

OFFICIAL NOTICE OF SALE, BID FORM
and
PRELIMINARY OFFICIAL STATEMENT

\$13,100,000*

FRISCO INDEPENDENT SCHOOL DISTRICT
(Denton & Collin Counties, Texas)

Unlimited Tax Refunding Bonds
Series 2022A

Bids Due
September 20, 2022
at 10:00 a.m., Central Time

*Preliminary, subject to change. See "THE BONDS – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS" herein.

This Official Notice of Sale does not alone constitute an invitation for bids but is merely notice of sale of the Bonds defined and described herein. The invitation for bids on the Bonds is being made by means of this Official Notice of Sale, the Official Bid Form, and the Preliminary Official Statement.

OFFICIAL NOTICE OF SALE

\$13,100,000*

FRISCO INDEPENDENT SCHOOL DISTRICT

(A political subdivision of the State of Texas located in Denton and Collin Counties, Texas)

UNLIMITED TAX REFUNDING BONDS, SERIES 2022A

THE SALE

BONDS OFFERED FOR SALE AT COMPETITIVE BID: The Board of Trustees (the "Board") of the Frisco Independent School District (the "District" or the "Issuer") is offering for sale at competitive bid its \$13,100,000* Unlimited Tax Refunding Bonds, Series 2022A (the "Bonds"). Bidders may submit bids for the Bonds by either of the following methods:

- (1) Submit bids electronically as described below in "BIDS BY INTERNET;" or
- (2) Submit bids by facsimile as described below in "BIDS BY FACSIMILE."

BIDS BY INTERNET: Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 10:00 A.M., Central time, on September 20, 2022. Bidders submitting a bid by internet **shall not** be required to submit signed Official Bid Forms prior to the award. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System ("PARITY") and should, as a courtesy, register with PARITY by 9:00 A.M., Central time, on September 20, 2022 indicating their intent to submit a bid by internet.

In the event of a malfunction in the electronic bidding process, bidders may submit their bids by facsimile, as described below. Any bid received after the scheduled time for their receipt will not be accepted.

The official time for the receipt of bids shall be the time maintained by PARITY. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale, the Official Bid Form, and the Preliminary Official Statement. To the extent that any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about the PARITY System, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone 212-849-5021.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Bonds on the terms provided in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Issuer. The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of PARITY, the use of such facilities being the sole risk of the prospective bidder.

BIDS BY FACSIMILE: Interested bidders may, at their option and risk, submit their bid by facsimile to the District's Financial Advisor, SAMCO Capital Markets, Inc. Attention: Mr. Brian Grubbs at (214) 279-8683 by 10:00 A.M., Central time, on September 20, 2022. Bidders submitting a bid by facsimile shall not be required to submit signed Official Bid Forms prior to the award. Any prospective bidder that intends to submit a bid by facsimile should, as a courtesy, submit an email message to bgrubbs@samcocapital.com by 9:00 A.M., Central time, on September 20, 2022 indicating their intent to submit a bid by facsimile.

Neither the District nor SAMCO Capital Markets, Inc. is responsible for any failure of either of the Financial Advisor's or the bidder's fax machine. Bids received by facsimile after the bid deadline will not be accepted. Bidders who fax bids do so at their own risk. All such bids are binding on the bidder.

PLACE AND TIME OF BID OPENING: The bids for the Bonds will be opened at the District's offices at 10:00 A.M. Central time, on September 20, 2022.

AWARD OF THE BONDS: In the order authorizing the Bonds that was adopted on March 21, 2022 (the "Bond Order"), the Board has delegated authority to certain District officials (each, a "Designated Financial Officer") the authority to execute a pricing certificate (the "Pricing Certificate") to establish the final terms and effectuate the sale of the Bonds, which terms will be evidenced in the Pricing Certificate (the Bond Order and the Pricing Certificate are collectively referred to herein as the "Order"). Upon the opening of the bids as described above, the Designated Financial Officer shall award the Bonds by executing the Official Bid Form and the Pricing Certificate. The District, acting through the Designated Financial Officer, reserves the right to reject any and all bids and to waive any irregularities except time of submission.

THE BONDS

DESCRIPTION: The Bonds will be dated October 1, 2022 (the "Dated Date"). Interest on the Bonds will accrue from the Dated Date and will be due on February 15, 2023, and each August 15 and February 15 thereafter until maturity. The Bonds will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds (the "Securities Depository"). Book-entry interests in the Bonds will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" in the Preliminary Official Statement.)

**Preliminary, subject to change. See "THE BONDS – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS" herein.*

MATURITY SCHEDULE: The Bonds will be stated to mature on the dates and in the amounts, as follows:

Maturity (2/15)	Principal Amount*	Maturity (2/15)	Principal Amount*
2023	\$1,180,000	2029	\$1,200,000
2024	1,005,000	2030	1,245,000
2025	1,045,000	2031	1,295,000
2026	1,080,000	2032	1,350,000
2027	1,120,000	2033	1,420,000
2028	1,160,000		

ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS: After selecting the winning bid, the aggregate principal amount of the Bonds and the principal amortization schedule may be adjusted as determined by the District and its Financial Advisor in \$5,000 increments to reflect the actual interest rates and to create a substantially level debt service schedule for the District. Such adjustments will not change the aggregate principal amount of the Bonds by more than 10% from the amount set forth herein or change the principal amount due on the Bonds in any year by more than 20%. The dollar amount bid for the Bonds by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Bonds finally determined to be issued. The District will use its best efforts to communicate to the winning bidder any such adjustment within four (4) hours after the opening of the bids. Purchaser's compensation will be based upon the final par amount after any adjustment thereto, subsequent to the receipt and tabulation of the winning bid, within the aforementioned parameters.

In the event of any adjustment of the maturity schedule for the Bonds as described above, no rebidding or recalculation of the proposals submitted will be required or permitted. Any such adjustment of the aggregate principal amount of the Bonds and/or the maturity schedule for the Bonds made by the District or its Financial Advisor shall be subsequent to the award of the Bonds to the winning bidder as determined pursuant to "CONDITIONS OF THE SALE – BASIS OF AWARD" herein and shall not affect such determination. The winning bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

SERIAL BONDS AND/OR TERM BONDS: Bidders may provide that all of the Bonds be issued as serial maturities or may provide that maturities 2023 through 2033 be combined into term bonds (the "Term Bonds"). Such Term Bonds would be subject to mandatory sinking fund redemption in accordance with the Bond Order. (See "THE BONDS – Mandatory Sinking Fund Redemption")

MANDATORY SINKING FUND REDEMPTION: If the successful bidder designates principal amounts of the Bonds to be combined into one or more Term Bonds, each such Term Bond will be subject to mandatory sinking fund redemption commencing on February 15 of the first year which has been combined to form such Term Bond and continuing on February 15 in each year thereafter until the stated maturity date of that Term Bond. The amount redeemed in any year will be equal to the principal amount for such year set forth in the table above under the caption "MATURITY SCHEDULE" (subject to adjustment, as provided in "ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS"). Term Bonds to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par and will be selected by lot from among the Term Bonds then subject to redemption. The District, at its option, may credit against any mandatory sinking fund redemption requirement Term Bonds of the maturity then subject to redemption which have been purchased and canceled by the District and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

NO OPTIONAL REDEMPTION: The Bonds are not subject to optional redemption prior to maturity. Therefore, unless the Purchaser designates Bonds as Term Bonds, in which event those Bonds will be subject to mandatory sinking fund redemption, the Bonds will not be subject to either optional or mandatory redemption prior to maturity.

AUTHORITY FOR ISSUANCE AND SECURITY FOR PAYMENT: The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas including, particularly Chapters 1207 and 1371, Texas Government Code, as amended (together, the "Act"), and a bond order adopted by the Board of Trustees on March 21, 2022. As permitted by the Act, the Board, in the Bond Order, delegated the authority to certain District officials to execute approval a pricing certificate establishing the pricing terms for the Bonds (the pricing certificate, together with the Bond Order, are collectively referred to herein as the "Order"). The Bonds are direct obligations of the District and are payable as to both principal and interest from ad valorem taxes to be levied annually on all taxable property within the District, without legal limitation as to rate or amount. (See "THE BONDS – Security" in the Preliminary Official Statement.)

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 provide a Paying Agent/Registrar at all times while the Bonds are outstanding, and any Paying Agent/Registrar selected by the District shall be a commercial bank or trust company organized under the laws of the United States and any state and duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds. The Paying Agent/Registrar will maintain the Security Register containing the names and addresses of the registered owners of the Bonds.

In the Bond Order the District retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, such Paying Agent/Registrar, promptly upon the appointment of a successor, is required to deliver the Security Register to the successor Paying Agent/Registrar.

In the event there is a change in the Paying Agent/Registrar, the District has agreed to notify each registered owner of the Bonds by United States mail, first-class postage prepaid, at the address in the Security Register, stating the effective date of the change and the mailing address of the successor Paying Agent/Registrar.

BOOK-ENTRY-ONLY SYSTEM: The District intends to utilize the Book-Entry-Only System of DTC with respect to the issuance of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" in the Preliminary Official Statement.

OFFICIAL STATEMENT AND OTHER TERMS AND COVENANTS IN THE ORDER: Further details regarding the Bonds and certain covenants of the District contained in the Bond Order are set forth in the Preliminary Official Statement, to which reference is made for all purposes.

*Preliminary, subject to change. See "THE BONDS – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS" herein.

CONDITIONS OF THE SALE

TYPES OF BIDS AND INTEREST RATES: The Bonds will be sold in one block, on an "All or None" basis, and at a price of not less than their par value, plus accrued interest on the Bonds from the Dated Date of the Bonds to the date of Initial Delivery (defined herein) of the Bonds. **No bid producing a cash premium on the Bonds that results in a dollar price of less than \$103.50 nor greater than \$110.00 will be considered; provided, however, that any bid is subject to adjustment as described under the caption "THE BONDS – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS."** Bidders are invited to name the rate(s) of interest to be borne by the Bonds, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest rate for the Bonds (calculated in the manner required by Chapter 1204, as amended, Texas Government Code) must not exceed 15%. **The highest rate bid may not exceed the lowest rate bid by more than 200 basis points (or 2.00% in rate). No limitation is imposed upon bidders as to the number of rates or changes which may be used.** All Bonds of one stated maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered. **The Bonds will not be guaranteed by the State of Texas Permanent School Fund Guarantee Program.**

BASIS OF AWARD: The sale of the Bonds will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the **lowest True Interest Cost (defined herein) rate on the Bonds to the District.** The "True Interest Cost" rate is that rate which, when used to compute the total present value as of the **Dated Date** of all debt service payments on the Bonds on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Bonds plus the premium bid (but not interest accrued from the Dated Date to the date of their Initial Delivery). In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium set forth in the Official Bid Form will be considered as the intended bid.

In order to provide the District with information required to be submitted to the Texas Bond Review Board pursuant to Section 1202.008, Texas Government Code, as amended, the Initial Purchaser will be required to provide the District with a breakdown of its "underwriting spread" among the following categories: Takedown, Management Fee (if any), Legal Counsel Fee (if any) and Spread Expenses (if any).

ESTABLISHING THE ISSUE PRICE FOR THE BONDS: In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended relating to the exclusion of interest on the Bonds from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Issuer or to the Issuer's municipal advisor, SAMCO Capital Markets, Inc. (the "Issuer's Municipal Advisor") (within 5 business days of the date on which the 10% Test, as defined below, is satisfied with respect to each of the maturities of the Bonds) the appropriate certification as to the Bonds' "issue price" (the "Issue Price Certificate") substantially in the form and to the effect attached hereto or accompanying this Notice of Sale. In the event the winning bidder will not reoffer any maturity of the Bonds for sale to the Public (as defined herein) by the Closing Date, the Issue Price Certificate may be modified in a manner approved by the Issuer. Each bidder, by submitting its bid, agrees to complete, execute, and timely deliver the appropriate form of the Issue Price Certificate, if its bid is accepted by the Issuer. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale:

- (i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party,
- (ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public),
- (iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "Sale Date" means the date that the Bonds are awarded by the Issuer to the winning bidder.

All actions to be taken by the Issuer under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Issuer by the Issuer's Municipal Advisor, and any notice or report to be provided to the Issuer may be provided to the Issuer's Municipal Advisor.

The Issuer will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Bonds, as specified in the bid and, if so stated, in the Official Bid Form.

The Issuer intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of municipal bonds), which requires, among other things, that the Issuer receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Competitive Sale Requirement").

The sale of the Bonds will be awarded to the bidder making a bid that conforms to the specifications herein. In the event that the bidding process does not satisfy the Competitive Sale Requirement, bids will not be subject to cancellation and the winning bidder will

be required to hold-the-offering-price of each maturity of the Bonds, other than any maturity 10% of which has been sold to the Public on the Sale Date at the initial offering price or any higher price ("Hold-the-Price Bonds"), as described in the next paragraph.

By submitting a bid, the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Bonds, that each Underwriter will neither offer nor sell any maturity of the Hold-the-Price Bonds to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the initial offering price to the Public.

The winning bidder shall promptly advise the Issuer when such bidder has sold at least 10% of a maturity of the Hold-the-Price Bonds to the Public at a price that is not higher than the initial offering price to the Public, if that occurs prior to the close of the fifth (5th) business day after the Sale Date.

In the event that the bidding process does not satisfy the Competitive Sale Requirement, in order to assist the Issuer with documenting the establishment of the issue prices of the Bonds, the winning bidder agrees to promptly report to the Issuer the prices at which at least 10% of each maturity of the Bonds have been sold to the Public (the "10% Test") (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test). That reporting obligation shall continue until 10% of each maturity of the Bonds is sold to the Public. By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, (A) to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder that the 10% Test has been satisfied as to the Bonds of that maturity, (B) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter, and (C) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder will assume that based on such agreement each order submitted by the underwriter, dealer or broker-dealer is a sale to the Public; and (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each underwriter or dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it until either all such Bonds have been sold or it is notified by the winning bidder or such Underwriter that the 10% Test has been satisfied as to the Bonds of that maturity. Sales of any Bonds to any person that is a Related Party to an Underwriter shall not constitute sales to the public for purposes of this Notice of Sale.

GOOD FAITH DEPOSIT: A bank cashier's check, payable to the order of "Frisco Independent School District", in the amount of \$262,000 which is 2% of the proposed par value of the Bonds (the "Good Faith Deposit"), is required to accompany any bid. The Good Faith Deposit of the Purchaser will be retained uncashed by the District pending the Purchaser's compliance with the terms of its bid and this Official Notice of Sale. In the event the Purchaser should fail or refuse to take up and pay for the Bonds in accordance with its bid or if it is determined after the acceptance of its bid by the Issuer that the Purchaser was found not to satisfy the requirements described below under **STANDING LETTER REQUIREMENT** and as a result the Texas Attorney General will not deliver its approving opinion of the Bonds, then said check shall be cashed and accepted by the District as full and complete liquidated damages. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately; however, if submitted separately, it shall be made available to the District prior to the opening of the bids, and shall be accompanied by instructions from the bank on which it is drawn which authorizes its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Purchaser will be returned to the Purchaser on the date of Initial Delivery upon completion of the Closing of the Bonds.** No interest will be allowed on the Good Faith Deposit. Checks accompanying bids other than the winning bid will be returned promptly after the bids are opened, and an award of the Bonds has been made by the District.

ADDITIONAL CONDITION OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM:

Obligation of the District to receive information from winning bidder. In accordance with Texas Government Code, Section 2252.908, as amended (the "Interested Party Disclosure Act") the District may not award the Bonds to a bidder unless the winning bidder either:

- (i) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the District as prescribed by the Texas Ethics Commission ("TEC"),
- or
- (ii) certifies in the Official Bid Form that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

In the event that the bidder's bid for the Bonds is the best bid received, the District, acting through its financial advisor, will promptly notify the winning bidder. That notification will serve as the District's conditional verbal acceptance of the bid, and, unless the bidder is exempt from filing a Disclosure Form, such notification will obligate the winning bidder to promptly file a completed Disclosure Form, as described below, in order to allow the District to complete the award. The District reserves the right to reject any bid that does not comply with the requirements prescribed herein.

Process for completing the Disclosure Form. For purposes of illustration, the Disclosure Form is attached hereto, and reference should be made to such form for the following information needed to complete it: (a) item 2 – name of the governmental entity (*Frisco Independent School District*) and (b) item 3 – the identification number assigned to this contract by the District (0001) and description of the goods or services (*Purchase of the Frisco Independent School District Unlimited Tax Refunding Bonds, Series 2022A*). **The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require a non-exempt business entity contracting with the District to complete the Disclosure Form electronically at <https://www.ethics.state.tx.us/main/file.htm>, print, complete the unsworn declaration, sign, and deliver, in physical form, the certified Disclosure Form that is generated by the TEC's "electronic portal" to the District. The completed and signed Disclosure Form must be sent by email, to the District's financial advisor at bgrubbs@samccapital.com, as soon as**

possible following the notification of conditional verbal acceptance and prior to the final written award. Upon receipt of the final written award, the winning bidder must submit the Disclosure Form with original signatures by email to Bond Counsel as follows: sgill@mphlegal.com.

Preparations for completion, and the significance of, the reported information In accordance with the Interested Party Disclosure Act, the information reported by a non-exempt bidder **MUST BE ACKNOWLEDGED BY AND SUBMITTED**. No exceptions may be made to that requirement. The Interested Party Disclosure Act and the Disclosure Form provide that such declaration is made "under penalty of perjury." Consequently, a bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. **Time will be of the essence in submitting the form to the District, and no final award will be made by the District regarding the sale of the Bonds until a completed Disclosure Form is received. The District reserves the right to reject any bid that does not satisfy the requirement of a completed Disclosure Form, as described herein.** Neither the District nor its consultants have the ability to verify the information included in a Disclosure Form, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm.

IMPACT OF BIDDING SYNDICATE ON AWARD: For purposes of contracting for the sale of the Bonds, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Bonds. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the District is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

NO BOYCOTT OF ISRAEL VERIFICATION: In accordance with Chapter 2271, Texas Government Code, as amended, ("Chapter 2271"), the District and other governmental entities in the State may not enter into a contract with a company for goods or services unless the contract contains a written verification from the company that it: (1) does not boycott Israel; and (2) will not boycott Israel during the term of the contract. To enable the District to comply with Chapter 2271, and to enable it to contract for the sale of the Bonds, the Official Bid Form for the Bonds includes a written verification of the bidder to the effect described above. Each bidder should review the "no Israel boycott verification" included in the Official Bid Form prior to making a bid for the Bonds to determine whether such statement can be made, which is a condition to making a bid for the Bonds.

VERIFICATION OF NO DEALINGS WITH FOREIGN TERRORIST ORGANIZATIONS: Pursuant to Chapter 2252, Texas Government Code, the District will not award the Bonds to a bidder unless the bidder certifies that neither it nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the same, is a company that contracts with or provides supplies or services to a foreign terrorist organization, as defined by Section 2252.151(2), Texas Government Code, or identified as a company known to have contracts with or provide supplies or services to a foreign terrorist organization as identified on a list prepared and maintained under Sections 2270.0201 or 2252.153, Texas under Sections 2270.0201 or 2252.153, Texas Government Code. By submitting a bid, the potential purchaser makes and certifies to the representations necessary and convenient for the compliance with the aforementioned laws and, at the request of the District, agrees to execute further written certifications as may be necessary or convenience for the District to establish compliance with the aforementioned laws

VERIFICATION PURSUANT TO CHAPTER 2274 OF THE TEXAS GOVERNMENT CODE: Pursuant to Chapter 2274 of the Texas Government Code, as amended, the winning bidder will be required to verify in the Official Bid Form, for the purposes of such chapter, except to the extent otherwise required by applicable state or federal law, that at the time of execution and delivery of its bid and to the date of delivery of the Bonds, neither the winning bidder, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the winning bidder boycotts energy companies or will boycott energy companies. The terms "boycotts energy companies" and "boycott energy companies" as used in this paragraph have the meaning assigned to the term "boycott energy company" in Section 809.001 of the Texas Government Code, as amended.

Pursuant to Chapter 2274 of the Texas Government Code, as amended, the winning bidder will be required to verify in the Official Bid Form, for the purposes of such chapter, except to the extent otherwise required by applicable state or federal law, that at the time of execution and delivery of its bid and to the date of delivery of the Bonds, neither the winning bidder, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the winning bidder discriminates against a firearm entity or firearm trade association. The term "discriminates against a firearm entity or firearm trade association" as used in this paragraph has the meaning assigned to the term "discriminate against a firearm entity or firearm trade association" in Section 2274.001 of the Texas Government Code, as amended.

STANDING LETTER REQUIREMENT: The bidder must have a standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office as required by the All Bond Counsel Letter of the Texas Attorney General dated September 22, 2021 (the "All Bond Counsel Letter"). In submitting a bid, the bidder represents to the District that it has filed a standing letter that conforms to the requirements set forth in the All Bond Counsel Letter and it has no reason to believe that the District may not be entitled to rely on the standing letter on file with the Municipal Advisory Council of Texas and the Texas Attorney General's Office. Bidder agrees that it will not rescind its standing letter at any time before the delivery of the Certificates unless same is immediately replaced with a standing letter meeting the requirements of the All Bond Counsel Letter.

The Issuer reserves the right, in its sole discretion, to reject any bid from a bidder that does not have such standing letter on file as of the deadline for bids for the Bonds. If requested by the Issuer, the Purchaser agrees to provide such further representations, certifications or assurances regarding the matters described under the heading **VERIFICATION PURSUANT TO CHAPTER 2274 OF THE TEXAS GOVERNMENT CODE**, as of the date of delivery of the Bonds or such other date requested by the District.

FURTHER STATE LAW COMPLIANCE: THE ISSUER WILL NOT AWARD THE BID TO ANY BIDDER WHO IS, OR WHOSE PARENT COMPANY, SUBSIDIARIES OR AFFILIATES IS, ON A LIST MAINTAINED BY THE TEXAS COMPTROLLER OR HAS RECEIVED A LETTER OR OTHER INQUIRY FROM A POLITICAL SUBDIVISION OR THE TEXAS COMPTROLLER OR THE TEXAS ATTORNEY GENERAL RELATED TO COMPLIANCE WITH CHAPTER 2274 OF THE TEXAS GOVERNMENT CODE.

OFFICIAL STATEMENT

To assist the winning bidder (the "Purchaser" or "Initial Purchaser") in complying with Rule 15c2-12, as amended (the "Rule"), of the United States Securities and Exchange Commission ("SEC"), the Issuer and the Initial Purchaser contract and agree, by the submission and acceptance of the winning bid, as follows:

COMPLIANCE WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION: The Issuer has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Bonds, but does not presently intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the Issuer deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of the Rule, except for information relating to the offering prices, yields, interest rates, final debt service schedule, selling compensation, identity of the Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Initial Purchaser shall be responsible for promptly informing the Issuer of the initial offering prices/yields of the Bonds.

Thereafter, the Issuer will complete and authorize distribution of the final Official Statement, being a modification of the Preliminary Official Statement, identifying the Initial Purchaser and containing such omitted information. The Issuer does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Initial Purchaser on or after the sale date, the Issuer intends the same to be final as of such date, within the meaning of the Rule. Notwithstanding the foregoing, the Issuer makes no representation concerning the absence of material misstatements or omissions from the Official Statement, except only as and to the extent under "NO LITIGATION AND OFFICIAL STATEMENT CERTIFICATION" as described below.

FINAL OFFICIAL STATEMENT: The Issuer will furnish to the Purchaser, within seven (7) business days after the sale date, an aggregate maximum of one hundred (100) copies of the Official Statement, together with information regarding interest rates, and other terms relating to the reoffering of the Bonds. In addition, the District agrees to provide, or cause to be provided, to the Purchaser, the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a "designated electronic format" (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with the Rule or the rules of the Municipal Securities Rulemaking Board ("MSRB"). The District consents to the distribution of such documents in a "designated electronic format." Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with MSRB Rule G-32. The Purchaser may arrange at its own expense to have the Official Statement reproduced and printed if it requires more copies and may also arrange, at its own expense and responsibility, for completion and perfection of the first or cover page of the Official Statement so as to reflect interest rates and other terms and information related to the reoffering of the Bonds. The Purchaser will be responsible for providing information concerning the Issuer and the Bonds to subsequent purchasers of the Bonds, and the Issuer will undertake no responsibility for providing such information other than to make the Official Statement available to the Purchaser as provided herein. The Issuer's obligation to supplement the Official Statement to correct key representations determined to be omitted or materially misleading, after the date of the Official Statement, shall terminate 25 days after the date of initial delivery.

CHANGES TO OFFICIAL STATEMENT: If, subsequent to the date of the Official Statement, the Issuer learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser of any adverse event which causes the Official Statement to be incomplete or materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Bonds, as described below under "DELIVERY AND ACCOMPANYING DOCUMENTS – CONDITIONS TO DELIVERY," the Issuer will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement, in a "designated electronic format" satisfactory to the Initial Purchaser.

NO LITIGATION AND OFFICIAL STATEMENT CERTIFICATION: At the time of payment for and delivery of the hereinafter defined Initial Bond ("Initial Delivery"), the Initial Purchaser will be furnished a certificate, executed by proper officials of the Issuer, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the Issuer contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Bonds, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the Initial Delivery, were and are true and correct in all material respects; (b) insofar as the Issuer and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the Issuer, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the Issuer believes to be reliable and the Issuer has no reason to believe that they are untrue in any material respect; (d) except as may be otherwise described in the Official Statement, there has been no material adverse change in the financial condition of the Issuer, since June 30, 2021, the date of the last financial statements of the Issuer appearing in the Official Statement; and (e) no litigation of any nature has been filed or is pending, as of the date hereof, to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner question the validity of the Bonds. The Official Statement and this Official Notice of Sale have been approved as to form and content and the use thereof in the offering of the Bonds has been authorized, ratified and approved by the Board in the Bond Order, and the Initial Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Bonds, a certified copy of such approval, duly executed by the proper officials of the Issuer.

CONTINUING DISCLOSURE AGREEMENT: The District has agreed in the Order to provide certain periodic information and notices of certain events in accordance with the Rule, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION". The Purchaser's obligation to accept and pay for the Bonds is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Order containing the agreement described under such heading.

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.

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL BOND: Initial Delivery will be accomplished by the issuance of one or more fully registered Bonds in the aggregate principal amount of the Bonds payable to the Purchaser (the "Initial Bond"), signed by the duly appointed officers of the Board, by their manual or facsimile signatures, approved by the Texas Attorney General, and registered and electronically signed by the Texas Comptroller of Public Accounts. Initial Delivery will be at the corporate trust office of the Paying Agent/Registrar. Upon delivery of the Initial Bond, they shall be immediately canceled and one definitive Bond for each maturity of the Bonds payable to Cede & Co. will be delivered to DTC in connection with DTC's Book-Entry-Only System. Payment for the

Bonds must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Purchaser will be given six business days' notice of the time fixed for delivery of the Bonds. It is anticipated that the delivery of the Initial Bond can be made on or about October 20, 2022, but if for any reason the District is unable to make delivery by November 17, 2022, then the District shall immediately contact the Purchaser and offer to allow the Purchaser to extend its obligation to take up and pay for the Bonds an additional thirty days. If the Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the District and the Purchaser shall be relieved of any further obligation. In no event shall the District be liable for any damages by reason of its failure to deliver the Bonds, provided that such failure is due to circumstances beyond the District's reasonable control.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of the Official Bid Form and this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Bonds shall be paid by the Issuer; however, the CUSIP Service Bureau's charge for the assignment of the numbers shall be paid by the Initial Purchaser.

CONDITIONS TO DELIVERY: The obligation to take up and pay for the Bonds is subject to the following conditions: the issuance of an approving opinion of the Attorney General of the State of Texas, the Initial Purchaser's receipt of the legal opinion of Bond Counsel and the certificate regarding the Official Statement as described under "CERTIFICATION OF THE OFFICIAL STATEMENT AND NO-LITIGATION", and the non-occurrence of the events described below under the caption "NO MATERIAL ADVERSE CHANGE". In addition, if the Issuer fails to comply with its obligations described under "OFFICIAL STATEMENT" above, the Initial Purchaser may terminate its contract to purchase the Bonds by delivering written notice to the Issuer within five (5) days thereafter.

NO MATERIAL ADVERSE CHANGE: The obligations of the Initial Purchaser to take up and pay for the Bonds, and of the Issuer to deliver the Initial Bond, are subject to the additional condition that, up to the time of delivery of and receipt of payment for the Initial Bond, there shall have been no material adverse change in the affairs of the Issuer subsequent to the date of sale from that set forth in the Official Statement, as it may have been finalized, supplemented or amended through the date of Initial Delivery.

LEGAL OPINIONS: The District will furnish the Purchaser a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State of Texas as to the Bonds, to the effect that the Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, regarding the legality and validity of the Bonds issued in compliance with the provisions of the Bond Order. (See "LITIGATION" and "LEGAL MATTERS" in the Official Statement and "Appendix C – Form of Legal Opinion of Bond Counsel" attached to the Official Statement.)

CHANGE IN TAX-EXEMPT STATUS: At any time before the Bonds are tendered for initial delivery to the Initial Purchaser, the Initial Purchaser may withdraw its bid if the interest on obligations such as the Bonds shall be declared to be includable in the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, either by Treasury regulations, by ruling or administrative guidance of the Internal Revenue Service, by a decision of any federal court, or by the terms of any federal income tax legislation enacted subsequent to the date of this Official Notice of Sale.

GENERAL CONSIDERATIONS

RATING: The Bonds are rated "Aa1" by Moody's Investors Service, Inc. ("Moody's") and "AA+" by S&P Global Ratings ("S&P"). There is no assurance that such ratings will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by such rating company, if in the judgment of said rating company, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price and marketability of the Bonds.

The Bonds will not be guaranteed by the State of Texas Permanent School Fund Guarantee Program.

ADDITIONAL ISSUANCE OF BONDS BY THE DISTRICT: The Bonds are being sold in close proximity to the District's contemplated issuance of \$78,470,000 (preliminary, subject to change) Frisco Independent School District Unlimited Tax Refunding Bonds, Series 2022B, scheduled to close on or about November 22, 2022 (the "2022B Refunding Bonds"). This Official Statement describes only the Bonds and not the 2022B Refunding Bonds. Investors interested in making an investment decision concerning the 2022B Refunding Bonds should review the offering document relating thereto.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE: No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act. The Bonds have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. Any representation to the contrary is a criminal offense. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon exemptions contained therein, nor have the Bonds been registered or qualified under the securities acts of any other jurisdiction. The Issuer 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 Purchaser to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The Issuer agrees to cooperate, at the Purchaser's written request and expense and within reasonable limits, in registering or qualifying the Bonds, or in obtaining an exemption from registration or qualification in any state where such action is necessary, but the District will in no instance execute a general consent to service of process in any state in which the Bonds are offered for sale.

ADDITIONAL COPIES: Subject to the limitations described herein, additional copies of this Official Notice of Sale, the Official Bid Form, and the Official Statement may be obtained from SAMCO Capital Markets, Inc., 5800 Granite Parkway, Suite 210, Plano, Texas 75024.

In the Bond Order, the Board has delegated to the Designated Financial Officer the authority to approve the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and the Board has authorized its further use in the reoffering of the Bonds by the Purchaser.

FRISCO INDEPENDENT SCHOOL DISTRICT

/s/

Designated Financial Officer

Dated: September 13, 2022

OFFICIAL BID FORM

President and Board of Trustees
 Frisco Independent School District
 5515 Ohio Drive
 Frisco, TX 75035

September 20, 2022

Ladies & Gentlemen:

Reference is made to your Official Notice of Sale and Preliminary Official Statement dated September 13, 2022 of \$13,100,000* FRISCO INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2022A (the "Bonds"), both of which constitute a part hereof.

For your legally issued Bonds, as described in said Official Notice of Sale and Preliminary Official Statement, we will pay you a price of par value thereof plus accrued interest from their Dated Date to the date of initial delivery to us, plus a cash premium of \$_____ (no bid producing a cash premium that results in a dollar price of less than \$103.50 nor greater than \$110.00 will be considered) for Bonds maturing and bearing interest as follows:

Maturity (2/15)	Principal Amount*	Interest Rate	Maturity (2/15)	Principal Amount*	Interest Rate
2023	\$1,180,000	_____	2029	\$1,200,000	_____
2024	1,005,000	_____	2030	1,245,000	_____
2025	1,045,000	_____	2031	1,295,000	_____
2026	1,080,000	_____	2032	1,350,000	_____
2027	1,120,000	_____	2033	1,420,000	_____
2028	1,160,000	_____			

(Interest to Accrue from the Dated Date)

Of the principal maturities of the Bonds set forth in years 2023-2033, we have created term bonds (the "Term Bonds") as indicated in the following table (which may include multiple Term Bonds, one Term Bond or no Term Bond if none is indicated). For those years which have been combined into a Term Bond, the principal amount shown in the table above will be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the Term Bond maturity date will mature in such year. The Term Bonds created are as follows:

Term Bond Maturity Date February 15	Year of First Mandatory Redemption	Principal Amount of Term Bond	Interest Rate
_____	_____	_____	_____
_____	_____	_____	_____

Our calculation (which is not a part of this bid) of the interest cost in accordance with the above bid is:

TRUE INTEREST COST _____ %

By accepting this bid, we understand the District will provide the copies of the Official Statement and of any amendments or supplements thereto in accordance with the Official Notice of Sale.

The Initial Bond shall be registered in the name of the Purchaser. We will advise DTC of registration instructions at least five business days prior to the date set for Initial Delivery. It is the obligation of the Purchaser of the Bonds to complete the DTC Eligibility Questionnaire.

Cashier's Check of the _____ (bank), _____ (location), in the amount of \$262,000 which represents our Good Faith Deposit is attached hereto or has been made available to you prior to the opening of the bid, in accordance with the terms set forth in the Official Notice of Sale and the Preliminary Official Statement. The Good Faith Deposit of the Purchaser will be returned to the Purchaser on the date of Initial Delivery upon completion of the closing of the Bonds.

We agree to accept delivery of the Initial Bond through DTC and make payment for the Initial Bond in immediately available funds at The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, no later than 10:00 A.M., Central time, on October 20, 2022 or thereafter on the date the Initial Bond are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale.

The Issuer will consider any bid submitted pursuant to the Official Notice of Sale relating to the Bonds to be a firm offer for the purchase of the Bonds.

The undersigned agrees to complete, execute and deliver to the District by the date of delivery of the Bonds, a certificate relating to the "issue price" of the Bonds in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District.

For purposes of contracting for the sale of the Bonds, the entity signing the bid form as bidder shall be solely responsible for the payment of the purchase price of the Bonds. The bidder may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the District is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

No Boycott of Israel Verification. To the extent this bid for the Bonds represents a contract for goods or services within the meaning of Section 2271.002 of the Texas Government Code, as amended, the bidder verifies, for purposes of Chapter 2271 of the Texas Government Code, as amended, that, except to the extent otherwise required by applicable state or federal law, at the time of execution and delivery of this bid and to the date of delivery of the Bonds, neither

**Preliminary, subject to change. See "THE BONDS – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS" in the Official Notice of Sale and Bidding Instructions.*

the bidder, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the bidder, boycotts or will boycott Israel. The terms "company", "boycotts Israel" and "boycott Israel" as used in this paragraph have the meanings assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code, as amended. The bidder understands "affiliate" to mean an entity that controls or is controlled by, or is under common control with, the bidder and exists to make a profit.

Verification Regarding Foreign Terrorist Organizations. The bidder represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under section 2252.153 or Section 2270.0201, Texas Government Code, as amended, and posted on any of the following pages of such officer's Internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, as amended, and to the extent such Section does not contravene applicable State or federal law and excludes the bidder and the bidder's parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The bidder understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with, the bidder and exists to make a profit.

No Boycott of Energy Companies. The bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, to the extent this bid for the Bonds is a contract for goods or services, does not boycott energy companies as of the date of delivery of this bid, and will not boycott energy companies through the date of initial delivery of the Bonds. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, "boycott energy companies" means, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company: (a) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (b) does business with a company described by (a). The bidder understands "affiliate" to mean an entity that controls or is controlled by, or is under common control with, the bidder and exists to make a profit. **The bidder understands that in connection with its review of the Bonds, the Office of the Texas Attorney General make require documentation from the bidder to substantiate this verification and such documentation may include requiring the bidder to provide a written legal opinion or comfort letter.**

No Discrimination Against Firearm Entities or Firearm Trade Associations. The bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, to the extent this bid for the Bonds is a contract for goods or services, as of the date of delivery of this bid does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association, and through the date of initial delivery of the Bonds will not discriminate against a firearm entity or firearm trade association. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, and to the extent such Section does not contravene applicable federal or state law. As used in the foregoing verification, the terms "discriminates against a firearm entity or firearm trade association" and "discriminate against a firearm entity or firearm trade association" mean: (i) to refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; but does not include a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (i) to comply with federal, state or local law, policy, or regulations or a directive by a regulatory agency, or (ii) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association. The bidder understand "affiliate" to mean an entity that controls or is controlled by, or is under common control with, the bidder and exists to make a profit. **The bidder understands that in connection with its review of the Bonds, the Office of the Texas Attorney General may require documentation from the bidder to substantiate this verification and such documentation may include requiring the bidder to provide a written legal opinion or comfort letter.**

Further State Law Compliance: IN ADDITION TO THE FOREGOING, THE BIDDER HEREBY REPRESENTS, BY SUBMISSION OF A BID, THAT NEITHER IT NOR ITS PARENT COMPANY, SUBSIDIARIES OR AFFILIATES IS ON A LIST MAINTAINED BY THE TEXAS COMPTROLLER OR HAS RECEIVED A LETTER OR OTHER INQUIRY FROM A POLITICAL SUBDIVISION OR THE TEXAS COMPTROLLER RELATED TO ITS INCLUSION ON ANY LIST OF FINANCIAL COMPANIES BOYCOTTING ENERGY COMPANIES.

BY SUBMITTING A BID, BIDDER AGREES, THAT SHOULD IT BE THE WINNING BIDDER, BIDDER SHALL COOPERATE WITH THE DISTRICT AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW.

Submission or Exemption of filing Form 1295: In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the District may not award the Bonds to a bidder unless the winning bidder either:

(i) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the District as prescribed by the Texas Ethics Commission ("TEC"),

or

(ii) certifies below that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

Unless the bidder certifies that it is exempt from filing a Disclosure Form with the District, upon notification of conditional verbal acceptance and if required, the undersigned will complete an electronic form of the Disclosure Form through the TEC's electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed and sent by email to the District's financial advisor at bgrubbs@samcocapital.com. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the District from providing final written award of the enclosed bid.

The Purchaser (mark one):

(i) Agrees to timely make a filing of a completed Disclosure Form with the District

or

(ii) Hereby certifies that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity .

Respectfully submitted,

(Purchaser)

(Signature - Title)

(Telephone)

[District signature page follows.]

ACCEPTANCE CLAUSE

THE FOREGOING BID IS IN ALL THINGS HEREBY ACCEPTED this September 20, 2022 by a Designated Financial Officer of the District by authority conveyed in the Bond Order of the Board of Trustees of the FRISCO INDEPENDENT SCHOOL DISTRICT adopted on March 21, 2022.

Designated Financial Officer

CERTIFICATE OF INTERESTED PARTIES

FORM **1295**

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
 Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

**OFFICE USE ONLY
 CERTIFICATION OF FILING**

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

Frisco Independent School District

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

0001

Purchase of the Frisco Independent School District Unlimited Tax Refunding Bonds, Series 2022A

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary

5 Check only if there is NO Interested Party.

6 UNSWORN DECLARATION

My name is _____, and my date of birth is _____.

My address is _____, _____, _____, _____, _____.
(street) (city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in _____ County, State of _____, on the _____ day of _____, 20____.
(month) (year)

 Signature of authorized agent of contracting business entity
 (Declarant)

ISSUE PRICE CERTIFICATE

(Form of Certificate if at least 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Purchaser”), with respect to the purchase at competitive sale of the Unlimited Tax Refunding Bonds, Series 2022A issued by the Frisco Independent School District (“Issuer”) in the principal amount of \$13,100,000* (“Bonds”), hereby certifies and represents, based on its records and information, as follows:

- (a) On the first day on which there was a binding contract in writing for the purchase of the Bonds by the Purchaser, the Purchaser’s reasonably expected initial offering prices of each maturity of the Bonds with the same credit and payment terms (the “Expected Offering Prices”) to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter are as set forth in the pricing wire or equivalent communication for the Bonds, as attached to this Certificate as Schedule A. The Expected Offering Prices are the prices for the Bonds used by the Purchaser in formulating its bid to purchase the Bonds.
- (b) The Purchaser had an equal opportunity to bid to purchase the Bonds and it was not given the opportunity to review other bids that was not equally given to all other bidders (i.e., no last look).
- (c) The bid submitted by the Purchaser constituted a firm bid to purchase the Bonds.

For purposes of this Issue Price Certificate, the term “Underwriter” means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this [ISSUE DATE].

[NAME OF PURCHASER], as Purchaser

By: _____

Name: _____

* Preliminary, subject to change. See “THE BONDS – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS” herein.

ISSUE PRICE CERTIFICATE

(Form of Certificate if less than 3 bids are received from underwriters)

The undersigned, as the underwriter or the manager of the syndicate of underwriters (“Purchaser”), with respect to the purchase at competitive sale of the Unlimited Tax Refunding Bonds, Series 2022A issued by the Frisco Independent School District (“Issuer”) in the principal amount of \$13,100,000* (“Bonds”), hereby certifies and represents, based on its records and information, as follows:

(a) [Other than the Bonds maturing in ____ (“Hold-the-Price Maturities”), the][The first prices at which at least ten percent (“Substantial Amount”) of the principal amount of each maturity of the Bonds having the same credit and payment terms (“Maturity”) was sold to a person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter (“Public”) are their respective initial offering prices, as listed in the pricing wire or equivalent communication for the Bonds that is attached to this Certificate as Schedule A.

(Add (b) and (c) only if winning bidder designates one or more maturities as Hold-the-Price Maturities)

(b) On or before the first day on which there is a binding contract in writing for the sale of the Bonds (“Sale Date”), the Purchaser offered to the Public each Maturity of the Hold-the-Price Maturities at their respective initial offering prices, as set forth in Schedule A hereto (“Initial Offering Price”).

(c) As set forth in the Notice of Sale, the Purchaser agreed in writing to neither offer nor sell any of the Hold-the-Price Maturities to any person at any higher price than the Initial Offering Price for each such Maturity until the earlier of the close of the fifth business day after the Sale Date or the date on which the Purchaser sells at least ten percent of a Hold-the-Price-Maturity of the Bonds to the Public at no higher price than the Initial Offering Price for such Maturity.

For purposes of this Issue Price Certificate, the term “Underwriter” means (1) (i) a person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, or (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1)(i) of this paragraph (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public) to participate in the initial sale of the Bonds to the Public, and (2) any person who has more than 50% common ownership, directly or indirectly, with a person described in clause (1) of this paragraph.

