Ratings: Moody's: "Aaa"
S&P: "AAA"
(See "RATINGS" and "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein)

PRELIMINARY OFFICIAL STATEMENT
Dated: April 12, 2023

NEW ISSUE: BOOK-ENTRY-ONLY

In the opinion of Bond Counsel (defined below), interest on the Bonds (defined below) 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.

$150,285,000*
FRISCO INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Collin and Denton Counties, Texas)
UNLIMITED TAX SCHOOL BUILDING AND REFUNDING BONDS, SERIES 2023

Dated Date: May 1, 2023 | **Due: February 15, as shown on the inside cover page**

The Frisco Independent School District Unlimited Tax School Building and Refunding Bonds, Series 2023 (the "Bonds") are being issued pursuant to the Texas Constitution and general laws of the State of Texas, particularly Sections 45.001 and 45.003(b)(1), Texas Education Code, as amended, Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), Chapter 1371, Texas Government Code, as amended, ("Chapter 1371"), an election held in the District on November 6, 2018, and the order ("Bond Order") adopted on April 4, 2023 by the Board of Trustees (the "Board") of the Frisco Independent School District (the "District"). As permitted by Chapter 1207 and Chapter 1371, the Board, in the Bond Order, delegated the authority to certain District officials (the "Pricing Officer") to execute a certificate establishing the pricing terms for the Bonds (the "Pricing Certificate", and together with the Bond Order, the "Order"). The Bonds are payable as to principal and interest from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, against all taxable property located within the District. The District has received conditional approval from the Texas Education Agency for the Bonds to be guaranteed under the State of Texas Permanent School Fund Guarantee Program (hereinafter defined) which guarantee will automatically become effective when the Attorney General of Texas approves the Bonds. (See "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM").

Interest on the Bonds will accrue from the Dated Date shown above and will be payable on February 15 and August 15 of each year, commencing February 15, 2024 until stated maturity or prior redemption. The Bonds will be issued in fully registered form in principal denominations of $5,000 or any integral multiple thereof within a stated maturity. Principal and interest 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) acquire, construct, renovate and equip school buildings in the District, including the purchase of new school buses, and the purchase of necessary sites for school buildings, (ii) refund a portion of the District's outstanding bonds for debt service savings, and (iii) pay the costs of issuing the Bonds. (See "THE BONDS - Authorization and Purpose" and "Schedule I – Schedule of Refunded Bonds").

The Bonds maturing on and after February 15, 2034 are subject to redemption at the option of the District in whole or in part in principal amounts of $5,000 or any multiple thereof, on February 15, 2033 or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption. (See "THE BONDS - Optional Redemption"). If two or more serial bonds of consecutive maturities are combined into one or more "Term Bonds" by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order (see "THE BONDS – Mandatory Sinking Fund Redemption").

MATURITY SCHEDULE
(On Inside Cover Page)

The Bonds are offered for delivery when, as and if issued, and received by the Underwriters 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. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The Bonds are expected to be available for initial delivery through the facilities of DTC on or about May 18, 2023.

RBC CAPITAL MARKETS **PIPER SANDLER & CO.** **WELLS FARGO CORPORATE & INVESTMENT BANKING**

**Preliminary, subject to change.*

$150,285,000*
FRISCO INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Collin and Denton Counties, Texas)
UNLIMITED TAX SCHOOL BUILDING AND REFUNDING BONDS, SERIES 2023

MATURITY SCHEDULE*
BASE CUSIP NO: 35880C[1]

Maturity Date 2/15	Principal Amount*	Interest Rate	Initial Yield	CUSIP Suffix No.[1]
2024	$3,045,000			
2025	4,750,000			
2026	4,895,000			
2027	5,050,000			
2028	5,200,000			
2029	5,360,000			
2030	5,060,000			
2031	2,035,000			
2032	2,090,000			
2033	2,155,000			
2034	2,055,000			
2035	2,120,000			
2036	6,270,000			
2037	6,495,000			
2038	7,345,000			
2039	7,625,000			
2040	7,920,000			
2041	8,230,000			
2042	8,545,000			
2043	8,895,000			
2044	3,730,000			
2045	3,885,000			
2046	4,040,000			
2047	4,205,000			
2048	4,380,000			
2049	4,560,000			
2050	4,745,000			
2051	4,950,000			
2052	5,190,000			
2053	5,460,000			

(Interest to accrue from the Dated Date)

