53%	45,016	8,214	96,337
2019	6.58%	46,145	6,808	103,418
2020	5.94%	47,282	6,679	112,377
2021	6.28%	49,192	7,263	115,696

Burleson Independent School District

Schedule 15

Demographic and Economic Statistics
Last Ten Years
(Unaudited)

Fiscal Year	Population[1]	Personal Income[2] (thousands of dollars)	Per Capita Personal Income[3]	Unemployment Rate[4]	Residental Units[5]	Assessed Value of Residential Units[5]	Average Assessed Value of Residential Units[5]	Average Daily Attendance
2012	38,130	1,339,430	35,128	7.1%	18,043	2,207,991,229	122,374	9,704
2013	39,010	1,394,880	35,757	6.7%	18,377	2,237,896,377	121,777	9,990
2014	40,714	1,510,733	37,106	6.0%	18,583	2,330,451,271	125,408	10,186
2015	41,213	1,560,530	37,865	4.4%	18,745	2,479,984,947	132,301	10,389
2016	42,560	1,627,792	38,247	4.6%	18,932	2,660,145,544	140,511	10,804
2017	43,960	1,768,819	40,237	4.7%	19,473	3,092,091,053	158,789	11,226
2018	45,016	1,877,032	41,697	3.9%	19,934	3,365,082,959	168,811	11,487
2019	46,145	2,019,259	43,759	3.4%	20,130	3,971,138,527	197,275	11,735
2020	47,282	N/A	N/A	6.8%	20,616	4,362,004,914	211,583	12,088
2021	49,192	N/A	N/A	6.5%	20,925	4,650,803,995	222,261	12,370

Sources:

[1]City of Burleson Annual Comprehenisv e Financial Report and United States Census Bureau

[2]Personal Income is the per capita income mutiplied by the population

3Bureau of Economic Analysis. Personal income for Johnson County updated through 2019.