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by McCall, Parkhurst & Horton L.L.P. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Notwithstanding anything set forth herein, the Purchaser is not engaged in the practice of law and makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED as of this [ISSUE DATE].

[NAME OF PURCHASER], as Purchaser

By: _____

Name: _____

* Preliminary, subject to change. See “THE BONDS – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE BONDS” herein.

SCHEDULE A

PRICING WIRE OR EQUIVALENT COMMUNICATION

(Attached)

PRELIMINARY OFFICIAL STATEMENT
Dated: September 13, 2022

NEW ISSUE: BOOK-ENTRY-ONLY

In the opinion of McCall, Parkhurst & Horton L.L.P., 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, including the alternative minimum tax on certain corporations.

\$13,100,000*
FRISCO INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Denton and Collin Counties, Texas)
Unlimited Tax Refunding Bonds, Series 2022A

Dated Date: October 1, 2022

Due: February 15, as shown on page ii

The Frisco Independent School District Unlimited Tax Refunding Bonds, Series 2022A (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 (together, the "Act"), as amended, and an order (the "Bond Order") authorizing the issuance of the Bonds adopted on March 21, 2022 by the Board of Trustees (the "Board") of the Frisco 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 a pricing certificate (the "Pricing Certificate") establishing the pricing terms for the Bonds (the Pricing Certificate, 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 ad valorem tax levied annually, without legal limit as to rate or amount, against all taxable property located within the District. **The Bonds will not be guaranteed by the State of Texas Permanent School Fund Guarantee Program** (see "THE BONDS – Security").

Interest on the Bonds will accrue from the Dated Date specified above and will be payable on February 15 and August 15 of each year, commencing February 15, 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 of the Bonds 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. 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 "PLAN OF FINANCING - Purpose", "PLAN OF FINANCING - Refunded Bonds" and "Schedule I – Schedule of Refunded Bonds").

The Bonds are not subject to optional redemption prior to stated maturity. However, the Purchaser may select two or more consecutive maturities of the Bonds to be grouped together to form one or more "Term Bonds", and such Term Bonds would be subject to mandatory sinking fund redemption in accordance with the Order (see "THE BONDS – Mandatory Sinking Fund Redemption").

MATURITY SCHEDULE
(On Page ii)

The Bonds are offered for delivery when, as and if issued, and received by the initial purchaser at a competitive sale (the "Purchaser") 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., Dallas, Texas, Bond Counsel. The Bonds are expected to be available for initial delivery through the facilities of DTC on or about October 20, 2022.

BIDS DUE SEPTEMBER 20, 2022 BY 10:00 A.M., CENTRAL TIME

**Preliminary, subject to change.*

\$13,100,000*
FRISCO INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Denton and Collin Counties, Texas)
UNLIMITED TAX REFUNDING BONDS, SERIES 2022A

MATURITY SCHEDULE*
Base CUSIP No.: 35880C⁽¹⁾

Maturity Date (2/15)	Principal Amount*	Interest Rate	Initial Yield	CUSIP No. Suffix⁽¹⁾
2023	\$1,180,000			
2024	1,005,000			
2025	1,045,000			
2026	1,080,000			
2027	1,120,000			
2028	1,160,000			
2029	1,200,000			
2030	1,245,000			
2031	1,295,000			
2032	1,350,000			
2033	1,420,000			

(Interest to accrue from the Dated Date)

**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 (“CGS”). This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Financial Advisor, the Purchaser or their agents or counsel assume responsibility for the accuracy of such numbers.

FRISCO INDEPENDENT SCHOOL DISTRICT

BOARD OF TRUSTEES

<u>Name</u>	<u>Term Expires</u>	<u>Length of Service</u>	<u>Occupation</u>
Rene Archambault, President	2024	4 Years	Deputy Director
Debbie Gillespie, Vice President	2023	11 Years	Community/School Volunteer
Dynette Davis, Secretary	2023	2 Years	Educator and Entrepreneur
John Classe, Member	2024	8 Years	Financial Planner
Stephanie Elad, Member	2025	3 Months	Senior Director
Marvin Lowe, Member	2025	3 Months	Real Estate Broker
Gopal Ponangi, Member	2025	3 Years	Senior Manager

APPOINTED OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Length of Education Service</u>
Dr. Mike Waldrip	Superintendent	40 Years
Dr. Todd Fouche	Deputy Superintendent	19 Years
Dr. Wes Cunningham	Associate Deputy Superintendent	29 Years
Dr. Pam Linton	Chief Human Resources Officer	32 Years
Cory McClendon	Chief Leadership Officer	23 Years
Amanda McCune	Chief Communications Officer	6 Years
Cheryl McDonald	Chief Technology Officer	28 Years
Erin Miller	Chief Student Services Officer	26 Years
Kimberly Smith	Chief Financial Officer	14 Years
Scott Warstler	Chief Operations Officer	25 Years

CONSULTANTS AND ADVISORS

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

For additional information, contact:

Kimberly Smith
Chief Financial Officer
Frisco Independent School District
5515 Ohio
Frisco, Texas 75035
(469) 633-6000

Brian Grubbs / Doug Whitt
SAMCO Capital Markets, Inc.
5800 Granite Parkway, Suite 210
Plano, Texas 75024
(214) 765-1470
(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, as amended ("Rule 15c2-12"), 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 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 or the Financial Advisor. 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 "CONTINUING DISCLOSURE OF INFORMATION" for a description of the undertaking of the District, 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.

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

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 THIS ENTIRE OFFICIAL STATEMENT, INCLUDING THE SCHEDULE, AND ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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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 this entire Official Statement.

The District	The Frisco Independent School District (the "District") is a political subdivision of the State of Texas located in Denton and Collin 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 \$13,100,000 (preliminary, subject to change) pursuant to the Constitution and general laws of the State of Texas, including particularly Chapters 1207 and 1371, Texas Government Code (together, the "Act"), as amended, and the order (the "Bond Order") adopted by the Board on March 21, 2022. As permitted by 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 "PLAN OF FINANCING - Purpose", "PLAN OF FINANCING - 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 The Depository Trust Company, New York, New York. (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. (See "THE BONDS – Security", "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS", and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM").
No Optional Redemption	The Bonds are not subject to optional redemption prior to stated maturity. However, the Purchaser may select two or more consecutive maturities of the Bonds to be grouped together to form one or more "Term Bonds", and such Term Bonds would be subject to mandatory sinking fund redemption in accordance with the Bond Order (see "THE BONDS – Mandatory Sinking Fund Redemption").
Ratings	The Bonds are rated "Aa1" by Moody's Investors Service, Inc. ("Moody's") and "AA+" by S&P Global Ratings ("S&P"). (See "RATINGS" 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, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations. (See "TAX 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.
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., Dallas, Texas, Bond Counsel.
Delivery	When issued, anticipated to be on or about October 20, 2022.
Additional Issuance of Bonds by the District	The Bonds are being sold in close proximity to the District's contemplated issuance of \$78,470,000 (preliminary, subject to change) Frisco Independent School District Unlimited Tax Refunding Bonds, Series 2022B, scheduled to close on or about November 22, 2022 (the "2022B Refunding Bonds"). This Official Statement describes only the Bonds and not the 2022B Refunding Bonds. Investors interested in making an investment decision concerning the 2022B Refunding Bonds should review the offering document relating thereto.
No PSF Guarantee	The Bonds will not be guaranteed by the State of Texas Permanent School Fund Guarantee Program (see "THE BONDS – Security").

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 Frisco Independent School District (the "District"), a political subdivision of the State of Texas (the "State") located in Denton and Collin Counties, Texas, in connection with the offering by the District of its Unlimited Tax Refunding Bonds, Series 2022A (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 and the Bond Order (defined below) adopted by the Board of Trustees of the District (the "Board") on March 21, 2022 authorizing the issuance of the Bonds and certain other information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained upon request by writing the Frisco Independent School District, 5515 Ohio Drive, Frisco, Texas 75035 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 of its date, and the information contained herein is subject to change. A copy of this Official Statement relating to the Bonds will be submitted by the initial Purchaser of the Bonds to the Municipal Securities Rulemaking Board, and will be available through its Electronic Municipal Market Access system. See "CONTINUING DISCLOSURE OF INFORMATION" 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 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.

PLAN OF FINANCING

Purpose

Proceeds from the sale of the Bonds will be utilized to (i) refund certain of the District's currently outstanding indebtedness as disclosed in Schedule I hereto (the "Refunded Bonds") for debt service savings and (ii) pay the costs of issuance of the Bonds.

Refunded Bonds

The Bond Order provides that from a portion of the proceeds of the sale of the Bonds to the Purchaser, the District will deposit with The Bank of New York, Mellon Trust Company, N.A., Dallas, Texas as, the escrow agent for the Refunded Bonds (the "Escrow Agent"), an amount, together with other lawfully available funds of the District, if required, 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 Defeasance Securities authorized by Section 1207.062 Texas Government Code and the bond order authorizing the Refunded Bonds ("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, Texas Government Code, as amended ("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 orders 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.

Sources and Uses of Funds

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

Sources	
Par Amount of Bonds	\$
Net Reoffering Premium	
Accrued Interest	
Total Sources of Funds	\$ _____
Uses	
Deposit to Escrow Fund	\$
Costs of Issuance	
Purchaser's Discount	
Deposit to Interest and Sinking Fund	
Total Uses of Funds	\$ _____

THE BONDS

Authorization

The Bonds are being issued in the principal amount of \$13,100,000 (preliminary, subject to change) pursuant to the Constitution and general laws of the State, including particularly Chapters 1207 and 1371, Texas Government Code (together, the "Act"), as amended, and the order (the "Bond Order") adopted on March 21, 2022 by 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").

General Description

The Bonds will be dated October 1, 2022 (the "Dated Date") and will bear interest from the Dated Date. 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 will be computed on the basis of a 360-day year of twelve 30-day months, and is payable on February 15, 2023 and on each August 15 and February 15 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 or any integral multiple thereof within a 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 registration books on the Record Date (as 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 of and interest on the Bonds will be made as described in "BOOK-ENTRY-ONLY SYSTEM" herein.

If the date for any payment on the Bonds is a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where 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 a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized to close; and 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 stated maturity.

Mandatory Sinking Fund Redemption

Two or more consecutive maturities of the Bonds may be grouped together as a term bond by the Purchaser, and such term bonds would be subject to mandatory sinking fund redemption in accordance with the Order. In that event, the redemption provisions will be described in the final Official Statement.

Security

The Bonds are direct obligations of the District and are payable as to both principal and interest from an ad valorem tax annually levied, without legal limit as to rate or amount, on all taxable property within the District. (See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS", "CURRENT PUBLIC SCHOOL FINANCE SYSTEM").

The Bonds will not be guaranteed by the State of Texas Permanent School Fund Guarantee Program.

Legality

The Bonds are offered when, as and if issued, 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., Dallas, 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 Order, the District has reserved the right to amend the Order without the consent of any holder for the purpose of amending or supplementing the 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 Order that do not materially adversely affect the interests of the holders, (iv) qualify the 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 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 Order further provides that the majority of owners of the Bonds shall have the right from time to time to approve any amendment not described above to the Order if it is deemed necessary or desirable by the District; provided, however, that without the consent of 100% of the holders in principal amount 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 payable on any outstanding Bonds; (iv) modifying the terms of payment of principal or interest 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 Order for further provisions relating to the amendment thereof.

Defeasance

The 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) lawful money of the United States of America 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 provide for 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 Order provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, defease or otherwise discharge obligations such as the Bonds. 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, and (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. The Pricing Officer may restrict such eligible Defeasance Securities as deemed appropriate in connection with the sale of the Bonds (and if so restricted, the Final Official Statement will provide the details). There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Order does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

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.

REGISTERED OWNERS' REMEDIES

The 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 Order and the continuation thereof for a period of 60 days after notice of default is given by the District by any 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 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 Order does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the District to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, Texas Government Code, as amended ("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 outside of Chapter 1371, bondholders may not be able to bring such a suit against the District for breach of the Bonds or Order covenants. 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. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors 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 Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or any notices, to Direct Participants, (2) DTC 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 Direct 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 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-Only 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 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, physical Bond certificates are required to be printed and delivered to Bondholders.

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, physical Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the District believes to be reliable, but none of the District, the Financial Advisor, or the Purchaser 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 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 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 or trust company organized under the laws of the United States or any state 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 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 registered mail to the new registered owner at the registered owner's request, risk and expense. 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 ("Record Date") for determining the person to whom the interest on the Bonds is payable on any interest payment date means the close of business on the last business day of the 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 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.

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 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 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 calculated M&O revenues generated by the school district's respective M&O tax rates.

The first level of funding, Tier One, is the basic level of funding guaranteed to all school districts based on a school district's Tier One Tax Rate. Tier One funding may then be "enriched" with Tier Two funding. Tier Two provides a guaranteed entitlement for each cent of a school district's Enrichment Tax Rate, allowing a school district 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 2022-2023 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 \$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 2022-2023 school year, the District was designated as an "excess local revenue" Chapter 49 school district by TEA. Accordingly, the District has entered into a wealth equalization agreement with the Commissioner for the purchase of attendance credits for the 2022-23 school year, for the purpose of implementing permitted wealth equalization options.

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

For a detailed discussion of State funding for school 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 Collin Central Appraisal District and the Denton Central 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 (as described below) of the appraised value of all homesteads, (2) a \$10,000 exemption of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled, and (3) various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty. 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 for additional state aid to hold school districts harmless for tax revenue losses resulting from the increased homestead exemption.

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 of the District – 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 and 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 of the District – 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").

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 vote to extend this program, which now is 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 "AD VALOREM TAX PROCEDURES – 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

A school district is authorized to levy maintenance and operation ("M&O") taxes subject to approval of a proposition submitted to district voters under Section 45.003(d) of the Texas Education Code, as amended. The maximum M&O tax rate that may be levied by a district cannot exceed the voted maximum rate or the maximum rate described in the next succeeding paragraph. The maximum voted M&O tax rate for the District is \$1.50 per \$100 of assessed valuation as approved by the voters at an election held on October 6, 2001 under Chapter 20, Texas Education Code (now codified as Section 45.003, Texas Education Code).

The maximum maintenance tax rate per \$100 of taxable value that may be adopted by an independent school district is the sum of \$0.17 and the school district's MCR. The District's MCR is, generally, inversely proportional to the change in taxable property values both within the District and the State and is subject to recalculation annually. For any year, highest possible MCR for an independent 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". In connection with prior bond issues, 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 each respective county. Each Appraisal District is governed by a board of directors appointed by voters of the governing bodies of various political subdivisions within the respective county.

The District does not grant a local option exemption to the market value of the residence homestead of persons who are 65 years of age or older; and, the District does not grant a local option exemption to the market value of the residence homestead of the disabled.

The District has not granted any part of the local option, additional exemption of up to 20% of the market value of residence homesteads.

Split payments are not permitted. Discounts are not permitted.

The District does not tax freeport property. For the 2022/23 fiscal year, property valued at \$56,326,970 was eligible for the freeport exemption. See "Appendix A – Financial Information of the District - Assessed Valuation" for a listing of the amounts of the exemptions described above.

The District has taken action to tax goods-in-transit.

The District has not granted any tax abatements.

The District does not tax non-business personal property.

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

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 Board has approved a resolution initiating 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 does participate in a tax increment reinvestment zone. The City of Frisco, Texas (the "City"), pursuant to Texas Tax Code, Chapter 311 has designated an area within the City as a reinvestment zone known as Reinvestment Zone Number One, City of Frisco, Texas (the "Zone") to promote development within the area. In designating the area as a reinvestment zone, the City has provided for certain improvements to be constructed using tax increment financing, i.e., a tax increment base is established for real property in the area within the reinvestment zone as of the year of its designation and property taxes levied by the city creating the reinvestment zone and other participating overlapping taxing units against the taxable values of such real property in excess of the tax increment base (the "Captured Appraised Value") are deposited into a tax increment fund ("TIF") to fund projects within the reinvestment zone in accordance with a "Project Plan" and "Financing Plan" approved for the reinvestment zone. The tax increment base value of the Zone for the District is \$16,059,872 and the Captured Appraised Value in the Zone for the 2022/2023 tax year is approximately \$2,049,638,855. The District has agreed to participate in the Zone by contributing 100% of its taxes collected against the Captured Appraised Value in the TIF and such taxes remitted to the TIF will not be available for operations of the District. The Zone was created by the City in accordance with the requirements of Section 403.302(d) of the Texas Government Code. Accordingly, the Commissioner of Education does not include the Captured Appraised Value of property that is located in the Zone in determining the District's property value wealth per student. See "AD VALOREM TAX PROCEDURES."

EMPLOYEES' RETIREMENT PLAN AND OTHER POST-EMPLOYMENT BENEFITS

The District's employees participate in a retirement 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. In addition to its participation in the TRS, the District contributes to the Texas Public School Retired Employees Group Insurance Program (the "TRS-Care"), a cost-sharing multiple-employer defined benefit post-employment health care plan. The TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the TRS. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Upon an employee's retirement, the District is no longer obligated to make contributions to the TRS-Care on behalf of such retired employee. (For more detailed information concerning the District's funding policy and contributions in connection with the TRS-Care, see "Note 11" in the audited financial statements of the District for the year ended June 30, 2021, set forth in Appendix D hereto) As a result of its participation in TRS and TRS-Care and having no other postemployment retirement benefit plans, the District has no obligations for other post-employment benefits within the meaning of Governmental Accounting Standards Board Statement No. 45. (See "Note 11" in the audited financial statements of the District for the year ended June 30, 2021, set forth in Appendix D hereto).

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.

RATINGS

The Bonds are rated "Aa1" by Moody's Investors Service, Inc. ("Moody's") and "AA+" by S&P Global Ratings ("S&P"). A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The rating reflects only the respective view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the respective rating company, if in the judgment of such company, the circumstances so warrant. Any such downward revision or withdrawal of such ratings, may have an adverse effect on the market price or marketability 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 and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under section 103(a) of the Internal Revenue Code, subject to the matters described under "TAX MATTERS" herein. The form of Bond Counsel's opinion is attached hereto as Appendix C. The District intends to pay the legal fee of Bond Counsel for services rendered in connection with the issuance of the Bonds from proceeds of the Bonds.

Bond Counsel represents the Financial Advisor and purchasers of school district bonds from time to time in matters unrelated to the issuance of the Bonds, but Bond Counsel has been engaged by and only represents the District in the issuance of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provisions of the Order.

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., Dallas, 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, (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 Sufficiency Certificate certifying as to the sufficiency of the deposit to the escrow 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. 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. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the Issuer that it deems relevant to render such opinion and is not a guarantee of a result. 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.

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

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.

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.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended (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 "RATINGS" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with 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.

INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE DISTRICT

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 PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the District's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the District appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for District deposits, or (ii) where (a) the funds are invested by the District through a broker or institution that has a main office or branch office in the State and selected by the District in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the District appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clauses (1) or (12), or, if applicable, corporate bonds as described below, 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 is also authorized to purchase, sell, and invest its funds in corporate bonds. "Corporate bond" is defined as a senior secured debt obligation issued by a domestic business entity and rated not lower than AA- or the equivalent by a nationally recognized investment rating firm (does not include convertible bonds or unsecured debt). The bonds must have a stated final maturity that is not later than 3 years from the date the corporate bonds were purchased. The District may not (1) invest more than 15 percent 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 percent of the funds invested in corporate bonds in any one domestic

business entity, including subsidiaries and affiliates of the entity. The District must sell corporate bonds if they are rated "AA-" or its equivalent and are either downgraded or placed on negative credit watch.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution.

The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

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

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

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

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

No registration statement relating to the Bonds has been filed with the SEC 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 SEC, nor has the SEC 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 Purchaser 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 Purchaser'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.

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.

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 their 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.

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 Electronic Municipal Market Access (EMMA) system at www.emma.msrb.org.

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 12 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 12 months after any such fiscal year end, then the District shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such 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 June 30 of each year, 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 of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties. In addition, the District will provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under "Annual Reports". Neither the Bonds nor the Order make any provision for a bond trustee, debt service reserves, credit enhancement, or liquidity enhancement. The District will provide each notice described in this paragraph to the MSRB.

For these purposes, 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. For the purposes of the above described event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

Availability of Information

All information and documentation filing required to be made by the District in accordance with its undertaking made for the Bonds will be filed 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 at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of certain events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that has been 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, but only if, (1) the agreement, as so amended, would have permitted underwriters to purchase or sell Bonds in the initial primary offering 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 (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent 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 holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of 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 amends its agreement, it has agreed to include with the financial information and operating data next 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 information and operating data so provided.

Compliance with Prior Undertakings

During the past five years, to the best of its knowledge, 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, except as may be described in this Official Statement, 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 of the District. See "NO LITIGATION AND OFFICIAL STATEMENT CERTIFICATION".

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.

WINNING BIDDER

On September 20, 2022, the Bonds were awarded to an investment bank or group of investment banks managed by _____ (the "Purchaser"). The initial reoffering yields for the Bonds were supplied to the District by the Purchaser. The initial reoffering yields shown on page ii hereof will produce compensation to the Purchaser of approximately \$_____.

NO LITIGATION AND OFFICIAL STATEMENT CERTIFICATION

At the time of payment for and delivery of the Initial Bond, the Purchaser will be furnished a certificate, executed by proper officials of the District, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Bonds, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of initial delivery of the Bonds, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the District, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the District believes to be reliable and the District has no reason to believe that they are untrue in any material respect; (d) except as may be otherwise described in the Official Statement, there has been no material adverse change in the financial condition of the District, since June 30, 2021, the date of the last financial statements of the District appearing in the Official Statement; and (e) no litigation of any nature has been filed or is pending, as of the date hereof, to restrain or enjoin the issuance or delivery of the Bonds or which would affect the provisions made for their payment or security or in any manner question the validity of the Bonds.

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.

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 Bond 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 Purchaser. 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

FRISCO INDEPENDENT SCHOOL DISTRICT

Schedule I - Schedule of Refunded Bonds*

Unlimited Tax Refunding Bonds, Series 2013

<u>Maturities Being Redeemed</u>	<u>CUSIP</u>	<u>Principal Amount Outstanding</u>	<u>Interest Rate</u>	<u>Principal Amount Being Refunded</u>	<u>Call Date</u>	<u>Principal Amount Unrefunded</u>
7/15/2023	35880CKC7	\$ 895,000.00	5.000%	\$ 895,000.00	January 16, 2023	\$ -
7/15/2024	35880CKD5	950,000.00	4.000%	950,000.00	January 16, 2023	-
7/15/2025	35880CKE3	1,000,000.00	5.000%	1,000,000.00	January 16, 2023	-
7/15/2026	35880CKF0	1,055,000.00	5.000%	1,055,000.00	January 16, 2023	-
7/15/2027	35880CKG8	1,115,000.00	5.000%	1,115,000.00	January 16, 2023	-
7/15/2028	35880CKH6	1,175,000.00	5.000%	1,175,000.00	January 16, 2023	-
7/15/2029	35880CKJ2	1,235,000.00	5.000%	1,235,000.00	January 16, 2023	-
7/15/2030	35880CKK9	1,310,000.00	5.000%	1,310,000.00	January 16, 2023	-
7/15/2031	35880CKL7	1,380,000.00	5.000%	1,380,000.00	January 16, 2023	-
7/15/2032	35880CKM5	1,450,000.00	5.000%	1,450,000.00	January 16, 2023	-
7/15/2033	35880CKN3	1,535,000.00	5.000%	1,535,000.00	January 16, 2023	-
		<u>\$ 13,100,000.00</u>		<u>\$ 13,100,000.00</u>		<u>\$ -</u>

*Preliminary, subject to change.

APPENDIX A

FINANCIAL INFORMATION OF THE DISTRICT

FRISCO INDEPENDENT SCHOOL DISTRICT

Financial Information

ASSESSED VALUATION ⁽¹⁾

2022/23 Total Valuation.....		\$ 66,171,645,392
Less Exemptions & Deductions ⁽²⁾ :		
State Homestead Exemption	\$ 2,127,518,326	
State Over-65 Exemption	87,959,059	
Disabled Exemption	194,919,962	
Veterans Exemption	7,749,670	
Surviving Spouse Disabled Veteran Exemption	4,468,338	
Surviving Spouse Killed in Action Exemption	348,423	
Freeport Exemption	56,326,970	
Pollution Control Exemption	3,730,298	
Productivity Loss	1,313,061,778	
Solar / Wind Exemption	5,628,976	
Homestead Cap Loss	5,078,497,731	
	<u>\$ 8,880,209,531</u>	
2022/23 Net Taxable Valuation		\$ 57,291,435,861

(1) Source: Certified Values from the Collin Central Appraisal District and Preliminary Values from Denton Central Appraisal District as of July 2022. Denton Central Appraisal District expects to have Certified Values as of September 12, 2022. The passage of a Texas Constitutional Amendment on May 7, 2022 increased the homestead exemption from \$25,000 to \$40,000. See "AD VALOREM TAX PROCEDURES – Residential homestead Exemptions" in the Official Statement.
 (2) Excludes the values on which property taxes are frozen for persons 65 years of age or older and disabled taxpayers, which totaled \$561,382,734 for 2021/22.

VOTED GENERAL OBLIGATION DEBT

Unlimited Tax Bonds Outstanding ⁽¹⁾		\$ 2,260,840,227
Less: The Refunded Bonds ⁽²⁾		(13,100,000)
Plus: The Unlimited Tax Refunding Bonds, Series 2022A ⁽²⁾		13,100,000
Less: The Refunded Bonds ⁽²⁾		(78,470,000)
Plus: The Unlimited Tax Refunding Bonds, Series 2022B ⁽²⁾		78,470,000
Total Unlimited Tax Bonds ^{(1) (2)}		<u>2,260,840,227</u>
Less: Interest & Sinking Fund Balance (As of June 30, 2022) ⁽³⁾		(125,669,400)
Net General Obligation Debt		<u>\$ 2,135,170,827</u>
Ratio of Net G.O. Debt to Net Taxable Valuation ⁽⁴⁾	3.73%	
2022 Population Estimate ⁽⁵⁾	233,975	
Per Capita Net Taxable Valuation	\$244,861	
Per Capita Net G.O. Debt	\$9,126	

(1) Excludes interest accreted on outstanding capital appreciation bonds.
 (2) Preliminary, subject to change. The Bonds are being sold in close proximity to the District's contemplated issuance of the Unlimited Tax Refunding Bonds, Series 2022B, scheduled to close on or about November 17, 2022.
 (3) Source: Frisco ISD Estimate.
 (4) See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in 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		% Collections ⁽⁵⁾	
	Taxable Valuation	Tax Rate	Current ⁽⁶⁾	Total ⁽⁶⁾
2006/07	\$ 12,291,132,177 ⁽¹⁾	\$ 1.5800 ⁽⁷⁾	98.63%	99.51%
2007/08	14,921,727,758 ⁽¹⁾	1.3500 ⁽⁷⁾	98.75%	100.01%
2008/09	16,633,310,020 ⁽¹⁾	1.3700	98.38%	100.01%
2009/10	17,179,508,143 ⁽¹⁾	1.3900	98.24%	99.66%
2010/11	16,875,840,490 ⁽¹⁾	1.3900	98.84%	100.01%
2011/12	17,504,186,578 ⁽¹⁾	1.4200	99.18%	100.77%
2012/13	18,411,180,611 ⁽¹⁾	1.4600	99.34%	100.05%
2013/14	20,072,774,219 ⁽¹⁾	1.4600	99.11%	99.62%
2014/15	23,005,771,528 ⁽¹⁾	1.4600	99.14%	98.94%
2015/16	26,230,139,504 ^{(1) (2)}	1.4600	99.41%	100.70%
2016/17	30,621,651,034 ^{(1) (2)}	1.4600	99.30%	99.64%
2017/18	35,570,550,343 ^{(1) (2)}	1.4600	99.59%	100.34%
2018/19	40,349,486,303 ^{(1) (2)}	1.4400	99.33%	99.70%
2019/20	43,491,816,275 ^{(1) (2)}	1.3383 ⁽⁸⁾	99.37%	100.27%
2020/21	46,267,939,261 ^{(1) (2)}	1.3102	99.27%	99.81%
2021/22	49,483,508,443 ^{(1) (2)}	1.2672	100.00% ⁽⁹⁾	100.00% ⁽⁹⁾
2022/23	57,291,435,861 ^{(3) (4)}	1.2129	(In Process of Collection)	

(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: Certified Values from the Collin Central Appraisal District and Preliminary Values from the Denton Central Appraisal District as of July 2022. Denton Central Appraisal District expects to have Certified Values as of September 12, 2022.
 (4) The passage of a Texas Constitutional Amendment on May 7, 2022 increased the homestead exemption from \$25,000 to \$40,000.
 (5) Source: Frisco ISD Audited Financial Statements.
 (6) Excludes penalties and interest.
 (7) The decline in the District's Maintenance & Operation Tax from the 2006/07 fiscal year to the 2007/08 fiscal year is 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 Official Statement.
 (8) 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.
 (9) Source: Frisco ISD Estimate.

TAX RATE DISTRIBUTION ⁽¹⁾

	2018/19	2019/20 ⁽²⁾	2020/21	2021/22	2022/23
Maintenance & Operations	\$1.1700	\$1.0683	\$1.0402	\$0.9972	\$0.9429
Debt Service	\$0.2700	\$0.2700	\$0.2700	\$0.2700	\$0.2700
Total Tax Rate	\$1.4400	\$1.3383	\$1.3102	\$1.2672	\$1.2129

(1) On November 6, 2018, the District successfully held a tax ratification election at which the voters of the District approved a maintenance and operations tax not to exceed \$1.17.

(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	\$ 12,291,132,177	\$ 802,862,979	6.53%
2007/08	14,921,727,758	992,862,979	6.65%
2008/09	16,633,310,020	1,163,469,342	6.99%
2009/10	17,179,508,143	1,178,615,745	6.86%
2010/11	16,875,840,490	1,265,634,232	7.50%
2011/12	17,504,186,578	1,310,323,851	7.49%
2012/13	18,411,180,611	1,353,110,843	7.35%
2013/14	20,072,774,219	1,524,710,843	7.60%
2014/15	23,005,771,528	1,741,980,843	7.57%
2015/16	26,230,139,504	1,851,248,851	7.06%
2016/17	30,621,651,034	1,884,538,851	6.15%
2017/18	35,570,550,343	1,884,983,851	5.30%
2018/19	40,349,486,303	1,952,677,591	4.84%
2019/20	43,491,816,275	1,966,343,118	4.52%
2020/21	46,267,939,261	2,149,080,696	4.64%
2021/22	49,483,508,443	2,260,840,227	4.57%
2022/23	57,291,435,861 ⁽³⁾	2,182,743,779 ⁽⁴⁾	3.81%

(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 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: Certified Values from the Collin Central Appraisal District and Preliminary Values from the Denton Central Appraisal District as of July 2022. Denton Central Appraisal District expects to have Certified Values as of September 12, 2022. The passage of a Texas Constitutional Amendment on May 7, 2022 increased the homestead exemption from \$25,000 to \$40,000.

(4) Excludes the Refunded Bonds. Preliminary, subject to change. The Bonds are being sold in close proximity to the District's contemplated issuance of the Unlimited Tax Refunding Bonds, Series 2022B, scheduled to close on or about November 17, 2022.

ESTIMATED OVERLAPPING DEBT STATEMENT

Taxing Body	Amount	Percent Overlapping	Amount Overlapping
Collin County	\$ 543,645,000	20.58%	\$ 111,882,141
Collin County CCD	498,565,000	20.58%	102,604,677
Denton County	559,930,000	10.89%	60,976,377
Denton County FWSD # 8-C	38,068,000	97.76%	37,215,277
City of Frisco	509,393,178	88.33%	449,946,994
Town of Little Elm	58,496,808	32.96%	19,280,548
City of McKinney	335,895,000	19.63%	65,936,189
City of Plano	551,980,000	14.61%	80,644,278
City of The Colony	70,943,465	** ⁽¹⁾	-
Total Overlapping Debt ⁽²⁾			\$ 928,486,480
Frisco Independent School District ⁽³⁾			2,135,170,827
Total Direct & Overlapping Debt ⁽³⁾			\$ 3,063,657,307
Ratio of Net Direct & Overlapping Debt to Net Taxable Valuation		5.35%	
Per Capita Direct & Overlapping Debt		\$13,094	

(1) Less than 0.01%.

(2) Equals gross debt less self-supporting debt.

(3) Excludes the Refunded Bonds. Excludes interest accreted on outstanding capital appreciation bonds. The Bonds are being sold in close proximity to the District's contemplated issuance of the Unlimited Tax Refunding Bonds, Series 2022B, scheduled to close on or about November 17, 2022.

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**2022/23 Top Ten Taxpayers ⁽¹⁾**

<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Value</u>	<u>% of Net Valuation</u>
JP Morgan Chase Bank NA	Banking & Finance	\$ 751,853,175	1.31%
Liberty Mutual Plano LLC	Banking & Finance	381,938,992	0.67%
Toyota Motor North America Inc	Automotive	261,511,678	0.46%
Capital One National Association	Banking & Finance	235,215,970	0.41%
Blue Star HQ Inc	Real Estate Development	217,920,051	0.38%
BPR Shopping Center LP	Real Estate Development	158,600,000	0.28%
5765 Bozeman (TX) Owner LP	Real Estate Development	157,445,023	0.27%
Blue Star Land Phase III LLC	Real Estate Development	151,587,636	0.26%
PPF Amlı Parkwood Boulevard LLC	Real Estate Development	147,621,308	0.26%
Union Investment Real Estate GMBH	Real Estate Development	146,142,591	0.26%
		<u>\$ 2,609,836,424</u>	<u>4.56%</u>

2021/22 Top Ten Taxpayers ⁽²⁾

<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Value</u>	<u>% of Net Valuation</u>
JP Morgan Chase Bank NA	Banking & Finance	\$ 565,051,815	1.14%
Liberty Mutual Plano LLC	Banking & Finance	377,170,909	0.76%
Toyota Motor North America Inc	Automotive	258,002,700	0.52%
Capital One National Association	Banking & Finance	232,887,100	0.47%
Blue Star HQ Inc	Real Estate Development	224,437,922	0.45%
Union Investment Real Estate GMBH	Real Estate Development	152,566,435	0.31%
BPR Shopping Center LP	Real Estate Development	147,472,986	0.30%
Gaedeke Holdings XI LTD	Real Estate Development	121,000,000	0.24%
PPF Amlı Parkwood Boulevard LLC	Real Estate Development	118,407,411	0.24%
Bell Fund VII Frisco Market Center LLC	Real Estate Development	106,000,000	0.21%
		<u>\$ 2,302,997,278</u>	<u>4.65%</u>

2020/21 Top Ten Taxpayers ⁽²⁾

<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Value</u>	<u>% of Net Valuation</u>
JP Morgan Chase Bank NA	Banking & Finance	\$ 433,884,153	0.94%
Liberty Mutual Plano LLC	Banking & Finance	385,270,425	0.83%
Toyota Motor North America Inc	Automotive	261,265,214	0.56%
Capital One National Association	Banking & Finance	237,730,753	0.51%
Blue Star HQ Inc	Real Estate Development	224,713,504	0.49%
BPR Shopping Center LP	Real Estate Development	156,196,309	0.34%
Union Investment Real Estate GMBH	Real Estate Development	152,566,435	0.33%
PPF Amlı Parkwood Boulevard LLC	Real Estate Development	121,896,962	0.26%
Gaedeke Holdings XI LTD	Real Estate Development	119,362,083	0.26%
Bell Fund VII Frisco Market Center LLC	Real Estate Development	117,500,000	0.25%
		<u>\$ 2,210,385,838</u>	<u>4.78%</u>

(1) Source: Collin and Denton Central Appraisal Districts.

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

CLASSIFICATION OF ASSESSED VALUATION BY USE CATEGORY ⁽¹⁾

<u>Category</u>	<u>2022/23</u> ⁽²⁾	<u>% of Total</u>	<u>2021/22</u> ⁽³⁾	<u>% of Total</u>	<u>2020/21</u> ⁽³⁾	<u>% of Total</u>
Real, Residential, Single-Family	\$ 43,000,747,157	64.98%	\$ 31,700,467,837	60.30%	\$ 28,858,661,067	58.60%
Real, Residential, Multi-Family	6,525,593,253	9.86%	5,545,805,013	10.55%	5,143,741,573	10.44%
Real, Vacant Lots/Tracts	1,015,910,260	1.54%	1,019,017,715	1.94%	818,924,974	1.66%
Real, Qualified Land & Improvements	1,314,069,879	1.99%	1,360,286,585	2.59%	1,377,349,895	2.80%
Real, Non-Qualified Land & Improvements	129,979,934	0.20%	88,891,677	0.17%	363,530,881	0.74%
Real, Commercial & Industrial	11,641,810,725	17.59%	10,479,963,916	19.93%	10,126,029,542	20.56%
Utilities	389,789,454	0.59%	346,669,753	0.66%	320,762,579	0.65%
Tangible Personal, Commercial	1,606,210,767	2.43%	1,470,220,405	2.80%	1,509,492,044	3.07%
Tangible Personal, Industrial	10,636,728	0.02%	818,558	0.00%	994,819	0.00%
Tangible Personal, Mobile Homes & Other	756,447	0.00%	516,596	0.00%	412,098	0.00%
Tangible Personal, Residential Inventory	449,322,625	0.68%	506,849,197	0.96%	672,350,754	1.37%
Tangible Personal, Special Inventory	<u>86,818,163</u>	<u>0.13%</u>	<u>53,373,962</u>	<u>0.10%</u>	<u>53,736,219</u>	<u>0.11%</u>
Total Appraised Value	\$ 66,171,645,392	100.00%	\$ 52,572,881,214	100.00%	\$ 49,245,986,445	100.00%
Less:						
Homestead Cap Adjustment	\$ 5,078,497,731		\$ 95,763,205		\$ 39,391,242	
Productivity Loss	1,313,061,778		1,359,268,267		1,376,255,377	
Exemptions	<u>2,488,650,022</u> ⁽⁴⁾		<u>1,634,341,299</u> ⁽⁵⁾		<u>1,562,400,565</u> ⁽⁵⁾	
Total Exemptions/Deductions ⁽⁶⁾	<u>\$ 8,880,209,531</u>		<u>\$ 3,089,372,771</u>		<u>\$ 2,978,047,184</u>	
Net Taxable Assessed Valuation	\$ 57,291,435,861		\$ 49,483,508,443		\$ 46,267,939,261	

<u>Category</u>	<u>2019/20</u> ⁽³⁾	<u>% of Total</u>	<u>2018/19</u> ⁽³⁾	<u>% of Total</u>	<u>2017/18</u> ⁽³⁾	<u>% of Total</u>
Real, Residential, Single-Family	\$ 27,700,222,652	59.35%	\$ 26,446,203,218	60.78%	\$ 24,266,454,955	62.26%
Real, Residential, Multi-Family	4,312,749,169	9.24%	3,475,935,845	7.99%	2,863,423,379	7.35%
Real, Vacant Lots/Tracts	716,778,295	1.54%	592,806,009	1.36%	574,861,150	1.47%
Real, Acreage	1,555,046,008	3.33%	1,544,597,794	3.55%	1,636,247,637	4.20%
Real, Farm & Ranch Improvements	386,943,453	0.83%	534,068,422	1.23%	651,465,813	1.67%
Real, Commercial & Industrial	9,323,706,887	19.98%	8,646,055,811	19.87%	7,029,248,675	18.04%
Utilities	302,354,814	0.65%	257,452,561	0.59%	219,739,241	0.56%
Tangible Personal, Commercial	1,537,040,764	3.29%	1,273,966,735	2.93%	1,091,948,414	2.80%
Tangible Personal, Industrial	877,346	0.00%	832,856	0.00%	689,077	0.00%
Tangible Personal, Mobile Homes & Other	415,622	0.00%	266,728	0.00%	218,505	0.00%
Tangible Personal, Residential Inventory	783,004,960	1.68%	672,135,531	1.54%	584,458,149	1.50%
Tangible Personal, Special Inventory	<u>56,519,910</u>	<u>0.12%</u>	<u>64,448,618</u>	<u>0.15%</u>	<u>55,290,251</u>	<u>0.14%</u>
Total Appraised Value	\$ 46,675,659,880	100.00%	\$ 43,508,770,128	100.00%	\$ 38,974,045,246	100.00%
Less:						
Homestead Cap Adjustment	\$ 80,754,171		\$ 173,942,795		\$ 397,838,315	
Productivity Loss	1,553,825,560		1,543,114,334		1,634,635,079	
Exemptions	<u>1,549,263,874</u> ⁽⁵⁾		<u>1,442,226,696</u> ⁽⁵⁾		<u>1,371,021,509</u> ⁽⁵⁾	
Total Exemptions/Deductions ⁽⁶⁾	<u>\$ 3,183,843,605</u>		<u>\$ 3,159,283,825</u>		<u>\$ 3,403,494,903</u>	
Net Taxable Assessed Valuation	\$ 43,491,816,275		\$ 40,349,486,303		\$ 35,570,550,343	

(1) The Taxable Assessed Valuation includes the Captured Appraised Value of property that is located in the City of Frisco Reinvestment Zone Number One. See "AD VALOREM TAX PROCEDURES - The Property Tax Code as Applied to the District." The Zone was created by the City in accordance with the requirements of Section 403.302(d) of the Texas Government Code. Accordingly, the Commissioner of Education does not include the Captured Appraised Value of property that is located in the Zone in determining the District's property value wealth per student.

(2) Source: Certified Values from the Collin Central Appraisal District and Preliminary Values from the Denton Central Appraisal District as of July 2022. Denton Central Appraisal District expects to have Certified Values as of September 12, 2022.

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

(4) The passage of a Texas Constitutional Amendment on May 7, 2022 increased the homestead exemption from \$25,000 to \$40,000.

(5) The passage of a Texas Constitutional Amendment on November 3, 2015 increased the homestead exemption from \$15,000 to \$25,000.