**Preliminary, subject to change.*

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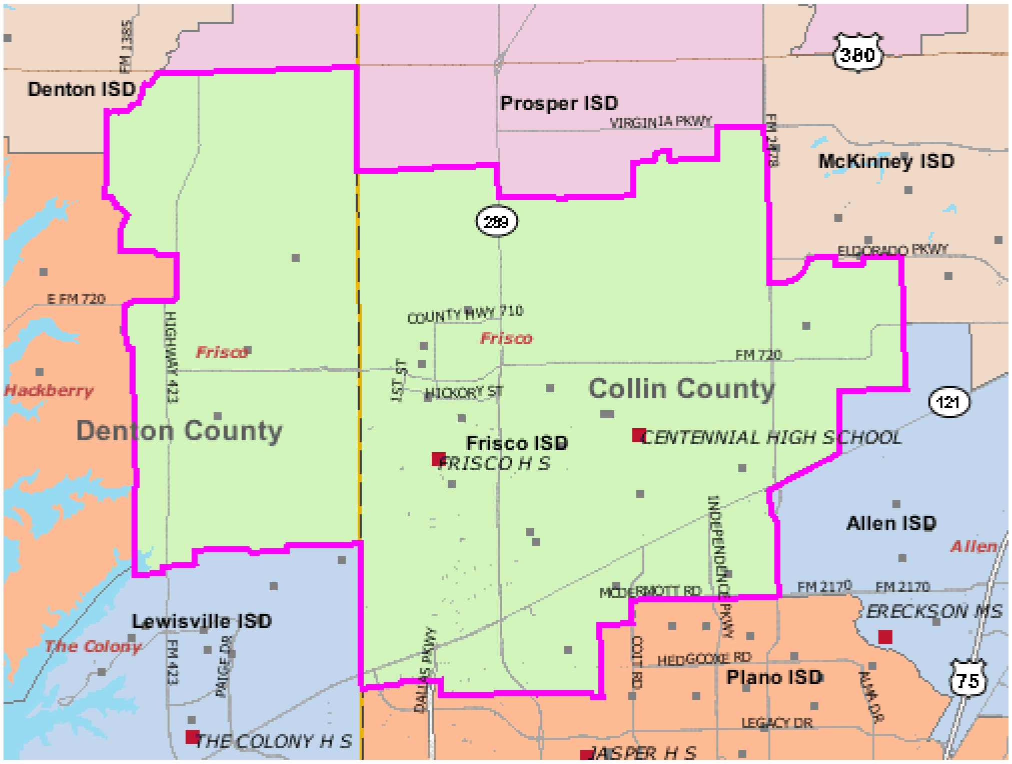
LOCATION OF FRISCO INDEPENDENT SCHOOL DISTRICT



FRISCO INDEPENDENT SCHOOL DISTRICT

APPOINTED OFFICIALS

Name	Position	Length of Education Service
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 ("Rule 15c2-12"), as amended, and in effect on the date of this Preliminary Official Statement, this document constitutes an "official statement" of the District with respect to the Bonds that has been "deemed final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in the Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Financial Advisor or the Underwriters. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

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

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

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

NONE OF THE DISTRICT, ITS FINANCIAL ADVISOR, OR THE UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM DESCRIBED UNDER "BOOK-ENTRY-ONLY SYSTEM" OR THE AFFAIRS OF THE TEA DESCRIBED UNDER "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM", AS SUCH INFORMATION WAS PROVIDED BY THE DEPOSITORY TRUST COMPANY AND THE TEA, RESPECTIVELY.

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

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

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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 the entire Official Statement.