[4]US Department of Labor - Bureau of Labor Statistics

[5]Johnson County and Tarrant County Appraisal District

Burleson Independent School District

Schedule 16

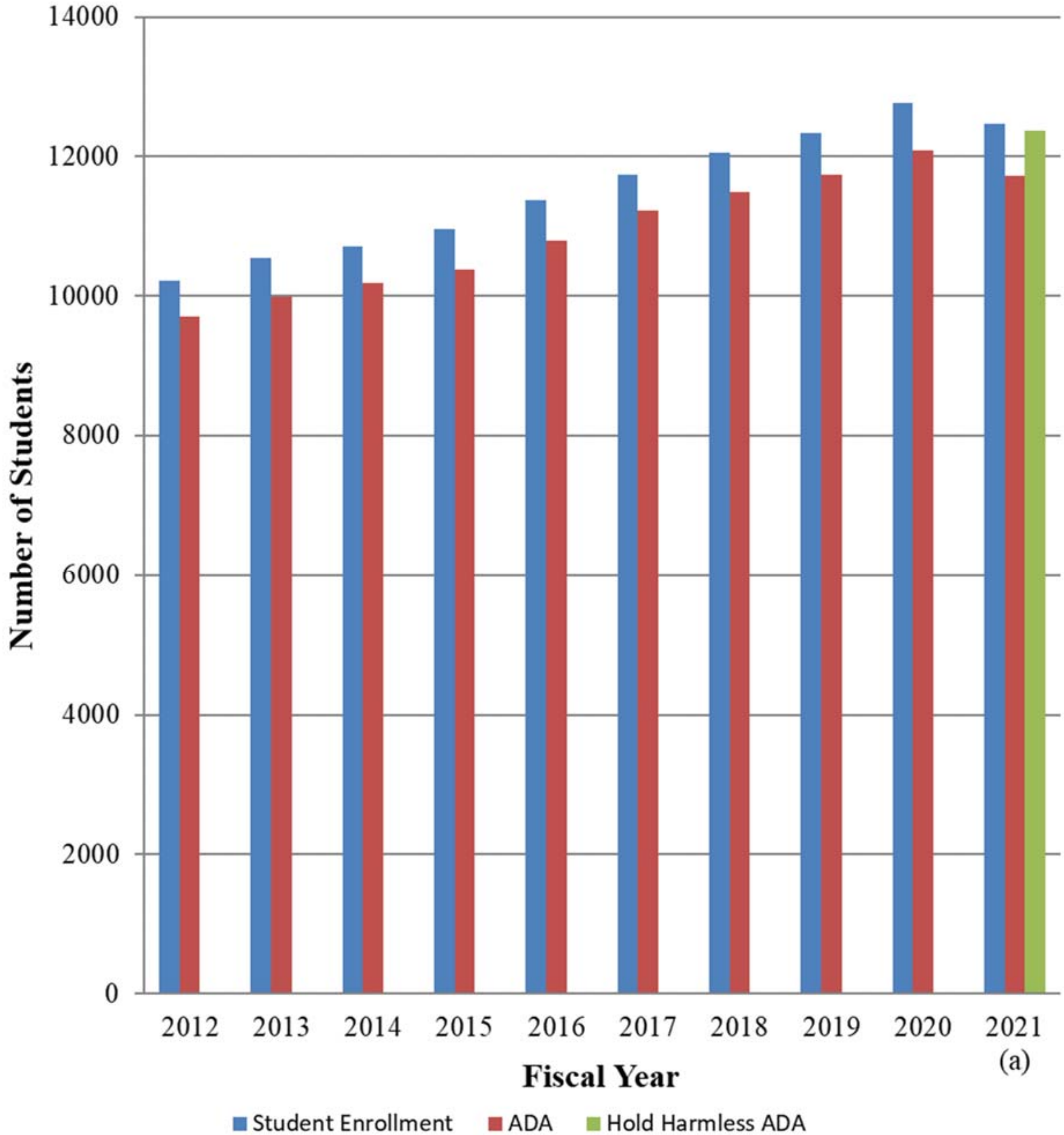
Principal Employers
Current Year and Five Years Ago
(Unaudited)

		2020-2021			2015-2016		
Principal Employer	Business Type	Rank	Number of Employees	Percentage of Total Employment	Rank	Number of Employees	Percentage of Total Employment
Burleson ISD	Education	1	1587	6.67%	1	1382	9.21%
Wal-Mart	Retail	2	550	2.31%	3	385	2.57%
City of Burleson	Municipality	3	516	2.17%	2	405	2.70%
H.E.B. Grocery Store	Grocery	4	450	1.89%	4	353	2.35%
Champion Buildings	Manufacturing	5	320	1.34%	5	175	1.17%
Sam's Club	Retail	6	175	0.74%	7	170	1.13%
KWS Manufacturing	Manufacturing	7	160	0.67%			
Kroger Marketplace	Retail	8	160	0.67%			
Basden Steel	Manufacturing	9	150	0.63%	8	150	1.00%
Golden State	Manufacturing	10	150	0.63%			
Target	Retail				6	175	1.17%
Lowe's	Retail				9	145	0.97%
Thomas Conveyor	Manufacturing				10	126	0.84%
			4218	17.73%		3466	23.11%

Source: City of Burleson and Annual Comprehensive Financial reports from the corresponding fiscal years.

Burleson Independent School District **Schedule 17**

Total Enrollment and Average Daily Attendance Data Chart
Last Ten Years
(Unaudited)



(a)The district's state funding is based on both enrollment and attendance. In recognition of the effects of the pandemic on both of those figures, TEA provided hold harmless funding if district maintained or increased current levels of on-campus attendance.