(6) 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⁾	Less: The Refunded 2022A Bonds ⁽³⁾	Plus: The Series 2022A Refunding Bonds ⁽³⁾	Less: The Refunded 2022B Bonds ⁽³⁾	Plus: The Series 2022B Refunding Bonds ⁽³⁾	Total ⁽¹⁾⁽²⁾⁽³⁾	Bonds Unpaid At Fiscal Year End	Percent of Principal Retired
2023	\$ 76,406,447.95	\$ 895,000.00	\$ 1,180,000.00	\$ 3,955,000.00	\$ 5,360,000.00	\$ 78,096,447.95	\$ 2,182,743,778.55	3.45%
2024	75,257,844.10	950,000.00	1,005,000.00	6,210,000.00	6,560,000.00	75,662,844.10	2,107,080,934.45	6.80%
2025	75,172,677.75	1,000,000.00	1,045,000.00	6,835,000.00	7,080,000.00	75,462,677.75	2,031,618,256.70	10.14%
2026	81,554,730.30	1,055,000.00	1,080,000.00	6,705,000.00	6,840,000.00	81,714,730.30	1,949,903,526.40	13.75%
2027	85,096,872.70	1,115,000.00	1,120,000.00	7,000,000.00	7,035,000.00	85,136,872.70	1,864,766,653.70	17.52%
2028	86,870,218.55	1,175,000.00	1,160,000.00	7,315,000.00	7,245,000.00	86,785,218.55	1,777,981,435.15	21.36%
2029	86,832,325.85	1,235,000.00	1,200,000.00	4,515,000.00	4,280,000.00	86,562,325.85	1,691,419,109.30	25.19%
2030	101,485,115.10	1,310,000.00	1,245,000.00	-	-	101,420,115.10	1,589,998,994.20	29.67%
2031	97,327,801.00	1,380,000.00	1,295,000.00	-	-	97,242,801.00	1,492,756,193.20	33.97%
2032	101,548,770.00	1,450,000.00	1,350,000.00	-	-	101,448,770.00	1,391,307,423.20	38.46%
2033	91,139,731.20	1,535,000.00	1,420,000.00	-	-	91,024,731.20	1,300,282,692.00	42.49%
2034	94,347,692.00	-	-	-	-	94,347,692.00	1,205,935,000.00	46.66%
2035	121,445,000.00	-	-	-	-	121,445,000.00	1,084,490,000.00	52.03%
2036	118,455,000.00	-	-	-	-	118,455,000.00	966,035,000.00	57.27%
2037	127,885,000.00	-	-	-	-	127,885,000.00	838,150,000.00	62.93%
2038	107,645,000.00	-	-	3,510,000.00	3,180,000.00	107,315,000.00	730,835,000.00	67.67%
2039	111,205,000.00	-	-	8,610,000.00	8,370,000.00	110,965,000.00	619,870,000.00	72.58%
2040	115,170,000.00	-	-	4,120,000.00	3,780,000.00	114,830,000.00	505,040,000.00	77.66%
2041	119,060,000.00	-	-	5,570,000.00	5,245,000.00	118,735,000.00	386,305,000.00	82.91%
2042	81,735,000.00	-	-	6,920,000.00	6,610,000.00	81,425,000.00	304,880,000.00	86.51%
2043	65,860,000.00	-	-	7,205,000.00	6,885,000.00	65,540,000.00	239,340,000.00	89.41%
2044	55,305,000.00	-	-	-	-	55,305,000.00	184,035,000.00	91.86%
2045	41,935,000.00	-	-	-	-	41,935,000.00	142,100,000.00	93.71%
2046	34,220,000.00	-	-	-	-	34,220,000.00	107,880,000.00	95.23%
2047	25,015,000.00	-	-	-	-	25,015,000.00	82,865,000.00	96.33%
2048	24,265,000.00	-	-	-	-	24,265,000.00	58,600,000.00	97.41%
2049	22,420,000.00	-	-	-	-	22,420,000.00	36,180,000.00	98.40%
2050	15,865,000.00	-	-	-	-	15,865,000.00	20,315,000.00	99.10%
2051	13,450,000.00	-	-	-	-	13,450,000.00	6,865,000.00	99.70%
2052	6,865,000.00	-	-	-	-	6,865,000.00	-	100.00%
Total	\$ 2,260,840,226.50	\$ 13,100,000.00	\$ 13,100,000.00	\$ 78,470,000.00	\$ 78,470,000.00	\$ 2,260,840,226.50		

(1) Debt service for the Bonds is illustrated on the basis of the State's fiscal year end of August 31st, although the District's fiscal year ends on June 30th.

(2) Excludes the accreted value of outstanding capital appreciation bonds.

(3) Preliminary, subject to change. The Bonds are being sold in close proximity to the District's contemplated issuance of the Unlimited Tax Refunding Bonds, Series 2022B, scheduled to close on or about November 17, 2022.

DEBT SERVICE REQUIREMENTS ⁽¹⁾

Fiscal Year Ending 8/31	Outstanding Debt Service ⁽²⁾	Less: The Refunded 2022A Bonds ⁽³⁾	Plus: The Series 2022A Refunding Bonds ⁽³⁾			Less: The Refunded 2022B Bonds ⁽³⁾	Plus: The Series 2022B Refunding Bonds ⁽³⁾			Combined Total ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾
			Principal	Interest	Total		Principal	Interest	Total	
2023	\$ 165,557,013.00	\$ 1,540,500.00	\$ 1,180,000.00	\$ 360,539.17	\$ 1,540,539.17	\$ 7,406,050.00	\$ 5,360,000.00	\$ 2,045,497.78	\$ 7,405,497.78	\$ 165,556,499.95
2024	165,556,238.00	1,550,750.00	1,005,000.00	383,175.00	1,388,175.00	9,463,300.00	6,560,000.00	2,435,600.00	8,995,600.00	164,925,963.00
2025	165,560,538.00	1,562,750.00	1,045,000.00	352,425.00	1,397,425.00	9,777,800.00	7,080,000.00	2,231,000.00	9,311,000.00	164,928,413.00
2026	165,560,238.80	1,567,750.00	1,080,000.00	320,550.00	1,400,550.00	9,332,700.00	6,840,000.00	2,022,200.00	8,862,200.00	164,922,538.80
2027	165,560,348.25	1,575,000.00	1,120,000.00	287,550.00	1,407,550.00	9,320,100.00	7,035,000.00	1,814,075.00	8,849,075.00	164,921,873.25
2028	165,561,039.37	1,579,250.00	1,160,000.00	253,350.00	1,413,350.00	9,313,900.00	7,245,000.00	1,599,875.00	8,844,875.00	164,926,114.37
2029	165,560,026.54	1,580,500.00	1,200,000.00	217,950.00	1,417,950.00	6,178,150.00	4,280,000.00	1,427,000.00	5,707,000.00	164,926,326.54
2030	165,559,483.19	1,593,750.00	1,245,000.00	181,275.00	1,426,275.00	1,437,400.00	-	1,362,800.00	1,362,800.00	165,317,408.19
2031	165,556,487.79	1,598,250.00	1,295,000.00	136,700.00	1,431,700.00	1,437,400.00	-	1,362,800.00	1,362,800.00	165,315,337.79
2032	165,558,657.84	1,599,250.00	1,350,000.00	83,800.00	1,433,800.00	1,437,400.00	-	1,362,800.00	1,362,800.00	165,318,607.84
2033	165,560,744.10	1,611,750.00	1,420,000.00	28,400.00	1,448,400.00	1,437,400.00	-	1,362,800.00	1,362,800.00	165,322,794.10
2034	165,559,005.70					1,437,400.00	-	1,362,800.00	1,362,800.00	165,484,405.70
2035	165,556,348.01					1,437,400.00	-	1,362,800.00	1,362,800.00	165,481,748.01
2036	165,559,777.38					1,437,400.00	-	1,362,800.00	1,362,800.00	165,485,177.38
2037	165,557,715.06					1,437,400.00	-	1,362,800.00	1,362,800.00	165,483,115.06
2038	136,756,396.13					4,947,400.00	3,180,000.00	1,299,200.00	4,479,200.00	136,288,196.13
2039	136,755,020.88					9,907,000.00	8,370,000.00	1,068,200.00	9,438,200.00	136,286,220.88
2040	136,753,228.21					5,072,600.00	3,780,000.00	825,200.00	4,605,200.00	136,285,828.21
2041	136,752,828.86					6,357,800.00	5,245,000.00	644,700.00	5,889,700.00	136,284,728.86
2042	96,036,326.26					7,485,000.00	6,610,000.00	407,600.00	7,017,600.00	95,568,926.26
2043	77,103,286.26					7,493,200.00	6,885,000.00	137,700.00	7,022,700.00	76,632,786.26
2044	63,940,766.26									63,940,766.26
2045	48,396,794.38									48,396,794.38
2046	39,053,755.63									39,053,755.63
2047	28,537,246.88									28,537,246.88
2048	26,891,962.51									26,891,962.51
2049	24,184,562.51									24,184,562.51
2050	16,830,106.26									16,830,106.26
2051	13,924,562.51									13,924,562.51
2052	6,988,378.13									6,988,378.13
	<u>\$ 3,472,288,882.70</u>	<u>\$ 17,359,500.00</u>	<u>\$ 13,100,000.00</u>	<u>\$ 2,605,714.17</u>	<u>\$ 15,705,714.17</u>	<u>\$ 113,554,200.00</u>	<u>\$ 78,470,000.00</u>	<u>\$ 28,860,247.78</u>	<u>\$ 107,330,247.78</u>	<u>\$ 3,464,411,144.65</u>

(1) Debt service for the Bonds is illustrated on the basis of the State's 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.

(3) Preliminary, subject to change. The Bonds are being sold in close proximity to the District's contemplated issuance of the Unlimited Tax Refunding Bonds, Series 2022B, scheduled to close on or about November 17, 2022.

(4) Based on its wealth per student, the District does not expect to receive state financial assistance for the payment of debt service for the fiscal year 2022/23. The amount of State aid for debt service may substantially differ from year to year, depending on a number of factors, including amounts, if any, appropriated for that purpose by the Texas Legislature. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the Official Statement.

TAX ADEQUACY WITH RESPECT TO THE DISTRICT'S BONDS

Projected Maximum Debt Service Requirement ⁽¹⁾	\$ 165,556,499.95
Projected State Financial Assistance for Debt Service in 2022/23 ⁽²⁾	-
Projected Net Debt Service Requirement	\$ 165,556,499.95
 \$0.29189 Tax Rate @ 99% Collections Produces	 \$ 165,556,499.95
2022/23 Net Taxable Valuation ⁽³⁾	\$ 57,291,435,861

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

(2) Based on its wealth per student, the District does not expect to receive state financial assistance for the payment of debt service for the fiscal year 2021/22. The amount of State aid for debt service may substantially differ from year to year, depending on a number of factors, including amounts, if any, appropriated for that purpose by the Texas Legislature. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the Official Statement.

(3) Source: Certified Values from the Collin Central Appraisal District and Preliminary Values from the Denton Central Appraisal District as of July 2022. Denton Central Appraisal District expects to have the Certified Values as of September 12, 2022. The passage of a Texas Constitutional Amendment as of May 7, 2022 increased the homestead exemption from \$25,000 to \$40,000.

AUTHORIZED BUT UNISSUED BONDS

Following the issuance of the Bonds, the District will have \$26,000,000 of authorized but unissued unlimited ad valorem tax bonds from the May 10, 2014 bond election, and \$125,750,000 of authorized but unissued unlimited ad valorem tax bonds from the November 6, 2018 bond election. The District may issue a portion of the remaining authorized but unissued bonds within the next twelve months. 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	\$ 123,493,141	\$ 133,262,297	\$ 162,807,920	\$ 206,607,695	\$ 235,131,243
Revenues:					
Local and Intermediate Sources	\$ 336,393,833	\$ 387,697,000	\$ 487,450,080	\$ 478,853,977	\$ 484,542,235
State Sources	133,522,734	117,852,445	85,303,754	123,619,347	133,327,814
Federal Sources & Other	2,320,903	2,858,270	6,520,666	4,663,718	5,271,823
Total Revenues	\$ 472,237,470	\$ 508,407,715	\$ 579,274,500	\$ 607,137,042	\$ 623,141,872
Expenditures:					
Instruction	\$ 282,993,597	\$ 285,701,359	\$ 312,362,215	\$ 348,085,246	\$ 366,450,064
Instructional Resources & Media Services	6,557,162	5,698,708	5,987,511	6,311,497	6,540,156
Curriculum & Instructional Staff Development	8,853,065	9,145,472	9,870,038	12,542,301	14,074,093
Instructional Leadership	6,006,327	7,058,674	7,463,056	10,026,450	10,909,165
School Leadership	28,474,277	30,046,554	31,604,561	34,900,930	35,803,103
Guidance, Counseling & Evaluation Services	14,309,802	15,295,267	17,394,606	21,406,422	23,046,457
Social Work Services	275,677	192,909	193,601	207,193	274,222
Health Services	5,386,188	5,572,130	6,203,475	6,576,377	7,202,270
Student (Pupil) Transportation	11,284,361	11,852,424	13,246,684	14,034,400	12,616,229
Food Services	268,820	344,704	28,700	360,577	236,027
Cocurricular/Extracurricular Activities	14,155,340	14,772,611	16,602,196	17,099,452	18,180,811
General Administration	8,223,475	9,182,456	10,994,089	14,112,405	15,929,725
Plant Maintenance and Operations	33,880,207	36,177,131	38,350,138	40,436,585	42,753,295
Security and Monitoring Services	3,568,407	3,527,117	3,741,441	4,770,191	4,893,585
Data Processing Services	5,982,344	7,728,577	7,783,055	7,467,908	8,657,419
Community Services	871,383	871,458	1,013,618	1,128,951	968,707
Other Intergovernmental Charges	2,683,175	3,040,455	3,492,348	3,798,571	3,852,070
Facilities Acquisition and Construction	25,787	-	-	-	-
Contracted Instructional Services Between Schools	-	-	14,017,478	3,152,395	4,177,231
Payments to Juvenile Justice Alternative Ed. Program	67,814	30,118	35,666	30,681	-
Payments to Tax Increment Fund	22,583,104	25,397,908	25,169,882	27,151,041	28,283,215
Total Expenditures	\$ 456,450,312	\$ 471,636,032	\$ 525,554,358	\$ 573,599,573	\$ 604,847,844
Excess (Deficiency) of Revenues over Expenditures	\$ 15,787,158	\$ 36,771,683	\$ 53,720,142	\$ 33,537,469	\$ 18,294,028
Other Resources and (Uses):					
Sale of Real and Personal Property	\$ -	\$ -	\$ 75,538	\$ 57,518	\$ 20,489
Transfer In	16,998	29,940	18,795	32,698	309,791
Insurance Recovery	-	-	-	-	16,266
Transfer Out	(6,035,000)	(7,256,000)	(10,014,700)	(5,104,137)	(4,250,396)
Total Other Resources (Uses)	\$ (6,018,002)	\$ (7,226,060)	\$ (9,920,367)	\$ (5,013,921)	\$ (3,903,850)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 9,769,156	\$ 29,545,623	\$ 43,799,775	\$ 28,523,548	\$ 14,390,178
Ending Fund Balance ⁽²⁾	\$ 133,262,297	\$ 162,807,920	\$ 206,607,695	\$ 235,131,243	\$ 249,521,421

(1) See "MANAGEMENT'S DISCUSSION AND ANALYSIS - Economic Factors and Next Year's Budget and Rates" in Appendix D hereto for a discussion of the 2021/22 budget and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - Possible Effects of Wealth Transfer Provisions on the District's Financial Condition" in the Official Statement. The District elected to change its fiscal year from August 31st to June 30th beginning with the period ending June 30, 2008.

(2) The District estimates its anticipated General Fund balance for fiscal year ending June 30, 2022 will be \$217,993,518.

CHANGE IN NET ASSETS ⁽¹⁾

	Fiscal Year Ended June 30				
	2017	2018	2019	2020	2021
Revenues:					
Program Revenues:					
Charges for Services	\$ 23,042,938	\$ 24,662,605	\$ 25,252,407	\$ 36,129,968	\$ 15,059,185
Operating Grants and Contributions	38,224,087	(58,806,085)	64,655,694	71,108,796	63,842,316
General Revenues:					
Property Taxes Levied for General Purposes	328,154,575	375,184,044	471,611,015	466,660,821	478,566,522
Property Taxes Levied for Debt Service	124,819,619	142,848,448	104,085,263	112,411,956	118,266,811
State Aid - Formula Grants	115,510,634	98,313,792	64,028,393	97,396,084	104,693,320
Grants and Contributions Not Restricted	2,320,903	2,858,270	6,520,666	4,663,718	5,271,823
Investment Earnings	1,994,950	5,260,009	9,862,834	8,429,226	420,973
Miscellaneous	19,776,576	23,075,918	24,456,995	23,587,596	24,206,014
Total Revenue	\$ 653,844,282	\$ 613,397,001	\$ 770,473,267	\$ 820,388,165	\$ 810,326,964
Expenses:					
Instruction	\$ 325,140,742	\$ 227,342,595	\$ 385,220,355	\$ 444,377,695	\$ 431,632,246
Instruction Resources & Media Services	9,325,687	6,373,309	8,849,546	8,932,969	8,860,354
Curriculum & Staff Development	9,447,290	6,858,766	11,026,050	14,315,808	15,092,758
Instructional Leadership	6,192,970	4,615,947	8,153,468	11,116,828	11,231,262
School Leadership	32,328,267	23,791,263	37,705,167	43,158,588	41,905,984
Guidance, Counseling & Evaluation Services	17,508,585	11,811,319	22,074,050	25,968,948	26,323,164
Social Work Services	279,911	119,107	206,324	227,696	282,024
Health Services	5,496,484	3,702,581	6,590,798	7,215,668	7,524,465
Student Transportation	12,899,257	10,690,822	15,649,573	17,135,255	15,562,096
Food Service	25,477,572	21,130,662	26,438,963	26,200,312	20,696,850
Cocurricular/Extracurricular Activities	19,440,200	17,052,390	23,276,818	22,890,618	23,846,884
General Administration	9,747,588	8,358,009	12,707,266	16,605,179	17,512,837
Plant Maintenance & Operations	46,480,755	47,446,326	54,392,409	60,027,110	71,801,617
Security and Monitoring Services	3,826,564	3,293,454	4,399,063	6,577,228	7,552,762
Data Processing Services	8,927,287	9,372,444	11,961,523	10,906,676	11,445,169
Community Services	1,900,499	1,452,458	2,072,276	2,231,893	1,998,783
Debt Service - Interest on Long-term Debt	79,783,468	77,551,045	82,228,452	79,729,973	67,188,505
Debt Service - Bond Issuance Cost and Fees	2,474,789	691,035	2,143,297	924,809	4,872,571
Contracted Instructional Services Between Schools	-	-	14,017,478	3,152,395	4,177,231
Payments to Juvenile Justice Alternative Ed. Prg.	67,814	30,118	35,666	30,681	-
Other Governmental Charges	2,683,175	3,040,455	3,492,348	3,798,571	3,852,070
Payments to Tax Increment Fund	22,583,104	25,397,908	25,169,882	27,151,041	28,283,215
Total Expenditures	\$ 642,012,008	\$ 510,122,013	\$ 757,810,772	\$ 832,675,941	\$ 821,642,847
Change in Net Assets	\$ 11,832,274	\$ 103,274,988	\$ 12,662,495	\$ (12,287,776)	\$ (11,315,883)
Beginning Net Assets	\$ (258,204,598)	\$ (246,372,324)	\$ (420,319,252)	\$ (407,656,757)	\$ (419,944,533)
Prior Period Adjustment	\$ -	\$ (277,221,916) ⁽²⁾	\$ -	\$ -	\$ -
Ending Net Assets	\$ (246,372,324)	\$ (420,319,252)	\$ (407,656,757)	\$ (419,944,533)	\$ (431,260,416)

(1) The foregoing information represents government-wide financial information provided in accordance with GASB 34, which the District adopted for the 2002.

(2) The 2018 Prior Period Adjustment was the result of implementation of GASB Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

APPENDIX B

**GENERAL INFORMATION REGARDING THE DISTRICT
AND ITS ECONOMY**

**GENERAL INFORMATION REGARDING
FRISCO INDEPENDENT SCHOOL DISTRICT, THE CITY OF FRISCO AND COLLIN COUNTY, TEXAS**

GENERAL AND ECONOMIC INFORMATION

The District is a residential, commercial, and agricultural area, which covers approximately 75 total square miles in the western portion of Collin County extending into the eastern section of neighboring Denton County. The District includes the City of Frisco, which is the primary commercial and population center of the District.

The District is the fastest growing District in the State of Texas based on a percentage basis, increasing in student population by 10-30 percent annually for the past 12 years. The 2022 population estimate for the District is 233,975 compared to the 2000 population estimate of 34,000. The District's economic base is primarily comprised of commercial and governmental concerns which provide a variety of goods and services. The following table illustrates the leading employers located within the City of Frisco.

<u>Employer</u>	<u>2022 Approximate Number of Employees</u>
Frisco Independent School District	8,088
T-Mobile	1,500
City of Frisco	1,102
Mario Sinacola & Sons Excavating	603
CCCD Preston Ridge Campus	550
Amerisource Bergens Specialty Group	500
CLA USA, Inc.	450
IKEA Frisco	400
Tenet Texas RBO	300
Market Street	300

*Sources: The District, the Municipal Advisory Council of Texas, and the Frisco Economic Development Corp.

SCHOLASTIC INFORMATION

The District offers a fully accredited and comprehensive educational program. Presently twelve high schools, seventeen middle schools, forty-three elementary schools, and three special program centers serve the District.

The District is accredited by the Texas Education Agency. The District's personnel totals 8,652, of which 6,352 are teachers. Approximately 31 percent of the teachers hold advanced degrees. Currently, the District reflects a classroom size of as near as possible to 19-24:1 for grades 5-12 and 19-20:1 for grades K-4. The student to teacher ratio in the district is 14.9:1.

Computer labs are in every school and the District has a ratio of four students to every computer. Through a technology outreach program, older computers that are no longer suitable for the school setting have been refurbished and loaded with appropriate software to be placed in homes of students in need of a computer.

In addition to the core curriculum, the District offers a wide variety of classes and training for students including:

- Physical Education, Music and Art for elementary students
- After-school programming and Spanish Language classes are offered at elementary schools through partnerships with the YMCA and other educational entities.
- Duke University Talent Search, Math/Science Competition, pre Advanced Placement courses, Mock Trial, Band, Choir, Art, Theatre Arts, Robotics, Video production and may other opportunities are available at the middle school level.
- Advance Placement and Honors courses are being offered in the high schools including Language, Literature, Composition, Computer Science, US History, Government, Macroeconomics, Chemistry, Biology, Physics, Calculus, Art, Statistics.
- Dual credit classes are offered in conjunction with community colleges for English IV, Government and Economics. Additionally, Tech Prep courses are available.
- The Independent Study Mentorship Program is offered for qualifying, committed juniors and seniors, enabling them to explore a career through a community mentor.
- Comprehensive special education programs for students with special learning needs, including Gifted Instruction, Special Education, ESL/Bilingual, Dyslexia, Head Start, Early Literacy, Career and Technology Education, Credit Recovery and GED.
- Clubs and activities include band, color guard, chorale music, drill team, cheerleading, National Honor Society, Student Council, Academic Decathlon, National Junior Statesman, Theatre, Agriculture, Key Club, Spanish Club, Yearbook, Fellowship of Christian Athletes, Science Club, French Club, Future Homemakers of America and Art Club.
- UIL competition is at the 4A level which includes football, basketball, baseball, soccer, softball, volleyball, track and cross-country, swimming, golf, power lifting and wrestling.

PRESENT SCHOOL PLANTS

A description of the present school facilities is as follows:

<u>School</u>	<u>Capacity</u>	<u>Grades Provided</u>	<u>Current Enrollment</u>	<u>Teachers</u>	<u>Others^(a)</u>	<u>Aides</u>	<u>Admin.</u>	<u>Auxiliary</u>
Allen Elementary	760	K-5	807	43.00	3.0	6.0	2.0	5.0
Anderson Elementary	760	K-5	736	45.00	3.0	5.0	2.0	5.0
Ashley Elementary	760	K-5	595	37.00	3.0	7.0	2.0	3.0
Bledsoe Elementary	760	K-5	698	42.00	3.0	8.0	2.0	4.0
Boals Elementary	760	K-5	691	40.00	3.0	5.0	2.0	7.0
Borchardt Elementary	760	K-5	661	39.00	3.0	7.0	2.0	5.0
Bright Elementary	760	K-5	443	36.00	3.0	3.0	3.0	8.0
Carroll Elementary	760	K-5	497	36.00	4.0	7.0	1.0	8.0
Christie Elementary	760	K-5	553	37.00	3.0	10.0	2.0	7.0
Comstock Elementary	760	K-5	742	45.00	3.0	5.0	2.0	5.0
Corbell Elementary	760	K-5	562	41.00	3.0	9.0	2.0	7.0
Curtsinger Elementary	760	K-5	600	41.00	3.0	11.0	2.0	3.0
Elliott Elementary	760	K-5	525	37.00	3.0	4.0	3.0	7.0
Fisher Elementary	760	K-5	658	42.00	3.0	10.0	2.0	4.0
Gunstream Elementary	760	K-5	600	41.00	3.0	13.0	2.0	5.0
Hosp Elementary	760	K-5	697	40.00	3.0	8.0	2.0	5.0
Isbell Elementary	760	K-5	679	45.00	3.0	7.0	2.0	6.0
Liscano Elementary	760	K-5	684	39.00	3.0	4.0	2.0	5.0
McSpedden Elementary	760	K-5	756	45.00	3.0	9.0	2.0	4.0
Miller Elementary	760	K-5	589	36.00	3.0	4.0	2.0	6.0
Minett Elementary	760	K-5	459	32.00	3.0	7.0	2.0	6.0
Mooneyham Elementary	760	K-5	606	38.00	3.0	6.0	2.0	4.0
Newman Elementary	760	K-5	594	37.00	4.0	6.0	2.0	6.0
Nichols Elementary	760	K-5	714	42.00	3.0	3.0	2.0	5.0
Norris Elementary	760	K-5	722	41.00	3.0	7.0	2.0	4.0
Ogle Elementary	760	K-5	714	38.00	3.0	2.0	2.0	5.0
Phillips Elementary	760	K-5	688	38.00	3.0	10.0	2.0	5.0
Pink Elementary	760	K-5	660	42.00	3.0	10.0	2.0	3.0
Purefoy Elementary	760	K-5	654	40.00	3.0	10.0	2.0	6.0
Riddle Elementary	760	K-5	786	47.00	4.0	7.0	2.0	5.0
Robertson Elementary	760	K-5	696	43.00	3.0	3.0	2.0	6.0
Rogers Elementary	760	K-5	538	35.00	3.0	5.0	2.0	8.0
Scott Elementary	760	K-5	661	42.00	3.0	8.0	2.0	4.0
Sem Elementary	760	K-5	639	43.00	3.0	10.0	2.0	4.0
Shawnee Trail Elementary	760	K-5	539	37.00	3.0	14.0	2.0	8.0
Smith Elementary	760	K-5	579	40.00	3.0	7.0	2.0	4.0
Sonntag Elementary	760	K-5	538	37.00	3.0	11.0	2.0	8.0
Sparks Elementary	760	K-5	598	38.00	3.0	4.0	2.0	5.0
Spears Elementary	760	K-5	757	46.00	4.0	3.0	2.0	9.0
Tadlock Elementary	760	K-5	544	38.00	3.0	7.0	2.0	8.0
Talley Elementary	760	K-5	702	41.00	3.0	6.0	2.0	4.0
Taylor Elementary	760	K-5	757	46.00	3.0	7.0	2.0	7.0
Vaughn Elementary	760	K-5	692	46.00	3.0	9.0	2.0	5.0
Clark Middle School	1,000	6-8	849	70.00	5.0	6.0	3.0	6.0
Cobb Middle School	1,000	6-8	897	68.00	4.0	8.0	3.0	6.0
Fowler Middle School	1,000	6-8	1,019	70.00	4.0	5.0	3.0	6.0
Griffin Middle School	1,000	6-8	823	61.00	4.0	6.0	3.0	6.0
Hunt Middle School	1,000	6-8	835	59.00	4.0	5.0	3.0	6.0
Lawler Middle School	1,000	6-8	1,017	62.00	4.0	6.0	3.0	6.0
Maus Middle School	1,000	6-8	923	64.00	4.0	3.0	3.0	6.0
Nelson Middle School	1,000	6-8	1,126	67.00	4.0	4.0	3.0	5.0
Pearson Middle School	1,000	6-8	990	69.00	4.0	5.0	3.0	5.0
Pioneer Heritage Middle School	1,000	6-8	1,064	72.00	4.0	5.0	3.0	7.0
Roach Middle School	1,000	6-8	910	61.00	4.0	5.0	3.0	6.0
Scoggins Middle School	1,000	6-8	956	71.00	4.0	5.0	3.0	6.0
Stafford Middle School	1,000	6-8	927	67.00	4.0	5.0	3.0	6.0
Staley Middle School	800	6-8	573	58.00	5.0	7.0	3.0	7.0
Trent Middle School	1,000	6-8	1,120	77.00	4.0	7.0	3.0	6.0
Vandeventer Middle School	1,000	6-8	940	65.00	4.0	4.0	3.0	6.0
Wester Middle School	1,000	6-8	820	66.00	4.0	7.0	3.0	6.0

<u>School</u>	<u>Capacity</u>	<u>Grades Provided</u>	<u>Current Enrollment</u>	<u>Teachers</u>	<u>Others^(a)</u>	<u>Aides</u>	<u>Admin.</u>	<u>Auxiliary</u>
Centennial High School	2,100	9-12	2,082	138.00	8.0	10.0	6.0	18.0
Emerson High School	2,100	9-12	1,314	106.00	7.0	4.0	6.0	18.0
Frisco High School	2,100	9-12	2,065	133.00	10.0	11.0	7.0	18.0
Heritage High School	2,100	9-12	2,118	137.00	8.0	10.0	6.0	16.0
Independence High School	2,100	9-12	1,665	126.00	8.0	10.0	6.0	15.0
Lebanon Trail High School	2,100	9-12	2,098	133.00	8.0	10.0	6.0	16.0
Liberty High School	2,100	9-12	1,822	131.00	8.0	9.0	6.0	18.0
Lone Star High School	1,800	9-12	2,035	135.00	8.0	11.0	6.0	17.0
Memorial High School	2,100	9-12	1,552	125.00	8.0	12.0	6.0	17.0
Panther Creek High School	2,100	9-12	745	82.00	6.0	4.0	6.0	18.0
Reedy High School	2,100	9-12	2,277	136.00	8.0	10.0	6.0	17.0
Wakeland High School	2,100	9-12	2,144	133.00	8.0	11.0	6.0	16.0
Career and Technology Center ^(b)	NA	9-12		48.00	2.0	1.0	2.0	6.0
Early Childhood School	1,100	EC	517	38.00	4.0	53.0	3.0	5.0
Student Opportunity Center ^(c)	NA	1-12		12.00	2.0	6.0	2.0	2.0
District Wide				124.0	279.0	18.0	3.0	36.0
Z.T. Acker Special Program Ctr. ^(d)	NA	EC-1						
TOTAL	75,480		65,833	4,598.00	585.0	587.0	221.0	593.0

^(a) Includes counselors, librarians, nurses, diagnosticians, and psychologist.

^(b) The Career and Technical Education Center (CATE) does not have students assigned as a home campus. All students who attend classes here are counted as enrolled at another high school campus.

^(c) The Student Opportunity Center (SOC) does not have students assigned as a home campus. This is the districts discipline center.

^(d) Acker Special Programs Center has additional students who attend K-8 Disciplinary Alternative Education Program or (DAEP). These students are counted on their assigned home campus.

STUDENT ENROLLMENT BY GRADES

<u>Grade</u>	<u>2022/23</u>	<u>2021/22</u>	<u>2020/21</u>	<u>2019/2020</u>
E.C.	317	340	470	404
PRE-K	980	944	781	453
K	3,805	4,041	3,850	3,977
1	4,224	4,181	4,183	4,296
2	4,371	4,455	4,526	4,520
3	4,540	4,738	4,701	4,582
4	4,886	4,928	4,730	4,772
5	4,999	4,978	4,912	4,891
6	5,168	5,217	5,075	5,134
7	5,305	5,212	5,327	5,161
8	5,321	5,523	5,345	5,091
9	5,758	5,694	5,309	5,175
10	5,689	5,260	5,212	5,200
11	5,175	5,147	5,071	4,631
12	5,295	5,207	4,749	4,443
Total	65,833	65,865	64,241	62,730

AVERAGE DAILY ATTENDANCE

<u>School Year</u>	<u>Attendance</u>
2022-2023	64,542.85
2021-2022	62,954.61
2020-2021	60,850.95
2019-2020	59,435.83
2018-2019	58,217.97
2017-2018	56,056.47
2016-2017	54,802.00
2015-2016	51,377.00
2014-2015	46,680.00
2013-2014	44,038.00

SCHOLASTIC ENROLLMENT INCREASE/(DECREASES)

<u>School Year</u>	<u>Enrollment</u>	<u>Amount</u>	<u>Percent (%)</u>
1995-96	2,679	475	21.55
1996-97	3,111	432	16.13
1997-98	3,759	648	20.83
1998-99	4,622	863	22.96
1999-00	5,565	943	20.40
2000-01	7,161	1,596	28.68
2001-02	9,292	2,131	29.76
2002-03	11,412	2,120	22.82
2003-04	13,672	2,260	19.80
2004-05	16,677	3,005	21.98
2005-06	20,215	3,538	21.21
2006-07	23,798	3,583	17.72
2007-08	27,419	3,771	15.22
2008-09	30,932	3,513	12.81
2009-10	34,273	3,341	10.80
2010-11	37,651	3,378	9.86
2011-12	40,139	2,488	6.61
2012-13	42,707	2,568	6.40
2013-14	45,996	3,289	7.70
2014-15	49,657	3,661	7.96
2015-16	53,300	3,643	7.34
2016-17	55,916	2,616	4.91
2017-18	58,461	2,545	4.55
2018-19	60,581	2,120	3.63
2019-20	62,730	2,149	3.55
2020-21	64,241	1,511	2.41
2021-22	65,865	1,624	2.53
2022-23	65,833	(-32)	(-0.05)

STUDENT ENROLLMENT PROJECTIONS

<u>Grade</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>
EE-PK	1,457	1,479	1,503	1,529
K	3,923	3,922	3,988	4,081
1	4,234	4,213	4,216	4,283
2	4,544	4,491	4,473	4,472
3	4,892	4,798	4,746	4,723
4	5,018	5,177	5,083	5,022
5	5,290	5,259	5,431	5,327
6	5,653	5,600	5,573	5,755
7	5,757	5,853	5,804	5,776
8	5,734	5,977	6,082	6,031
9	5,991	6,070	6,334	6,445
10	5,855	6,087	6,174	6,442
11	5,891	5,814	6,051	6,137
12	5,887	6,061	5,988	6,232
Total	70,126	70,801	71,446	72,255

GENERAL INFORMATION REGARDING THE CITY OF FRISCO AND COLLIN COUNTY, TEXAS

The City of Frisco, Texas (the “City”) is located approximately 20 miles north of Dallas off State Highway 289. The northern extension of the Dallas North Tollway service road to Main Street (FM 720) and north to U.S. 380 provides direct access to downtown Dallas.

The City’s estimated population reached 223,440 in 2021, which is a 650% increase over the 2000 census of 33,714. The City’s population is estimated to reach 280,000 by the year 2025.

The City is home to three sports teams: the Frisco Rough Riders – professional baseball, Texas Tornado – amateur hockey, and FC Dallas - major league soccer. The City of Frisco, Frisco Independent School District, Collin County and Hunt Sports Group teamed up to build the \$65 million soccer facility named Pizza Hut Park, the first large scale soccer facility of its type in the United States. The stadium features a 20,000 seat stadium; 17 soccer fields serving the amateur players which include a 600 seat stadium and turf field dedicated for the high school football and soccer teams.

POPULATION TRENDS

	<u>City of Frisco</u>	<u>Collin County</u>
2022 Estimate	223,440	1,125,999
2000 Census	33,714	491,675
1990 Census	6,141	264,036
1980 Census	3,420	144,490
1970 Census	1,845	66,920
1960 Census	1,184	41,247

Sources: Municipal Advisory Council of Texas, U.S. Census Bureau, Frisco Economic Development Corporation, and Oncor Economic Development Corporation.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

Proposed Form of Opinion of Bond Counsel

*An opinion in substantially the following form will be delivered by
McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds,
assuming no material changes in facts or law.*

**FRISCO INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX REFUNDING BONDS, SERIES 2022A
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____**

AS BOND COUNSEL FOR THE ISSUER (the “Issuer”) of the Bonds described above (the “Bonds”), we have examined into the legality and validity of the Bonds, which are payable, bear interest and are subject to further provisions, all in accordance with the terms and conditions stated in the text of the Bonds.

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the Issuer and other documents authorizing and relating to the issuance of said Bonds, including the executed Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been authorized, issued and duly delivered in accordance with law; and that except as may be limited by governmental immunity, bankruptcy, insolvency, reorganization, moratorium liquidation and other similar laws now or hereafter enacted relating to creditor's rights generally or by principles of equity which permit the exercise of judicial discretion, the Bonds constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds have been levied and pledged for such purpose, without legal limit as to rate or amount.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof 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, and assume compliance by the Issuer with, certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed and refinanced therewith, the report or certificate verifying the sufficiency of the amounts deposited in the escrow fund to pay the principal of and interest on the refunded bonds. We call your attention to the fact that if such representations are determined to be inaccurate or upon failure by the Issuer to comply with such covenants, interest on the Bonds may 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.



WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Bonds, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and 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 Issuer, 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 Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within the Issuer. Our role in connection with the Issuer's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

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 a result and are not binding on the Internal Revenue Service (the "Service"). Rather, our 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 as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, might result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

Respectfully,

APPENDIX D

**AUDITED FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2021**

The Frisco ISD Finance Department is proud to showcase the artwork of Frisco ISD students whose work was honored at the 2021 State High School Visual and Scholastic Arts Event (**VASE**). Student artwork is featured on the cover as well as throughout the publication.

Cover art:
Joy in Bloom
by Campbell Williams
Independence High School

Annual Comprehensive Financial Report

Frisco Independent School District
5515 Ohio Drive
Frisco, Texas 75035

Fiscal Year Ended
June 30, 2021

Prepared by:
Finance Department

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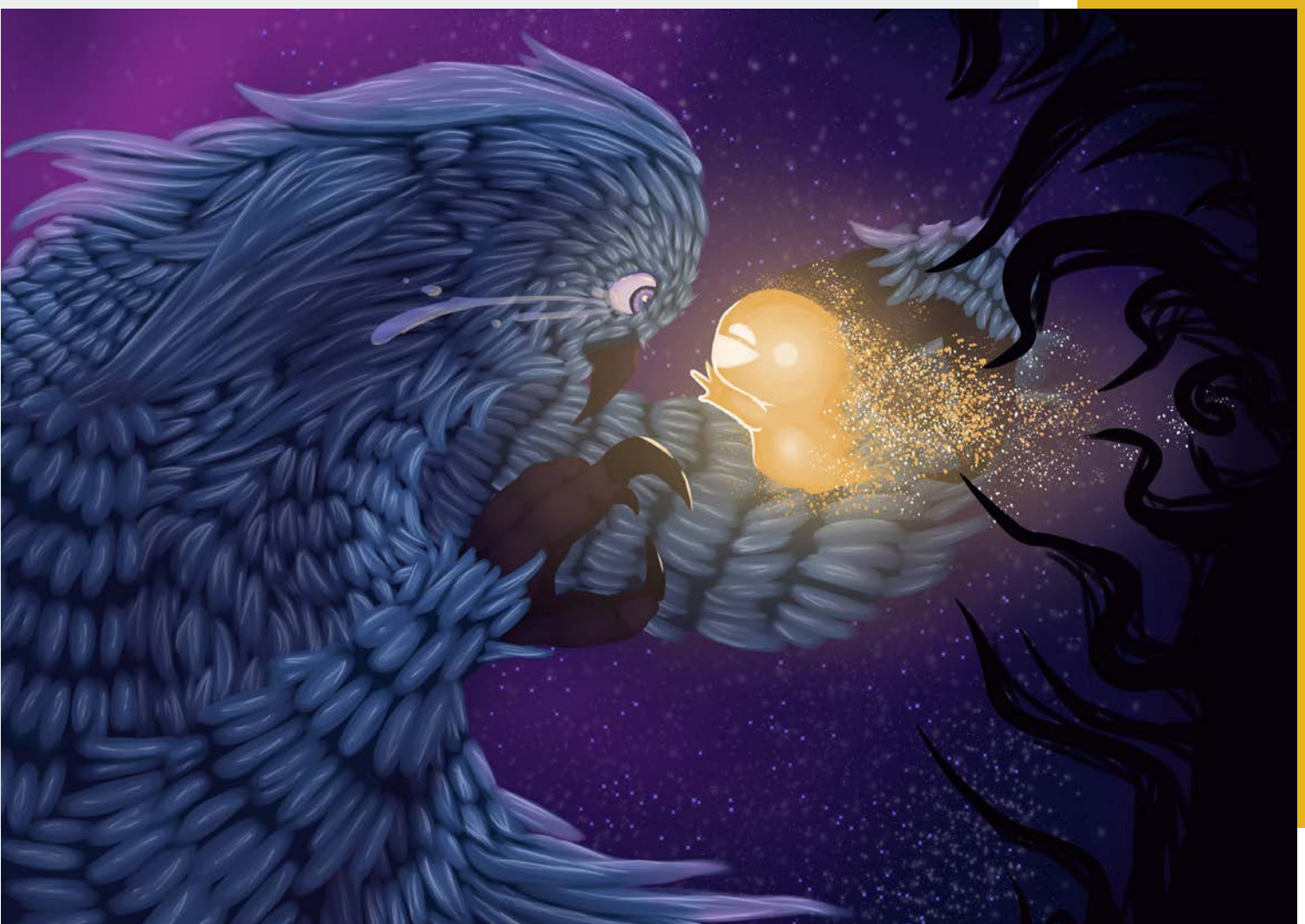
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Introductory Section (Unaudited)



A Fading Light | Chloe Hicks | Lebanon Trail High School

Certificate of the Board

Frisco Independent School District Collin 043-905 _____

Name of School District County County-District No.

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and x 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 President



Signature of Board Secretary

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):



5515 Ohio Drive
Frisco, Texas 75035
469.633.6000
www.friscoisd.org

November 8, 2021

To the Citizens of the Frisco Independent School District:

The Annual Comprehensive Financial Report (ACFR) of the Frisco Independent School District (“FISD” or the “District”) for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the financial position and results of operations of the various funds of FISD. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included. The District’s financial position is discussed in greater detail in the Management’s Discussion and Analysis (MD&A) in the Financial Section of this report.

State law and District policy require an annual audit by independent certified public accountants. The financial statements for the fiscal year ended June 30, 2021, have been audited by Weaver and Tidwell, L.L.P., a licensed certified public accounting firm, and their report is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements is part of a broader, federally mandated single audit designed to meet the special needs of federal grantor agencies. Information related to the single audit, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the independent auditor’s reports on internal control, compliance, and other matters are included in the Federal Awards Section of this report.

Profile of the District

Frisco ISD is an independent public education agency, recognized by the State of Texas, to provide appropriate educational services to students in pre-kindergarten through twelfth grade. The District has campuses in both Collin and Denton Counties in north central Texas (Dallas/Fort Worth metroplex area) and serves the communities of Frisco, Plano, McKinney, and Little Elm.