The District	The Frisco Independent School District (the "District") is a political subdivision of the State of Texas located in Collin and Denton 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 District's Unlimited Tax School Building and Refunding Bonds, Series 2023 (the "Bonds") are being issued in the principal amount of $150,285,000 (preliminary, subject to change) pursuant to the Texas Constitution and general laws of the State of Texas, particularly Sections 45.001 and 45.003(b)(1), Texas Education Code, as amended, Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), an election held in the District on November 6, 2018, and the order (the "Bond Order") adopted on April 4, 2023 by the Board. As permitted by Chapter 1207 and Chapter 1371, the Board, in the Bond Order, delegated the authority to certain District officials (the "Pricing Officer") to execute a certificate establishing the pricing terms of the Bonds (the "Pricing Certificate", and together with the Bond Order, the "Order"). Proceeds from the sale of the Bonds will be used to (i) acquire, construct, renovate and equip school buildings in the District, including the purchase of new school buses, and the purchase of necessary sites for school buildings, (ii) refund a portion of the District's outstanding bonds for debt service savings, and (ii) pay the costs of issuing the Bonds. (See "THE BONDS – Authorization and Purpose" and "Schedule I – Schedule of Refunded Bonds")
Paying Agent/Registrar	The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. The District intends to use the Book-Entry-Only System of DTC. (See "BOOK-ENTRY-ONLY SYSTEM.")
Security	The Bonds will constitute direct obligations of the District, payable as to principal and interest from ad valorem taxes levied annually against all taxable property located within the District, without legal limitation as to rate or amount. Payments of principal and interest on the Bonds will be further secured by the corpus of the Permanent School Fund of Texas. (See "THE BONDS – Security", "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS", "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" and "APPENDIX E – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM.")
Redemption	The Bonds maturing on and after February 15, 2034 are subject to redemption at the option of the District in whole or in part in principal amounts of $5,000 or any multiple thereof, on February 15, 2033 or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption. (See "THE BONDS – Optional Redemption.") If two or more serial bonds of consecutive maturities are combined into one or more "Term Bonds" by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order (see "THE BONDS – Mandatory Sinking Fund Redemption").
Permanent School Fund Guarantee	The District has received conditional approval from the Texas Education Agency for the payment of the Bonds to be guaranteed under the Permanent School Fund Guarantee Program, which guarantee will automatically become effective when the Attorney General of Texas approves the Bonds. (See "APPENDIX E – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM.")
Ratings	The Bonds are rated "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by S&P Global Ratings ("S&P") based upon the guaranteed repayment thereof under the Permanent School Fund Guarantee Program of the Texas Education Agency. The District's current underlying, unenhanced ratings, including the Bonds, are "Aa1" by Moody's and "AA+" by S&P, respectively. (See "APPENDIX E – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" and "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 under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein. (See "TAX MATTERS" and Appendix C – "Form of Legal Opinion of Bond Counsel.")
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 occur on or about May 18, 2023.

INTRODUCTORY STATEMENT

This Official Statement, including Schedule I and Appendices A, B and D, has been prepared by the Frisco Independent School District (the "District"), a political subdivision of the State of Texas located in Collin and Denton Counties, Texas, in connection with the offering by the District of its Unlimited Tax School Building and Refunding Bonds, Series 2023 (the "Bonds").

All financial and other information presented in this Official Statement has been provided by the District from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the District. No representation is made that past experience, as is shown by such 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 order adopted by the Board of Trustees of the District (the "Board") on April 4, 2023 authorizing the issuance of the Bonds (the "Bond Order") 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, 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 the Final Official Statement pertaining to the Bonds will be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the District's undertaking to provide certain information on a continuing basis.

COVID-19

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

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

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

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

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

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

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

THE BONDS

Authorization and Purpose

The Bonds are being issued in the principal amount of $150,285,000 (preliminary, subject to change) pursuant to the Texas Constitution and general laws of the State of Texas (the "State"), particularly Section 45.001 and 45.003(b)(1), Texas Education Code, as amended, Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), an election held in the District on November 6, 2018, and the Bond Order. As permitted by Chapter 1207 and Chapter 1371, the Board, in the Bond Order, delegated the authority to certain District officials (the "Pricing Officer") to execute a certificate establishing the pricing terms of the Bonds (the "Pricing Certificate", and together with the Bond Order, the "Order"). Proceeds from the sale of the Bonds will be used to (i) acquire, construct, renovate and equip school buildings in the District, including the purchase of new school buses, and the purchase of necessary sites for school buildings, and (ii) refund a portion of the District's outstanding bonds (the "Refunded Bonds") for debt service savings, and (iii) pay the costs of issuing the Bonds.

Refunded Bonds

The Bond Order provides that from a portion of the proceeds of the sale of the Bonds to the Underwriters, the District will deposit with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, the escrow agent for the Refunded Bonds (the "Escrow Agent"), an amount, together with other lawfully available funds of the District, if any, which will be sufficient without investment to accomplish the discharge and final payment of the Refunded Bonds on August 15, 2023 (the "Redemption Date"). Such funds will be held by the Escrow Agent in an escrow account (the "Escrow Fund") and invested in U.S. Treasury securities, ("Defeasance Securities") until the Redemption Date for the Refunded Bonds. The investment earnings from such deposit will be paid to the District upon the payment of the Refunded Bonds on the Redemption Date, and deposited into the interest and sinking fund for 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/or 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, 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 cash and/or Defeasance Securities 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 bond order authorizing their issuance or for any other purpose, and the District will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Bonds. Upon defeasance of the Refunded Bonds, the payment of the Refunded Bonds will no longer be guaranteed by the Permanent School Fund of Texas.

General Description

The Bonds will be dated May 1, 2023 (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 the inside cover page of this Official Statement. Interest on the Bonds is payable initially on February 15, 2024, and on each August 15 and February 15 thereafter until stated maturity or prior redemption.