Burleson Independent School District

Schedule 18

Full Time Equivalent Employees by Function
Last Nine Years
(Unaudited)

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Teaching									
Elementary Classroom Teachers	329	313	304	322	353	349	355	359	374
Secondary Classroom Teachers	260	323	324	344	374	386	388	407	417
Other Teachers	75	39	56	40	32	38	36	34	23
Total Teaching Staff	664.00	675	684	706	759	773	780	800	813
Support Staff									
Counselors	21	23	22	23	23	29	28	30	33
Therapists	16	17	17	17	19	19	21	20	22
Psychologists/Diagnosticians	16	16	15	17	20	13	16	15	19
Teacher Facilitators	7	8	8	14	13	12	13	11	13
Other Campus Professional	9	10	17	18	10	19	15	15	16
Other Non-Instructional	17	18	21	20	24	22	33	37	33
Athletic Trainer	3	3	2	4	3	5	4	3	3
Librarians	14	14	13	14	14	14	14	14	12
Nurses/Physicians	16	14	15	16	16	15	14	15	17
Total Support Staff	119.00	123	130	143	142	148	157	160	168
Administrative Staff									
Principals	15	15	14	15	17	17	17	18	18
Assistant Principals	25	24	26	26	26	28	30	27	28
Superintendent	1	1	1	1	1	1	1	1	1
Assistant Superintendent	1	1	2	2	2	1	0	1	1
Directors	11	13	15	14	19	13	12	10	9
Total Central Administration	52.55	54	58	58	65	60	60	57	57
Paraprofessional Staff									
Educational Aides	121.75	119	128	126	134	155	150	136	144
Auxiliary Staff									
Auxiliary	390.00	363	369	349	382	399	404	408	404
Total	1,347	1,334	1,369	1,382	1,482	1,535	1,550	1,561	1,587

Source: Texas Education Agency PEIMS Reports. Minor differences between this schedule and those on the internet are due to rounding.

Burleson Independent School District

Schedule 19

Teacher Salary Data
Last Ten Years
(Unaudited)

Fiscal Year	Minimum Salary	Maximum Salary	District Average Salary	Region Average Salary	State Average Salary
2012	43,200	66,000	47,011	50,386	48,375
2013	43,200	66,000	47,795	51,130	48,821
2014	43,200	66,000	47,958	52,208	49,692
2015	46,000	67,200	49,601	53,291	50,715
2016	48,000	68,700	52,345	54,379	51,892
2017	49,000	69,700	53,322	55,194	52,525
2018	50,000	70,900	54,030	56,144	53,334
2019	51,000	71,609	54,961	56,985	54,122
2020	54,500	76,805	58,833	59,338	57,091
2021	55,500	77,273	59,532	60,025	57,641

Source: District Records and PEIMS Standards Report

Note 1: Minimum and Maximum Salary based on Bachelor's 187 Days.

This Page Intentionally Left Blank

Burleson Independent School District

Operating Statistics
Last Ten Years
(Unaudited)

Fiscal Year	Total Enrollment	Average Daily Attendance	Operating Expenditures[1]	Cost Per Pupil	Percent Change	Operating Expenses	Cost Per Pupil
2012	10,160	9,705	75,980,885	7,829	2.09%	98,557,844	10,156
2013	10,457	9,990	78,814,758	7,890	0.77%	101,014,582	10,112
2014	10,618	10,186	81,731,793	8,024	1.70%	104,267,980	10,236
2015	10,805	10,389	87,023,734	8,377	4.40%	108,470,607	10,441
2016	11,376	10,804	94,337,802	8,731	4.24%	118,366,773	10,956
2017	11,748	11,226	100,028,328	8,910	2.05%	126,781,089	11,293
2018	12,054	11,487	104,797,465	9,123	2.39%	101,940,469	8,874
2019	12,340	11,735	109,436,472	9,326	2.22%	144,677,300	12,329
2020	12,775	12,088	119,918,521	9,921	6.38%	160,972,347	13,317
2021	12,474	12,370	122,011,446	9,863	-0.58%	159,418,216	12,887

Source: District's Financial Audit, Exhibit B-1 and C-3, District Records

[1]Operating expenditures are total expenditures less debt service and capital outlays.