Frisco Independent School District has experienced substantial growth over the past 30 years, with new students joining us every day from across Texas, the nation, and the world. Many families choose to call Frisco ISD home because of our outstanding reputation for academic excellence, innovative programs, and wealth of extracurricular opportunities and experiences. No other district in the nation has grown faster than Frisco ISD. The District has grown by over 59% in the past decade, from 39,903 students in 2011 to 63,493 students in 2021. The District is expected to continue to grow to around 80,000 students

at build-out. A schedule listing the last ten years enrollment can be found in the Statistical Section of this report.

The District has 42 elementary schools, 17 middle schools, 11 high schools and 3 special program centers. Four additional schools, including a high school, middle school, intermediate school, and elementary school, are planned to open over the next two years. The District currently employs approximately 7,600 full and part-time employees, including almost 4,400 teachers.

Governance and oversight of the District is provided by a non-compensated, seven member Board of Trustees. Members of the Board are elected to office for three-year terms on a rotating basis with two or three places being filled through a general election held annually on the first Saturday in May. Should a vacancy occur on the Board, the position may be filled by appointment or left vacant until the next scheduled election. In addition to general oversight and governance, Trustees are charged with calling trustee and other school elections, adopting and amending the annual operating budget, setting the tax rate, setting salary schedules, acting as a board of appeals for student and personnel matters, and employing the Superintendent of Schools. In the performance of these duties, the Board must adhere to all state regulations and other legal restrictions. Since the Board is elected by the community, the decisions of the Board provide administrative guidance to the District in meeting community standards.

Education

Frisco ISD's mission is to know every student by name and need. At the heart of our success is a student-opportunities model that has guided the District through three decades of explosive enrollment growth. With the support of parents and the community, leaders remain committed to creating small, personalized learning environments. This philosophy drives our day-to-day efforts to understand each child's unique circumstances, their strengths and weaknesses and the role we must play to ensure each student reaches their full potential.

Curriculum is written in-house by FISD educators to emphasize critical thinking, writing and problem solving. Rigorous lessons set high standards for achievement and challenge all learners. In addition to core classes in English, mathematics, science and social studies, the District offers a wide variety of electives as diverse as our students themselves. Students choose from courses in broadcast journalism, animal science, aerospace engineering, 3D animation, pharmacology, sports marketing, video game design and art history, just to name a few. FISD strives to provide authentic, real-world learning experiences in which students can explore their interests and get a jumpstart on a future career. Students are encouraged to challenge themselves in a growing number of Advanced Placement (AP), International Baccalaureate (IB), and Advanced courses. Dual-credit opportunities are available through partnerships with Collin College and the University of North Texas.

Current and emerging technology is integrated into all content areas to extend student learning and keep students engaged in the process. Special programs are provided in the District on home campuses or through centralized programming. These include Gifted and Talented, Special Education, ESL/Bilingual, Dyslexia, Accelerated Reading/Math Instruction, Credit Recovery and GED. The District's Career and Technical Education Center offers more than 30 programs of study for high school students to explore their future, while the Student Opportunity Center provides extra support to help struggling students reach their maximum potential. FISD also offers a growing number of Schools and Programs of Choice, including the IB Primary Years Programme, Project Lead the Way Launch and Spanish language enrichment at Bright Academy, the IB Diploma Programme at Frisco High School, and the Navy National Defense Cadet

Corps at Lebanon Trail High School. For our littlest learners, a free full-day pre-kindergarten program is offered at the Early Childhood School and elementary schools across the District for qualifying families.

Frisco ISD raises the bar for student achievement. Test scores are well above state and national averages and continue to improve. More than 75% of seniors take one or more college entrance exams, and approximately 90% of graduating seniors plan to continue their education at a college, university, technical school or the military following high school. Each year, graduating classes earn millions of dollars in scholarships to further their education.

Economic Condition and Outlook

Local Economy

Over the past 20 years, economic development, both commercial and residential, throughout the City of Frisco and neighboring areas has driven new families into Frisco ISD; and as major corporations continue to relocate their headquarters into the Dallas/Fort Worth Area, strong academics and outstanding opportunities for students continue to make Frisco ISD a destination school district for the families moving in. There are approximately 15 square miles of the District left for future development, and our demographers project that development will bring more than 15,000 additional students over the next 15 to 20 years.

The influx of businesses and homeowners has continued to drive up the taxable values of properties within FISD, which have increased 164% over the past decade. The COVID-19 pandemic also had an impact on property values as supply has not been able to keep up with demand. Values increased approximately 6% from fiscal year 2020 to fiscal year 2021.

Approximately 18% of the District's area is still vacant land as of 2021. As the City of Frisco and the District continue to build out, the District anticipates continued property value growth, but at a somewhat slower rate, for the foreseeable future.

The strong tax base and mix of residential and commercial values is beneficial to FISD. The District's largest taxpayer comprises only 0.94% of the total taxable value of the District, and the total assessed value for all of the top ten taxpayers comprises only 5.29% of the District's taxable value. As such, the loss of a single taxpayer would not have a significant effect on the District's ability to provide educational services or impact our ability to meet future financial obligations.

Capital Projects

In 2014, the FISD community supported and passed a bond authorization package of \$775 million to meet the capital needs associated with the District's rapid enrollment growth. The bond package was designed to provide educational facilities for up to 66,000 students. We are nearing the end of that bond program and expect to reach 66,000 students during the 2021-2022 school year. The only remaining project in the 2014 bond program is an elementary school which is not yet slated to be built. As property values have risen, so has the average age of students moving into Frisco ISD, and the need for new facilities has shifted from elementary to secondary schools. In 2018, the citizens of Frisco ISD approved a new \$691 million bond program to fund four new schools, expand and update existing facilities, add and refresh classroom technology, enhance school security, and more. The 2018 program is projected to

accommodate further growth in the District up to 72,000 students, and projects are anticipated to occur through 2025.

Joint ventures with the City of Frisco have enabled the District to avoid costly construction of necessary support facilities such as athletic complexes and multi-use facilities. These joint ventures are paid for by tax revenue collected from a Tax Increment Reinvestment Zone (TIRZ) that was established in 1997 and is comprised of commercial and multi-family residential property in the center of the District. Projects funded with the TIRZ include Dr. Pepper Ballpark, Toyota Stadium, the Comerica Center, the Ford Center, and a municipal golf course that will be home to the PGA of America. The projects provide venues for FISD sports, graduations, and other large district gatherings in addition to internship and mentorship opportunities with the corporate partners who also use the facilities.

Long-Term Financial Planning

Frisco ISD uses a number of financial management strategies, including multi-year financial planning, periodic analysis of peer district comparative financial data, and regular discussion with the Frisco Instructional Support Team and Board of Trustees throughout the year regarding budgetary decisions. Stakeholder input is also sought through various forms of community engagement. Long-range planning has proven to be an effective tool for FISD in anticipating, planning, and implementing strategies that allow for growth within the constraints of available revenues without reducing the overall quality of our educational programs.

Projecting student enrollment growth and dealing with the limitations of the State's school funding system are two major factors affecting the District's long-term financial plans. Student enrollment has increased an average of 4% per year for the past 5 years. The growth slowed from 2020 to 2021 due to the COVID-19 pandemic, though. Nationwide, many families, especially those with children in pre-kindergarten through first grade, chose to keep their children at home rather than enroll them in public schools because of the uncertainty of the virus. The majority of school districts across the state actually saw a decline in enrollment even though the population of Texas was still growing. Frisco ISD was one of only two of the state's largest school districts that grew in enrollment during 2021, although we only grew by 788 students (about 1,300 fewer than expected). District management and external demographers predict the return of most of the 1,300 that were anticipated in 2021 but didn't enroll, plus a return to normal growth rates beginning in 2022. Growth for the 2021-2022 school year is projected to be 2,100 students, followed by annual growth of 800 to 1,300 new students each year over the next 5 years.

The state's educational funding formula allows the District to receive additional funding for each new student enrolled, but in order to generate that funding, students must be physically present at school when attendance is taken. The COVID-19 pandemic challenged our education system in myriad ways, and unfortunately our funding mechanism was not spared from those challenges. The Commissioner of Education of the State of Texas used temporary waivers and federal aid to ensure school districts were held harmless for potential funding losses during the 2020-2021 school year that resulted from students attending school online rather than being physically present on campus; but those waivers expired at the end of the 2021 school year, and the pandemic did not. Without a vaccine available to children under 12, many families are still uncomfortable sending their children to school. Our state legislators have been hard at work during the fall of 2021 to ensure that districts continue to receive funding for online programs. Frisco ISD will continue to offer a temporary online program for students in pre-kindergarten through sixth grade until a vaccine becomes widely available for children under 12. We are fortunate to

have access to federal aid through the Elementary and Secondary School Emergency Relief (ESSER) Fund that we can use to help pay for that program and cover any potential gaps in state funding.

Internal Control

The Board and Administration of FISD are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. District management monitors the internal control system to determine its effectiveness and makes appropriate revisions when necessary.

Budgetary Controls

The District has established and maintains a system of budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated (official) budget as adopted by the Board of Trustees. District management is responsible for developing the budget, within the established control system, and presenting the budget to the Board for final adoption. The official budget represents the allocation of resources in the General Fund, Child Nutrition Fund, and Debt Service Fund. The level of budgetary control (i.e. the level at which expenditures cannot legally exceed the appropriated amount) is at the fund-function level as required by the Texas Education Agency. In addition, lower level organizational units' expenditures are controlled at varying combinations of the account code structure. Oversight control of all FISD expenditures is maintained by the District's Finance Department staff.

The District also utilizes an encumbrance accounting system to maintain budgetary control through a transaction's life cycle. At the end of a fiscal year, outstanding encumbrances, subject to review and approval, are rolled forward into the subsequent fiscal period, with the subsequent budget amended accordingly.

The District believes that these methods of control provide the optimum level of oversight and flexibility to meet its budgetary needs.

Awards

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting, and the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to FISD for its annual comprehensive financial report for the fiscal year ended June 30, 2020. The ASBO award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials. The GFOA award is considered the highest form of recognition in the area of governmental accounting and financial reporting. The ACFR is judged by an impartial panel to determine if it meets the high standards of the program, demonstrating a constructive "spirit of full disclosure", to clearly communicate the District's financial story, and confirm the District's commitment to financial accountability and transparency. Both

certificates are valid for a period of one year only. Management believes that this ACFR for the year ended June 30, 2021, which will be submitted for review to both associations, continues to meet the criteria of both ASBO and GFOA's certificate programs.

The District also publishes a Popular Annual Financial Report (PAFR) and received a Popular Annual Financial Reporting Award from the GFOA for that publication in 2019. The PAFR Awards Program encourages state and local governments to extract information from their comprehensive annual financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and then recognizes individual governments that are successful in achieving that goal. Due to delays created by the COVID-19 pandemic, we were unable to have the 2020 PAFR reviewed prior to this publication. That report and this one will both be reviewed for award prior to the publication of next year's PAFR.

The state of Texas initiated the Financial Integrity Rating System of Texas (FIRST) program in 1999. The goal of this legislation was to develop an accountability system, similar to the academic accountability system, by which school districts could be rated on their financial management practices. Frisco ISD has received the highest possible rating for its financial practices, management, and monitoring for each year since the inception of FIRST.

The Texas Comptroller of Public Accounts' Transparency Stars program recognizes local governments for going above and beyond in their transparency efforts. Frisco ISD is eligible to apply for Transparency Stars in the areas of traditional finances, contracts and procurement, and debt obligations. As of June 30, 2021, FIRD has earned all 3 of the Transparency Stars for which we are eligible.

Acknowledgments

Despite the challenges of the past year, Frisco ISD remained steadfast in our mission to know every student by name and need. The ongoing support from parents, citizens, business owners, and corporate and non-profit partners allows us to remain a model of excellence.

I would like to thank the Frisco ISD Board of Trustees for their continued trust and prudent financial planning, which allows us to address the needs of our students and staff without hesitation. I would also like to recognize the employees of Frisco ISD. Their cooperative spirit allows us to be successful in planning, implementing, and supporting the District's financial activities. Finally, I would like to acknowledge and thank each member of the FIRD Business Office, without whom this publication and our success as a District would not be possible.

With these acknowledgments, this report is respectfully submitted for your review.



Kimberly Smith, CPA
Chief Financial Officer

Frisco Independent School District Principal Officers and Advisors

Board Of Trustees

Name	Term Expires	Length of Service	Occupation
Rene Archambault, President	2024	3 years	Deputy Director, Southern Methodist University - Guildhall
John Classe, Vice President	2024	7 years	Certified Financial Planner™, Bell Financial Group
Chad Rudy, Secretary	2022	6 years	Certified Financial Planner™, Retirement Investment Advisors, Inc.
Gopal Ponangi	2022	2 years	Senior Manager, Tata Consultancy Services, Dallas
Natalie Hebert	2022	2 years	Certified Texas Teacher and Community and school volunteer
Dynette Davis	2023	1 year	Educator and entrepreneur
Debbie Gillespie	2023	10 years	Community and school volunteer

Appointed Officials and Administration

Name	Position	Length of Education Service
Dr. Mike Waldrip	Superintendent	39 years
Dr. Todd Fouche	Deputy Superintendent of Business and Operations	18 years
Kenny Chandler	Deputy Superintendent of Schools	37 years
Dr. Wes Cunningham	Chief Academic Officer	28 years
Amanda McCune	Chief Communications Officer	5 years
Kimberly Smith	Chief Financial Officer	10 years
Dr. Pamela Linton	Chief Human Resources Officer	31 years
Cory McClendon	Chief Leadership Officer	22 years
Erin Miller	Chief Student Services Officer	25 years
Melissa Fouche	Chief Technology Officer	27 years

Consultants And Advisors

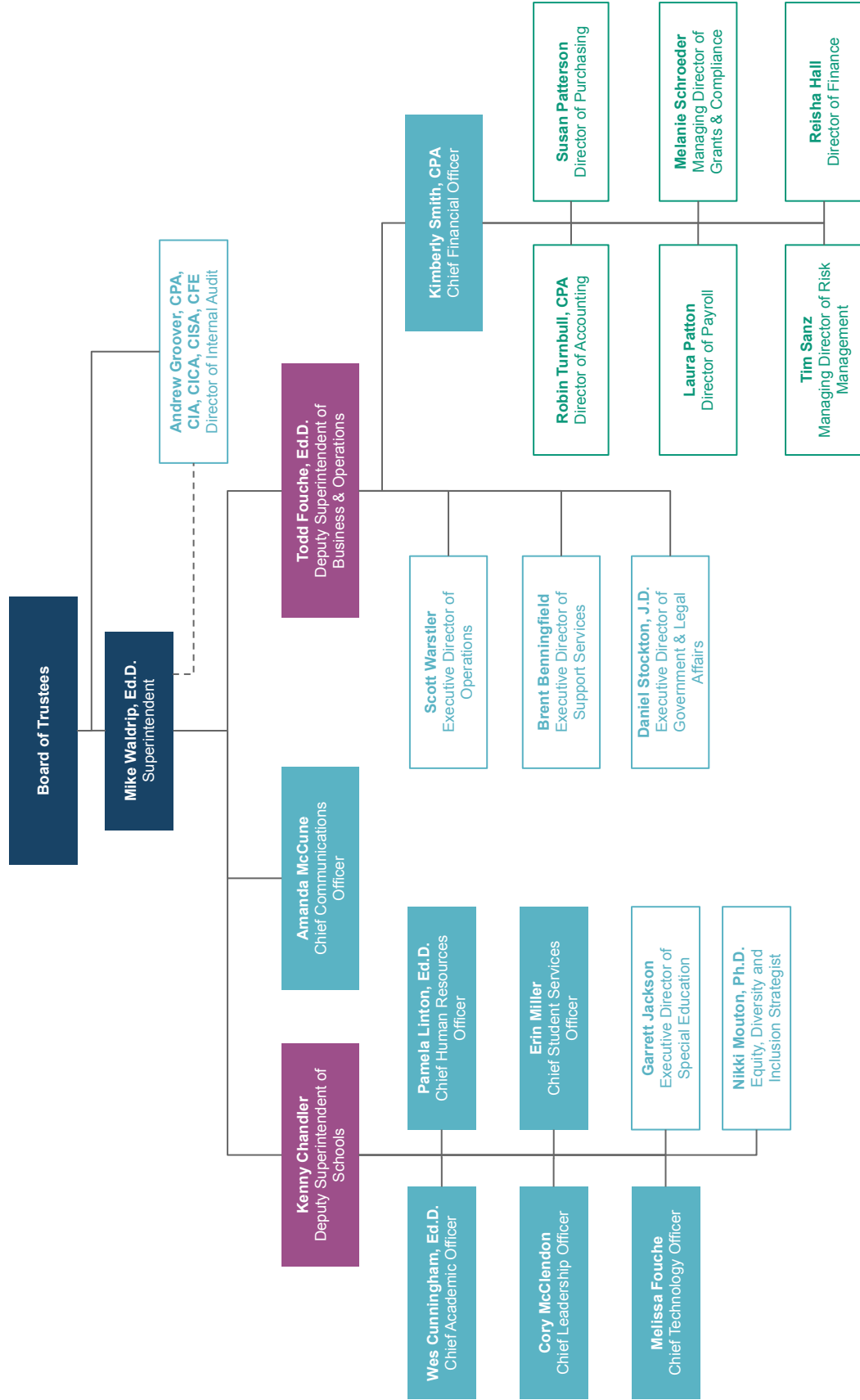
Weaver and Tidwell, L.L.P.
Independent Auditors

McCall, Parkhurst & Horton, L.L.P.
Bond Counsel

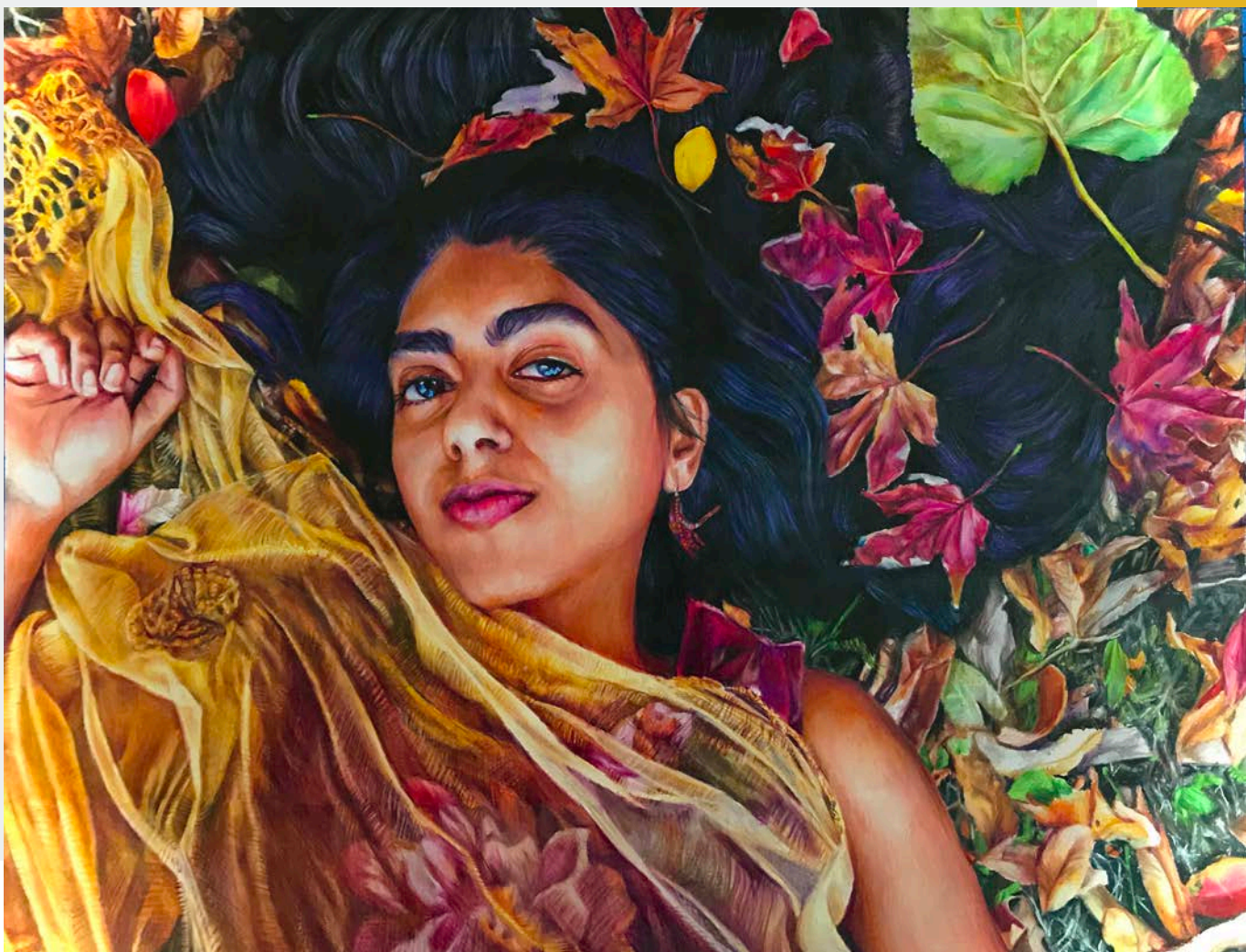
SAMCO Capital Markets, Inc.
Financial Advisors

First Southwest Asset Management
Investment Advisors

Frisco Independent School District Administration and Finance 2021/2022



Financial Section



Leaves Of Gold And Ruby | Anusha Kashyapa | Independence High School



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Frisco 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

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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

CPAs AND ADVISORS | WEAVER.COM

The Board of Trustees of
Frisco Independent School District

Emphasis of Matter

As discussed in Note 1 to the basic financial statement, during the year ended June 30, 2021, the District implemented Government Accounting Standards Board Statement No. 84, Fiduciary Activities. Beginning net position for the 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, budgetary comparison information, schedules of the District's proportionate share of the net pension liability and the net OPEB liability, and schedules of District pension and OPEB contributions 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 fund statements and schedules, required Texas Education Agency schedule and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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), and is also not a required part of the basic financial statements.

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

The Board of Trustees of
Frisco Independent School District

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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 8, 2021



Management's Discussion and Analysis (Unaudited)

As management of the Frisco Independent School District (the "District"), we offer the readers of these financial statements this narrative overview and analysis of the District's financial performance for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages ii-vii of this report, as well as the District's financial statements, which follow this section.

Financial Highlights

The COVID-19 pandemic created a myriad of challenges for public school districts across the country, some of which are discussed later in this section. While the challenges were great, Frisco ISD did not experience significant financial hardship as a result of the pandemic. Student enrollment was lower than projected; our ability to collect certain revenue streams declined slightly; and we generally spent less money than we would have under normal operations.

The General Fund, which is the District's main operating fund, recognized an \$18.3 million surplus for the year despite the COVID-19 pandemic. We adopted a conservative budget for fiscal year 2021 because of the uncertainty created by the pandemic and planned for a \$10.8 million surplus. The additional surplus beyond what was planned is mostly attributable to payments from the state to settle up formula funding from prior fiscal years. Further details are described on pages 12-13 of Management's Discussion and Analysis. The General Fund ended the year with an unassigned fund balance of \$202.8 million, which represents 31.1% of the fiscal year 2022 adopted budget.

When combined, the total fund balance for all of the District's funds increased by \$129.1 million from the prior year due mainly to the issuance of bonds in the Capital Projects Funds, the proceeds of which were not spent before year-end. We ended the year with a total combined governmental fund balance of \$659.4 million.

The District's overall net position decreased by \$11.3 million from the prior year, resulting in a year-end net position of (\$431.3 million). Of the total net position, (\$380 million) represents the District's net investment in capital assets. Frisco ISD is fast growing, and the majority of our school buildings are relatively new, with 21 new schools opened in the past 10 years. We therefore have more debt outstanding than capital assets. As building needs slow and debt is repaid, the net investment in capital assets will shift from negative to positive. For now, though, we continue to issue new debt to build new facilities.

FISD issued \$595.3 million in new debt during the year. \$252 million was issued to finance projects from the 2014 and 2018 bond programs, and the remainder was used to refund \$345.1 million of outstanding debt at an interest cost savings of more than \$112.8 million.

Overview Of The Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements, which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

The government-wide financial statements include the Statement of Net Position (Exhibit A-1) and the Statement of Activities (Exhibit B-1). These reports provide information about the activities of the District as a whole, with a long-term view of the District's property, 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 with Exhibit C-1) 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 activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They also reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefits of those outside of the District.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain.

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

Type of Statement	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	All activities of the District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities for which the District is the trustee or agent for another entity's resources
Required financial statements	Statement of Net Position Statement of Activities	Balance sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position; Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of period-end information reported	All assets, liabilities, and deferred inflows/outflows, both financial and capital, short-term and long-term	Only assets, liabilities, and deferred inflows/outflows expected to be used or due during the year or soon thereafter; no capital or long-term items are included	All assets, liabilities, and deferred inflows/outflows, both financial and capital, short-term and long-term
Type of activities reported	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and payment is due during the year or soon thereafter	None (custodial in nature)

(Continued)

Government-Wide Financial Statements

Government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to private-sector business. All of the District's services are reported in the government-wide financial statements, including but not limited to instruction, student support services, student transportation, general administration, school leadership, facilities acquisition and construction, food services, and capital and debt financing. Property taxes and state and federal aid finance most of these activities.

The *Statement of Net Position* presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the net of these amounts reported as net position. Net position serves as an indicator of the District's overall financial position.

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

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

The government-wide financial statements can be found on pages 21-22 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants while others are established by the Board of Trustees for various purposes. The fund financial statements provide more detailed information about the District's most significant funds rather than the District as a whole.

All of the District's funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on (1) the flow of cash and other current financial assets and (2) the balance of spendable resources available at the end of the fiscal year. Such information provides a detailed, short-term view of the current financial resources available to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. We provide reconciliations of the fund financial statements to the government-wide financial statements in Exhibits C-1R and C-2R to facilitate the comparison.

The District maintains a number of governmental funds, three of which – The General Fund, Debt Service Fund, and Capital Projects Fund – are considered major funds and are reported separately on the governmental funds *Balance Sheet* and *Statement of Revenues, Expenditures, and Changes in Fund Balances*. The remaining governmental funds of the District are reported together as non-major governmental funds.

Governmental fund financial statements can be found on pages 25 and 27 of this report.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the District. The District acts in a trustee capacity and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. However, these funds are not reported in the government-wide financial statements because their resources are not available to support the District's operations.

The *Statement of Fiduciary Net Position* and the *Statement of Changes in Fiduciary Net Position* report all of the District's fiduciary activities and can be found on pages 31 and 32 of this report.

Notes to the Financial Statements

The notes to the financial statements provide narrative explanations or additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-61 of this report.

Other Information

The combining statements for non-major funds contain additional information about the District's individual funds. This information may be found in Exhibits G-2 and G-3.

The Federal Awards Section contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the budgetary appropriations and terms of the grants awarded.

Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the District's overall financial position. As of June 30, 2021, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$431.3 million.

Table A-2. The District's Net Position

	June 30, 2021	June 30, 2020	Increases / (Decreases)
Assets:			
Current and other assets	\$ 781,031,715	\$ 642,592,614	\$ 138,439,101
Capital assets	1,756,456,248	1,662,742,864	93,713,384
Total Assets	2,537,487,963	2,305,335,478	232,152,485
Deferred outflows of resources	138,968,652	161,910,953	(22,942,301)
Total Assets and Deferred Outflows	\$ 2,676,456,615	\$ 2,467,246,431	\$ 209,210,184
Liabilities:			
Current liabilities	\$ 221,946,311	\$ 201,085,268	\$ 20,861,043
Long-term liabilities	2,736,458,503	2,570,714,928	165,743,575
Total Liabilities	2,958,404,814	2,771,800,196	186,604,618
Deferred inflows of resources	149,312,217	115,390,768	33,921,449
Net Position:			
Net investment in capital assets	(379,976,838)	(373,647,743)	(6,329,095)
Restricted	108,989,379	108,617,859	371,520
Unrestricted	(160,272,957)	(154,914,649)	(5,358,308)
Total Net Position	(431,260,416)	(419,944,533)	(11,315,883)
Total Liabilities, Deferred Inflows and Net Position	\$ 2,676,456,615	\$ 2,467,246,431	\$ 209,210,184

The largest portion of the District's net position is its investment in capital assets (e.g. land, buildings, furniture and equipment), net of any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay that debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate liabilities. The District maintains an aggressive debt repayment schedule to ensure payment terms equal or outpace the useful life of the financed assets. However, the majority of the District's capital assets are less than 30 years old, so total debt still exceeds the value of total capital assets, making that investment negative.

An additional portion of the District's net position, \$109.0 million, represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position may be used to meet the District's ongoing obligations.

The District's total assets grew by \$45.6 million more than total liabilities from June 30, 2020 to June 30, 2021, but the District's overall net position decreased by 11.3 million. That decrease was the result of new deferred inflows of resources related to the District's proportionate share of the TRS net OPEB liability.

The total cost of all governmental activities for the fiscal year ended June 30, 2021 was \$821.6 million. Approximately \$78.9 million of those costs were funded by program revenues directly attributable to specific activities. The remaining costs were funded primarily by property taxes and state revenue, which are not attributable to specific programs.

The following Table A-3 illustrates the changes in net position over the most recent fiscal year. This information can also be found on the government-wide *Statement of Activities* (Exhibit B-1).

Table A-3. Schedule of Changes in the District's Net Position

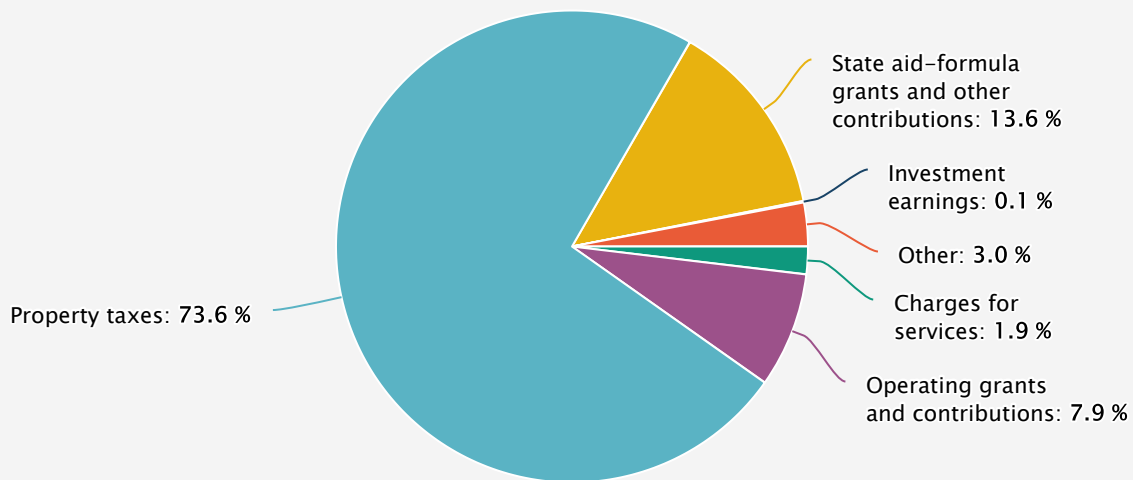
	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2020	Increases / (Decreases)
Revenues:			
Program Revenues:			
Charges for services	\$ 15,059,185	\$ 36,129,968	\$ (21,070,783)
Operating grants and contributions	63,842,316	71,108,796	(7,266,480)
General Revenues:			
Property taxes	596,833,333	579,072,777	17,760,556
State aid- formula grants and other contributions	109,965,143	102,059,802	7,905,341
Investment earnings	420,973	8,429,226	(8,008,253)
Other	24,206,014	23,587,596	618,418
Total Revenues	<u>810,326,964</u>	<u>820,388,165</u>	<u>(10,061,201)</u>
Expenses:			
Instruction	431,632,246	444,377,695	(12,745,449)
Instructional resources and media services	8,860,354	8,932,969	(72,615)
Curriculum and instructional staff development	15,092,758	14,315,808	776,950
Instructional leadership	11,231,262	11,116,828	114,434
School leadership	41,905,984	43,158,588	(1,252,604)
Guidance, counseling and evaluation services	26,323,164	25,968,948	354,216
Social work services	282,024	227,696	54,328
Health services	7,524,465	7,215,668	308,797
Student transportation	15,562,096	17,135,255	(1,573,159)
Food services	20,696,850	26,200,312	(5,503,462)
Extracurricular activities	23,846,884	22,890,618	956,266
General administration	17,512,837	16,605,179	907,658
Facilities maintenance and operations	71,801,617	60,027,110	11,774,507
Security and monitoring services	7,552,762	6,577,228	975,534
Data processing services	11,445,169	10,906,676	538,493
Community services	1,998,783	2,231,893	(233,110)
Debt service - interest on long-term debt	67,188,505	79,729,973	(12,541,468)
Debt service - bond issuance costs and fees	4,872,571	924,809	3,947,762
Contracted instructional services between schools	4,177,231	3,152,395	1,024,836
Payments to juvenile justice alternative education programs		30,681	(30,681)
Payments to tax increment fund	28,283,215	27,151,041	1,132,174
Other intergovernmental charges	3,852,070	3,798,571	53,499
Total Expenses	<u>821,642,847</u>	<u>832,675,941</u>	<u>(11,033,094)</u>
Change in Net Position	(11,315,883)	(12,287,776)	971,893
Beginning Net Position	(419,944,533)	(407,656,757)	(12,287,776)
Ending Net Position	<u>\$ (431,260,416)</u>	<u>\$ (419,944,533)</u>	<u>\$ (11,315,883)</u>

(Continued)

The coronavirus pandemic caused a number of significant changes to our operations for the 2020-2021 school year. Approximately half of our students attended school online rather than in person, and a number of events and activities that would take place during a normal school year were cancelled. As a result, we had fewer expenses in fiscal year 2021 than we did in the previous year. We also received less revenue, though. Student meal charges decreased because we fed all students for free for the majority of the school year. Local income from all sources fell short of even our conservative projections, and the low-interest rate environment put a damper on our ability to generate investment earnings.

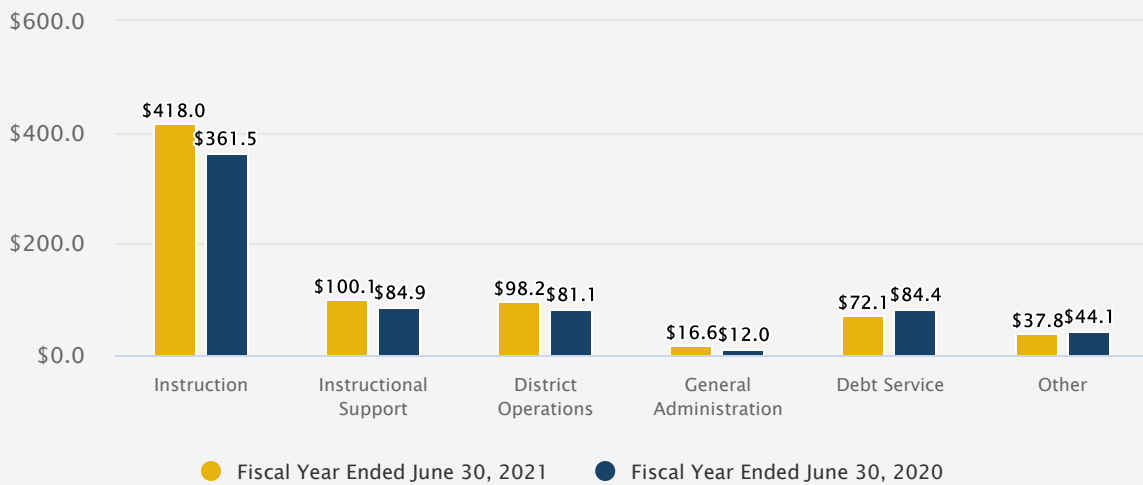
The following Figure A-4 illustrates the District's sources of revenue for the 2021 fiscal year. General revenues provide 90.3% of the funding available to cover the District's annual expenses. The remaining 9.7% of revenues come from operating grants or charges for services specifically attributable to District programs.

Figure A-4. Sources of Revenue for the Fiscal Year Ended June 30, 2021



The following Figure A-5 depicts the change in net cost of services (total cost less program revenue and intergovernmental aid) for the District's major functions for the fiscal years ended June 30, 2021, and June 30, 2020. The net cost reflects the portion funded by local tax dollars, state aid and other miscellaneous general revenues.

Figure A-5. Net Cost of the District's Major Functions (in millions of dollars)



Fund Level Financial Analysis

The District uses fund accounting to demonstrate compliance with finance-related legal requirements and to provide a more detailed account of specific District programs and activities.

The focus of the District's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for discretionary use, since this is the portion of fund balance that has not yet been limited to a particular purpose.

At June 30, 2021, the District's total combined fund balances for governmental funds were \$659.4 million, which represents an increase of \$129.1 million from June 30, 2020. Approximately 30.8%, or \$202.8 million, of the total combined fund balances is unassigned and available for spending at the District's discretion. The remainder of the fund balances is either nonspendable, restricted, committed or assigned for specific purposes:

- *Nonspendable* balances of \$740,883 are not in spendable form because they relate to prepaid expenditures.
- *Restricted* balances of \$386,273,468 are either legally required to remain intact or are restricted for particular purposes by a third party.
- *Committed* balances of \$2,706,009 have been committed by the District's Board of Trustees to service programs funded by local grants, awards or contributions.
- *Assigned* balances of \$66,898,617 have been tentatively earmarked by management for a particular program or purpose.

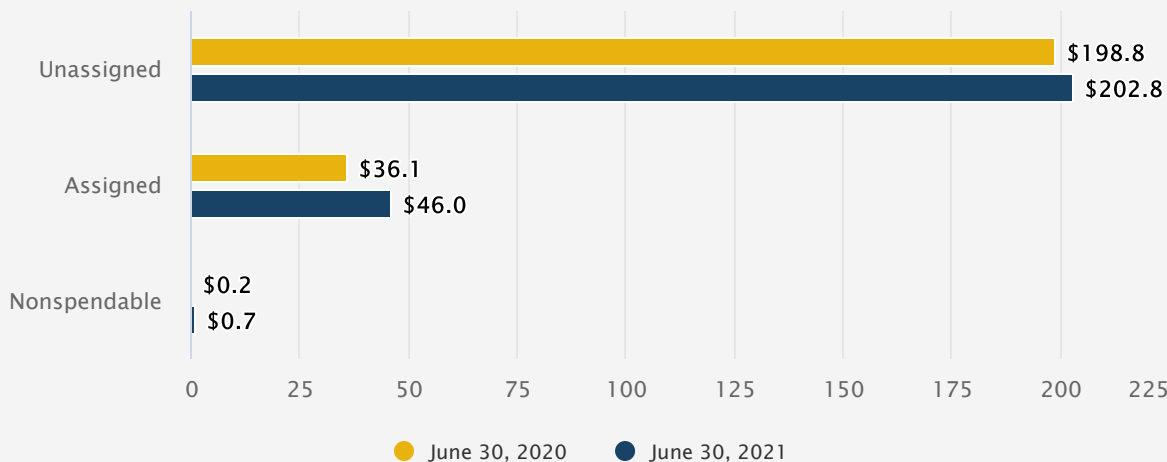
Further details of each type of fund balance can be found within note 1 on pages 38-39 of this report.

General Fund

Figure A-6 depicts the breakdown of fund balances in the General Fund, the District's main operating fund, as of June 30, 2021 and 2020.

(Continued)

Figure A–6. Components of Fund Balance – General Fund (in millions of dollars)



It is useful to compare unassigned fund balance to total expenditures in the General Fund as a measure of liquidity – to determine the portion of annual operating costs that could be funded without cash inflows. Due to the timing of cash inflows from the state and the property tax collection calendar, the District is cash flow negative for the first 4 to 5 months of each fiscal year. Common practice among Texas school districts to maintain an unassigned fund balance equal to at least 20% of expenditures to help accommodate the period of negative cash flow. Because of our fast growth and the necessity to increase expenditures proportionally for enrollment growth each year, Frisco ISD strives to maintain at least 25% of expenditures in unassigned fund balance. The June 30, 2021 unassigned fund balance represents 31.1% of the subsequent fiscal year’s adopted budget.

The General Fund recognized a surplus of \$18.3 million before transfers for fiscal year 2021. We adopted a \$10.8 million surplus budget in order to provide the flexibility to adapt quickly to changing circumstances related to the COVID-19 pandemic. When we began the year, we were uncertain whether the state of Texas would be able to fully fund public education for the school year. We were also uncertain what types of expenditures we might incur related to disease mitigation. The Texas Education Agency was able to use temporary attendance waivers and some federal aid to fully fund public schools during fiscal year 2021 and hold school districts harmless for unanticipated declines in enrollment and attendance.

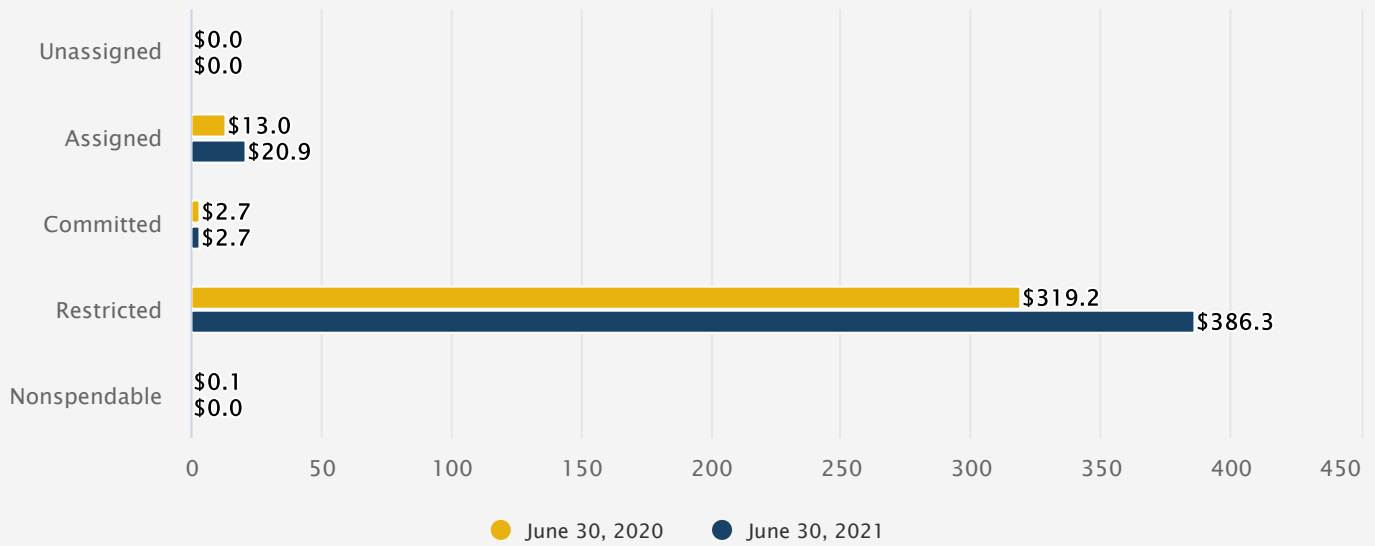
The state funding formula is also periodically audited for data accuracy, sometimes years after the revenue is actually generated by a school district, and those audits often result in additional revenue for FUSD. We received \$4.7 million in state revenue from prior year audits during the 2020-2021 school year on top of our regular funding, accounting for the majority of the extra unplanned surplus.