The Bonds will be issued only as fully registered bonds. The Bonds will be issued in the denominations of $5,000 of principal amount or any integral multiple thereof within a stated maturity. Interest on the Bonds is payable by check mailed on or before each interest payment date by the Paying Agent/Registrar, initially, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, to the registered owner at the last known address as it appears on the Paying Agent/Registrar's books on the Record Date (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 or prior redemption. So long as the Bonds are registered in the name of CEDE & CO. or other nominee for The Depository Trust Company, New York, New York ("DTC"), payments of principal and interest of the Bonds will be made as described in "BOOK-ENTRY-ONLY SYSTEM" herein.

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

Optional Redemption

The Bonds maturing on and after February 15, 2034 are subject to redemption at the option of the District in whole or in part in principal amounts of $5,000 or any multiple thereof, on February 15, 2033 or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the District shall determine the amounts and maturities thereof to be redeemed and shall direct the Paying Agent/Registrar to select by lot the Bonds, or portions thereof, to be redeemed.

Mandatory Sinking Fund Redemption

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

Notice of Redemption and DTC Notices

Not less than 30 days prior to a redemption date for the Bonds, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Bond to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER RECEIVED BY THE BONDHOLDER, AND, SUBJECT TO PROVISION FOR PAYMENT OF THE REDEMPTION PRICE HAVING BEEN MADE AND THE SATISFACTION OF ANY OTHER CONDITION SPECIFIED IN THE NOTICE, INTEREST ON THE REDEEMED BONDS

SHALL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A BOND HAS NOT BEEN PRESENTED FOR PAYMENT.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed has been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the District will not redeem such Bonds, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Bonds have not been redeemed.

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

Security

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

Permanent School Fund Guarantee

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

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

Legality

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

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

Defeasance

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

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, the District has the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption at an earlier date those Bonds which have been defeased to their maturity date, if the District (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption, (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

Sources and Uses of Funds

The proceeds from the sale of the Bonds, together with an Issuer Contribution, will be applied approximately as follows:

Sources	
Par Amount of Bonds	$
Net Original Issue Reoffering Premium	
Accrued Interest on Bonds	
Issuer Contribution	
Total Sources of Funds	$
Uses	
Deposit to Construction Fund	$
Deposit to Escrow Fund	
Costs of Issuance	
Underwriters' Discount	
Deposit to Interest and Sinking Fund	
Total Uses of Funds	$

REGISTERED OWNERS' REMEDIES

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

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 Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

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

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

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

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

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

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

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

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

Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District, the Financial Advisor and the Underwriters believe to be reliable, but none of the District, the Financial Advisor or the Underwriters 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 Bond Order will be given only to DTC.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

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

Successor Paying Agent/Registrar

Provision is made in the Bond Order for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank, trust company, financial institution or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District has agreed to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Initial Registration

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

Future Registration

In the event the Book-Entry-Only System is discontinued, the Bonds will be printed and delivered to the beneficial owners thereof and thereafter may be transferred, registered and assigned on the registration books only upon presentation and surrender of the Bonds to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bond or Bonds being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States mail, first class postage prepaid to the new registered owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in authorized denominations and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer.

Record Date For Interest Payment

The Record Date for determining the party to whom the interest payable on a Bond on any interest payment date means the close of business on the 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 (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

Replacement Bonds

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

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

Subject to satisfying certain conditions, the payment of the Bonds will be guaranteed by the corpus of the Permanent School Fund of the State of Texas. In the event of default, registered owners will receive all payments due on the Bonds from the Permanent School Fund, and the Charter District Bond Guarantee Reserve would be the first source to pay debt service if a charter school was unable to make such payment. See "Appendix E – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" for pertinent information regarding the Permanent School Fund Guarantee Program. The disclosure regarding the Permanent School Fund Guarantee Program in Appendix E is incorporated herein and made a part hereof for all purposes.

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" from time to time (i) met the requirements of article VII, section 1 of the Texas Constitution, which requires the Texas 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 Texas Legislature enacted multiple laws that made substantive changes in the way the Finance System is funded in efforts to address the prior decisions declaring the Finance System unconstitutional.

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

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

Possible Effects of Changes in Law on District Bonds

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

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

CURRENT PUBLIC SCHOOL FINANCE SYSTEM

Overview

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

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

Prior to the 2019 Legislative Session, a school district's maximum M&O tax rate for a given tax year was determined by multiplying that school district's 2005 M&O tax rate levy by an amount equal 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 were 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 in the future.