Schedule 20

Percent Change	Teaching Staff	Pupil-Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
-9.92%	652	14.9	37.0%
-0.43%	665	15.0	36.0%
1.23%	675	15.1	35.0%
2.00%	685	15.2	38.0%
4.93%	706	15.3	38.0%
3.09%	759	14.8	37.0%
-21.42%	772	14.9	37.0%
38.92%	780	15.1	39.0%
8.02%	800	15.1	39.0%
-3.23%	813	15.2	35.0%

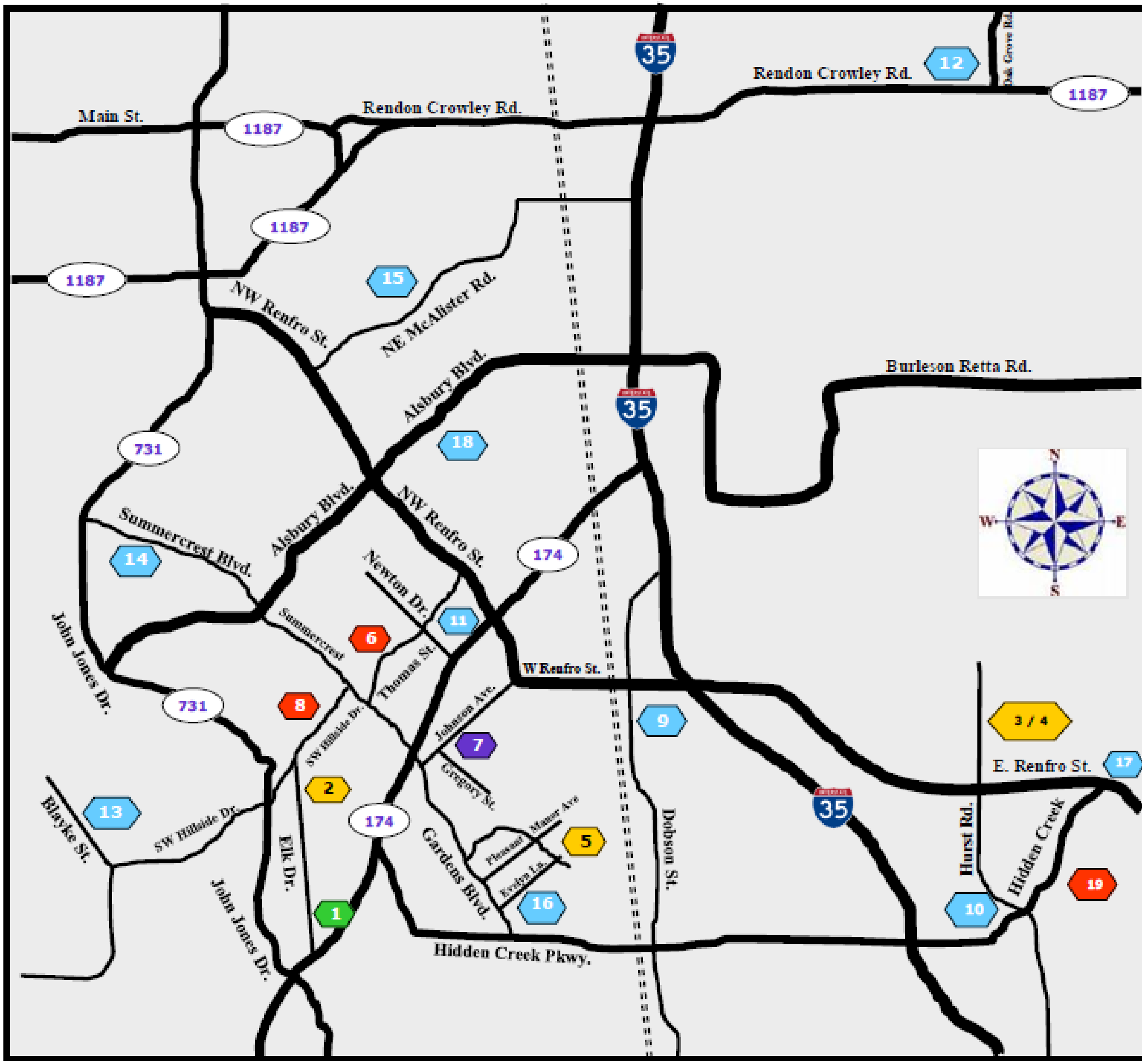
Burleson Independent School District

Schedule 21

School Building Information
Last Ten Years
(Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Elementary										
# of Locations	10	10	10	10	10	10	10	10	10	10
Sq. Footage	854,479	854,479	854,479	854,479	854,479	854,479	854,479	854,479	854,479	854,479
Capacity	6,242	6,242	6,242	6,242	6,242	6,242	6,242	6,242	6,242	6,242
Enrollment	5,078	5,184	5,214	5,283	5,534	5,670	5,725	5,718	5,798	5,427
Middle Schools										
# of Locations	2	2	2	2	3	3	3	3	3	3
Sq. Footage	383,563	383,563	383,563	383,563	434,793	434,793	434,793	434,793	426,188	426,188
Capacity	2,200	2,200	2,200	2,200	2,700	2,700	2,700	2,700	3,300	3,300