At the end of the year, we transferred \$4 million out of the General Fund to the Capital Projects Fund to pay for capital expenditures that were not planned for in the bond program, leaving the General Fund with a net increase to fund balance of \$14.4 million . \$14 million of that surplus was then assigned to fund balance for employee compensation. Frisco ISD uses that assigned fund balance to pay retention incentives to employees annually, and \$14 million will pay for another two years of incentives.

Other Governmental Funds

The fund balances of all other governmental funds increased by \$114.7 million from June 30, 2020, to June 30, 2021. The increase in other funds was mainly attributable to bond proceeds received in the Capital Projects Fund that were not spent prior to the end of the fiscal year. The components of fund balance in the District's other governmental funds for the 2020 and 2021 fiscal years are illustrated in Figure A-7.

Figure A-7. Components of Fund Balance – Other Governmental Funds (in millions of dollars)



Other fund balance changes can be explained as follows:

- The Debt Service Fund recognized a decrease in fund balance of \$3.2 million because property tax revenue levied for debt service was not enough to cover total debt payments. Frisco ISD intentionally adopted a deficit budget for the Debt Service Fund in order to keep the 2020 debt tax rate at \$0.27. The balance of debt service not covered by property taxes was paid for with Debt Service Fund Balance.
- Non-Major Governmental Funds recognized a net decrease in fund balance of \$1.7 million from the previous year. The majority of non-major funds are used to account for reimbursement grants, which recognize revenues as expenditures occur and therefore do not carry a fund balance or recognize surpluses or deficits. The Child Nutrition Fund, however, which is a self-funded breakfast and lunch program, generated a deficit of \$1.9 million because free meals were served to all students for the majority of the school year. The State Textbook Fund and some other local grant funds carry various immaterial fund balances due to timing of cash flows.

General Fund Budgetary Highlights

The Board of Trustees originally adopted a \$10.8 million surplus for the 2021 fiscal year. As previously discussed, the actual surplus was \$14.4 million

Revenues were greater than originally expected due to payments from the state in settlement of formula funding for prior years. These settlements often occur years after the close of the fiscal year for which the revenue was generated and are the result of audits of property values and other formula inputs.

Expenditures were \$250 thousand less than the originally adopted budget. Budget amendments and adjustments were made over the course of the year for various initiatives and to provide flexibility to make unforeseen purchases, but fewer students on campus coupled with conservative spending and supply chain issues - all caused by the COVID-19 pandemic - led the District to spend less than anticipated during the year. Approximately 15% of campus and department budgets district-wide remained unspent at year-end. Additional budget amendments are made at year-end in anticipation of liabilities that may be owed but not paid by June 30 and to safeguard against overspending at the fund-function level. These year-end adjustments plus unspent campus and department budget money resulted in the final amended budget exceeding actual expenditures by \$23.1 million.

Capital Assets And Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2021 was \$1.76 billion (net of accumulated depreciation). This investment includes land, buildings, building improvements, furniture, equipment, and vehicles and represents a net increase of 5.64% in capital assets over the previous year.

Table A-8. Capital Assets

	As of June 30, 2021	As of June 30, 2020	Increases / (Decreases)
Land	\$ 201,974,868	\$ 201,974,868	\$ -
Buildings	1,834,107,758	1,820,304,285	13,803,473
Furniture and equipment	79,119,874	72,317,412	6,802,462
Construction in progress	200,460,772	75,528,693	124,932,079
Total Capital Assets	<u>2,315,663,272</u>	<u>2,170,125,258</u>	<u>145,538,014</u>
Accumulated depreciation	<u>(559,207,024)</u>	<u>(507,382,394)</u>	<u>(51,824,630)</u>
Net Capital Assets	<u>\$ 1,756,456,248</u>	<u>\$ 1,662,742,864</u>	<u>\$ 93,713,384</u>

The increase in net capital assets is due to the construction of two new high schools and an elementary school, along with other miscellaneous building renovations and new equipment purchased through our bond program.

More detailed information about the District's capital assets can be found in Note 6 on pages 44-45 of this report.

Long-Term Debt

Management strives to maintain a favorable debt profile and funding structure for the District while adhering to taxpayers' expectations that we will be a prudent and conservative steward of public funds. Our debt repayment schedule is structured to match asset useful lives with the liabilities incurred to finance those assets. We also continuously monitor the interest rate climate and restructure or repay

debt when we are able to recognize positive savings. Taxable bonds are issued to refund debt in advance of its call date; otherwise all bonds issued are tax exempt.

During the year, the District maintained strong underlying bond ratings of AA1 from Moody's Investors Service, Inc. and AA+ from S&P Global Ratings. All bonds issued during the year were rated AAA due to the State's Permanent School Fund Guarantee Program. Favorable ratings result in lower debt issuance costs for the District.

At the end of the 2021 fiscal year, the District had total bonded debt outstanding of \$2.48 billion, all of which is considered to be direct tax supported debt. The remainder of the District's long-term obligations include the District's portions of the TRS net pension and OPEB liabilities.

Table A-9. Long-Term Debt

	As of June 30, 2021	As of June 30, 2020	Increases / (Decreases)
Bonds payable	\$ 2,241,292,488	\$ 2,044,020,964	\$ 197,271,524
Accreted interest	74,768,990	71,390,619	3,378,371
Unamortized bond premium	163,259,797	137,120,558	26,139,239
Total Bonded Debt	2,479,321,275	2,252,532,141	226,789,134
District's portion of TRS net pension liability	173,815,951	182,078,056	(8,262,105)
District's portion of TRS net OPEB liability	159,309,242	195,016,124	(35,706,882)
Total Long-Term Liabilities	<u>\$ 2,812,446,468</u>	<u>\$ 2,629,626,321</u>	<u>\$ 182,820,147</u>

Total outstanding long-term liabilities increased by 6.95% from the previous year. The District issued \$595.3 million of new bonds during the year, \$252 million of which were used to finance new construction and other bond program projects. The remainder of the bonds were issued to refinance outstanding debt. Note 7 on pages 47-50 of this report contains more detailed information about the District's long-term debt activity, including incremental payment schedules, and Note 11 on pages 52-61 contains more information about the District's portion of the State's pension and OPEB liabilities.

The amount of general bonded debt outstanding and the total primary government debt per capita are also useful indicators of the District's debt position. That data is represented in Exhibit S-11 on page 105 of this report.

Economic Factors And Next Year's Budget

Enrollment growth continues to be a significant challenge for the District as it drives all aspects of our operations from General Fund appropriations to programmatic initiatives to capital planning. In 2021, Frisco ISD was the 9th largest district in the state of Texas and one of the fastest growing. We were one of only two of the largest districts in the state that grew in enrollment during the 2020-2021 school year. Most other large districts saw a decline in enrollment because families chose to keep their children out of school to protect them from exposure to COVID-19. While we added 788 students during the 2020-2021 school year, that growth was about 1,300 students short of projections. We work with both internal and third party demographers to develop our best estimates of student growth from year to year, but the pandemic caused anomalies that skewed our data and made it difficult to project what the 2021-2022 school year would look like.

(Continued)

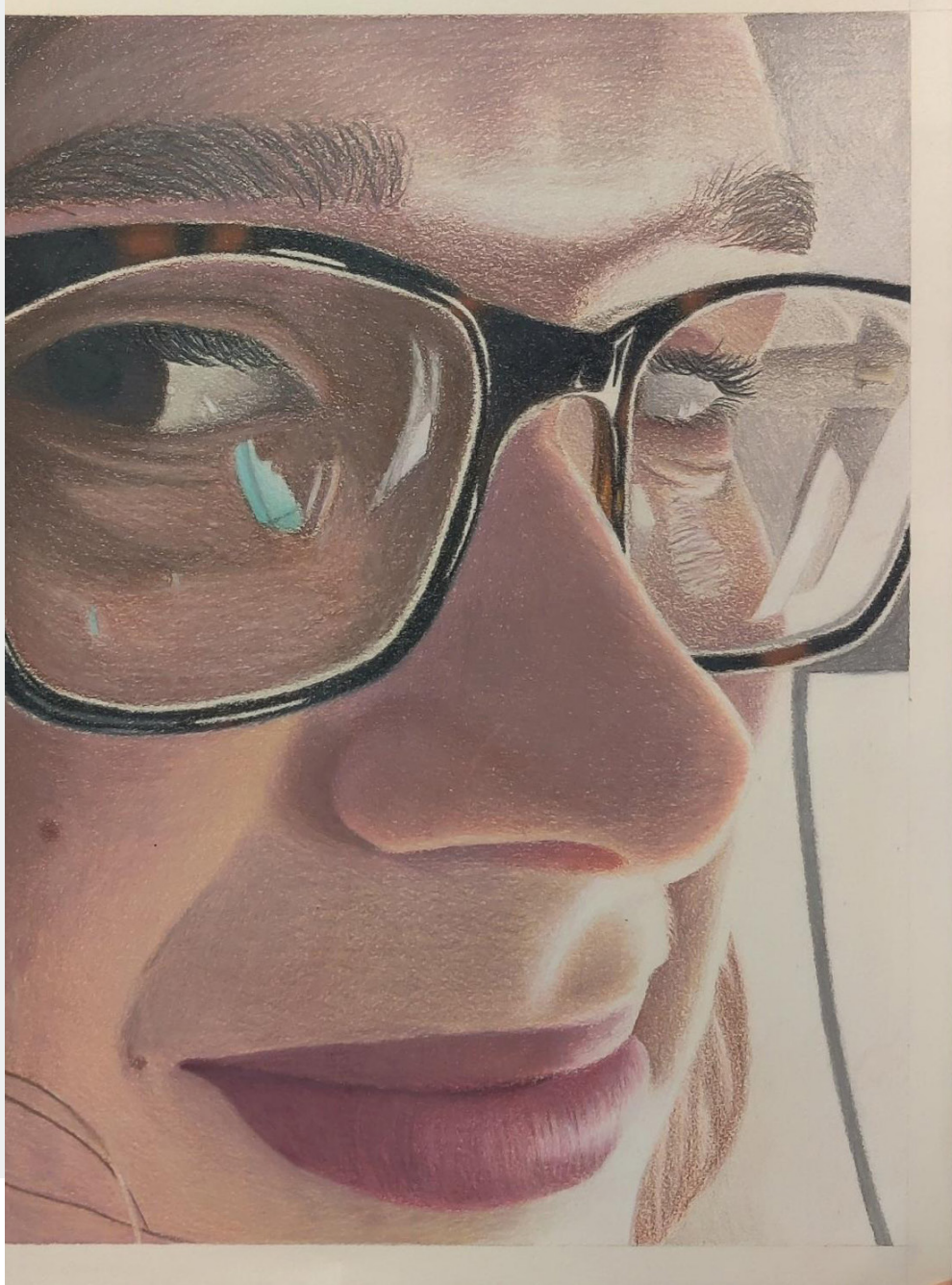
As an added challenge, the state's education funding formula, which is a system of weighted allotments for various populations of students within the district, is driven by both enrollment and attendance. Students must be physically present at school in order to generate funding. While the Texas Education Agency provided waivers to hold school districts harmless for low enrollment and attendance during the 2020-2021 school year, the agency looked to state legislators to determine whether funding for students attending school online could be made available in the future. The 2021-2022 budget was developed conservatively, knowing that the COVID-19 vaccine was not available for children under 12 prior to the start of school, and therefore many families would likely choose an online option for at least a portion of the school year. Fisd is providing a temporary online option for prekindergarten through sixth grades until a vaccine becomes widely available for that age group. We expect to use federal aid from the Elementary and Secondary Schools Emergency Relief Fund to help fill in any funding gaps in addition to addressing learning loss and other social or emotional needs exacerbated by the pandemic.

More information about the District's annual budget and economic challenges can be found in the 2022 Budget Book, which can be obtained on the Frisco ISD website at <http://www.friscoisd.org/departments/finance/financial-transparency/budgets>.

Contacting The District's Financial Management

This financial report is designed to provide our parents, citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at 5515 Ohio Drive, Frisco, Texas 75035, or call 469.633.6330.

Basic Financial Statements



Portrait Of Girl With Glasses | Erin Shanahan | Lone Star High School



The cover features a dark blue background with a large yellow rectangle at the top right and a yellow vertical bar at the bottom right. A thin yellow horizontal line is positioned above the bottom yellow bar. The title is centered in white text.

Government- Wide Financial Statements

Frisco Independent School District
Statement of Net Position
June 30, 2021

Data Control Codes	Governmental Activities
Assets	
1110 Cash and investments	\$ 755,601,442
1220 Property taxes receivable (delinquent)	6,621,108
1230 Allowance for uncollectible taxes	(1,125,588)
1240 Due from other governments	18,543,329
1250 Accrued interest	75,204
1290 Other receivables, net	575,337
1410 Prepaid Expenses	740,883
1510 Land	201,974,868
1520 Buildings and improvements, net	1,332,614,771
1530 Furniture and equipment, net	21,405,837
1580 Construction in progress	200,460,772
1000 Total Assets	<u>2,537,487,963</u>
Deferred Outflows of Resources	
1701 Deferred losses on debt refunding transactions	18,438,422
1705 Deferred pension outflows	73,072,499
1710 Deferred OPEB outflows	47,457,731
1700 Total Deferred Outflows of Resources	<u>138,968,652</u>
Liabilities	
2110 Accounts payable	29,939,152
2113 Retainage payable	9,526,041
2140 Accrued interest payable	27,984,404
2150 Payroll deductions and withholdings	4,658,169
2160 Accrued wages payable	70,584,152
2200 Accrued expenses	2,001,000
2300 Unearned revenues	1,265,428
Noncurrent Liabilities:	
2501 Due within one year	75,987,965
2502 Due in more than one year	2,403,333,310
2540 Net pension liability	173,815,951
2545 Net OPEB liability	159,309,242
2000 Total Liabilities	<u>2,958,404,814</u>
Deferred Inflows of Resources	
2601 Deferred gains on debt refunding transactions	424,940
2605 Deferred pension inflows	32,232,081
2610 Deferred OPEB inflows	116,655,196
2600 Total Deferred Inflows of Resources	<u>149,312,217</u>
Not Position	
3200 Net investment in capital assets	(379,976,838)
Restricted for:	
3820 Federal and state grant programs	3,649,399
3850 Debt service	105,339,980
3900 Unrestricted	(160,272,957)
3000 Total Net Position	<u>\$ (431,260,416)</u>

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

Exhibit B-1

Frisco Independent School District
Statement of Activities
For The Year Ended June 30, 2021

Data Control Codes	1 Expenses	Program Revenues		6 Net (Expense)/ Revenue and Changes in Net Position	
		3 Charges for Services	4 Operating Grants and Contributions		
				Governmental Activities	
Governmental Activities:					
11	Instruction	\$ 431,632,246	\$ 1,747,694	\$ 34,034,682	\$ (395,849,870)
12	Instructional resources and media services	8,860,354		398,700	(8,461,654)
13	Curriculum and instructional staff development	15,092,758		1,419,818	(13,672,940)
21	Instructional leadership	11,231,262		730,465	(10,500,797)
23	School leadership	41,905,984		2,450,658	(39,455,326)
31	Guidance, counseling and evaluation services	26,323,164		4,139,798	(22,183,366)
32	Social work services	282,024		15,337	(266,687)
33	Health services	7,524,465		569,461	(6,955,004)
34	Student transportation	15,562,096		599,643	(14,962,453)
35	Food services	20,696,850	3,183,576	12,573,089	(4,940,185)
36	Extracurricular activities	23,846,884	1,694,173	1,440,995	(20,711,716)
41	General administration	17,512,837		887,917	(16,624,920)
51	Facilities maintenance and operations	71,801,617	8,433,741	1,414,579	(61,953,297)
52	Security and monitoring services	7,552,762		1,069,326	(6,483,436)
53	Data processing services	11,445,169		1,555,864	(9,889,305)
61	Community services	1,998,783		541,984	(1,456,799)
72	Debt service - interest on long-term debt	67,188,505			(67,188,505)
73	Debt service - bond issuance costs and fees	4,872,571			(4,872,571)
91	Contracted instructional services between schools	4,177,231			(4,177,231)
95	Payments to juvenile justice alternative education programs				
97	Payments to tax increment fund	28,283,215			(28,283,215)
99	Other intergovernmental charges	3,852,070			(3,852,070)
TG	Total Governmental Activities	<u>\$ 821,642,847</u>	<u>\$ 15,059,185</u>	<u>\$ 63,842,316</u>	<u>\$ (742,741,346)</u>

Data Control Codes **General Revenues**

Taxes:

MT	Property taxes, levied for general purposes	478,566,522
DT	Property taxes, levied for debt service	118,266,811
SF	State aid - formula grants	104,693,320
GC	Grants and contributions not restricted to specific programs	5,271,823
IE	Investment earnings	420,973
MI	Miscellaneous local and intermediate revenue	24,206,014
TR	Total General Revenues	<u>731,425,463</u>
CN	Change in net position	(11,315,883)
NB	Net position - beginning	(419,944,533)
NE	Net position - ending	<u>\$ (431,260,416)</u>

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



The background is a solid dark blue color. There are two yellow decorative elements: a vertical rectangle in the top right corner and a vertical rectangle in the bottom right corner, with a thin horizontal line above it.

Governmental Funds Financial Statements

Frisco Independent School District
Balance Sheet
Governmental Funds
June 30, 2021

Data Control Codes	10		50		60		98		
	General Fund		Debt Service Fund		Capital Projects Fund		Non-Major Governmental Funds		Total Governmental Funds
Assets									
1110	Cash and investments	\$ 308,794,163	\$ 132,107,364	\$ 307,076,897	\$ 7,623,018	\$ 755,601,442			
1220	Property taxes receivable (delinquent)	5,149,699	1,471,409			6,621,108			
1230	Allowance for uncollectible taxes	(875,449)	(250,139)			(1,125,588)			
1240	Due from other governments	13,184,794			5,358,535	18,543,329			
1250	Accrued interest	75,204				75,204			
1260	Due from other funds	2,258,011				2,258,011			
1290	Other receivables	421,196		40,600	113,541	575,337			
1410	Prepaid expenditures	737,454			3,429	740,883			
1000	Total Assets	\$ 329,745,072	\$ 133,328,634	\$ 307,117,497	\$ 13,098,523	\$ 783,289,726			
Liabilities									
2110	Accounts payable	2,901,978	4,250	26,581,516	451,408	29,939,152			
2113	Retainage payable			9,526,041		9,526,041			
2140	Accrued interest payable		148,722			148,722			
2150	Payroll deductions and withholdings	4,658,169				4,658,169			
2160	Accrued wages payable	67,836,321			2,747,831	70,584,152			
2170	Due to other funds				2,258,011	2,258,011			
2200	Accrued expenditures	2,001,000				2,001,000			
2300	Unearned revenue	118,182			1,147,246	1,265,428			
2000	Total Liabilities	77,515,650	152,972	36,107,557	6,604,496	120,380,675			
Deferred inflows of Resources									
2601	Unavailable property tax revenue	2,708,001	793,662			3,501,663			
2600	Total Deferred Inflows of Resources	2,708,001	793,662	-	-	3,501,663			
Fund Balances									
Nonspendable:									
3430	Prepaid expenditures	737,454			3,429	740,883			
Restricted for:									
3450	Federal and state grant programs				3,649,399	3,649,399			
3470	Capital acquisitions and contractual obligations			250,105,718		250,105,718			
3480	Retirement of long-term debt		132,382,000			132,382,000			
3490	Local grants, awards and contributions				136,351	136,351			
Committed to:									
3545	Local grants, awards and contributions				2,706,009	2,706,009			
Assigned to:									
3560	Claims and judgments	6,000,000		4,468,034		10,468,034			
3570	Capital expenditures			16,436,188		16,436,188			
3590	Employee compensation	35,838,290				35,838,290			
3590	Future expenditures	4,156,105				4,156,105			
3600	Unassigned	202,789,572			(1,161)	202,788,411			
3000	Total Fund Balances	249,521,421	132,382,000	271,009,940	6,494,027	659,407,388			
4000	Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 329,745,072	\$ 133,328,634	\$ 307,117,497	\$ 13,098,523	\$ 783,289,726			

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

Exhibit C-1R

Frisco Independent School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total Fund Balances - Governmental Funds (Exhibit C-1)	\$ 659,407,388
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds financial statements.	1,756,456,248
Accounting gains and losses resulting from debt refunding transactions are deferred inflows and outflows of resources, respectively, on the government-wide Statement of Net Position and are amortized over the life of the debt but are not reported in the governmental funds financial statements.	
Deferred losses on debt refunding transactions	18,438,422
Deferred gains on debt refunding transactions	(424,940)
Long-term liabilities, including bonds payable, are not due and payable in the current period and are therefore not reported as liabilities on the Balance Sheet of the governmental funds financial statements. Long-term liabilities at year-end consist of:	
Bonds payable	(2,241,292,488)
Accrued interest on the bonds	(27,835,682)
Accreted interest on capital appreciation bonds	(74,768,990)
Unamortized bond premiums	(163,259,797)
Certain receivables will be earned this year but are not available soon enough to pay for the current period's expenditures and are therefore deferred inflows of resources at the fund level.	3,501,663
The District's proportionate share of the TRS net pension liability and related deferred inflows and outflows of resources are not current in nature and are therefore not reported in the governmental funds financial statements:	
Proportionate share of net pension liability	(173,815,951)
Deferred pension inflows	(32,232,081)
Deferred pension outflows	73,072,499
The District's proportionate share of the TRS Net OPEB liability and related deferred inflows and outflows of resources are not current in nature and are therefore not reported in the governmental funds financial statements:	
Proportionate share of net OPEB liability	(159,309,242)
Deferred OPEB inflows	(116,655,196)
Deferred OPEB outflows	47,457,731
Net Position - Governmental Activities (Exhibit A-1)	<u>\$ (431,260,416)</u>

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

Frisco Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Non-Major Governmental Funds	98 Total Governmental Funds
Revenues					
5700 Local and intermediate sources	\$ 484,542,235	\$ 140,862,904	\$ 71,830	\$ 4,694,674	\$ 630,171,643
5800 State program revenues	133,327,814	1,280,997		5,336,698	139,945,509
5900 Federal program revenues	5,271,823			24,157,321	29,429,144
5020 Total Revenues	<u>623,141,872</u>	<u>142,143,901</u>	<u>71,830</u>	<u>34,188,693</u>	<u>799,546,296</u>
Expenditures					
Current:					
0011 Instruction	366,450,064		1,180,286	10,883,645	378,513,995
0012 Instructional resources and media services Curriculum and instructional staff	6,540,156		17,047	6,072	6,563,275
0013 development	14,074,093			691,293	14,765,386
0021 Instructional leadership	10,909,165			29,586	10,938,751
0023 School leadership Guidance, counselling and evaluation	35,803,103			30,593	35,833,696
0031 services	23,046,457			2,615,769	25,662,226
0032 Social work services	274,222				274,222
0033 Health services	7,202,270			148,532	7,350,802
0034 Student transportation	12,616,229				12,616,229
0035 Food services	236,027			17,498,931	17,734,958
0036 Extracurricular activities	18,180,811		940,957	667,987	19,789,755
0041 General administration	15,929,725		36,072	26,755	15,992,552
0051 Facilities maintenance and operations	42,753,295		14,389,562	344,834	57,487,691
0052 Security and monitoring services	4,893,585			965,004	5,858,589
0053 Data processing services	8,657,419			1,123,812	9,781,231
0061 Community services	968,707			744,187	1,712,894
Debt Service:					
0071 Principal on long-term debt		63,679,472			63,679,472
0072 Interest on long-term debt		81,723,285			81,723,285
0073 Bond issuance costs and fees		2,911,454	1,961,117		4,872,571
Capital Outlay:					
0081 Facilities acquisitions and construction			171,623,163		171,623,163
Intergovernmental:					
0091 Contracted instructional services between schools	4,177,231				4,177,231
0095 Payments to juvenile justice alternative education programs					
0097 Payments to tax increment fund	28,283,215				28,283,215
0099 Other intergovernmental charges	3,852,070				3,852,070
6030 Total Expenditures	<u>604,847,844</u>	<u>148,314,211</u>	<u>190,148,204</u>	<u>35,777,000</u>	<u>979,087,259</u>
1100 Excess (deficiency) of revenues over (under) expenditures	<u>18,294,028</u>	<u>(6,170,310)</u>	<u>(190,076,374)</u>	<u>(1,588,307)</u>	<u>(179,540,963)</u>
Other Financing Sources (Uses)					
7901 Refunding bonds issued		343,325,000			343,325,000
7911 Capital related debt issued (regular bonds)			251,960,000		251,960,000
7916 Premium on issuance of bonds		21,202,268	46,251,117		67,453,385
7912 Proceeds from the sale of property	20,489				20,489
7915 Transfers in	309,791		4,000,000	255,912	4,565,703
7956 Insurance Recovery	16,266		7,500,000		7,516,266
8911 Transfers out	(4,250,396)			(315,307)	(4,565,703)
8949 Payment to refunded bond escrow agent		(361,597,875)			(361,597,875)
7080 Total Other Financing Sources (Uses)	<u>(3,903,850)</u>	<u>2,929,393</u>	<u>309,711,117</u>	<u>(59,395)</u>	<u>308,677,265</u>
1200 Net change in fund balances	14,390,178	(3,240,917)	119,634,743	(1,647,702)	129,136,302
0100 Fund balances - beginning	235,131,243	135,622,917	151,375,197	8,141,729	530,271,086
3000 Fund balances - ending	<u>\$ 249,521,421</u>	<u>\$ 132,382,000</u>	<u>\$ 271,009,940</u>	<u>\$ 6,494,027</u>	<u>\$ 659,407,388</u>

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

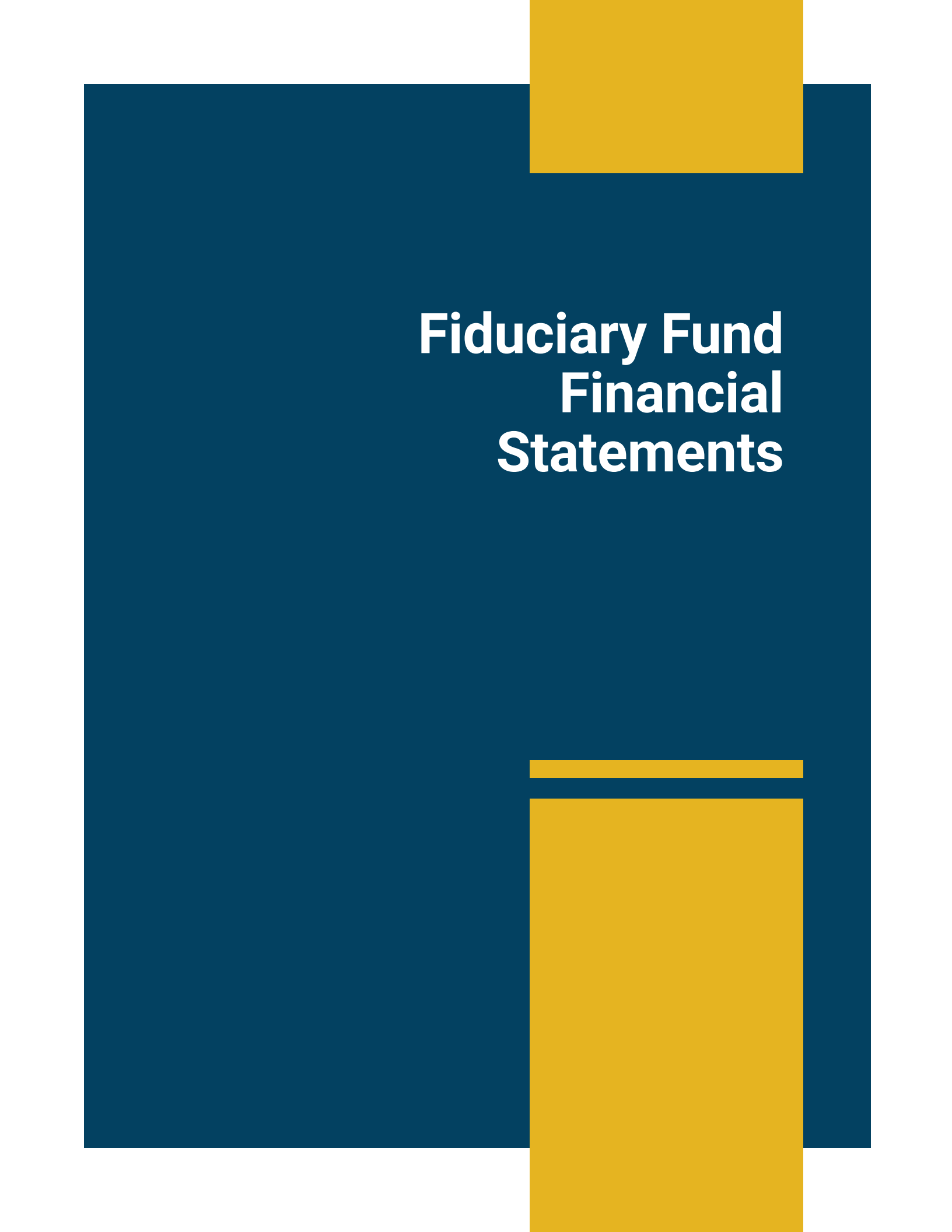
Exhibit C-2R

Frisco Independent School District
Reconciliation of the 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 (Exhibit C-2)	\$ 129,136,302
Amounts reported for governmental activities in the Statement of Activities (Exhibit B-1) are different because:	
Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the costs of those assets are capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays (\$145,657,288) exceeded depreciation (\$51,938,416) in the current period.	93,718,872
In the statement of activities, only the gains or losses on asset disposals are reported; whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the cost of the assets disposed.	(5,488)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	325,372
Repayment of long-term debt principal (\$409,560,341) and payments of accreted interest on capital appreciation bonds (\$3,327,363) are expenditures in the governmental funds, but these activities reduce long-term liabilities in the Statement of Activities.	412,887,704
Bond issuances are reported as other resources in the governmental funds but are shown as increases in long-term debt in the Statement of Net Position:	
Bond issuances	(595,285,000)
Premiums on bonds	(67,453,385)
The excess of the reacquisition price of refunded debt over its carrying amount is deferred and amortized in the government-wide financial statements.	1,950,325
Certain debt related items that effect the Statement of Net Position but are not reported in the governmental funds:	
Amortization of bond premiums	29,767,281
Amortization of deferred gains and losses on refunding transactions	(3,280,405)
Accreted interest on capital appreciation bonds	(6,705,734)
Change in interest payable	5,192,956
Amortization and other changes in deferred outflows and deferred inflows related to the District's portion of the TRS net pension liabilities effect government-wide pension expense but have no impact on the governmental funds.	
Contributions during the measurement period	2,294,420
Contributions after the measurement date	12,257,727
Proportionate share of collective pension expense	(5,128,423)
Net proportionate share of deferred pension inflows/outflows	(22,749,099)
Amortization and other changes in deferred outflows and deferred inflows related to the District's portion of the TRS net OPEB liabilities effect government-wide pension expense but have no impact on the governmental funds.	
Contributions prior to the measurement period	554,217
Contributions after the measurement date	2,810,491
Proportionate share of collective OPEB expense	32,521,360
Net proportionate share of deferred OPEB inflows/outflows	(34,125,376)
Change in Net Position of Governmental Activities (Exhibit B-1)	<u>\$ (11,315,883)</u>

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



The cover page features a dark blue background with a large yellow rectangle at the top center and a yellow vertical bar at the bottom right. The text is centered in white.

Fiduciary Fund Financial Statements

Frisco Independent School District
Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021

	Custodial Funds
ASSETS	
Cash and investments	\$ 1,237,886
Total Assets	1,237,886
LIABILITIES	
Accounts payable	25,417
Total Liabilities	25,417
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	1,212,469
Total net position	\$ 1,212,469

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

Exhibit E-2

Frisco Independent School District
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2021

	Custodial Fund
ADDITIONS	
Donations	\$ 44,626
Miscellaneous additions:	
Student fees	726,441
Fundraisers	21,092
Other	144,668
Total miscellaneous additions	892,201
Total additions	936,827
DEDUCTIONS	
Professional and contracted services:	
Contracted maintenance and repairs	\$ 450
Rentals	30,230
Royalties	7,346
Miscellaneous contracted services	119,252
Total professional and contracted services	157,278
Supplies and materials:	
Reading materials	200
Uniforms	11,564
Print shop charges	643
Supplies	514,912
Total supplies and materials	527,319
Other operating costs:	
Student travel	5,037
Dues	97,403
Graduation costs	35,583
Miscellaneous operating costs	236,541
Sales tax	6,796
Donations paid	38,832
Equipment	11,421
Technology equipment	694
Total other operating costs	432,307
Total deductions	1,116,904
Net increase/(decrease) in fiduciary net position	(180,077)
Net position - beginning	-
Cumulative effect of implementation of GASB 84	1,392,546
Net position - beginning, as restated	1,392,546
Net position - ending	\$ 1,212,469

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

Notes to the Basic Financial Statements



Portrait Of Girl With Large Hat | Nithya Katpally | Centennial High School

Note 1. Summary Of Significant Accounting Policies

Frisco Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB), and it complies with the requirements of the appropriate version of the Texas Education Agency's *Financial Accountability System Resource Guide* (the Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

Reporting Entity

The Board is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity," as amended by Statements No. 39, "Determining Whether Certain Organizations are Component Units," and No. 61, "The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34." There are no component units within the reporting entity.

Government-Wide and Fund Financial Statements

The *Statement of Net Position* and the *Statement of Activities* report information on all nonfiduciary activities of the District. Taxes and intergovernmental revenues normally support governmental activities. The effect of interfund activity has been removed from these statements.

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the grantor have been met.

Governmental Fund Financial Statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. With this measurement focus, only current assets,

current liabilities, deferred inflows of resources, deferred outflows of resources and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenues and other financing sources and expenditures and other financing uses). Revenues are recognized in the accounting period in which they become both measurable and available. Expenditures are generally recorded when a liability is incurred, if measurable, except for unmatured principal and interest on long-term debt, which is recognized when due. Expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collectible within 60 days of year-end.

Revenues from local sources consist primarily of property taxes, which are susceptible to accrual and considered available if collected within 60 days of the end of the fiscal year. Under GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," property taxes are imposed non-exchange revenues. Assets from imposed non-exchange transactions are recorded when the entity has an enforceable, legal claim to the asset or when the entity receives the resources, whichever comes first. The enforceable legal claim date for property taxes is the assessment date. Therefore, the District recognized taxes receivable and a deferred inflow of resources for taxes assessed as of October 1, 2020, which were not available as of June 30, 2021.

Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned since they are both measurable and available at the earnings date.

The special revenue funds, except for the Child Nutrition Fund, include programs that are financed on a project grant basis. These projects have grant periods that range from less than twelve months to in excess of two years. Grant funds are considered to be earned to the extent expenditures are made under the provisions of the grant. When grant funds are received in advance of being earned, they are recorded as unearned revenue until earnings criteria are met.

Fiduciary Fund Financial Statements are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting.

Funds

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

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

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax

revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenses that are not paid through other funds are paid from the General Fund.

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

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition, renovation or construction of capital projects.

Other Non-Major Governmental Funds - The Non-Major Governmental Funds consist of special revenue funds that account for resources that are legally restricted or locally committed to expenditures for specified purposes. Most Federal and some State financial assistance is accounted for in special revenue funds.

Custodial Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, organizations, and/or other funds. The Student Activity Fund accounts for the receipt and disbursement of monies from student activity organizations. These organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of Trustees.

Assets, Liabilities and Deferred Inflows/Outflows

Cash and Cash Equivalents – The District's cash and cash equivalents include cash on hand, demand deposits, money markets, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments – Investments, except for the investment pools, are recorded at fair value. Fair value is determined by the amount at which a financial instrument can be exchanged in a current transaction between willing parties. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. District management believes that the District adheres to the requirements of the State of Texas Public Funds Investment Act regarding investment practices, management reports and establishment of appropriate policies. Additionally, management believes that the investment practices of the District are in accordance with local policies for the current fiscal year.

Interfund Receivables and Payables – Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." All residual balances between governmental activities are eliminated in the government-wide financial statements.

Prepaid Expenditures – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements and expended in a subsequent period using the consumption method. All prepaid expenditures are offset at fiscal year-end by nonspendable fund balance in the fund financial statements.

Capital Assets – Capital assets, which include land, buildings, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value as of the date of donation.

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

Capital assets are depreciated using the straight-line method over the following average estimated useful lives:

Asset Classification	Useful Life
Buildings	40 years
Building improvements	20 years
Vehicles	10 years
Buses	7 years
Office equipment	7 years
Computer equipment	5 years

Vacation and Sick Leave – Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying basic financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, no liability exists for unused sick leave.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the *Statement of Net Position*. Bond premiums and discounts are reported as a liability or contra-liability, as appropriate, and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premiums or discounts. Bond issuance costs are expensed as incurred.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are also reported as other financing sources while discounts on debt issuances and payments to bond refunding escrow agents are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – The District records its proportionate share of the net pension liability of the Teacher Retirement System of Texas (TRS). The fiduciary net position of TRS has been determined using the economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS’s fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized by TRS when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB) – The District also records its proportionate share of the net OPEB liability of the Teacher Retirement System of Texas (TRS) TRS-Care Plan. The fiduciary net position of the TRS-Care Plan has been determined using the 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.

Deferred Outflows/Inflows of Resources – In addition to assets and liabilities, the government-wide *Statement of Net Position* and governmental fund *Balance Sheet* report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In addition to deferred gains and losses on debt refunding transactions, which are reported as deferred inflows and outflows of resources, respectively, the District reports certain deferred inflows and outflows related to pensions and other post-employment benefits on the government-wide *Statement of Net Position*. At the governmental fund level, earned but unavailable tax revenue is reported as a deferred inflow of resources.

Fund Balances and Net Position

Net position on the government-wide *Statement of Net Position* includes the following:

Net Investment in Capital Assets reports the difference between capital assets, net of accumulated depreciation, and the outstanding balance of debt, excluding unspent bond proceeds that is directly attributable to the acquisition, construction or improvement of those capital assets.

Restricted for Federal and State Grant Programs is the component of net position restricted to be spent for specific purposes prescribed by federal and state granting agencies.

Restricted for Debt Service is the component of net position that is restricted for payment of debt service by constraints established by the bond covenants.

Unrestricted Net Position is the residual difference between assets, deferred outflows, liabilities and deferred inflows that is not invested in capital assets or restricted for specific purposes.

It is the District's policy to spend funds available from restricted sources prior to unrestricted sources.

Fund balances on the governmental funds' *Balance Sheet* include the following:

Nonspendable Fund Balance is the portion of the gross fund balance that is not expendable because it is either not in spendable form or it is legally or contractually required to be maintained intact.

Restricted Fund Balance includes amounts restricted for a specific purpose by the provider (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Capital Projects bond funds are restricted by the bondholders for the specific purpose of capital projects and capital outlays. Federal and State grant resources are restricted pursuant to the mandates of the granting agencies.

Committed Fund Balance is that portion of fund balance that is committed to a specific purpose by the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. These amounts cannot be used for any other purpose unless the Board removes or changes the constraint by exercising the same type of action originally used to commit the funds.

Assigned Fund Balance is that portion of fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose. On June 20, 2016, the Board delegated through formal action the authority to assign fund balance to the Chief Financial Officer; the Board may also directly assign fund balance for specific purposes. This can be done through adoption and amendment of the budget. As of June 30, 2021, the District has assigned fund balance in the General Fund for the following purposes:

- Claims and judgments – assigned for the coverage of potential legal fees, settlements, and deductibles of certain insurance policies.
- Capital Expenditures – assigned for the expenditure of funds for capital outlay not planned to be paid with bond funds.
- Employee Compensation – assigned for the payment of future employee retention incentives and classroom supplies stipends.
- Future Expenditures – assigned to satisfy outstanding General Fund encumbrances as of the fiscal year end.

Unassigned Fund Balance is the difference between the total fund balance and the total of the nonspendable, restricted, committed, and assigned fund balances and can be utilized for any legal purpose. This portion of the total fund balance in the General Fund is available to finance operating expenditures.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first from committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Data Control Codes

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

Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimations and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Encumbrance Accounting

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of funds are recorded in the accounting system in order to assign the portion of the applicable appropriation. This methodology is employed in the governmental fund financial statements. Encumbrances are not liabilities and are therefore not recorded as expenditures until receipt of the goods or services. For

budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are re-appropriated in the next fiscal year. Management has assigned a portion of fund balance for future expenditures equal to outstanding encumbrances in the General Fund at June 30, 2021. None of the individual encumbrances reported are considered significant to the financial statements.

New GASB Pronouncement

GASB Statement No. 84, "Fiduciary Activities," was issued in January 2017 and provides guidance to enhance the consistency and comparability of fiduciary activity 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. Frisco ISD implemented GASB 84 during the year ended June 30, 2021, and as a result, beginning net position in the custodial fiduciary fund was restated.

Note 2. Cash and Investments

The District's funds are required to be deposited under the terms of a depository contract pursuant to the School Depository Act. The depository bank places approved securities for safekeeping and trust with the District's agent bank 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 dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At June 30, 2021, the carrying amount of the District's deposits (cash) and outstanding checks was \$ 30,446,241. The combined bank balance was \$ 19,132,998. At June 30, 2021 and during the year then ended, the District's combined deposits were fully insured by FDIC insurance or collateralized with securities held by the District's agent in the District's name.

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

- A. Depository: JP Morgan Chase Bank, Frisco, TX
- B. The date of the highest deposit was January 14, 2021, when combined cash, savings and time deposits amounted to \$ 58,513,339.
- C. The amount of bond and pledged collateral as of the date of the highest combined balance on deposit was \$ 69,938,974.
- D. The total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

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, which must address the following areas:

- Safety of principal and liquidity
- Portfolio diversification
- Allowable investments
- Acceptable risk levels

(Continued)

- Expected rates of return
- Maximum allowable stated maturity of portfolio investments
- Maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio
- Investment staff qualifications and capabilities
- Bid solicitation preferences for certificates of deposit

Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, municipal securities, repurchase agreements and certain other investments. The investments owned at fiscal year-end are held by the District or its agent in the District's name.

All investment pools utilized by the District meet the requirements of the Texas Public Funds Investment Act (PFIA). The fair value of the positions in the pools is the same as the value of the pools. The District invests the following investment pools:

- *The Lone Star Investment Pool* is governed by an 11 member board, all of whom are participants in the pool. American Beacon Advisors and BNY Mellon Cash Investment Strategies manage the investment of Lone Star's assets.
- *The TexasTERM Investment Pool*, which offers two portfolios, TexasTERM and TexasDAILY, is governed by a 7 member advisory board made up of experienced local government officials elected by the pool's investors. PFM Asset Management LLC manages the investments of TexasTERM's assets.
- *TexPool* is a public funds pool administered by the State Comptroller of Texas. The portfolio of TexPool is managed by Federated Investors, Inc., and the assets are held in a separate custodial account at the State Street Bank in the name of TexPool.

In compliance with the PFIA, the District has adopted a deposit and investment policy, which addresses the following risks:

- Credit risk is the risk that a security issuer may default on an interest or principal payment. The District controls and monitors this risk by purchasing quality rated instruments that have been evaluated by nationally recognized agencies such as Standard and Poor's (S&P) or Moody's Investors Service.
- Custodial credit risk is the risk that, in the event of the failure of a depository financial institution or counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover its deposits, value of its investments, or collateral securities that are in the possession of an outside party. The PFIA, the District's investment policy, and Government Code Chapter 2257 "Collateral for Public Funds" contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments. The District's funds are deposited and invested under terms of a depository contract with amounts greater than the FDIC insurance coverage protected by approved pledged securities held on behalf of the District. Public funds investment pools created to function as money market mutual funds must mark their portfolios to market daily, and, to the extent reasonably possible, stabilize at a \$1 net asset value. The District's policy manages custodial credit risk by requiring securities purchased by a broker-dealer for the District to be held in a Safekeeping account in the District's name. The policy also requires that security transactions be conducted on a delivery-versus-payment basis.
- Concentration of credit risk is the risk associated with holding investments that are not pools and full faith credit securities. These risks are controlled by limiting the percentages of these investments in the District's portfolio.

- Interest rate risk is the risk that interest rates will rise and an investment in a fixed-income security will decrease in value. Interest rate risk is reduced by diversifying, investing in securities with different durations, and laddering maturity dates. The District manages its exposure to interest rate risk by limiting the weighted average maturity of its investment portfolio to less than two years from the time of purchase. The weighted average maturity for the District's investment in external investment pools is less than 60 days.
- Foreign currency risk is the potential for loss due to fluctuations in exchange rates. The District's policy does not allow for any direct foreign investments, and therefore the District is not exposed to foreign currency risk.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, "Fair Value Measurement and Application," provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs 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. Frisco ISD does not have investments valued using Level 3 inputs.

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 liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The District has the following recurring fair value investments as of June 30, 2021:

- Government agency securities are valued using quoted market prices (Level 1).
- Commercial paper is valued using broker quotes that utilize observable market inputs (Level 2).

	Value at June 30, 2021	Fair Value Measurements Using			Weighted Average Maturity (Days)
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Percent of Total Investments	
Cash and Cash Equivalents:					
Bank Deposits	\$ 30,446,241				
Total Cash and Cash Equivalents	\$ 30,446,241				
Investments measured at Amortized Costs:					
TexPool	51,694,755			7.13%	30
Lone Star Investment Pool	502,985,254			69.37%	47
Investments measured at Net Asset Value:					
TexasTERM portfolio – Texas DAILY	20,460,524			2.82%	55
Investments by Fair Value Level:					
US Government Agency Securities:					
U.S. Treasury Notes	20,035,796	\$ 20,035,796		2.76%	62
U.S. Treasury Bonds	69,997,877	69,997,877		9.65%	24
Commercial Paper	59,980,995		59,980,995	8.27%	89
Total Investments	725,155,201	90,033,673	59,980,995		
Total Cash and Investments	\$ 755,601,442	\$ 90,033,673	\$ 59,980,995		

Investments measured at amortized cost include the Lone Star and TexPool investment pools. In order to meet the criteria to be recorded at amortized cost, investment pools must:

- Transact at a net asset value of \$1.00 per share
- Have weighted average maturity of 60 days or less and weighted average life of 120 days or less
- Hold investments that are highly rated by nationally recognized statistical rating organizations
- Have no more than 5% of portfolio with one issuer (excluding US government securities)
- Meet reasonably foreseeable redemptions

Lone Star and Texpool investment pools have a redemption notice period of one day and no maximum transaction amounts. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on a major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. Lone Star and TexPool investment pools have earned Standard & Poor's highest rating (AAA), which meets the standards set by the Public Funds Investment Act.

The TexasTERM investment pool is an external investment pool measured at its net asset value. TexasTERM's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The District has no unfunded commitments related to investment pools. The District participates in two separate TexasTERM portfolios – TexasDAILY, which seeks to maintain a stable net asset value of \$1.00 per share and may be redeemed daily, and TexasTERM, which seeks to achieve a net asset value of \$1.00 per share at a stated maturity date. As of June 30, 2021, the District had no investments in the TexasTERM portfolio. \$20,460,524 was invested in the TexasDAILY portfolio. TexasDAILY has received an AAAM rating from S&P, and the TexasTERM portfolio has received a rating of AAaf from S&P, which meets the standards set by the Public Funds Investment Act.

Note 3. Property Taxes

The District's ad valorem property tax is levied on all real and business personal property located in the District. A lien exists on all property on January 1st of each year. Tax statements are mailed on October 1st each year or as soon thereafter as possible. Taxes are due upon receipt and become delinquent if not paid before February 1st of the following calendar year. The assessed value of the roll as of the end of the fiscal year was \$46,267,939,261.

The tax rates levied 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 \$1.0402 and \$0.2700 per \$100 valuation, respectively, for a total of \$1.3102 per \$100 valuation.

Current year tax collections for the period ended June 30, 2021, were 99.27% of the levy.

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. The full amount estimated to be required for general obligation bond retirement is provided by the debt service tax together with interest earned within the Debt Service Fund.

Allowances for uncollectible taxes within the General Fund and Debt Service Fund are based on historical experience. 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, the allowance for uncollectible taxes was approximately 17% of total delinquent property taxes receivable.

Tax Increment Financing

On January 13, 1997, the Board of Trustees approved a resolution to enter into an Interlocal Agreement with the City of Frisco, Texas, establishing the Frisco Tax Increment Reinvestment Zone (TIRZ) Number One, in accordance with Chapter 311 of the Texas Tax Code. The purpose of the TIRZ is to promote development through the use of tax increment financing within or adjacent to the 700 acres around Stonebriar Mall.

The District agreed to participate in the TIRZ, beginning with the 1997 tax year, by contributing 100% of the taxes levied and collected against the captured appraised value of real property within the zone. The proposed duration of the TIRZ is 40 years, ending December 31, 2036.

An Educational Facilities Account has been established with TIRZ proceeds to repay cash expenditures for project costs or the principal and interest on bonds or other indebtedness for educational facilities within or adjacent to the zone. As of June 30, 2021, approximately \$234.3 million of TIRZ proceeds have been used to finance the construction of FISD educational facilities since the agreement began.

Note 4. Receivables

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 Foundation School Program and Available School Fund.

Receivables due from other governments as of June 30, 2021, for the District's individual major funds and Non-Major Governmental Funds are as follows:

(Continued)

	General Fund	Non-Major Governmental Funds	Total
Due from the State of Texas	\$ 13,077,311		\$ 13,077,311
Due from the Federal Government		\$ 5,358,535	5,358,535
Due from Other Governments	107,483		107,483
Total	<u>\$ 13,184,794</u>	<u>\$ 5,358,535</u>	<u>\$ 18,543,329</u>

Note 5. Interfund Transactions

Interfund balances at June 30, 2021, consisted of the following individual fund receivables and payables:

	Receivable	Payable
General fund	\$ 2,258,011	
Non-major governmental funds		\$ 2,258,011
Total	<u>\$ 2,258,011</u>	<u>\$ 2,258,011</u>

All interfund balances represent transactions between the General Fund and other funds. Non-major funds owed the General Fund for grant expenditures financed by General Fund cash prior to receiving reimbursements from federal or state agencies. All interfund balances reported at June 30, 2021, were liquidated shortly after year-end.

The following is a summary of the District's internal transfers for the fiscal year ended June 30, 2021:

From	To	Amount	Purpose
Non-Major Funds	General Fund	\$ 309,791	COVID-19 expenses paid by ESSER funds
Non-Major Funds	Non-Major Funds	5,516	Restricted Donations Paid from Campus Activity Fund
General Fund	Non-Major Funds	250,396	Various cash flow needs
General Fund	Capital Project Fund	4,000,000	Locally Defined Capital Outlay
Total Transfers		<u>\$ 4,565,703</u>	

Note 6. Capital Assets

Changes in capital assets for the fiscal year ended June 30, 2021, include:

	Beginning Balance	Additions	Retirements/ Transfers	Ending Balance
Capital assets not being depreciated:				
Land	\$ 201,974,868			\$ 201,974,868
Construction in progress	75,528,693	\$ 138,545,830	\$ 13,613,751	200,460,772
	<u>277,503,561</u>	<u>138,545,830</u>	<u>13,613,751</u>	<u>402,435,640</u>
Capital assets being depreciated:				
Buildings and improvements	1,820,304,285	13,803,473		1,834,107,758
Furniture and equipment	72,317,412	6,921,736	119,274	79,119,874
	<u>1,892,621,697</u>	<u>20,725,209</u>	<u>119,274</u>	<u>1,913,227,632</u>
Less: Accumulated depreciation for:				
Buildings and improvements	455,712,516	45,780,471		501,492,987
Furniture and equipment	51,669,878	6,157,945	113,786	57,714,037
	<u>507,382,394</u>	<u>51,938,416</u>	<u>113,786</u>	<u>559,207,024</u>
Total capital assets for governmental activities, net	<u>\$ 1,662,742,864</u>	<u>\$ 107,332,623</u>	<u>\$ 13,619,239</u>	<u>\$ 1,756,456,248</u>

The current period's depreciation was expensed to the following functions:

Function	Expensed
11 Instruction	\$ 33,320,140
12 Instructional resources and media services	1,850,945
13 Curriculum and instructional staff development	7,943
23 School leadership	3,491,408
34 Student transportation	2,690,590
35 Food services	2,653,810
36 Extracurricular activities	4,232,776
41 General administration	1,221,022
51 Facilities maintenance and operations	1,091,548
52 Security and monitoring services	716,528
53 Data processing services	406,509
61 Community services	255,197
Total depreciation expense	<u>\$ 51,938,416</u>

Construction Commitments

The District was obligated at June 30, 2021, under major contracts, for construction of new facilities and renovations or repair of various existing facilities. The outstanding construction commitments associated with these projects totaled approximately \$48.2 million as of June 30, 2021.

Note 7. Long-Term Debt

A summary of changes in long-term debt for the fiscal year ended June 30, 2021, is as follows:

Description	Original Issue Amount	Interest Rate(s)	Maturity	Balance at June 30, 2020	Issued/Increases	Retired/Refunded	Balance at June 30, 2021	Amount Due Within One Year
Unlimited Tax School Building Bonds:								
Series 2006	\$ 85,000,000	2.750%- 5.250%	8/15/2039	\$ 10,055,000		\$ 10,055,000		
Series 2010	\$ 20,195,000	0.00%	2/15/2027	9,435,000		1,345,000	\$ 8,090,000	\$ 1,345,000
Series 2011	\$ 50,000,000	4.625%- 5.000%	8/15/2041	50,000,000		50,000,000		
Series 2013	\$ 90,845,000	3.000%- 5.000%	8/15/2043	82,620,000		19,685,000	62,935,000	2,045,000
Series 2014	\$ 159,795,000	2.000%- 5.000%	8/15/2044	147,225,000		3,475,000	143,750,000	3,645,000
Series 2015A	\$ 68,125,000	2.000%- 5.000%	8/15/2045	64,145,000		1,460,000	62,685,000	1,535,000
Series 2016B	\$ 75,790,000	2.500%- 5.000%	8/15/2046	73,245,000		1,370,000	71,875,000	1,430,000
Series 2018	\$ 49,865,000	3.000%- 5.000%	8/15/2048	48,995,000		915,000	48,080,000	965,000
Series 2021	\$ 83,150,000	2.000%- 5.000%	2/15/2051		\$ 83,150,000		83,150,000	1,380,000
Unlimited Tax School Refunding Bonds:								
Series 2010	\$ 26,855,000	4.000%- 4.250%	8/15/2024	5,500,000		5,500,000		
Series 2011	\$ 62,078,491	2.000%- 5.000%	8/15/2030	60,213,491		56,415,000	3,798,491	415,000
Series 2013	\$ 19,040,000	2.000%- 5.000%	7/15/2033	15,570,000		785,000	14,785,000	825,000
Series 2016	\$ 104,555,000	3.000%- 5.000%	8/15/2037	92,190,000		3,845,000	88,345,000	4,025,000
Series 2020	\$ 183,585,000	0.795%-2.592%	2/15/2041		183,585,000	1,075,000	182,510,000	950,000
Series 2021	\$ 109,310,000	1.461%-4.000%	2/15/2041		109,310,000	2,985,000	106,325,000	7,000,000
Series 2021A	\$ 37,070,000	1.714%-5.000%	2/15/2035		37,070,000		37,070,000	250,000
Unlimited Tax School Building & Refunding Bonds:								
Series 1999	\$ 40,033,092	4.300%- 5.750%	8/15/2029	783,092			783,092	
Series 2002A	\$ 38,018,141	3.000%- 5.375%	8/15/2034	10,174,141		634,472	9,539,669	577,422
Series 2011A	\$ 83,981,260	4.000%- 5.000%	8/15/2041	60,345,000		55,620,000	4,725,000	4,725,000
Series 2012	\$ 85,531,867	2.000%- 5.000%	8/15/2041	84,151,867		70,945,000	13,206,867	250,000
Series 2012A	\$ 71,190,000	2.000%- 5.000%	8/15/2041	67,685,000		66,640,000	1,045,000	1,045,000
Series 2012B	\$ 99,545,000	2.000%- 5.000%	8/15/2042	90,235,000		22,765,000	67,470,000	3,590,000
Series 2013	\$ 68,471,992	2.000%- 5.000%	8/15/2043	61,580,000		275,000	61,305,000	280,000
Series 2014	\$ 111,455,000	2.000%- 4.000%	8/15/2044	100,220,000		2,715,000	97,505,000	2,770,000
Series 2015	\$ 139,525,000	0.420%- 5.000%	8/15/2045	123,280,000		5,270,000	118,010,000	6,565,000
Series 2016A	\$ 208,960,000	2.000%- 5.000%	8/15/2046	194,385,000		7,350,000	187,035,000	7,000,000
Series 2017	\$ 206,445,000	2.000%- 5.000%	8/15/2047	200,015,000		6,545,000	193,470,000	6,575,000
Series 2019	\$ 265,390,000	3.000%- 5.000%	8/15/2049	265,390,000		4,835,000	260,555,000	8,350,000
Series 2020	\$ 101,705,000	2.000%- 5.000%	8/15/2050	101,705,000		4,925,000	96,780,000	4,385,000
Series 2021	\$ 182,170,000	3.000%- 4.000%	2/15/2051		182,170,000	1,305,000	180,865,000	2,835,000
CAB Premiums:								
Series 1999				9,122,362			9,122,362	
Series 2002A				14,594,401		596,921	13,997,480	564,339
Series 2012				1,161,610			1,161,610	
Series 2020					8,905,099	228,948	8,676,151	666,204
Series 2021					2,641,766		2,641,766	
Total bonds payable				2,044,020,964	606,831,865	409,560,341	2,241,292,488	75,987,965
Accreted interest on capital appreciation bonds				71,390,619	6,705,734	3,327,363	74,768,990	
Unamortized bond premium				137,120,558	55,906,520	29,767,281	163,259,797	
Total bonded debt				2,252,532,141	669,444,119	442,654,985	2,479,321,275	75,987,965
District's portion of net pension liability				182,078,056	16,424,639	24,686,744	173,815,951	
District's portion of net OPEB liability				195,016,124	9,158,576	44,865,458	159,309,242	
Total long-term debt				\$ 2,629,626,321	\$ 695,027,334	\$ 512,207,187	\$ 2,812,446,468	\$ 75,987,965

Changes in debt-related deferred outflows and inflows of resources for the fiscal year ended June 30, 2021, were:

	Balance at June 30, 2020	Issued/ Increases	Retired/ Refunded	Balance at June 30, 2021
Deferred loss on refunding transactions	\$ 19,673,642	\$ 2,108,982	\$ 3,344,202	\$ 18,438,422
Deferred gain on refunding transactions	\$ 330,080	\$ 158,657	\$ 63,797	\$ 424,940

During the year the District issued the following bonds:

- \$183,585,000 of Unlimited Tax Refunding Bonds, Taxable Series 2020 with interest rates of 0.0795% to 2.592%. Proceeds were delivered on July 15, 2020. Deposits to escrow agents of \$190,966,393 were used to purchase direct obligations of the U.S. government which were irrevocably pledged to the payment of the following bonds refunded:

- \$50,000,000 of the District’s Unlimited Tax School Building Bonds, Series 2011
- \$39,495,000 of the Districts’ Unlimited Tax School Building and Refunding Bonds, Series, 2011A
- \$31,170,000 of the Districts’ Unlimited Tax School Refunding Bonds, Series 2011
- \$62,920,000 of the Districts’ Unlimited Tax School Building and Refunding Bonds, Series 2012

The District’s refunding resulted in an economic gain of \$53,525,909 and a book loss of \$962,196 which will be amortized over the life of the refunded debt. The refunding decreased the District’s future debt service requirement by \$69,870,287.

- \$182,170,000 of Unlimited Tax School Building and Refunding Bonds, Series 2021 with interest rates of 3.00% to 4.00%. Proceeds were delivered on January 12, 2021. \$168,810,000 (par value) was issued to acquire, construct, renovate and equip school buildings. Deposits to escrow agents of \$14,712,129 were used to purchase direct obligations of the U.S. government which were irrevocably pledged to the payment of the following bonds refunded:

- \$10,055,000 of the District’s Unlimited Tax School Building Bonds, Series 2006
- \$4,460,000 of the Districts’ Unlimited Tax School Refunding Bonds, Series, 2010.

The District’s refunding resulted in an economic gain of \$1,435,282 and a book loss of \$19,710 which was fully amortized in this fiscal year. The refunding decreased the District’s future debt service requirement by \$1,704,360.

- \$109,310,000 of Unlimited Tax Refunding Bonds, Taxable Series 2021 with interest rates of 1.461% to 4.000%. Proceeds were delivered on January 12, 2021. Deposits to escrow agents of \$116,192,851 were used to purchase direct obligations of the U.S. government which were irrevocably pledged to the payment of the following bonds refunded:

- \$11,610,000 of the Districts’ Unlimited Tax School Building and Refunding Bonds, Series, 2011A
- \$24,845,000 of the Districts’ Unlimited Tax School Refunding Bonds, Series 2011
- \$65,655,000 of the Districts’ Unlimited Tax School Building and Refunding Bonds, Series, 2012A
- \$7,775,000 of the Districts’ Unlimited Tax School Building and Refunding Bonds, Series 2012

The District's refunding resulted in an economic gain of \$25,385,305 and a book gain of \$158,657 which will be amortized over the life of the refunded debt. The refunding decreased the District's future debt service requirement by \$31,346,423.

- \$83,150,000 of Unlimited Tax School Building Bonds, Series 2021 with interest rates of 2.00% to 5.00%, to acquire, construct, renovate and equip school buildings Proceeds were delivered on June 22, 2021.
- \$37,070,000 of Unlimited Tax Refunding Bonds, Taxable Series 2021A with interest rates of 1.714% to 5.000%. Proceeds were delivered on June 22, 2021. Deposits to escrow agents of \$39,726,503 were used to purchase direct obligations of the U.S. government which were irrevocably pledged to the payment of the following bonds refunded:
 - \$19,350,000 of the Districts' Unlimited Tax School Building and Refunding Bonds, Series, 2012B
 - \$17,720,000 of the Districts' Unlimited Tax School Refunding Bonds, Series 2013

The District's refunding resulted in an economic gain of \$8,356,168 and a book loss of \$1,127,076 which will be amortized over the life of the refunded debt. The refunding decreased the District's future debt service requirement by \$9,923,133.

Capital Appreciation Bonds

A capital appreciation bond (CAB) is a bond bearing no interest that is sold at a significant discount but matures at a stated value. Accreted interest is the obligation associated with periodic increases in the obligation to reflect the bonds at their stated value at maturity. CAB premiums represent premiums received on the issuance of these bonds which must also be paid back at maturity. Current year accreted interest expense recognized in the government-wide financial statements was \$6,705,734, and \$3,327,363 of outstanding accreted interest was paid off during the year. Total accreted interest on CABs at June 30, 2021 is \$74,768,990, and total premiums on CABs are \$35,599,369, both of which are reported as long-term liabilities in the government-wide financial statements.

Bond Authorization and Obligations

General obligation bonds of the District are reported as long-term liabilities of the governmental activities. As of June 30, 2021, \$132,382,000 was available in the Debt Service Fund to service these bonds.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management asserts that the District is in compliance with all significant limitations and restrictions at June 30, 2021.

In May 2014, voters in the District approved \$775,000,000 of general obligation bonds. As of June 30, 2021, \$26,000,000 of that bond program remains authorized but unissued.

In November 2018, voters in the District approved \$691,000,000 of general obligation bonds. As of June 30, 2021, \$313,750,000 of that bond program remains authorized but unissued.

The following table summarizes the annual debt service requirements of outstanding debt at June 30, 2021, to maturity:

Year ending June 30,	Principal*	Interest	Total
2022	\$ 75,987,965	\$ 82,999,542	\$ 158,987,507
2023	73,674,526	79,229,885	152,904,411
2024	68,914,744	78,540,315	147,455,059
2025	79,397,014	79,732,349	159,129,363
2026	80,138,624	74,311,384	154,450,008
2027-2031	445,318,297	337,488,938	782,807,235
2032-2036	475,399,965	280,704,542	756,104,507
2037-2041	557,941,353	135,293,658	693,235,011
2042-2046	294,035,000	41,909,039	335,944,039
2047-2051	90,485,000	6,732,601	97,217,601
Total	\$ 2,241,292,488	\$ 1,196,942,253	\$ 3,438,234,741

*includes premiums on capital appreciation bonds

Note 8. Unearned Revenue

Unearned revenue at June 30, 2021, consisted of the following:

	General Fund	Non-Major Funds	Total
Cell Tower Rentals	5,081		5,081
School lunch deposits		\$ 1,147,246	1,147,246
Student fees and charges	\$ 113,101		113,101
Total	\$ 118,182	\$ 1,147,246	\$ 1,265,428

Note 9. Revenues From Local and Intermediate Sources

During fiscal year 2021, revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Non-major Governmental Funds	Total
Property taxes	\$ 476,677,622	\$ 117,819,526			\$ 594,497,148
Penalties, interest and other tax related income	1,634,195	22,982,140			24,616,335
Food sales				\$ 3,183,575	3,183,575
Investment income	286,410	61,238	\$ 71,220	2,105	420,973
Co-curricular student activities	1,694,173				1,694,173
Shared Services Revenue				129,648	129,648
Facilities rentals	917,475				917,475
Other miscellaneous revenue	3,332,360		610	1,379,346	4,712,316
Total	\$ 484,542,235	\$ 140,862,904	\$ 71,830	\$ 4,694,674	\$ 630,171,643

(Continued)

Note 10. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2021, the District purchased commercial insurance to cover general liabilities. 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. \$5,000,000 of the \$6,000,000 fund balance assigned for claims and judgments is intended to cover potential insurance deductibles and related liabilities.

Health Care Coverage

For the year ending June 30, 2021, all employees of the District were offered health care coverage under the TRS ActiveCare insurance plan, which is a statewide health insurance program, or the Texas Schools Health Benefits Program, which is a regional concierge health insurance program. Regardless of the program or plan chosen, the District contributed \$350 per month per enrolled employee to the Plan, and employees, at their option, authorized payroll withholdings to pay the additional cost of premiums for themselves and dependents.

Workers' Compensation

The District is self-funded for workers' compensation insurance and has an interlocal agreement with Claims Administrative Services, Inc. (CAS) to serve as the District's third party administrator. The District pays service fees to CAS for its claims management services. The District also maintains an excess workers compensation insurance policy with Midwest Employers Casualty Company (MECC) for claims exceeding the specific retention of \$350,000. As of June 30, 2021, the District's unpaid claims totaled \$ 2,001,000, which include incurred but not reported claims. The liability is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information obtained 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. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the workers' compensation claims liability for fiscal year 2020 and fiscal year 2021 were:

	2020	2021
Beginning liability	\$ 2,335,000	\$ 2,612,000
Claims and changes in estimates	2,176,000	796,000
Claim payments	(1,899,000)	(1,407,000)
Ending liability	<u>\$ 2,612,000</u>	<u>\$ 2,001,000</u>

Litigation and Contingencies

The District is the defendant in a small number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a materially adverse effect on the accompanying financial statements. \$1,000,000 of the \$6,000,000 fund balance

assigned for claims and judgments is intended to cover potential legal fees and insurance deductibles for this type of litigation.

State and Federal Programs

The District participates in numerous state and federal funding programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies. Therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables 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.

Note 11. Pension Plan and Other Employment Benefits

Defined Benefit Pension Plan

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

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

Pension Plan Fiduciary Net Position - Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.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% (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, when the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes, including automatic COLAs. Ad hoc post-

employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the plan description above.

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

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

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

Contribution Rates	2020	2021
Member	7.70%	7.70%
Non-employer contributing entity (State)	7.50%	7.50%
Employers	7.50%	7.50%
FISD 2021 fiscal year member contributions		\$ 33,295,730
FISD 2021 fiscal year State contributions		\$ 22,936,589
FISD 2021 fiscal year District contributions		\$ 14,530,634

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. The District is 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.

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

- All public schools, charter schools, and regional educational service centers must contribute 1.5% of the member’s salary beginning in plan year 2020, gradually increasing to 2% in plan year 2025.

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

Actuarial Assumptions - The total pension liability in the August 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2019 rolled forward to August 31, 2020
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal Bond Rate as of August 2019	2.33%
	<i>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."</i>
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions, please see the actuarial valuation report dated November 14, 2019.

Discount Rate - 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 discount rate assumes that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in plan year 2020, gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020 are summarized below:

Asset Class	Target Allocation ⁽¹⁾	Long-Term Expected Geometric Real Rate of Return ⁽²⁾	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.90%	0.99%
Non-U.S. Developed	13.00%	5.10%	0.92%
Emerging Markets	9.00%	5.60%	0.83%
Private Equity	14.00%	6.70%	1.41%
Stable Value			
Government Bonds	16.00%	(0.70%)	(0.05%)
Stable Value Hedge Funds	5.00%	1.90%	0.11%
Real Return			
Real Estate	15.00%	4.60%	1.01%
Energy, Natural Resources and Infrastructure	6.00%	6.00%	0.42%
Risk Parity			
Risk Parity	8.00%	3.00%	0.30%
Leverage			
Cash	2.00%	(1.50%)	(0.03%)
Asset Allocation Leverage	(6.00%)	(1.30%)	0.08%
Inflation Expectation			2.00%
Volatility Drag ⁽³⁾			(0.67%)
Total	100.00%		7.33%

(1) Target allocations are based on plan year 2020 policy model.

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

(3) The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis - The following schedule presents the District's proportion of the TRS Net Pension Liability using the discount rate of 7.25%, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
FISD's proportionate share of the net pension liability:	\$ 268,021,085	\$ 173,815,951	\$ 97,276,343

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

- At June 30, 2021, the District reported a liability of \$173,815,951 for its proportionate share of the TRS 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:

FISD's proportionate share of the collective net pension liability	\$ 173,815,951
State's proportionate share that is associated with FISD	285,365,085
Total	<u>\$ 459,181,036</u>

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

At August 31, 2020, the District's proportion of the collective net pension liability was 0.3245380355%, which was a decrease of 0.0257257317% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation – There were no changes in assumptions since the prior measurement date.

For the year ended June 30, 2021, the District recognized pension expenses of \$24,711,869 and contributions paid by the state on-behalf of the District of \$22,936,589.

At June 30, 2021, the District reported its proportionate share of the TRS 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	\$ 317,374	\$ 4,850,742
Changes in actuarial assumptions	40,331,485	17,148,666
Difference between projected and actual investment earnings	3,518,755	
Changes in proportion and differences between District contributions and the proportionate share of contributions	16,647,158	10,232,673
District contributions paid to TRS subsequent to the measurement date	12,257,727	
Total	<u>\$ 73,072,499</u>	<u>\$ 32,232,081</u>

The amount reported as a deferred outflow 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 ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30:

2022	\$	7,575,073
2023		10,961,635
2024		9,912,425
2025		3,295,677
2026		(2,592,933)
Thereafter		(569,186)
	<u>\$</u>	<u>28,582,691</u>

The General Fund is typically used to liquidate pension and OPEB liabilities.

Defined Other Post-Employment Benefit Plan

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

Texas Legislature. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees.

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

OPEB Plan Fiduciary Net Position - Detailed information about the TRS-Care’s fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2020.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 basic health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

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

	TRS-Care Monthly Premium Rates Plan Year 2021			
		Medicare		Non-Medicare
Retiree or surviving spouse	\$	135	\$	200
Retiree and spouse		529		689
Retiree or surviving spouse and children		468		408
Retiree and ramily		1,020		999

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

Texas Insurance Code, section 1575.202 establishes the state’s contribution rate, which is 1.25% of the employee’s salary. Section 1575.203 establishes the active employee’s rate, which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. 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:

	Contribution Rates	
	2020	2021
Active Employee	0.65%	0.65%
Non-employer contributing entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding remitted by Employers	1.25%	1.25%
FISD 2021 fiscal year member contributions		\$ 2,226,478
FISD 2021 fiscal year State contributions		\$ 5,297,023
FISD 2021 fiscal year District contributions		\$ 3,351,253

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in plan year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

Actuarial Assumptions – The actuarial valuation 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 was determined using the following actuarial assumptions:

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. All the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ended August 31, 2017.

Rates of mortality, retirement, termination, and disability, as well as general inflation, wage inflation, and expected payroll growth assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2019 TRS pension actuarial valuation that was rolled forward to August 31, 2020.

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

Additional actuarial methods and assumptions include:

Valuation date	August 31, 2019 rolled forward to August 31, 2020
Actuarial cost method	Individual Entry-Age Normal
Inflation	2.30%
Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05% including inflation 9.00% for Medicare retirees and 7.30% for non-Medicare retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.
Healthcare Trend Rates	
Election Rates	Normal retirement: 65% participation prior to age 65 and 40% after age 65. 25% of pre-65 retirees 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. There was a decrease of 0.30% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumes that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able* to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2020 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analyses – The following schedule shows the impact on the Net OPEB Liability if the discount rate used was one percentage point lower than and one percentage point higher than the discount rate that was used (2.33%) in measuring the Net OPEB Liability:

	1% Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
FISD’s proportionate share of the net OPEB liability:	\$ 191,170,726	\$ 159,309,242	\$ 134,143,243

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEBs – At June 30, 2021, FISD reported a liability of \$159,309,242 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 FISD 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:

FISD’s proportionate share of the net OPEB liability	\$ 159,309,242
State’s proportionate share that is associated with FISD	214,073,443
Total	<u>\$ 373,382,685</u>

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020, and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District's proportion of the Net OPEB Liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At June 30, 2021, FISD's proportion of the collective Net OPEB Liability was 0.4190747622% which was an increase of 0.0067020177% from June 30, 2020.

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
FISD's proportionate share of the net OPEB liability:	\$ 130,135,240	\$ 159,309,242	\$ 198,164,889

Changes Since the Prior Actuarial Valuation – 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 post-65 retirees was lowered from 50% to 40%. This change lowered the Total OPEB liability.
- The ultimate health care trend rate assumption was lowered from 4.5% 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 lowered the Total OPEB Liability.

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

For the year ended June 30, 2021, the District recognized negative OPEB expense of (\$10,223,372) and contributions paid by the state on-behalf of the District of \$5,297,023.

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 other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 8,341,369	\$ 72,908,055
Changes in actuarial assumptions	9,826,068	43,747,141
Difference between projected and actual investment earnings	51,769	
Changes in proportion and differences between District contributions and the proportionate share of contributions	26,428,034	
District contributions paid to TRS subsequent to the measurement date	2,810,491	
Total	<u>\$ 47,457,731</u>	<u>\$ 116,655,196</u>

The amount reported as a deferred outflow of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized as pension expense as follows:

(Continued)

Year ended June 30:

2022	\$ (12,562,316)
2023	(12,569,237)
2024	(12,573,195)
2025	(12,572,111)
2026	(8,316,890)
Thereafter	(13,414,207)
	<u>\$ (72,007,956)</u>

The General Fund is typically used to liquidate pension and OPEB liabilities.

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the year ended June 30, 2021, these on-behalf payments were \$1,679,473 and were recorded as equal revenues and expenditures in the General Fund.



Required Supplementary Information (Unaudited)



Triptik Of A Doorway Beyond | Ashwin Memorial High School

Exhibit F-1

Frisco Independent School District
Budgetary Comparison Schedule
General Fund
For the Year ended June 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/(Under)	
	Original	Final			
Revenues					
5700	Local and intermediate sources	\$ 489,086,900	\$ 492,780,600	\$ 484,542,235	\$ (8,238,365)
5800	State program revenues	122,282,500	116,720,426	133,327,814	16,607,388
5900	Federal program revenues	4,500,000	4,500,000	5,271,823	771,823
5020	Total Revenues	615,869,400	614,001,026	623,141,872	9,140,846
Expenditures					
Current:					
0011	Instruction	368,328,053	375,935,050	366,450,064	(9,484,986)
0012	Instructional resources and media services	6,456,288	7,071,254	6,540,156	(531,098)
0013	Curriculum and instructional staff development	14,446,681	14,106,704	14,074,093	(32,611)
0021	Instructional leadership	10,905,886	10,998,850	10,909,165	(89,685)
0023	School leadership	35,062,488	36,106,227	35,803,103	(303,124)
0031	Guidance, counselling and evaluation services	23,233,530	23,233,502	23,046,457	(187,045)
0032	Social work services	291,607	397,725	274,222	(123,503)
0033	Health services	6,895,934	7,541,562	7,202,270	(339,292)
0034	Student transportation	12,060,311	13,666,695	12,616,229	(1,050,466)
0035	Food services		236,774	236,027	(747)
0036	Extracurricular activities	18,251,499	20,007,419	18,180,811	(1,826,608)
0041	General administration	15,544,031	16,667,955	15,929,725	(738,230)
0051	Facilities maintenance and operations	44,319,981	46,156,036	42,753,295	(3,402,741)
0052	Security and monitoring services	4,431,105	5,652,001	4,893,585	(758,416)
0053	Data processing services	8,325,761	8,837,842	8,657,419	(180,423)
0061	Community services	636,470	1,227,538	968,707	(258,831)
Intergovernmental:					
0091	Contracted instructional services between schools	3,971,100	4,902,700	4,177,231	(725,469)
0095	Payments to juvenile justice alternative education programs	50,000	50,000		(50,000)
0097	Payments to tax increment fund	27,112,500	29,377,200	28,283,215	(1,093,985)
0099	Other intergovernmental charges	4,775,000	5,740,205	3,852,070	(1,888,135)
6030	Total Expenditures	605,098,225	627,913,239	604,847,844	(23,065,395)
1100	Excess (deficiency) of revenues over (under) expenditures	10,771,175	(13,912,213)	18,294,028	32,206,241
OTHER FINANCING SOURCES (USES)					
7912	Proceeds from the sale of property			20,489	20,489
7915	Transfers in			309,791	309,791
7956	Insurance recovery			16,266	16,266
8911	Transfers out			(4,250,396)	(4,250,396)
7080	Total Other Financing Sources (Uses)			(3,903,850)	(3,903,850)
1200	Net change in fund balances	10,771,175	(13,912,213)	14,390,178	28,302,391
0100	Fund balances - beginning	235,131,243	235,131,243	235,131,243	
3000	Fund balances - ending	\$ 245,902,418	\$ 221,219,030	\$ 249,521,421	\$ 28,302,391

Frisco Independent School District Notes To Budgetary Comparison Schedule For The Year Ended June 30, 2021

Annual budgets are adopted for the General Fund, Child Nutrition Special Revenue Fund and the Debt Service Fund on a basis consistent with accounting principles generally accepted in the United States of America. To comply with those principles, each annual budget is presented on the modified accrual basis. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The Budgetary Comparison Schedules for the Debt Service Fund and Child Nutrition Fund can be found on Exhibits G-1 and G-4, respectively. The remaining special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year.

The procedures followed in establishing the budgetary data reflected in the financial statements include:

1. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the subsequent fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget after ten days public notice of the meeting has been given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board of Trustees.

Once a budget is approved, it can be amended at the fund and function level only. To do so requires the approval of a majority of the members of the Board of Trustees. Amendments are presented to the Board at its regular meetings. Such amendments are reflected in the official minutes of the Board. During the year, several amendments were necessary.

The Chief Financial Officer controls each budget for revenues and expenditures at the fund, function, and object level. Management is able to transfer amounts within each function. Budgeted amounts are as amended by the Board of Trustees. All budget appropriations lapse at year-end.

**Frisco Independent School District
Schedule of the District's Proportionate Share
of the Net Pension Liability
Teacher Retirement System of Texas
For the Last Ten Plan Years⁽¹⁾**

	Plan Year:									
	2014	2015	2016	2017	2018	2019	2020			
District's proportion of the net pension liability	0.002314258000	0.002881151000	0.002910236766	0.003137632412	0.003097311248	0.003502637672	0.003245380355			
District's proportionate share of the net pension liability	\$ 61,817,031	\$ 101,844,853	\$ 109,973,520	\$ 100,324,581	\$ 170,483,528	\$ 182,078,056	\$ 173,815,951			
State's Share of the net pension liability associated with the District	121,412,312	163,966,596	179,382,090	155,507,727	249,283,125	249,283,125	285,365,085			
Total	\$ 183,229,343	\$ 265,811,449	\$ 289,355,610	\$ 255,832,308	\$ 419,766,653	\$ 431,361,181	\$ 459,181,036			
District's covered payroll ⁽²⁾	\$ 253,369,679	\$ 279,985,062	\$ 304,425,906	\$ 331,387,964	\$ 336,805,214	\$ 376,024,626	\$ 411,742,285			
District's proportionate share of the net pension liability as a percentage of its covered payroll	24.40%	36.38%	36.12%	30.27%	50.62%	48.42%	42.21%			
Plan fiduciary net position as a percentage of the total pension liability	83.25%	78.43%	78.00%	82.17%	73.74%	75.24%	75.54%			

⁽¹⁾ The amounts for each fiscal year were determined as of August 31, the pension measurement date. Information for plan years prior to 2014 is not available.

⁽²⁾ Covered payroll includes all TRS-eligible payroll paid by the District during the plan year (September 1 - August 31).

**Frisco Independent School District
Schedule of District Pension Contributions
Teacher Retirement System of Texas
For the Last Ten Fiscal Years**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fiscal Year:										
Contractually required contribution	\$ 3,648,289	\$ 4,235,762	\$ 5,667,342	\$ 8,087,677	\$ 9,123,803	\$ 10,166,019	\$ 10,573,145	\$ 11,656,212	\$ 13,144,338	\$ 14,530,634
Contributions in relation to the contractually required contribution	3,648,289	4,235,762	5,667,342	8,087,677	9,123,803	10,166,019	10,573,145	11,656,212	13,144,338	14,530,634
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll ⁽²⁾	\$ 217,577,872	\$ 232,571,151	\$ 250,101,147	\$ 275,426,852	\$ 300,219,324	\$ 328,408,774	\$ 334,369,517	\$ 369,716,803	\$ 405,810,347	\$ 432,411,883
Contributions as a percentage of covered payroll	1.68%	1.82%	2.27%	2.94%	3.04%	3.10%	3.16%	3.15%	3.24%	3.36%

⁽²⁾ Covered payroll includes all TRS-eligible payroll paid by the district during the fiscal year (July 1 - June 30).

Frisco Independent School District
 Schedule of the District's Proportionate Share
 of the Net OPEB Liability
 Teacher Retirement System of Texas
 For the Last Ten Plan Years⁽¹⁾

Plan Year:	2017	2018	2019	2020
District's proportion of the net OPEB liability	0.003631283	0.003792676	0.004123727	0.004190748
District's proportionate share of the net OPEB liability	\$ 157,910,868	\$ 189,371,760	\$ 195,016,124	\$ 159,309,242
State's proportionate share associated with the District	271,372,899	300,003,424	259,132,805	214,073,443
Total	\$ 429,283,767	\$ 489,375,184	\$ 454,148,929	\$ 373,382,685
District's covered payroll ⁽²⁾	\$ 331,387,964	\$ 336,805,214	\$ 376,024,626	\$ 411,742,285
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	47.65%	56.23%	51.86%	38.69%
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%	1.57%	2.66%	4.99%

⁽¹⁾ The amounts for each fiscal year were determined as of August 31, the OPEB measurement date. Information for plan years prior to 2017 is not available.

⁽²⁾ Covered payroll includes all TRS-eligible payroll paid by the district during the plan year (September 1 - August 31).

**Frisco Independent School District
Schedule of District OPEB Contributions
Teacher Retirement System of Texas
for the Last Ten Fiscal Years**

Fiscal Year:	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 1,235,601	\$ 1,305,482	\$ 1,420,486	\$ 1,563,710	\$ 1,699,880	\$ 1,856,924	\$ 2,468,771	\$ 2,775,970	\$ 3,128,440	\$ 3,351,253
Contributions in relation to the contractually required contribution	1,235,601	1,305,482	1,420,486	1,563,710	1,699,880	1,856,924	2,468,771	2,775,970	3,128,440	3,351,253
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll ⁽¹⁾	\$ 217,577,872	\$ 232,571,151	\$ 250,101,147	\$ 275,426,852	\$ 300,219,324	\$ 328,408,774	\$ 334,369,517	\$ 369,716,803	\$ 405,810,347	\$ 432,411,883
Contributions as a percentage of covered payroll	0.57%	0.56%	0.57%	0.57%	0.57%	0.57%	0.74%	0.75%	0.77%	0.78%

⁽¹⁾ Covered payroll includes all TRS-eligible payroll paid by the district during the fiscal year (July 1 - June 30).



Other Supplementary Information



I Am Not A Liar | Amelia Harrocks | Reedy High School



The page features a dark blue background with a large yellow rectangle at the top left and a yellow vertical bar at the bottom left. A thin yellow horizontal line is positioned above the bottom-left yellow bar. The title is centered in white text.