Enrollment	2,331	2,342	2,388	2,446	2,571	2,750	2,896	3,011	2,827	2,839
High Schools										
# of Locations	3	3	3	3	3	4	4	4	4	4
Sq. Footage	947,947	947,947	947,947	947,947	947,947	947,947	947,947	947,947	947,947	947,947
Capacity	4,150	4,150	4,150	4,150	4,150	4,150	4,150	4,150	4,150	4,150
Enrollment	2,750	2,931	3,016	3,076	3,271	3,328	3,433	3,611	3,853	3,856
Secondary Schools										
# of Locations									1	1
Sq. Footage									97,174	97,174
Capacity									600	600
Enrollment									297	352
Athletic Facilities										
Multi-purpose Buildings	1	1	1	1	1	1	1	1	2	2
Football fields	4	4	4	4	4	4	4	4	4	4
Running tracks	5	5	5	5	5	5	5	5	5	5
Ball Fields	4	4	4	4	4	4	4	4	4	4
Tennis Courts	28	28	28	28	28	28	28	28	28	28
Playgrounds	10	10	10	10	10	10	10	10	10	10
Administrative										
# of Locations	2	2	2	2	2	2	2	2	2	2
Sq. Footage	42,437	42,437	42,437	42,437	42,437	42,437	42,437	42,437	42,437	42,437
Agriculture Science Center										
Sq. Footage						28,900	28,900	28,900	28,900	28,900

Burleson ISD School Location Map



ADMINISTRATION

1 BISD Administration Bldg
160 SW Wilshire Blvd
817-245-1000

HIGH SCHOOLS

2 Burleson High School (001)
100 Elk Drive 817-245-0000

5 Crossroads High School (003)
505 Pleasant Manor 817-245-0500

3 Centennial High School (006)
201 N Hurst Rd 817-245-0250

4 Burleson Collegiate HS (007)
201 N Hurst Rd 817-245-1600

Secondary School

7 *Realm (008)*
517 SW Johnson Ave 817-245-1700

MIDDLE SCHOOLS

6 Hughes Middle School (041)
316 SW Thomas Street 817-245-0600

19 Kerr Middle School (042)
1320 E Hidden Creek Prkwy 817-245-0750

8 STEAM Middle School (043)
900 SW Hillside Dr 817-245-1500

ELEMENTARY SCHOOLS

9 Academy @ Nola Dunn (101)
201 S Dobson Street 817-245-3300

14 Frazier Elementary (102)
1125 NW Summercrest Blvd
817-245-3000

11 Academy of Leadership & Tech @ Mound (103)
205 SW Thomas St 817-245-3100

16 Norwood Elementary (104)
619 Evelyn Lane 817-245-3400

18 Taylor Elementary (105)
400 NE Alsbury Blvd 817-245-3200

17 STEAM Academy@Stribling(107)
1881 E Renfro Street 817-245-3500

10 Academy of Arts @ Bransom (108)
820 S Hurst Road 817-245-3600

15 Hajek Elementary (109)
555 NE McAlister Road 817-245-3700

12 Brock Elementary (110)
12000 Oak Grove Rd 817-245-3800

13 Clinkscale Elementary (111)
600 Blayke Street 817-245-3900

This Page Intentionally Left Blank

Federal Awards Section

This Page Intentionally Left Blank

Independent Auditor's
Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*

Board of Trustees
Burleson 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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Burleson Independent School District (the District) as of and for the year ended June 30, 2021, 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 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Weaver and Tidwell, L.L.P.
2821 West 7th Street, Suite 700 | Fort Worth, Texas 76107
Main: 817.332.7905

Board of Trustees
Burleson 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
November 8, 2021

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in accordance with the Uniform Guidance

Board of Trustees
Burleson Independent School District

Report on Compliance for Each Major Federal Program

We have audited Burleson Independent School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statues, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Weaver and Tidwell, L.L.P.
2821 West 7th Street, Suite 700 | Fort Worth, Texas 76107
Main: 817.332.7905

Board of Trustees
Burleson Independent School District

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
November 8, 2021

Burleson Independent School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I – Summary of Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiencies identified that are not considered to be material weakness(es)? ____ Yes __X__ None Reported
- Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiencies identified that are not considered to be material weakness(es)? ____ Yes __X__ None Reported

An unmodified opinion was issued on compliance for all major programs.

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ Yes __X__ No

Identification of major programs:

10.553	School Breakfast Program(1)
10.553	COVID-19-Seamless Summer Option- School Breakfast Program(1)
10.555	National School Lunch Program - Cash Assistance(1)
10.555	COVID-19-Seamless Summer Option- National School Lunch Program- Cash Assistance(1)
10.555	National School Lunch Program- Non-Cash Assistance(1)
10.555	COVID-19 Emergency Operating Cost Reimbursement Program(1)
84.425D	COVID 19-ESSER II Grant (Cares Act)
84.425D	COVID-19-ESSER Grant (Cares Act)
84.425D	COVID-19-ESSER Grant (Cares Act)

(1) Child Nutrition Cluster

- Dollar threshold used to distinguish between type A and type B programs? $750,000

Auditee qualified as low-risk auditee? __X__ Yes ___ No

Section II – Financial Statement Findings

There were no findings reported.

Section III – Federal Award Findings and Questioned Costs

There were no findings reported.