Budgetary Comparison Schedule

Exhibit G-1

Frisco Independent School District
Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2021

Data Control Codes	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/(Under)	
	Original	Final			
Revenues					
5700	Local and intermediate sources	\$ 139,919,000	\$ 139,919,000	\$ 140,862,904	\$ 943,904
5800	State program revenues			1,280,997	1,280,997
5020	Total Revenues	<u>139,919,000</u>	<u>139,919,000</u>	<u>142,143,901</u>	<u>2,224,901</u>
Expenditures					
Debt Service:					
0071	Principal on long-term debt	66,614,000	66,514,000	63,679,472	(2,834,528)
0072	Interest on long-term debt	83,091,000	82,091,000	81,723,285	(367,715)
0073	Bond issuance costs and fees	1,850,000	2,950,000	2,911,454	(38,546)
6030	Total Expenditures	<u>151,555,000</u>	<u>151,555,000</u>	<u>148,314,211</u>	<u>(3,240,789)</u>
1100	Excess (deficiency) of revenues over (under) expenditures	(11,636,000)	(11,636,000)	(6,170,310)	5,465,690
Other Financing Sources (Uses)					
7901	Refunding bonds issued			343,325,000	343,325,000
7916	Premium on issuance of bonds			21,202,268	21,202,268
8949	Payment to refunded bond escrow agent			(361,597,875)	(361,597,875)
7080	Total Other Financing Sources (Uses)			<u>2,929,393</u>	<u>2,929,393</u>
1200	Net change in fund balances	(11,636,000)	(11,636,000)	(3,240,917)	8,395,083
0100	Fund balances - beginning	135,622,917	135,622,917	135,622,917	
3000	Fund balances - ending	<u>\$ 123,986,917</u>	<u>\$ 123,986,917</u>	<u>\$ 132,382,000</u>	<u>\$ 8,395,083</u>



Non-Major Governmental Funds

Special Revenue Funds

The Special Revenue Funds account for the proceeds of specific revenue sources that have been restricted or committed to expenditures for specific purposes other than expendable trusts or for major capital projects. The programs included in these funds are as follows:

Head Start Fund is used to account for funds granted for the Head Start Program by the U.S. Department of Health and Human Services, as passed through the State of Texas.

ESEA, Title I, Part A Fund is used to account for funds allocated by the U.S. Department of Education, as passed through Region X ESC, to enable schools to provide opportunities for children served to acquire the knowledge and skills to meet state performance standards.

IDEA, Part B Formula Fund is funded by the U.S. Department of Education, as passed through the State of Texas, for the purpose of providing special education and related services to children with disabilities, ages 3-21.

IDEA, Part B Preschool Fund is funded by the U.S. Department of Education, as passed through the State of Texas, for the purpose of providing special education and related services to children with disabilities, ages 3-5.

IDEA, Part B Discretionary Fund is funded by the U.S. Department of Education, as passed through the State of Texas, for the purpose of providing special education and related services to children with disabilities.

Child Nutrition Fund is used for school lunch and breakfast programs using federal reimbursement revenues from the U.S. Department of Agriculture, as passed through the State of Texas, for the purpose of charging for and providing meals to students.

Career and Technical Basic Grant Fund is a fund granted by the U.S. Department of Education, as passed through the State of Texas, to develop new and/or improve existing career and technical education programs for paid and unpaid employment. Full participation in the grant is from individuals who are members of special populations at (1) a limited number of campuses, or (2) a limited number of program areas.

ESEA, Title II, Part A Fund is a teacher and principal training and recruiting program funded by the U.S. Department of Education, as passed through Region X ESC. Funds are used to provide financial assistance to local education agencies to (1) increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, and (2) hold local education agencies and schools accountable for improving student academic achievement.

ESEA, Title III, Part A Fund is an English language acquisition program funded by the U.S. Department of Education, as passed through Region X ESC. Funds are used to improve the education of limited English proficient children by assisting the children with challenging State academic content and helping them meet student academic achievement standards.

ESSER Fund is the Elementary and Secondary School Emergency Relief Fund of the Coronavirus, Relief, and Economic Security (CARES) Act funded by the U.S. Department of Education, as passed through the State of Texas to account for federal stimulus funds granted to FISD to support our ability to operate and instruct our students during the COVID-19 pandemic.

(Continued)

Medicaid Administrative Claiming Fund is funded by the U.S. Department of Health and Human Services and is used to account, on a project basis, for funds allocated to local education agencies for reimbursement of eligible administrative costs for activities attributed to the implementation of the Medicaid State plan.

Instructional Continuity Grant is designed to provide supplemental resources to support improved student outcomes on targeted support and improvement campuses. The purpose of this grant is to increase the capacity of the district to facilitate instructional continuity and distance, remote, and/or virtual learning for identified campuses that have been affected by campus closures due to COVID-19.

Coronavirus Relief Fund is used to account for federal stimulus Coronavirus Relief Funds granted through CARES Act for necessary expenditures incurred due to public health emergency with respect to COVID - 19 and to reimburse for expenses related to COVID - 19 that were incurred dating back to March 1, 2020.

Education Stabilization Fund is used to account for federal stimulus ESSER II funds granted to LEAs through the CRRSA Act to support an LEA's ability to operate, instruct its students, address learning loss, prepare schools for reopening, test, repair, and upgrade projects to improve air quality in school buildings during the coronavirus pandemic.

Summer School LEP Fund is funded by the U.S. Department of Education, as passed through the State of Texas for a required summer school program which provides summer school to limited English proficient students who will be eligible for admission to kindergarten and first grade at the beginning of the next school year.

Visually Impaired SSVI Fund is used to account for State supplemental visually impaired funds. This fund is used to account for, on a project basis, funds received from Region X ESC as part of a shared service arrangement.

Advanced Placement Incentives Fund is funded by the State of Texas to provide test fee subsidies for AP and IB exams taken by public school students with demonstrated financial need. These funds also reimburse TEA approved Pre-AP, AP, and IB teacher training for eligible teachers.

State Textbook Fund is an instructional materials allotment funded by the State of Texas to purchase textbooks and other instructional materials, including technological software or equipment that contributes to student learning and/or training for educational personnel involved in the use of these materials.

Special Education Fiscal Support Fund provides additional funding by the State of Texas to secure evaluation staff, related services personnel, and/or special education teachers to fill short-term needs in the area of initial evaluations, compensatory services and extended school year services (ESY).

Read to Succeed Fund is a license plate program funded by the State of Texas. The fund is designed to help generate money for public school libraries and strengthen the campus reading program. Funds are generated through the sale of specialty license plates sold to members of the community who support the District.

Shared Services Arrangement is funded by the Texas Education agency and passed through a fiscal agent, Richardson ISD. In cooperation with other member districts, funding provides services to students with autism.

Campus Activity Funds are funds held at each campus and controlled by the campus principal to fund supplemental operating expenditures for that campus. Revenues are generated by sales and fundraising events at each campus.

Restricted Donations and Grants are funds used to account for donations or grants given by outside organization to be spent as directed by donor or grantor.

Frisco Partners Fund is used to account for grants given by Frisco Education Foundation to be spent as directed.

Child Development Center Fund is a local fund used to account for day care services provided to District employees' children.

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

	205	211	224	225	226	240	244	255
Data Control Codes	Head Start Fund	ESEA, Title I, Part A Fund	IDEA, Part B, Formula Fund	IDEA, Part B, Preschool Fund	IDEA, Part B, Discretionary Fund	Child Nutrition Fund	Career and Technical – Basic Grant Fund	ESEA, Title II, Part A, Fund
Assets								
1110						\$ 4,109,271		
1240		\$ 278,861	\$ 2,344,801	\$ 3,051	\$ 125,681	\$ 789,787	\$ 12,363	\$ 74,166
1290						20,041		
1410		780						381
1000	\$ -	\$ 279,641	\$ 2,344,801	\$ 3,051	\$ 125,681	\$ 4,919,099	\$ 12,363	\$ 74,547
Liabilities								
2110		4,041	160,631			137,844	11,932	
2160		22,107	861,524			1,424,015		65,465
2170		253,493	1,322,646	3,051	125,681		431	9,082
2300						1,147,246		
2000	\$ -	\$ 279,641	\$ 2,344,801	\$ 3,051	\$ 125,681	\$ 2,709,105	\$ 12,363	\$ 74,547
Fund Balances								
3430		780						381
3450						2,209,994		
3490								
3545								
3600								
3000		(780)				2,209,994		(381)
4000	\$ -	\$ 279,641	\$ 2,344,801	\$ 3,051	\$ 125,681	\$ 4,919,099	\$ 12,363	\$ 74,547

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

Data Control Codes	263	266	272	276	277	281	289	385	397
	ESEA, Title III, Part A, Fund	ESSER	Medicaid Administrative Claiming Fund	Instructional Continuity Grant	Coronavirus Relief Fund	Education Stabilization Fund	Sumer School LEP Fund	Visually Impaired SSVI Fund	Advanced Placement Incentives Fund
Assets									
1110 Cash and investments	\$ 58,768		\$ 95,917				\$ 12,900		\$ 8,239
1240 Due from other governments	618,536	1,128	27,289	8,531			21,198		
1290 Other receivables, net									
1410 Prepaid expenditures									
1000 Total Assets	\$ 677,304	1,128	123,206	8,531			34,098		8,239
Liabilities									
2110 Accounts payable	68,626	1,128	711	1,283					
2160 Accrued wages payable	279,612								
2170 Due to other funds	329,066			7,248			31,075		
2300 Unearned revenue									
2000 Total Liabilities	677,304	1,128	711	8,531			31,075		
Fund Balances									
3430 Nonspendable:									
Prepaid expenditures									
3450 Restricted for:									
Federal and state grant programs			122,495				3,023		8,239
3490 Local grants, awards and contributions									
Committed to:									
Local grants, awards and contributions									
Unassigned									
3000 Total Fund Balances			122,495				3,023		8,239
4000 Total Liabilities and Fund Balances	\$ 677,304	1,128	123,206	8,531			34,098		8,239

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

Data Control Codes	410	427	429	459	461	480	497	498	Total Non-Major Governmental Funds
	State Textbook Fund	Special Ed Fiscal Support Funds	Read to Succeed Fund	Shared Services Arrangement	Campus Activity Fund	Restricted Donations and Grants	Frisco Partners Fund	Child Development Center Fund	
Assets									
1110	\$ 445,528	464	\$ 7,191	\$ 2,624,437	145,741	\$ 7,934	\$ 106,628	\$ 7,623,018	
1240	876,790		176,353					5,358,535	
1290				93,500				113,541	
1410				2,268				3,429	
1000	\$ 1,322,318	464	\$ 176,353	\$ 7,191	\$ 2,720,205	145,741	\$ 7,934	\$ 106,628	\$ 13,098,523
Liabilities									
2110	17,249			7,191	14,528	9,390	5,334	11,520	451,408
2160								95,108	2,747,831
2170			176,238						2,258,011
2300									1,147,246
2000	17,249	-	176,238	7,191	14,528	9,390	5,334	106,628	6,604,496
Fund Balances									
3430					2,268				3,429
3450	1,305,069	464	115						3,649,399
3490						136,351			136,351
3545					2,703,409				2,706,009
3600									(1,161)
3000	1,305,069	464	115	-	2,705,677	136,351	2,600	-	6,494,027
4000	\$ 1,322,318	464	\$ 176,353	\$ 7,191	\$ 2,720,205	\$ 145,741	\$ 7,934	\$ 106,628	\$ 13,098,523

**Frisco Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2021**

Data Control Codes	Head Start Fund	205	ESEA, Title I, Part A Fund	211	IDEA-B Formula Fund	224	IDEA-B Preschool Fund	225	IDEA-B Discretionary Fund	226	240	Child Nutrition Fund	244	Career and Technical Basic Grant Fund	255
Revenues															
5700 Local and intermediate sources												\$ 3,185,674			
5800 State program revenues												102,802			
5900 Federal program revenues												12,585,485			
5020 Total Revenues		\$ 2,103	\$ 864,464	\$ 6,826,548	\$ 3,051	\$ 125,681	\$ 3,051	\$ 165,361	\$ 430,411			\$ 165,361			\$ 430,411
Expenditures															
Current:															
0011 Instruction		2,103	774,142	4,252,395	3,051	125,681							165,361		112,769
0012 Instructional resources and media services															
0013 Curriculum and instructional staff development			67,118	44,410											292,213
0021 Instructional leadership			150												21,266
0023 School leadership			14,619	893											3,445
0031 Guidance, counselling and evaluation services				2,528,850											
0033 Health services															
0035 Food services															
0036 Extracurricular activities															
0041 General administration															
0051 Facilities maintenance and operations															
0052 Security and monitoring services											242,838				
0053 Data processing services															
0061 Community services			8,435												718
6030 Total Expenditures		2,103	864,464	6,826,548	3,051	125,681	17,741,769	165,361							430,411
1100 Excess (deficiency) of revenues over (under) expenditures							(1,867,808)								
Other Financing Sources (Uses)															
7915 Transfers in															
8911 Transfers out															
7080 Total Other Financing Sources (Uses)															
1200 Net change in fund balances															
0100 Fund balances - beginning															
3000 Fund balances - ending		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,209,994	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Exhibit G-3

**Frisco Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
for the Year Ended June 30, 2021**

Data Control Codes	263	ESEA, Title III, Part A Fund	266	ESSER	272	Medicaid Administrative Claiming Fund	276	Instructional Continuity Grant	277	Coronavirus Relief Fund	281	Education Stabilization Fund	289	Summer School LEP Fund	385	Visually Impaired SSVI Fund	397	Advanced Placement Incentives Fund
Revenues																		
5700 Local and intermediate sources																		
5800 State program revenues																		
5900 Federal program revenues	\$	1,089,384	\$	28,235	\$	89,737	\$	16,668	\$	323,232	\$	1,465,300	\$	141,661	\$	20,840	\$	36,450
5020 Total Revenues		1,089,384		28,235		89,737		16,668		323,232		1,465,300		141,661		20,840		36,450
Expenditures																		
Current:																		
0011 Instruction		1,000,379		3,240				16,668		9,433		295,693		32,997		19,955		
0012 Instructional resources and media services																		
0013 Curriculum and instructional staff development		83,330										8,170		30,739		885		36,450
0021 Instructional leadership																		
0023 School leadership										848								
0031 Guidance, counselling and evaluation services												22,228		100,604				
0033 Health services				1,400		46,473												
0035 Food services																		
0036 Extracurricular activities												15,397						
0041 General administration				23,595						3,160								
0051 Facilities maintenance and operations																		
0052 Security and monitoring services																		
0053 Data processing services													1,123,812					
0061 Community services		5,675																
6030 Total Expenditures		1,089,384		28,235		46,473		16,668		13,441		1,465,300		164,340		20,840		36,450
1100 Excess (deficiency) of revenues over (under) expenditures						43,264				309,791				(22,679)				
Other Financing Sources (Uses)																		
7915 Transfers in																		
8911 Transfers out										(309,791)								
7080 Total Other Financing Sources (Uses)										(309,791)								
1200 Net change in fund balances						43,264								(22,679)				
3000 Fund balances - beginning						79,231								25,702				8,239
3000 Fund balances - ending						122,495								3,023				8,239

**Frisco Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
for the Year Ended June 30, 2021**

Data Control Codes	410 State Textbook Fund	427 Special Ed Fiscal Support Funds	429 Read to Succeed Fund	459 Shared Services Arrangement	461 Campus Activity Fund	480 Restricted Donations and Grants	497 Frisco Partners Fund	498 Child Development Center Fund	Total Non- Major Governmental Funds
Revenues									
5700 Local and intermediate sources	\$ 15,735		\$	129,648	\$ 683,842	\$ 171,485	\$ 17,475	\$ 490,815	\$ 4,694,674
5800 State program revenues	4,141,473	70,000	965,133						5,336,698
5900 Federal program revenues									24,157,321
5020 Total Revenues	<u>4,157,208</u>	<u>70,000</u>	<u>965,133</u>	<u>129,648</u>	<u>683,842</u>	<u>171,485</u>	<u>17,475</u>	<u>490,815</u>	<u>34,188,693</u>
Expenditures									
Current:									
0011 Instructional resources and media services	3,961,602	6,845				88,248	13,083		10,883,645
0012 Curriculum and instructional staff development			163			4,117	1,792		6,072
0013 Instructional leadership				129,648		6,500			691,293
0021 School leadership						10,788			29,586
0023 Guidance, counselling and evaluation services									30,593
0031 Health services		62,691				2,000			2,615,769
0033 Food services						55			148,532
0035 Extracurricular activities									17,498,931
0036 General administration					640,753	11,837			667,987
0041 Facilities maintenance and operations									26,755
0051 Security and monitoring services			965,004		101,996				344,834
0052 Data processing services									965,004
0053 Community services									1,123,812
0061 Total Expenditures	<u>3,961,602</u>	<u>69,536</u>	<u>965,167</u>	<u>129,648</u>	<u>640,753</u>	<u>225,541</u>	<u>14,875</u>	<u>729,359</u>	<u>744,187</u>
1100 Excess (deficiency) of revenues over (under) expenditures	195,606	464	(34)		43,089	(54,056)	2,600	(238,544)	(1,588,307)
Other Financing Sources (Uses)									
7915 Transfers in					17,368			238,544	255,912
8911 Transfers out						(5,516)			(315,307)
7080 Total Other Financing Sources (Uses)					17,368	(5,516)		238,544	(59,395)
1200 Net change in fund balances	195,606	464	(34)		60,457	(59,572)	2,600		(1,647,702)
3000 Fund balances - beginning	1,109,463		149		2,645,220	195,923			8,141,729
3000 Fund balances - ending	\$ 1,305,069	\$ 464	\$ 115	\$ -	\$ 2,705,677	\$ 136,351	\$ 2,600	\$ -	\$ 6,494,027

Frisco Independent School District
 Budgetary Comparison Schedule
 Child Nutrition Fund
 For the Year Ended June 30, 2021

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/(Under)
		Original	Final		
	Revenues				
5700	Local and intermediate sources	\$ 17,601,700	\$ 17,601,700	\$ 3,185,674	\$ (14,416,026)
5800	State program revenues	104,950	104,950	102,802	(2,148)
5900	Federal program revenues	7,221,050	7,221,050	12,585,485	5,364,435
5020	Total Revenues	<u>24,927,700</u>	<u>24,927,700</u>	<u>15,873,961</u>	<u>(9,053,739)</u>
	Expenditures				
	Current:				
0035	Food services	24,675,560	24,792,131	17,498,931	(7,293,200)
0051	Facilities maintenance and operations	252,140	252,140	242,838	(9,302)
6030	Total Expenditures	<u>24,927,700</u>	<u>25,044,271</u>	<u>17,741,769</u>	<u>(7,302,502)</u>
1100	Excess (deficiency) of revenues over (under) expenditures		(116,571)	(1,867,808)	(1,751,237)
1200	Net change in fund balances		(116,571)	(1,867,808)	(1,751,237)
0100	Fund balances - beginning	4,077,802	4,077,802	4,077,802	
3000	Fund balances - ending	<u>\$ 4,077,802</u>	<u>\$ 3,961,231</u>	<u>\$ 2,209,994</u>	<u>\$ (1,751,237)</u>



Required TEA Schedules

Frisco Independent School District
 Schedule of Delinquent Taxes Receivable
 As of June 30, 2021

Last Ten Fiscal Years	Tax Rates			Assessed/ Appraised Value for School Tax Purposes	Beginning Balance	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance
	1	2	3							
Prior to 2013	Various	Various	Various	\$ (276,747)		\$ 4,317	\$ 1,640	\$ (67,860)	\$ (350,564)	
2013	\$ 1.04	\$ 0.42	18,411,182,624	97,051		338	137	11,259	107,835	
2014	\$ 1.04	\$ 0.42	20,072,776,233	150,294		119	48	18,371	168,498	
2015	\$ 1.04	\$ 0.42	23,005,771,528	106,926		19,605	7,917	46,475	125,879	
2016	\$ 1.04	\$ 0.42	26,230,139,504	251,489		21,853	8,825	50,224	271,035	
2017	\$ 1.04	\$ 0.42	30,621,651,034	390,531		427,439	172,619	507,753	298,226	
2018	\$ 1.04	\$ 0.42	35,570,550,343	527,827		257,892	104,149	386,386	552,172	
2019	\$ 1.17	\$ 0.27	40,349,486,303	625,528		89,799	20,723	48,029	563,035	
2020	\$ 1.0683	\$ 0.27	43,491,816,275	3,602,111		611,632	154,582	(2,284,283)	551,614	
2021	\$ 1.0402	\$ 0.27	46,267,939,261		\$ 593,139,299	469,977,653	121,989,969	3,161,701	4,333,378	
Totals				\$ 5,475,010	\$ 593,139,299	\$ 471,410,647	\$ 122,460,609	\$ 1,878,055	\$ 6,621,108	

Portion of total collections paid into Tax Increment Zone Under Chapter 311, Tax Code \$ 23,165,969

Exhibit J-4

Frisco Independent School District
 Schedule of Use of Funds Report
 Select State Allotment Programs
 For the Year Ended June 30, 2021

Data Codes	1 Responses
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Section A: Compensatory Education Programs

Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs.
 Statutory Authority: Texas Education Code, Section 481.04.

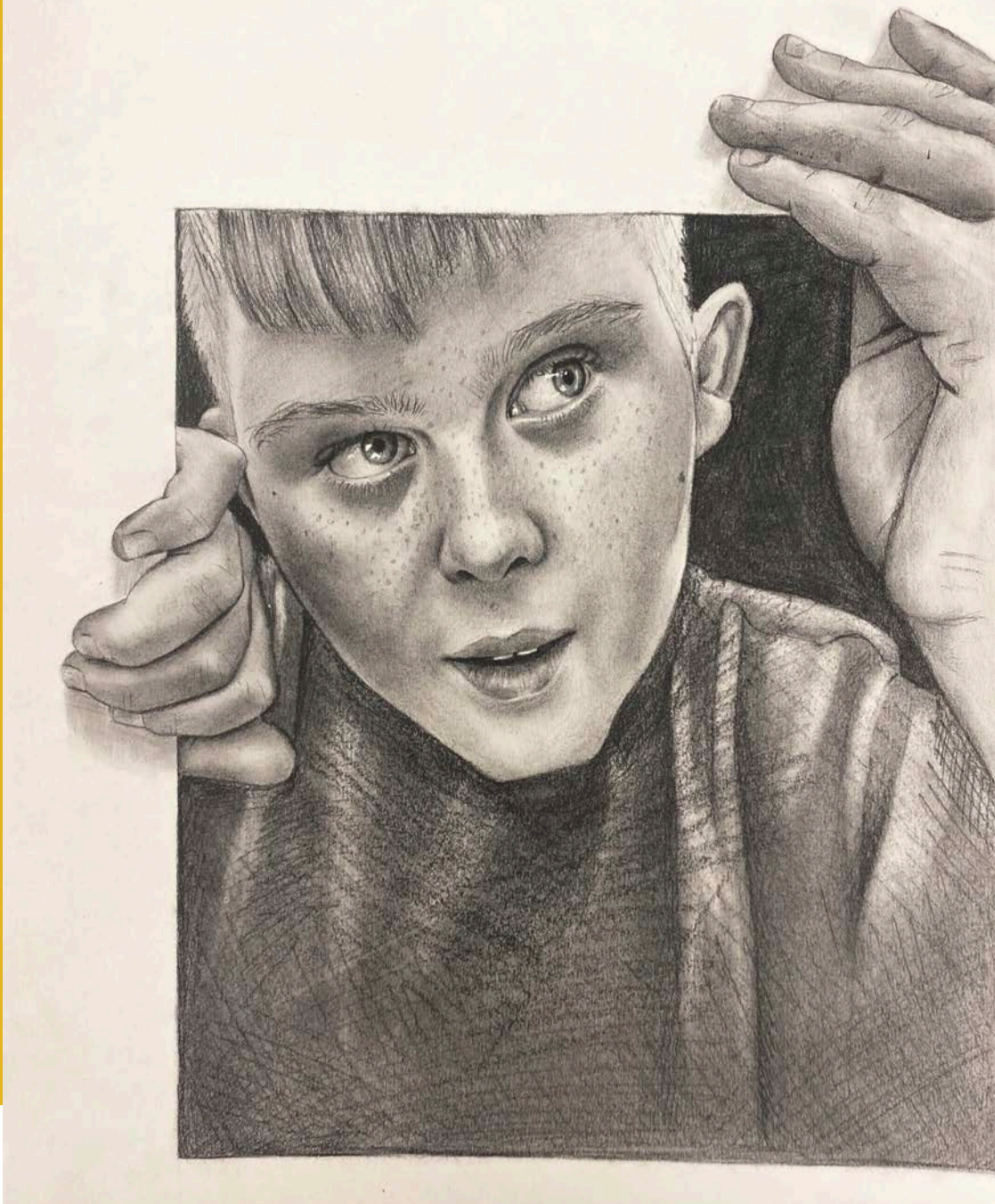
AP1	Did you district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education programs?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the districts fiscal year.	\$ 11,624,978
AP4	List the actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24,26,28,29,30,34)	\$ 4,975,026

Section B: Bilingual Education Programs

Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs.
 Statutory Authority: Texas Education Code, Section 481.05.

AP1	Did you district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its bilingual education programs?	Yes
AP3	List the total state allotment funds received for bilingual education programs during the districts fiscal year.	\$ 2,368,959
AP4	List the actual direct program expenditures for bilingual education programs during the district's fiscal year. (PICs 25,35)	\$ 1,419,037

Statistical Section (Unaudited)



Pencil Portrait Of Boy Reaching | Madison Heydon | Wakeland High School

This section of the Frisco Independent School District’s Annual Comprehensive Financial Report presents information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District’s overall health.

Contents	Page
Financial Trends	91
These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.	
Revenue Capacity:	97
These schedules contain information to help the reader assess the District’s most significant local revenue source, the property tax.	
Debt Capacity:	103
These schedules present information to the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.	
Demographic Information:	107
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.	
Operating Information:	111
These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the District provides and the activities it performs.	



Financial Trends

Exhibit S-1

Frisco Independent School District
 Net Position By Component
 Last Ten Fiscal Years
 (Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net investment in capital assets	\$ (274,216,290)	\$ (293,661,182)	\$ (273,081,937)	\$ (305,309,356)	\$ (232,937,713)	\$ (232,777,187)	\$ (346,371,603)	\$ (363,992,174)	\$ (373,647,743)	\$ (379,976,838)
Restricted for Federal and State grant programs	3,208,210	2,904,294	3,789,148	5,261,965	4,489,444	5,475,019	6,591,918	11,690,601	5,300,585	3,649,399
Restricted for debt services	71,170,986	72,023,378	53,919,728	54,250,586	57,086,768	80,911,177	110,066,081	105,581,772	103,317,274	105,339,980
Unrestricted Net Position	47,511,053	51,311,286	66,159,069	353,464	(86,843,097)	(99,981,333)	(190,605,648)	(160,936,956)	(154,914,649)	(160,272,957)
Total Net Position	<u>\$ (152,326,041)</u>	<u>\$ (167,422,224)</u>	<u>\$ (149,213,992)</u>	<u>\$ (245,443,341)</u>	<u>\$ (258,204,598)</u>	<u>\$ (246,372,324)</u>	<u>\$ (420,319,252)</u>	<u>\$ (407,656,757)</u>	<u>\$ (419,944,533)</u>	<u>\$ (431,260,416)</u>

Source: Frisco ISD Annual Financial Reports

**Frisco Independent School District
Expenses, Program Revenues, and Net (Expense)/Revenue
Last Ten Fiscal Years
(Unaudited)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
Instruction	\$ 207,257,489	\$ 220,404,517	\$ 237,776,317	\$ 284,653,714	\$ 305,605,412	\$ 325,140,742	\$ 227,342,595	\$ 385,220,355	\$ 444,377,695	\$ 431,632,246
Instructional resources and media services	5,072,392	6,878,260	7,963,264	9,187,036	9,796,673	9,325,687	6,373,309	8,849,546	8,932,969	8,860,354
Curriculum and instructional staff development	5,540,212	6,695,992	7,496,653	8,527,459	8,937,996	9,447,290	6,858,766	11,026,050	14,315,808	15,092,758
Instructional leadership	3,496,529	4,538,265	4,625,073	5,075,185	5,474,033	6,192,970	4,615,947	8,153,468	11,116,828	11,231,262
School leadership	18,585,563	22,284,476	21,657,026	28,254,017	30,178,920	32,328,267	23,791,263	37,705,167	43,158,588	41,905,984
Guidance, counseling and evaluation services	11,195,982	12,552,997	12,828,364	14,672,505	16,612,319	17,508,585	11,811,319	22,074,050	25,968,948	26,323,164
Social work services	292,395	343,427	360,371	352,044	361,960	279,911	119,107	206,324	227,696	282,024
Health services	3,388,277	3,738,802	3,885,439	4,700,476	5,183,496	5,496,484	3,702,581	6,590,798	7,125,668	7,524,465
Student transportation	9,476,656	9,854,542	10,489,264	11,631,466	12,127,267	12,899,257	10,690,822	15,649,573	17,135,255	15,562,096
Food services	16,966,824	18,662,958	20,138,815	22,671,955	23,943,835	25,477,572	21,130,662	26,438,963	26,200,312	20,696,850
Extracurricular activities	14,145,666	14,929,811	15,493,350	17,804,290	19,434,773	19,440,200	17,052,390	23,276,818	22,890,618	23,846,884
General administration	7,647,253	6,560,127	6,752,192	8,271,754	9,432,967	9,747,588	8,358,009	12,707,266	16,605,179	17,512,857
Facilities maintenance and operations	28,970,801	30,168,059	31,796,821	37,020,121	45,202,540	46,480,755	47,446,326	54,392,409	60,027,110	71,801,617
Security and monitoring services	2,418,991	2,731,959	3,595,026	3,808,630	3,916,348	3,826,564	3,293,454	4,399,063	6,577,228	7,552,762
Data processing services	6,275,652	6,718,444	7,194,012	9,499,233	9,131,244	8,927,287	9,372,444	11,961,523	10,906,676	11,445,169
Community services	1,514,281	1,572,685	1,516,206	1,992,750	1,857,437	1,900,499	2,072,276	2,072,276	2,231,893	1,998,783
Debt service - interest on long-term debt	64,807,149	70,402,767	45,233,434	73,966,028	81,825,335	79,783,468	77,551,045	82,228,452	79,729,973	67,188,505
Debt service - bond issuance costs and fees	784,857	1,034,160	1,286,269	2,511,829	3,518,708	2,474,789	691,035	2,143,297	924,809	4,872,571
Payments to fiscal agent/member districts of SSA	1,582,625	1,785,899	1,004,896	1,177,873	217,771			14,017,478	3,152,395	4,177,231
Payments to juvenile justice alternative education programs	60,791	44,573	23,499	47,931	37,077	67,814	30,118	35,666	30,681	
Payments to tax increment fund	15,300,909	16,558,936	17,605,466	19,317,219	20,698,870	22,583,104	25,397,908	25,169,882	27,151,041	28,283,215
Other intergovernmental charges	1,658,054	1,801,088	1,924,946	2,102,040	2,377,535	2,683,175	3,040,455	3,492,348	3,798,571	3,852,070
Total Governmental Activities Expenses	426,439,348	460,262,744	460,248,703	567,245,555	617,872,516	642,012,008	510,122,013	757,810,772	832,675,941	821,642,847
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	206,936	290,231	350,717	396,872	403,481	310,309	733,927	923,344	797,595	1,747,694
Food services	13,077,118	13,685,406	14,494,346	16,242,616	17,585,643	17,491,137	18,376,266	18,335,195	13,189,756	3,183,576
Extracurricular activities	1,522,873	1,606,143	1,525,824	1,605,535	1,798,238	2,423,340	2,379,643	2,362,725	1,916,707	1,694,173
Facilities maintenance and operations	1,913,519	2,299,332	2,394,812	2,554,502	2,864,952	2,818,152	3,172,769	3,631,143	20,225,910	8,433,741
Operating Grants and Contributions	25,145,775	22,544,354	26,278,448	38,071,093	34,845,658	38,224,087	(58,806,085)	64,655,694	71,108,796	63,842,316
Total Governmental Activities Program Revenues	41,866,221	40,325,466	45,044,147	58,870,618	57,497,972	61,267,025	(34,143,480)	89,908,101	107,238,764	78,901,501
Net (Expense) Revenue	(384,573,127)	(419,937,278)	(415,204,556)	(508,374,937)	(560,374,544)	(580,744,983)	(544,265,493)	(667,902,671)	(725,437,177)	(742,741,346)

Source: Frisco ISD Annual Financial Reports

Frisco Independent School District
General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
(Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net (Expense) Revenue	\$ (384,573,127)	\$ (419,937,278)	\$ (415,204,556)	\$ (508,374,937)	\$ (560,374,544)	\$ (580,744,983)	\$ (544,265,493)	\$ (667,902,671)	\$ (725,437,177)	\$ (742,741,346)
General Revenues										
Governmental Activities:										
Taxes:										
Property taxes, levied for general purposes	177,079,758	199,562,589	229,889,558	265,133,759	279,061,789	328,154,575	375,184,044	471,611,015	466,660,821	478,566,522
Property taxes, levied for debt service	68,875,705	72,822,119	80,937,836	93,922,813	105,578,096	124,819,619	142,848,448	104,085,263	112,411,956	118,266,811
State aid - formula grants	104,324,856	117,087,935	119,733,020	120,405,390	139,758,001	115,510,634	98,313,792	64,028,393	97,396,084	104,693,320
Grants and contributions not restricted to specific programs	20,083	516,970		2,332,383		2,320,903	2,858,270	6,520,666	4,663,718	5,271,823
Investment earnings	184,963	238,659	98,009	166,062	720,988	1,994,950	5,260,009	9,862,834	8,429,226	420,973
Miscellaneous local and intermediate revenue	21,901,571	20,559,060	2,754,365	3,625,774	20,162,030	19,776,576	23,075,918	24,456,995	23,587,596	24,206,014
Total General Revenue	372,386,936	410,787,332	433,412,788	483,253,798	547,613,287	592,577,257	647,540,481	680,565,166	713,149,401	731,425,463
Change in net position	(12,186,191)	(9,149,946)	18,208,232	(25,121,139)	(12,761,257)	11,892,274	103,274,988	12,662,495	(12,287,776)	(11,315,883)
Net position - beginning, as adjusted	(140,142,850)	(158,272,278)	(167,422,224)	(220,322,202)	(245,443,341)	(258,204,598)	(523,594,240)	(420,319,252)	(407,656,757)	(419,944,533)
Net position - ending	\$ (152,329,041)	\$ (167,422,224)	\$ (149,213,992)	\$ (245,443,341)	\$ (258,204,598)	\$ (246,372,324)	\$ (420,319,252)	\$ (407,656,757)	\$ (419,944,533)	\$ (431,260,416)

Source: Frisco ISD Annual Financial Reports

**Frisco Independent School District
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Unaudited)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	141,684	\$ 163,824	\$ 264,523	\$ 410,917	\$ 702,073	\$ 905,361	\$ 171,510	\$ 315,816	\$ 200,193	\$ 737,454
Assigned					11,058,554	3,750,957	3,665,783	37,077,190	36,077,190	45,994,395
Unreserved/Unassigned	60,123,335	72,501,978	84,900,184	92,068,189	111,732,514	128,605,979	158,970,627	169,214,689	198,853,860	202,789,572
Total General Fund	60,265,019	72,665,802	85,164,707	92,479,106	123,493,141	133,262,297	162,807,920	206,607,695	235,131,243	249,521,421
All Other Governmental Funds										
Nonspendable			71,910	45,631	64,406	65,712	53,232	59,389	94,680	3,429
Restricted	78,941,316	125,818,111	173,944,026	226,127,518	204,022,445	175,399,955	205,123,183	319,200,288	266,330,856	386,273,468
Committed		2,171,829	2,117,958	2,088,957	2,225,283	2,469,521	2,516,879	2,691,345	2,755,728	2,706,009
Assigned	1,958,933	1,958,933	1,958,933			5,889,126	6,803,546	13,017,077	25,967,844	20,904,222
Unreserved/Unassigned	80,900,249	129,948,873	178,092,827	228,262,106	206,312,134	183,824,314	214,496,840	334,968,099	295,139,843	409,885,967
Total All Other Governmental Funds									(9,265)	(1,161)
Total Governmental Funds	\$ 141,165,268	\$ 202,614,675	\$ 263,257,534	\$ 320,741,212	\$ 329,805,275	\$ 317,086,611	\$ 377,304,760	\$ 541,575,794	\$ 530,271,086	\$ 659,407,388

Source: Frisco ISD Annual Financial Reports

Frisco Independent School District
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Local and intermediate sources	\$ 286,574,924	\$ 309,077,472	\$ 333,806,178	\$ 381,193,995	\$ 432,689,498	\$ 499,188,264	\$ 573,074,722	\$ 637,277,478	\$ 631,957,895	\$ 630,171,643
State program revenues	115,321,314	129,671,656	133,799,695	133,975,235	161,187,530	139,189,304	123,769,796	94,347,646	131,288,669	139,945,509
Federal program revenues	14,169,400	10,477,603	11,423,023	12,432,495	13,641,401	14,684,530	16,954,826	24,786,725	21,495,039	29,429,144
	41,605,638	449,226,731	479,028,896	527,601,725	607,518,429	653,062,098	713,799,344	756,411,849	784,741,603	799,546,296
Current Expenditures:										
Instruction	176,860,360	196,244,658	210,384,860	234,760,839	259,362,734	288,828,129	297,585,386	325,454,888	365,856,240	378,513,995
Instructional resources and media services	4,411,159	5,057,068	5,272,336	5,578,571	5,903,740	6,586,387	5,953,569	6,152,141	6,330,263	6,563,275
Curriculum and instructional staff development	5,497,695	6,696,310	7,496,653	8,307,911	8,808,991	9,040,748	9,439,319	10,506,123	13,224,409	14,765,386
Instructional leadership	3,452,915	4,538,583	4,625,073	4,893,191	5,399,089	6,099,992	7,157,033	7,682,331	10,141,919	10,938,751
School leadership	17,936,465	21,966,564	21,321,892	23,588,233	26,215,585	28,479,181	30,234,448	32,036,475	35,137,900	35,833,696
Guidance, counseling and evaluation services	11,067,229	12,553,335	12,827,113	14,112,899	16,381,866	17,262,743	18,196,373	20,788,270	23,739,846	25,662,226
Social work services	292,395	343,427	360,371	343,027	356,988	275,677	192,909	193,601	207,193	274,222
Health services	3,328,177	3,729,920	3,872,931	4,566,068	5,079,075	5,408,782	5,603,653	6,208,788	6,674,429	7,350,802
Student transportation	7,454,070	8,124,128	8,769,634	9,558,458	10,435,043	11,284,361	11,852,424	13,318,672	14,072,406	12,616,229
Food services	15,090,635	16,800,946	18,146,918	19,973,220	23,090,610	23,401,047	22,890,630	23,179,124	23,337,085	17,734,958
Extracurricular activities	11,480,974	12,155,988	12,380,344	13,161,741	14,863,418	15,354,435	16,207,142	17,841,039	18,536,705	19,789,755
General administration	4,991,034	5,706,743	5,685,941	6,470,414	7,823,941	8,223,475	9,980,014	10,994,089	14,290,225	15,992,552
Facilities maintenance and operations	24,674,238	27,818,925	28,974,793	30,974,767	33,256,966	34,121,457	36,606,690	39,209,444	48,138,179	57,487,691
Security and monitoring services	1,923,659	1,865,957	2,510,096	3,091,852	3,279,043	3,568,407	3,527,117	3,833,841	4,807,226	5,858,589
Data processing services	3,309,326	5,146,610	5,307,632	6,206,388	6,138,332	5,982,344	10,321,078	9,112,233	7,597,709	9,781,231
Community services	1,502,248	1,560,970	1,514,385	1,633,826	1,582,736	1,624,382	1,588,321	1,723,209	1,863,633	1,771,894
Debt Service:										
Principal on long-term debt	18,376,134	20,579,605	27,935,713	28,407,368	33,165,766	40,208,068	58,941,144	49,984,001	53,331,260	63,679,472
Interest on long-term debt	60,861,887	62,655,429	61,273,182	70,090,988	79,264,169	82,689,419	77,339,248	83,323,903	79,716,249	81,723,285
Bond issuance costs and fees	555,641	1,034,160	1,288,269	2,511,829	3,518,708	2,474,790	691,035	2,143,297	924,810	4,872,571
Capital Outlay:										
Facilities acquisition and construction	97,792,344	81,302,872	167,713,439	231,716,698	213,578,123	166,980,903	51,958,032	37,922,746	127,456,227	171,623,163
Intergovernmental:										
Contracted instructional services between schools	1,582,625	1,785,899	1,004,896	1,177,873	217,771			140,174,78	3,152,395	4,177,231
Payments to fiscal agent/member districts of SSA	60,791	44,573	23,499	47,931	37,077	67,814	30,118	35,666	30,681	
Payments to juvenile justice alternative education programs	15,300,909	16,558,936	17,605,466	19,317,219	20,698,870	22,583,104	25,397,908	25,169,882	27,151,041	28,283,215
Payments tax increment fund	1,658,054	1,801,088	1,924,946	2,102,040	2,377,535	2,683,175	3,040,455	3,492,348	3,798,571	3,852,070
Other intergovernmental charges	489,460,964	516,072,694	628,220,382	742,593,351	780,836,176	783,228,820	704,252,046	744,338,589	889,516,601	979,087,259
	(73,395,326)	(66,845,963)	(149,191,486)	(214,991,626)	(173,317,747)	(130,166,722)	9,547,298	12,073,260	(104,774,998)	(179,540,963)
Excess (deficiency) of revenues over (under) expenditures										
Other Financing Sources (Uses)										
Capital related debt issued (regular and refunding bonds)	147,610,357	258,246,992	202,300,000	299,320,000	381,640,000	282,235,000	49,865,000	265,390,000	101,705,000	595,285,000
Premium on issuance of bonds	11,084,272	30,271,957	10,436,146	19,187,662	38,051,415	32,747,133	805,851	30,280,211	8,771,130	67,453,385
Sale of real and personal property	2,412	7,464,755	2,253,199	6,916,575	3,884,912			75,538	62,790	20,489
Transfers in	8,958,340	16,486,477	14,511,144	7,774,470	7,119,500	6,051,998	7,285,940	10,033,495	5,136,835	4,565,703
Insurance recovery									17,900,000	7,516,266
Transfers out	(103,431,052)	(169,710,776)	(145,111,444)	(7,774,470)	(7,119,500)	(6,051,998)	(7,285,940)	(10,033,495)	(5,136,835)	(4,565,703)
Payment to refunded bond escrow agent	50,982,882	126,336,437	209,834,345	274,434,237	182,381,810	117,448,058	50,670,851	152,197,774	(34,568,630)	(361,597,875)
	(22,412,444)	59,490,474	60,642,859	59,442,611	9,064,063	(12,718,664)	60,218,149	164,271,034	(11,304,708)	129,136,302
Net change in fund balances	163,577,712	141,165,268	200,655,742	261,298,601	320,741,212	329,805,275	317,086,611	377,304,760	541,575,794	530,271,086
Fund balances - beginning, as adjusted	\$ 1,411,655,268	\$ 200,655,742	\$ 261,298,601	\$ 320,741,212	\$ 329,805,275	\$ 317,086,611	\$ 377,304,760	\$ 541,575,794	\$ 530,271,086	\$ 659,407,388
Fund balances - ending										
	20.37%	20.37%	19.18%	18.35%	18.35%	19.64%	20.16%	18.26%	16.91%	16.59%

Debt service as a percentage of non-capital expenditures
 Source: Frisco ISD Annual Financial Reports



Revenue Capacity

**Frisco Independent School District
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Actual Value											Total Taxable Value	Less: Exemptions	Total District Rate
	Single Family Property	Multi-Family Property	Vacant Lots Tracts	Acreage (Land Only)	Farm and Ranch Improvements	Commercial & Industrial (Real)	Utilities	Commercial & Industrial (Personal)	Other	Total Assessed Value	Total Taxable Value			
2012	12,062,374,158	1,048,925,351	305,794,907	1,726,339,089	18,546,875	3,316,365,172	128,181,093	733,630,488	307,640,722	19,647,797,855	17,504,186,578	2,143,611,277	\$ 1.42	
2013	12,627,501,202	1,202,898,036	293,379,271	1,730,873,484	17,685,947	3,499,967,601	130,695,320	775,039,766	262,013,501	20,540,054,128	18,411,180,611	2,128,873,517	\$ 1.46	
2014	13,675,913,279	1,413,163,612	298,801,710	1,393,693,816	321,808,894	3,764,176,806	136,448,465	828,032,175	353,434,184	22,185,472,941	20,072,774,219	2,112,698,722	\$ 1.46	
2015	15,798,610,094	1,704,527,510	397,306,356	1,564,168,999	371,885,899	4,178,276,253	151,707,976	888,658,217	361,313,589	25,411,454,893	23,005,771,528	2,405,683,365	\$ 1.46	
2016	18,531,227,482	1,953,611,983	432,451,349	1,691,512,254	519,090,462	4,778,991,671	163,717,344	940,465,225	398,329,187	29,409,396,957	26,230,139,504	3,179,257,453	\$ 1.46	
2017	21,617,912,704	2,308,485,474	548,452,795	1,677,217,322	683,537,417	5,613,500,147	174,364,345	983,165,673	527,152,241	34,133,788,118	30,621,651,034	3,512,137,084	\$ 1.46	
2018	24,266,454,955	2,863,423,379	574,861,150	1,636,247,637	651,465,813	7,029,248,675	219,739,241	1,092,637,491	639,966,905	38,974,045,246	35,570,550,343	3,403,494,903	\$ 1.46	
2019	26,446,203,218	3,475,935,845	592,806,009	1,544,597,794	534,068,422	8,646,055,811	257,452,561	1,274,799,591	736,850,877	43,508,770,128	40,349,486,303	3,159,283,825	\$ 1.44	
2020	27,700,222,652	4,312,749,169	716,778,295	1,555,046,008	386,943,453	9,323,706,887	302,354,814	1,537,918,110	839,940,492	46,675,659,880	43,491,816,275	3,183,843,605	\$ 1.3383	
2021	28,858,661,067	5,143,741,573	818,924,974	1,377,349,895	363,530,881	10,126,029,542	320,762,579	1,509,492,044	727,493,890	49,245,986,445	46,267,939,261	2,978,047,184	\$ 1.3102	

Source: Texas Comptroller of Public Accounts - School District Summary Worksheet

Exhibit S-7

**Frisco Independent School District
Direct and Overlapping Tax Rates
Last Ten Fiscal Years
(Unaudited)**

Tax Year	Frisco ISD Direct Rate				Overlapping Rates								Denton County FWSO
	Maintenance & Operations Rate	Interest & Sinking Rate	Total Direct Rate		City of Frisco	Collin County	Collin Community College (CCCC)	City of McKinney	City of Plano	Denton County	Town of Little Elm	City of Hackberry	
2011	1.0000	0.4200	1.4200		0.4650	0.2425	0.0863	0.6100	0.4886	0.2739	0.6652	0.4754	1.0000
2012	1.0400	0.4200	1.4600		0.4620	0.2400	0.0863	0.6100	0.4886	0.2774	0.6650	0.4766	1.0000
2013	1.0400	0.4200	1.4600		0.4620	0.2400	0.0863	0.6100	0.4886	0.2829	0.6650	0.4857	1.0000
2014	1.0400	0.4200	1.4600		0.4620	0.2380	0.0863	0.6100	0.4886	0.2829	0.6650	0.4627	1.0000
2015	1.0400	0.4200	1.4600		0.4620	0.2380	0.0836	0.5855	0.4886	0.2850	0.6650	0.4627	1.0000
2016	1.0400	0.4200	1.4600		0.4500	0.2084	0.0812	0.5830	0.4786	0.2484	0.6617	0.3382	1.0000
2017	1.0400	0.4200	1.4600		0.4466	0.1926	0.0798	0.5730	0.4686	0.2378	0.6577	0.2343	1.0000
2018	1.1700	0.2700	1.4400		0.4466	0.1808	0.0812	0.5252	0.4603	0.2256	0.6499	0.2527	1.0000
2019	1.0683	0.2700	1.3383		0.4466	0.1750	0.0812	0.5156	0.4482	0.2253	0.6499	0.2403	1.0000
2020	1.0402	0.2700	1.3102		0.4466	0.1725	0.0812	0.5086	0.4482	0.2250	0.6497	0.2512	1.0000

Source: Texas Comptroller of Public Accounts - Tax Rates and Levies

Exhibit S-8

Frisco Independent School District
Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

Taxpayer	Business Type	2021	
		Taxable Value	Percentage of Total Taxable Value
JP Morgan Chase Bank NA	Banking & Finance	\$ 433,884,153	0.94%
Liberty Mutual Plano LLC	Banking & Finance	385,270,425	0.83%
Stonebriar Mall LLC	Shopping Center/Mall	354,194,082	0.77%
Toyota Motor North America Inc.	Industrial Manufacturing	261,265,214	0.56%
Capital One National Association	Finanacial/Banking	237,730,753	0.51%
Blue Star HQ Inc.	Event Venue	224,713,504	0.49%
BPR Shopping Center LP	Shopping Center/Mall	156,196,309	0.34%
Union Investment Real estate GMBH	Office Buildings	152,566,435	0.33%
PPF AMLI Parkwood Boulevard LLC	Apartments	121,896,962	0.26%
Gaedeke Holdings XI LTD	Office Buildings	119,362,083	0.26%
		<u>\$ 2,447,079,920</u>	<u>5.29%</u>

Taxpayer	Business Type	2012	
		Taxable Value	Percentage of Total Taxable Value
Stonebriar Mall LTD	Shopping Center/Mall	\$ 226,514,276	1.32%
BPR Shopping Center	Shopping Center/Mall	116,000,000	0.67%
Capital One National Association	Financial/Banking	97,866,518	0.57%
Tollway/121 Partners LTD	Commercial Land	83,487,355	0.49%
Tenet Frisco LTD	Medical Clinic	82,472,724	0.48%
HPT Properties of Texas LTD	Commercial Land	78,149,637	0.45%
Hall Office Portfolio DB LLC	Commercial Land	52,000,000	0.30%
Specified Properties LLP	Commercial Land	51,051,750	0.30%
HR Acquisition of San Antonio LTD	Commercial Land	49,008,267	0.28%
Virtu Investments LLC	Commercial Land	44,083,259	0.26%
		<u>\$ 880,633,786</u>	<u>5.12%</u>

Source: The Municipal Advisory Council of Texas

Frisco Independent School District
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Original Tax Levy for the Fiscal Year	Current Adjusted Levy ⁽¹⁾	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Adjusted Levy		Amount	Percentage of Adjusted Levy
2012	244,363,689	249,748,167	244,576,313	97.93%	5,171,854	249,748,167	100.00%
2013	267,495,493	276,380,519	269,428,955	97.48%	6,951,564	276,380,519	100.00%
2014	288,554,470	297,465,909	289,972,453	97.48%	7,493,456	297,465,909	100.00%
2015	329,808,389	339,859,346	330,473,983	97.24%	9,385,363	339,859,346	100.00%
2016	373,372,859	381,178,959	374,597,170	98.27%	6,581,789	381,178,959	100.00%
2017	427,954,821	442,013,077	437,197,385	98.91%	4,815,692	442,013,077	100.00%
2018	501,897,587	510,596,842	508,013,897	99.49%	2,582,945	510,596,842	100.00%
2019	558,759,088	568,721,224	566,895,873	99.68%	1,825,351	568,721,224	100.00%
2020	558,809,139	573,625,808	572,307,980	99.77%	766,214	573,074,194	99.90%
2021	593,139,299	596,301,000	591,967,622	99.27%		591,967,622	99.27%

⁽¹⁾ Includes penalties and interest and all other adjustments to the levy made in subsequent years.

Sources: Frisco ISD Annual Financial Reports and Collin County Tax Office





Debt Capacity

Frisco Independent School District
 Estimated Overlapping Debt Statement
 June 30, 2021
 (Unaudited)

Taxing Body	Amount	Percentage Overlapping ⁽¹⁾	Amount Overlapping
Collin County	\$ 557,730,000	19.08%	\$ 106,414,884
Collin County CCD	524,590,000	19.08%	100,091,772
Denton County	605,905,000	11.25%	68,164,313
Denton County FWSD # 8-C	39,505,000	100.00%	39,505,000
City of Frisco	855,175,000	89.70%	767,091,975
Town of Little Elm	93,940,000	34.11%	32,042,934
City of McKinney	342,810,000	17.52%	60,060,312
City of Plano	507,060,000	12.62%	63,990,972
Subtotal, overlapping debt			1,237,362,162
District gross bonded debt			2,479,321,275
Total direct and overlapping debt			<u>\$ 3,716,683,437</u>
Ratio of net direct and overlapping debt to net taxable valuation			8.03%
Per capita direct and overlapping debt			\$ 7,872.49

Source: Municipal Advisory Council of Texas

⁽¹⁾ The overlapping percentage is based on the ratio of assessed taxable value shared between FISD and the overlapping taxing body to the total assessed value of the overlapping taxing body.

Frisco Independent School District
Ratio of Bonded Debt to Taxable Assessed Valuation
And Net Bonded Debt per Capita
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxable Assessed Value	Bonded Debt Outstanding at Year-End	Ratio of Bonded Debt to Taxable Assessed Value	Estimated Population	Taxable Assessed Value per Capita	Bonded Debt per Capita	Personal Income	Ratio of Bonded Debt to Personal Income
2012	17,504,186,578	1,310,323,851	7.49%	181,852	101,179	7,574	7,941,628,760	16.50%
2013	18,411,180,611	1,353,110,843	7.35%	197,043	98,591	7,246	8,423,152,562	16.06%
2014	20,072,774,219	1,679,166,027	8.37%	226,696	102,644	8,587	8,423,152,562	19.94%
2015	23,005,771,528	1,911,006,819	8.31%	244,329	111,193	9,236	8,906,351,924	21.46%
2016	26,230,139,504	2,066,361,628	7.88%	262,357	120,116	9,462	9,520,014,530	21.71%
2017	30,621,651,034	2,147,871,338	7.01%	274,693	133,555	9,368	10,951,884,012	19.61%
2018	35,570,550,343	2,137,073,341	6.01%	284,947	138,905	8,345	11,710,037,600	18.25%
2019	40,349,486,303	2,236,379,576	5.54%	293,209	150,974	8,368	13,092,363,594	17.08%
2020	43,491,816,275	2,252,532,141	5.18%	306,946	141,692	7,339	15,504,763,298	14.53%
2021	46,267,939,261	2,479,321,275	5.36%	314,935	146,913	7,872	16,751,707,585	14.80%

Sources: Collin and Denton County appraisal districts; the Municipal Advisory Council of Texas; and Population and Survey Analysts

**Frisco Independent School District
Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 1,750,418,658	\$ 1,841,118,061	\$ 2,007,277,422	\$ 2,300,577,153	\$ 2,623,013,950	\$ 3,062,165,103	\$ 3,557,055,034	\$ 4,034,948,630	\$ 4,349,181,628	\$ 4,626,793,926
Total net debt applicable to limit	1,225,113,663	1,306,550,128	1,504,107,915	1,721,846,816	1,830,193,568	2,040,369,266	1,999,830,262	2,104,376,669	2,116,909,224	2,346,939,275
Legal debt margin	\$ 525,304,995	\$ 534,567,933	\$ 503,169,507	\$ 578,730,337	\$ 792,820,382	\$ 1,021,795,837	\$ 1,557,224,772	\$ 1,930,571,961	\$ 2,232,272,404	\$ 2,279,854,651
Total net debt applicable to the limit as a percentage of the debt limit	69.99%	70.97%	74.93%	74.84%	69.77%	66.63%	56.22%	52.15%	48.67%	50.72%

⁽¹⁾ Bonded Debt Limitation: Total principal amount of tax fund indebtedness cannot exceed 10% of assessed valuation of taxable property in the District according to the approved ad valorem tax roll at the time of the issuance of bonds.

⁽²⁾ Amount represents fund balance restricted for the retirement of long-term debt. See Exhibit C-1. This amount differs from government-wide net position restricted for debt service by amounts payable for accrued or accreted interest.

Source: Frisco ISD Annual Financial Reports

Legal Debt Margin Calculation for the Fiscal Year 2021:

Taxable Assessed value	\$ 46,267,939,261
Debt limit (10% of assessed value) ⁽¹⁾	4,626,793,926
Total bonded debt	\$ 2,479,321,275
Less reserve for retirement of debt ⁽²⁾	132,382,000
Debt applicable to limit	2,346,939,275
Legal debt margin	\$ 2,279,854,651



Demographic Information

Frisco Independent School District
Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2012	181,852	7,941,628,760	40,775	5.40%
2013	197,043	8,423,152,562	42,527	5.00%
2014	226,696	8,423,152,562	43,072	5.40%
2015	244,329	8,906,351,924	40,711	3.20%
2016	262,357	9,520,014,530	40,785	2.70%
2017	274,693	10,951,884,012	41,521	3.80%
2018	284,947	11,710,037,600	42,768	2.90%
2019	293,209	13,092,363,594	43,815	3.20%
2020	306,946	15,504,763,298	50,513	4.90%
2021	314,935	16,751,707,585	53,191	4.30%

Sources:

Estimated population - Municipal Advisory Council of Texas

Per Capita Personal Income - City of Frisco, Texas

Unemployment Rate - Population and Survey Analysts data for the City of Frisco, Texas

Note: There is no mechanism to track unemployment or per capita income for our specific jurisdiction as Frisco ISD crosses both city and county lines. In these cases, the City of Frisco's data is used because the majority of Frisco ISD residents reside in the City of Frisco.

Frisco Independent School District
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Employer	2021		Rank
	Approximate Number of Employees	Percentage of Total Estimated Employees	
Frisco Independent School District	7,618	6.56%	1
City of Frisco	1,628	1.40%	3
T-Mobile	1,000	0.86%	2
Mario Sinacola & Sons Excavating	800	0.69%	4
Conifer	615	0.53%	5
Baylor Medical Center	460	0.40%	6
Fiserv	460	0.40%	7
IKEA Frisco	423	0.36%	8
UT Southwestern/Texas Health Hospital	415	0.36%	9
Baylor Scott & White/Centennial Hospital	400	0.34%	10
	13,819		

Employer	2012		Rank
	Approximate Number of Employees	Percentage of Total Estimated Employees	
Frisco Independent School District	5,419	8.37%	1
Stonebriar Center Mall	1,500	2.32%	2
City of Frisco	1,140	1.76%	3
Amerisource Bergen Specialty Group	1,100	1.70%	4
Mario Sinacola & Sons Excavating	603	0.93%	5
T-Mobile	525	0.81%	6
Conifer	500	0.77%	7
IKEA Frisco	412	0.64%	8
Oracle USA	409	0.63%	9
Market Street	300	0.46%	10
	11,908		

Source: The City of Frisco and Frisco ISD records





Operating Information

Exhibit S-15

Frisco Independent School District
 Full-Time-Equivalent District Employees by Identifiable Activities
 Fiscal Year Ended June 30, 2021
 (Unaudited)

	FTE Count	Average Base Pay
Teaching Staff		
Early Education	17.52	\$ 61,138
Pre-Kindergarten	245.36	\$ 60,142
Kindergarten	1,299.28	\$ 60,756
Elementary (Grades 1-6)	911.63	\$ 61,312
Middle School (Grades 6-8)	1,381.35	\$ 62,275
High School (Grades 9-12)	531.44	\$ 58,159
All Grade Levels	4,386.57	\$ 61,003
Support Staff		
Athletics - other than Athletic Director	7.86	\$ 104,861
Audiologist	0.98	\$ 75,132
Business Service Professional	19.00	\$ 86,300
Communications Professional	8.90	\$ 80,096
Custodial - Serves in Professional/Management Role	1.00	\$ 135,164
Educational Diagnostician	58.00	\$ 70,165
Food Service Professional	16.00	\$ 70,430
Internal Auditor	2.00	\$ 99,491
LEA/Comp Info Tech Professional	31.00	\$ 90,750
Legal Services	3.00	\$ 111,190
Librarian	62.52	\$ 65,744
LSSP/Psychologist	32.99	\$ 67,244
Maintenance Serves in Professional/Management Role	3.00	\$ 113,747
Music Therapist	2.95	\$ 57,427
Occupational Therapist	19.53	\$ 67,653
Orientation/Mobility Specialist	2.46	\$ 62,287
Other Camp Exempt Professional Auxiliary	50.22	\$ 65,266
Other LEA Exempt Professional Auxiliary	86.85	\$ 79,709
Physical Therapist	5.92	\$ 72,630
Psychological Associate	2.00	\$ 29,500
Research/Evaluation Professional	2.00	\$ 63,355
School Counselor	137.35	\$ 73,334
School Nurse	73.63	\$ 60,668
Security	2.00	\$ 119,443
Speech Therapist/Speech Language Pathologist	76.91	\$ 67,220
Teacher Facilitator	137.28	\$ 64,485
Transportation	2.00	\$ 76,144
Truant Officer/Visiting Teacher	2.89	\$ 76,600
	850.25	\$ 70,841
Administrative Staff		
Assistant Principal	132.51	\$ 81,515
Asst./Deputy Superintendent	9.00	\$ 174,293
Athletic Director	4.00	\$ 123,384
Business Manager	1.00	\$ 192,588
Director of Personnel/Human Resources	6.00	\$ 132,452
District Instructional Program Director or Executive Director	60.00	\$ 105,273
Principal	71.82	\$ 105,022
Superintendent	1.00	\$ 329,875
	285.33	\$ 98,272
Paraprofessional Staff/Auxiliary		
Educational Aide	584.99	\$ 26,353
Auxiliary	1,510.57	\$ 30,199
	2,095.56	\$ 49,656
Total	7,617.72	\$ 54,727

Source: Public Education Information Management System (TEA)

Frisco Independent School District
Expenditures, Enrollment, and per Pupil Costs
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Operating Expenditures ⁽¹⁾	Enrollment	Cost per Pupil	Student to Teacher Ratio	Percentage of Students Receiving Free or Reduced-price Meals
2012	261,574,596	39,903	6,555	15.0	12.30%
2013	299,997,480	42,707	7,025	15.1	12.00%
2014	316,372,082	46,053	6,870	15.1	11.30%
2015	353,341,296	50,349	7,018	15.1	12.16%
2016	387,843,616	53,301	7,276	15.1	10.58%
2017	431,116,219	55,923	7,709	14.7	10.49%
2018	482,838,984	58,450	8,261	15.3	10.90%
2019	496,856,462	60,182	8,256	14.8	12.53%
2020	539,466,885	62,705	8,603	14.7	12.94%
2021	568,535,328	63,493	8,954	14.5	12.94%

⁽¹⁾ Excludes intergovernmental charges.

Source: Frisco ISD Financial Statements

Frisco Independent School District
 School Building Information - High Schools
 Last Ten Fiscal Years
 (Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
High Schools (Grades 9-12):										
Frisco High										
Site:	45.10 acres									
Opened:	1995									
	Square Feet	289,866	289,866	289,866	352,978	357,510	357,510	357,510	357,510	357,510
	Enrollment	1,688	1,810	1,893	2,139	1,804	1,521	1,589	1,771	1,832
Centennial High										
Site:	76.48 acres									
Opened:	2000									
	Square Feet	335,346	335,346	335,346	379,897	370,350	370,350	370,350	370,350	370,350
	Enrollment	1,904	2,010	2,156	2,021	2,001	2,014	1,979	1,991	2,099
Wakeland High										
Site:	71.39 acres									
Opened:	2006									
	Square Feet	339,716	339,716	339,716	345,646	354,413	354,413	354,413	354,413	354,413
	Enrollment	1,639	1,868	1,993	2,199	2,031	2,188	2,052	2,052	2,110
Liberty High										
Site:	63.33 acres									
Opened:	2007									
	Square Feet	344,261	344,261	344,261	348,496	346,994	346,994	346,994	346,994	346,994
	Enrollment	1,772	2,009	2,203	2,025	2,080	1,947	1,971	1,898	2,017
Heritage High										
Site:	46.81 acres									
Opened:	2009									
	Square Feet	355,695	355,695	355,695	356,738	357,001	357,001	357,001	357,001	357,001
	Enrollment	1,541	1,753	1,951	1,802	1,904	2,153	2,003	2,000	2,068
Lone Star High										
Site:	56.32 acres									
Opened:	2010									
	Square Feet	354,722	354,722	354,722	345,445	352,564	352,564	352,564	352,564	352,564
	Enrollment	823	963	1,245	1,379	1,715	2,130	2,069	2,093	2,140
Independence High										
Site:	63.43 acres									
Opened:	2014									
	Square Feet	NA	NA	NA	345,969	382,158	382,158	382,158	382,158	382,158
	Enrollment	NA	NA	NA	1,168	1,692	1,934	2,061	2,172	2,275
Reedy High										
Site:	56 acres									
Opened:	2015									
	Square Feet	NA	NA	NA	NA	390,207	390,207	390,207	390,207	390,207
	Enrollment	NA	NA	NA	NA	913	1,801	1,883	1,938	2,111
Lebanon Trail High										
Site:	69.3 acres									
Opened:	2016									
	Square Feet	NA	NA	NA	NA	368,260	368,260	368,260	368,260	368,260
	Enrollment	NA	NA	NA	NA	450	955	1,427	1,880	1,879
Memorial High										
Site:	100.1 acres									
Opened:	2018									
	Square Feet	NA	NA	NA	NA	NA	NA	387,898	387,898	387,898
	Enrollment	NA	NA	NA	NA	NA	NA	1,156	1,650	1,810

Source: Frisco ISD real property inventory and demographic records

**Frisco Independent School District
School Building Information - Middle Schools
Last Ten Fiscal Years
(Unaudited)**

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Middle Schools (Grades 6-8):											
Staley											
Site:	74.87 acres	128,330	128,330	128,330	128,330	128,330	128,330	128,330	128,330	128,330	128,330
Opened:	1987	643	675	717	707	715	667	663	651	663	590
		Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet
		Enrollment	Enrollment	Enrollment	Enrollment	Enrollment	Enrollment	Enrollment	Enrollment	Enrollment	Enrollment
Clark											
Site:	36.69 acres	147,926	147,926	147,926	147,926	147,926	147,926	147,926	147,926	147,926	147,926
Opened:	2000	826	865	864	853	844	816	777	810	791	853
Pioneer											
Site:	39.99 acres	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803
Opened:	2000	701	762	897	1,085	735	824	875	953	984	1,045
Wester											
Site:	20.35 acres	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803	135,803
Opened:	2002	829	879	902	877	899	1,001	1,029	808	830	802
Griffin											
Site:	31.43 acres	138,428	138,428	138,428	138,428	138,428	138,428	138,428	138,428	138,428	138,428
Opened:	2004	598	672	705	855	853	900	867	850	829	817
Roach											
Site:	20.21 acres	138,651	138,651	138,651	138,428	138,428	138,428	138,428	138,428	138,428	138,428
Opened:	2005	691	784	865	855	1,095	770	864	914	971	942
Fowler											
Site:	20.47 acres	138,650	138,650	138,650	138,650	138,651	138,651	138,651	138,651	138,651	138,651
Opened:	2006	1,172	859	890	939	1,060	1,091	1,148	1,046	1,063	1,009
Scoggins											
Site:	21.47 acres	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108
Opened:	2008	853	586	683	805	938	988	1,011	930	956	1,048
Stafford											
Site:	21.40 acres	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108	142,108
Opened:	2008	793	928	1,029	1,134	745	818	889	903	930	971
Cobb											
Site:	21.65 acres	143,160	143,160	143,160	143,160	143,160	143,160	143,160	143,160	143,160	143,160
Opened:	2010	756	817	911	906	954	966	940	911	929	895

**Frisco Independent School District
School Building Information - Middle Schools
Last Ten Fiscal Years
(Unaudited)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Maus										
Site:	25.00 acres	143,160	143,160	143,160	143,160	143,160	143,160	143,160	143,160	143,160
Opened:	2010	491	604	723	831	907	981	967	983	909
		Square Feet	Enrollment							
Hunt										
Site:	32.44 acres	143,160	143,160	143,160	143,160	143,160	143,160	143,160	143,160	143,160
Opened:	2010	573	625	698	738	797	833	842	874	908
		Square Feet	Enrollment							
Vandeventer										
Site:	20 acres	NA	143,160	143,160	143,160	143,160	143,160	143,160	143,160	143,160
Opened:	2012	NA	782	891	1,056	1,056	1,056	877	932	906
		Square Feet	Enrollment							
Pearson										
Site:	25 acres	NA	NA	NA	143,160	143,160	143,160	143,160	143,160	143,160
Opened:	2015	NA	NA	NA	616	691	691	878	993	1,017
		Square Feet	Enrollment							
Trent										
Site:	25.378 acres	NA	NA	NA	143,160	143,160	143,160	143,160	143,160	143,160
Opened:	2015	NA	NA	NA	652	786	786	931	962	1,079
		Square Feet	Enrollment							
Nelson										
Site:	17.781 acres	NA	NA	NA	NA	145,000	145,000	145,000	145,000	145,000
Opened:	2016	NA	NA	NA	NA	653	653	800	956	1,026
		Square Feet	Enrollment							
Lawler										
Site:	34.34 acres	NA	NA	NA	NA	NA	NA	155,000	155,000	155,000
Opened:	2018	NA	NA	NA	NA	NA	NA	721	830	929
		Square Feet	Enrollment							

Source: Frisco ISD real property inventory and demographic records

Frisco Independent School District
 School Building Information - Elementary Schools
 Last Ten Fiscal Years
 (Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Elementary Schools (Grades K-5):										
Rogers										
Site:	9.81 acres	64,586	64,586	64,586	64,586	64,586	64,586	64,586	64,586	64,586
Opened:	1987	662	622	610	557	547	528	502	525	569
Curtisinger										
Site:	15.22 acres	76,762	76,762	76,762	76,762	76,762	76,762	76,762	76,762	76,762
Opened:	1995	642	660	813	661	730	749	542	596	571
Smith										
Site:	Shared	73,922	73,922	73,922	73,922	73,922	73,922	73,922	73,922	73,922
Opened:	1997	721	694	646	617	602	652	634	659	624
Anderson										
Site:	7.99 acres	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010
Opened:	1999	717	688	656	710	714	670	724	734	722
Christie										
Site:	8.83 acres	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010	74,010
Opened:	1999	730	700	707	640	663	568	502	437	373
Shawnee										
Site:	9.51 acres	74,977	74,977	74,977	74,977	74,977	74,977	74,977	74,977	74,977
Opened:	2000	655	614	639	583	589	600	509	481	506
Borchardt										
Site:	8.31 acres	71,806	71,806	71,806	71,806	71,806	71,806	71,806	71,806	71,806
Opened:	2001	633	662	725	725	750	760	761	778	769
Bright										
Site:	10.36 acres	74,591	74,591	74,591	74,591	74,591	74,591	74,591	74,591	74,591
Opened:	2001	535	536	541	558	494	379	527	514	484
Fisher										
Site:	10.00 acres	73,327	73,327	73,327	73,327	73,327	73,327	73,327	73,327	73,327
Opened:	2001	708	658	660	664	667	582	566	559	554
Sparks										
Site:	8.00 acres	72,399	72,399	72,399	72,399	72,399	72,399	72,399	72,399	72,399
Opened:	2002	708	658	689	710	728	744	762	749	702

**Frisco Independent School District
School Building Information - Elementary Schools
Last Ten Fiscal Years
(Unaudited)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Spears										
Site:		9.76 acres								
Opened:	2002	2002								
	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755
	732	716	741	780	770	722	726	692	771	754
Square Feet										
Enrollment										
Gunstream										
Site:		8.67 acres								
Opened:	2002	2002								
	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755	71,755
	695	705	709	708	721	704	654	666	660	564
Square Feet										
Enrollment										
Riddle										
Site:		9.38 acres								
Opened:	2003	2003								
	73,572	73,572	73,572	73,572	73,572	73,572	73,572	73,572	73,572	73,572
	814	756	772	761	749	740	757	737	731	704
Square Feet										
Enrollment										
Boals										
Site:		8.08 acres								
Opened:	2003	2003								
	75,736	75,736	75,736	75,736	75,736	75,736	75,736	75,736	75,736	75,736
	810	643	679	715	742	759	688	688	655	640
Square Feet										
Enrollment										
Isbell										
Site:		12.00 acres								
Opened:	2004	2004								
	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
	782	765	737	684	642	617	709	687	640	670
Square Feet										
Enrollment										
Pink										
Site:		Shared								
Opened:	2005	2005								
	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326
	735	710	719	586	543	516	484	552	568	625
Square Feet										
Enrollment										
Ashley										
Site:		9.15 acres								
Opened:	2005	2005								
	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
	687	754	850	828	573	655	674	660	628	598
Square Feet										
Enrollment										
Bledsoe										
Site:		8.00 acres								
Opened:	2005	2005								
	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326	75,326
	789	705	845	700	749	737	693	695	709	784
Square Feet										
Enrollment										
Taylor										
Site:		10.70 acres								
Opened:	2006	2006								
	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
	561	615	674	678	652	705	734	725	755	745
Square Feet										
Enrollment										
Corbell										
Site:		9.00 acres								
Opened:	2006	2006								
	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904	75,904
	616	608	675	712	723	742	726	712	677	669
Square Feet										
Enrollment										

**Frisco Independent School District
School Building Information - Elementary Schools
Last Ten Fiscal Years
(Unaudited)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Ogle										
Site:										
Opened:	10.00 acres 2006	75,904 643	75,904 604	75,904 684	75,904 647	75,904 658	75,904 682	75,904 669	75,904 721	75,904 727
Sem										
Site:										
Opened:	acres 2006	75,904 517	75,904 514	75,904 679	75,904 651	75,904 735	75,904 816	75,904 651	75,904 639	75,904 602
Carroll										
Site:										
Opened:	12.03 acres 2007	75,902 730	75,902 713	75,902 729	75,902 520	75,902 502	75,902 524	75,902 544	75,902 585	75,902 619
Mooneyham										
Site:										
Opened:	10.55 acres 2007	75,902 735	75,902 792	75,902 810	75,902 807	75,902 775	75,902 832	75,902 672	75,902 623	75,902 628
Robertson										
Site:										
Opened:	7.69 acres 2007	75,902 854	75,902 736	75,902 810	75,902 780	75,902 861	75,902 752	75,902 738	75,902 745	75,902 689
Elliott										
Site:										
Opened:	9.12 acres 2008	75,902 829	75,902 506	75,902 553	75,902 553	75,902 534	75,902 599	75,902 637	75,902 664	75,902 631
Tadlock										
Site:										
Opened:	8.18 acres 2008	77,184 617	77,184 685	77,184 783	77,184 723	77,184 721	77,184 656	77,184 686	77,184 668	77,184 605
Allen										
Site:										
Opened:	9.78 acres 2009	83,960 748	83,960 614	83,960 654	83,960 630	83,960 623	83,960 645	83,960 574	83,960 623	83,960 702
Purefoy										
Site:										
Opened:	8.75 acres 2010	79,844 683	79,844 713	79,844 703	79,844 690	79,844 650	79,844 588	79,844 528	79,844 521	79,844 552
Sonntag										
Site:										
Opened:	9.38 acres 2010	77,184 586	77,184 668	77,184 814	77,184 696	77,184 683	77,184 604	77,184 568	77,184 549	77,184 567

Frisco Independent School District
 School Building Information - Elementary Schools
 Last Ten Fiscal Years
 (Unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Comstock										
Site:										
Opened:	15.09 acres 2012	79,844 442	79,844 533	79,844 640	79,844 741	79,844 756	79,844 735	79,844 704	79,844 715	79,844 705
	Square Feet Enrollment	NA NA	79,844 533	79,844 640	79,844 741	79,844 756	79,844 735	79,844 704	79,844 715	79,844 705
Nichols										
Site:	10.95 acres 2012	83,332 619	83,332 717	83,332 677	83,332 761	83,332 463	83,332 570	83,332 745	83,332 825	83,332 747
Opened:										
	Square Feet Enrollment	NA NA	83,332 717	83,332 677	83,332 761	83,332 463	83,332 570	83,332 745	83,332 825	83,332 747
Phillips										
Site:	12.52 acres 2012	79,844 570	79,844 804	79,844 758	79,844 772	79,844 645	79,844 676	79,844 672	79,844 692	79,844 673
Opened:										
	Square Feet Enrollment	NA NA	79,844 804	79,844 758	79,844 772	79,844 645	79,844 676	79,844 672	79,844 692	79,844 673
Newman										
Site:	9.43 acres 2014	NA NA	NA NA	82,530 650	82,530 838	82,530 762	82,530 814	82,530 688	82,530 736	82,530 815
Opened:										
	Square Feet Enrollment	NA NA	NA NA	82,530 650	82,530 838	82,530 762	82,530 814	82,530 688	82,530 736	82,530 815
Scott										
Site:	8.56 acres 2014	NA NA	NA NA	82,530 618	82,530 633	82,530 694	82,530 760	82,530 697	82,530 693	82,530 657
Opened:										
	Square Feet Enrollment	NA NA	NA NA	82,530 618	82,530 633	82,530 694	82,530 760	82,530 697	82,530 693	82,530 657
McSpedden										
Site:	17.99 acres 2014	NA NA	NA NA	81,118 587	81,118 652	81,118 649	81,118 705	81,118 599	81,118 604	81,118 801
Opened:										
	Square Feet Enrollment	NA NA	NA NA	81,118 587	81,118 652	81,118 649	81,118 705	81,118 599	81,118 604	81,118 801
Hosp										
Site:	9.05 acres 2014	NA NA	NA NA	81,118 471	81,118 664	81,118 685	81,118 749	81,118 705	81,118 682	81,118 687
Opened:										
	Square Feet Enrollment	NA NA	NA NA	81,118 471	81,118 664	81,118 685	81,118 749	81,118 705	81,118 682	81,118 687
Norris										
Site:	9.254 acres 2015	NA NA	NA NA	NA NA	79,844 580	79,844 692	79,844 835	79,844 445	79,844 574	79,844 759
Opened:										
	Square Feet Enrollment	NA NA	NA NA	NA NA	79,844 580	79,844 692	79,844 835	79,844 445	79,844 574	79,844 759
Miller										
Site:	9.549 acres 2016	NA NA	NA NA	NA NA	NA NA	79,844 545	79,844 635	79,844 698	79,844 751	79,844 759
Opened:										
	Square Feet Enrollment	NA NA	NA NA	NA NA	NA NA	79,844 545	79,844 635	79,844 698	79,844 751	79,844 759
Vaughn										
Site:	9.675 acres 2016	NA NA	NA NA	NA NA	NA NA	79,844 510	79,844 584	79,844 612	79,844 701	79,844 660
Opened:										
	Square Feet Enrollment	NA NA	NA NA	NA NA	NA NA	79,844 510	79,844 584	79,844 612	79,844 701	79,844 660

**Frisco Independent School District
School Building Information - Elementary Schools
Last Ten Fiscal Years
(Unaudited)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Talley										
Site:	14.64 acres	NA	NA	NA	NA	NA	NA	84,128	84,128	84,128
Opened:	2018	NA	NA	NA	NA	NA	NA	529	755	589
Liscano										
Site:	14.61 acres	NA	NA	NA	NA	NA	NA	84,128	84,128	84,128
Opened:	2018	NA	NA	NA	NA	NA	NA	754	812	713

Source: Frisco ISD real property inventory and demographic records



Federal Awards Section



Non-Objective Collage | Audrey Bactad | Heritage High School



**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Frisco 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 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.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201
Main: 972.490.1970

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The Board of Trustees of
Frisco Independent School District

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
November 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

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

Report on Compliance for Each Major Federal Program

We have audited Frisco Independent School District's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 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 statutes, 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.
2300 North Field Street, Suite 1000 | Dallas, Texas 75201
Main: 972.490.1970

CPAs AND ADVISORS | WEAVER.COM

The Board of Trustees of
Frisco 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Dallas, Texas
November 8, 2021

Exhibit K-1

Frisco Independent School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct Programs:			
Impact Aid- P.L. 81874	84.041		\$ 15,991
Total Direct Programs			15,991
Passed Through Region X ESC:			
ESEA, Title I - Part A - Improving Basic Programs	84.010A	20610101057950	194,066
ESEA, Title I - Part A - Improving Basic Programs	84.010A	21610101057950	670,398
ESEA, Title II - Part A, Teacher and Principal Training and Recruiting	84.367A	20694501057950	342,404
ESEA, Title II - Part A, Teacher and Principal Training and Recruiting	84.367A	21694501057950	88,007
Title III - Part A - Immigrant	84.365A	20671003057950	351,206
Title III - Part A - Immigrant	84.365A	21671003057950	324,456
Title III - Part A - English Language Acquisition	84.365A	20671001057950	144,555
Title III - Part A - English Language Acquisition	84.365A	21671001057950	269,167
Title IV - Part A - Discretionary- Student Support and Academic Enrichment	84.424A	20680101057950	60,352
Total passed through Region X ESC			2,444,611
Passed through Texas Education Agency			
Special Education Cluster:			
IDEA B - Part B, Formula	84.027A	206600010439056600	966,762
IDEA B - Part B, Formula	84.027A	216600010439056600	5,859,786
IDEA B - Part B - Preschool	84.173A	206610010439056610	3,051
IDEA B - Part B, Discretionary - Residential	84.027A	216600120439056000	125,681
Total Special Education Cluster (IDEA)			6,955,280
Title I, Part C Carl D. Perkins Basic Formula Grant	84.048A	20420006043905	21,788
Perkins V: Strengthening CTE for The 21st Century	84.048A	21420006043905	143,573
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Grant	84.425D	20521001043905	28,235
COVID-19 Prior Purchase Reimbursement Program (PPRP)	84.425D	52102135	1,465,300
COVID-19 Instructional Continuity	84.377A	17610740043905	16,668
LEP Summer School	84.369A	69551902	3,384
Total passed through Texas Education Agency			8,634,228
TOTAL U.S. DEPARTMENT OF EDUCATION			11,094,830
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Texas Education Agency			
Head Start	93.600	06CH010655	2,103
Total passed through Texas Education Agency			2,103
Direct Program:			
Medicaid Administrative Claiming	93.778		46,473
School Health and Related Services Provider Relief Funds	93.498		100,604
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			149,180
U.S DEPARTMENT OF AGRICULTURE			
Passed through Texas Department of Human Services:			
*National School Lunch Program - Noncash Assistance (Commodities)	10.555	806780706	1,061,264
Passed through Texas Department of Agriculture:			
*National School Breakfast Program (SBP)	10.553	806780706	1,620,663
*National School Lunch Program (NSLP)	10.555	806780706	9,278,451
USDA Storage and Delivery Fee Reimbursement	10.560	806780706	59,070
*COVID-19 Child Nutrition Emergency Operational Cost (EOC) Reimbursement Program	10.555	806780706	566,037
Total Passed through Texas Department of Agriculture			11,524,221
TOTAL U.S. DEPARTMENT OF AGRICULTURE			12,585,485

(Continued)

Frisco Independent School District
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2021

U.S DEPARTMENT OF THE TREASURY

Passed through Texas Division of Emergency Management:

COVID-19 Coronavirus Relief Fund

21.019

2020-CF-21019

323,232

TOTAL U.S. DEPARTMENT OF THE TREASURY

323,232

TOTAL EXPENDITURES OF FEDERAL AWARDS

\$ 24,152,727

*Child Nutrition Cluster

Frisco Independent School District Notes To Schedule Of Expenditures Of Federal Awards For The Year Ended June 30, 2021

1. The District utilizes the fund types specified in the Texas Education Agency Financial Accountability System Resource Guide

Special Revenue Funds are used to account for resources restricted to specific purposes by a grantor. Federal and state awards generally are accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in a special revenue fund, which is a governmental fund type. With this measurement focus, only current assets, current liabilities, and fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable.

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 unearned revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period end date, in accordance with Section H: Period of Availability of Federal Funds, Part 3 OMB Compliance Supplement.
4. The District received like kind goods under the National School Lunch Program (CFDA 10.555), which are reported on the SEFA as a noncash award. The monetary value of those goods was \$1,061,264 for the year ended June 30, 2021.
5. School Health and Related Services reimbursements of \$5,255,832 were recorded as federal program revenue in the General Fund, but are not considered federal awards for the purposes of the Schedule of Expenditures of Federal Awards.
6. Certain programs included in the Schedule of Expenditures of Federal Awards are not cost reimbursement grants, and therefore revenues do not equal expenditures. Revenues on non-reimbursement grants exceeded expenditures during the year by \$20,585.

7. District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 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.
8. The District did not elect to use the de minimus indirect cost rate as allowed by the Uniform Guidance, Section 414, for the fiscal year ended June 30, 2021.

Frisco Independent School District
 Schedule of Findings and Questioned Costs
 June 30, 2021

Section 1. Summary of the Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered a material weakness?	_____ Yes	<u> X </u> None reported
Noncompliance material to financial statements noted.	_____ Yes	<u> X </u> No

Major Federal Programs

Internal control over major federal programs:

Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered a material weakness?	_____ Yes	<u> X </u> None reported

An unmodified opinion was issued on compliance for major federal programs.

Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	<u> X </u> No
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Identification of major federal programs:

Child Nutrition Cluster	10.553, 10.555
Special Education Cluster	84.027A, 84.173A
Title III, Part A	84.365A
ESSER Grants	84.425D

The dollar threshold used to distinguish between Type A and Type B programs.	<u>\$750,000</u>
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Auditee qualified as a low-risk auditee.	<u> X </u> Yes	_____ No
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Frisco Independent School District

Schedule of Findings and Questioned Costs – Continued

June 30, 2021

Section 2. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards.

None

Section 3. Findings and Questioned Costs for Federal Awards

None

Section 4. Summary of Prior Year Audit Findings

None



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every student
by name and need



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