Burleson Independent School District **Exhibit K-1**

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

(1) FEDERAL GRANTOR PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF DEFENSE			
Direct Programs			
Junior ROTC	12.000	126902	$ 58,855
TOTAL DEPARTMENT OF DEFENSE			58,855
U.S. DEPARTMENT OF TREASURY			
Direct Programs			
Coronavirus Relief Fund	21.019	30004594	9,725
TOTAL DEPARTMENT OF TREASURY			9,725
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education			
ESEA, Title I, Part A	84.010A	20610101126902	220,583
ESEA, Title I, Part A	84.010A	21610101126902	743,701
Total CFDA Number 84.010A			964,284
Special Education Cluster			
IDEA - Part B, Formula	84.027A (1)	206600011269026000	323,213
IDEA - Part B, Formula	84.027A (1)	216600011269026000	1,059,934
Total CFDA Number 84.027A			1,383,147
IDEA - Preschool	84.173 (1)	206610011269026000	9,427
IDEA - Preschool	84.173 (1)	216610011269026000	26,614
Total CFDA Number 84.173			36,041
Total Special Education Cluster			1,419,188
Career and Technical - Basic Grant	84.048	21420006126902	91,356
Total CFDA Number 84.048			91,356
Title III, Part A - English Language Acquisition	84.365A	20671001126902	17,426
Title III, Part A - English Language Acquisition	84.365A	21671001126902	57,792
Total CFDA Number 84.365A			75,218
Title II, Part A - Teacher & Principal Training	84.367A	20694501126902	94,227
Title II, Part A - Teacher & Principal Training	84.367A	21694501126902	56,121
Total CFDA Number 84.367A			150,348
ESEA, Title VI, Part A - Subpart 1	84.424A	21680101126902	40,522
Total CFDA Number 84.424A			40,522
COVID-19-ESSER II GRANT (CARES ACT)	84.425D	21521001126902	3,799,610
COVID-19-ESSER GRANT (CARES ACT)	84.425D	52102135	557,370
COVID-19-ESSER GRANT (CARES ACT)	84.425D	20521001126902	452,133
Total CFDA Number 84.425D			4,809,113
ESEA, Title VI, Part A - Summer School LEP	84.369A	69551902	7,657
Total CFDA Number 84.369A			7,657
Total Passed Through State Department of Education			7,557,686
TOTAL DEPARTMENT OF EDUCATION			7,557,686

Burleson Independent School District

Exhibit K-1

Schedule of Expenditures of Federal Awards - Continued
Year Ended June 30, 2021

(1) FEDERAL GRANTOR PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal Assistance Listing	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Agriculture			
Child Nutrition Cluster:			
COVID-19-School Breakfast Program	10.553(2)	71402001	133,773
School Breakfast Program	10.553(2)	71402101	935,055
Total CDFA Number 10.553			1,068,828
COVID-19 National School Program Lunch - Cash Assistance	10.555(2)	71302001	381,650
National School Program Lunch - Cash Assistance	10.555(2)	71302101	3,132,038
National School Program Lunch - Non-Cash Assistance	10.555(2)	71301001	501,244
COVID-19-Emergency Operating Cost Reimbursement Program	10.555(2)		186,616
Total CDFA Number 10.555			4,201,548
Total Passed Through the State Department of Agriculture			5,270,376
TOTAL DEPARTMENT OF AGRICULTURE			5,270,376
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 12,896,642
Texas Division of Emergency Management			131,123
Donation of Federal Surplus Personal Property			913
School Health & Related Services (SHARS)(3)			1,302,488
TOTAL FEDERAL REVENUES, RECONCILED TO EXHIBIT C-3			$ 14,331,166
			-

(1) Reported as Special Education Cluster, as required by Compliance Supplement August 2021
(2) Reported as Child Nutrition Cluster, as required by Compliance Supplement August 2021
(3) Amounts not considered federal financial assistance subject to requirements in accordance with Uniform Guidance

Note 1. Basis of Presentation

The District uses the fund types specified in the Texas Education Agency's *Financial Accountability System Resource Guide*. Special Revenue Funds are used to account for resources restricted to specific purposes by a grantor. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Government Fund types are accounted for using a current financial resources measurement focus. All federal grants were accounted for in a Special Revenue Fund or the General Fund which are Governmental Fund types. With this measurement focus, only current assets, deferred outflows, current liabilities, deferred inflows and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in fund balance. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues on the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

Note 2. Basis of Funding

The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2021, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions has been recorded in the accompanying financial statements for such contingencies. Generally, unused balances are returned to the grantor at the close of specified project periods.

Note 3. Food Donation

Nonmonetary assistance is reported in the Schedule of Expenditures of Federal Awards at the fair market value of the commodities received and disbursed. As of June 30, 2021, the District recognized food commodities totaling $501,244 with a remaining $8,386 in inventory.

Note 4. Indirect Cost Rate

The District elected not to use the 10% de minimis cost indirect cost rate.

Financial Advisory Services
Provided By:

SAMCO Capital