2023 Regular and Any Special Legislative Sessions

On January 10, 2023, the 88th Legislature convened in general session which is scheduled to adjourn on May 29, 2023. Thereafter, the Texas Governor may call one or more additional special sessions. During this time, the Texas Legislature may enact laws that materially change current law as it relates to funding public school, including the District and its finances.

The District can make no representations or predictions regarding any actions the Legislature has taken or may take concerning the substance or the effect of any legislation passed in a previous session or a future session of the Legislature.

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 2023, the State Compression Percentage is set at 89.41%.

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 2022-2023 school year. It established $0.8941 as the maximum rate and $0.8046 as the floor.

Tier One Tax Rate

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

Enrichment Tax Rate

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

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

State Funding for School Districts

State funding for school districts is provided through the two-tiered Foundation School Program, which guarantees certain levels of funding for school districts in the State. School districts are entitled to a legislatively appropriated guaranteed yield on their Tier

One Tax Rate and Enrichment Tax Rate. When a school district's Tier One Tax Rate and Enrichment Tax Rate generate tax revenues at a level below the respective entitlement, the State will provide "Tier One" funding or "Tier Two" funding, respectively, to fund the difference between the school district's entitlements and the actual M&O revenues generated by the school district's respective M&O tax rates.

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

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

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

Tier One

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

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

For the 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 87th Regular 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. Furthermore, 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 year school under the formula transition grant 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 ration of taxable property to debt could become diluted. If the District were to detach property voluntarily, a portion of its outstanding debt (including the Bonds) could be assumed by the district to which the property is annexed, in which case timely payment of the Bonds could become dependent in part on the financial performance of an annexing district.

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

AD VALOREM TAX PROCEDURES

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

Valuation of Taxable Property

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

Local Option Homestead Exemptions

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

State Mandated Freeze on School District Taxes

Except for increases attributable to certain improvements, a school district is prohibited from increasing the total ad valorem tax on the homestead of persons sixty-five (65) years of age or older or of disabled persons above the amount of tax imposed in the year such homestead qualified for such exemption. This freeze is transferable to a different homestead if a qualifying taxpayer moves and, under certain circumstances, is also transferable to the surviving spouse of persons sixty-five (65) years of age or older, but not the disabled. See "Appendix A – Financial Information 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 or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property. See "Appendix A – Financial Information 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 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 expired by its terms on December 31, 2022.

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

District and Taxpayer Remedies

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at $50 million for the 2020 tax year, $50.6 million for the 2021 tax year, $52.9 million for the 2022 tax year, $57.2 million for the 2023 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. 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 succeeding paragraphs. 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, 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 in part as "new money bonds" and are subject to the $0.50 threshold tax rate test. The District has not utilized projected property values or State assistance to satisfy the $0.50 test.

Public Hearing and Voter-Approval Tax Rate

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

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

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

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

The calculation of the Voter-Approval Tax Rate does not limit or impact the District's ability to set an I&S tax rate in each year sufficient to pay debt service on all of the District's 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 2021/22 fiscal year, property valued at $64,048,754 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, 2022, 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, 2022, 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 "Aaa" by Moody's Investors Service, Inc. ("Moody's") and "AAA" by S&P Global Ratings ("S&P") based upon the Texas Permanent School Fund Guarantee Program. (See "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein). The District's underlying, unenhanced ratings, including the Bonds, are "Aa1" and "AA+", respectively by Moody's and 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 approval of certain legal matters by Bond Counsel, which will deliver its opinion to the effect that the Bonds are valid and legally binding obligations of the District and, subject to the qualifications set forth herein under "TAX MATTERS," the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, published rulings, regulations, and court decisions. The form of Bond Counsel's opinion is attached hereto as Appendix C. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. The legal fee to be paid to counsel to the Underwriters for services rendered in connection with the issuance of the Bonds is contingent upon the sale of the delivery of the Bonds.

Though it represents the Financial Advisor and the Underwriters from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the District in the issuance of the Bonds. McCall, Parkhurst & Horton L.L.P. also advises the TEA in connection with its disclosure obligations under the federal securities laws, but such firm has not passed upon any TEA disclosures contained in this Official Statement. Except as noted below, Bond Counsel was not requested to participate, and did not take part in the preparation of this Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under the captions or subcaptions "THE BONDS" (except under the subcaptions "Permanent School Fund Guarantee", "Payment Record", "Sources and Uses of Funds", and the third paragraph under "Notice of Redemption and DTC Notices", as to which no opinion is expressed), "REGISTRATION, TRANSFER AND EXCHANGE", "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS", "CURRENT PUBLIC SCHOOL FINANCE SYSTEM", "TAX RATE LIMITATIONS" (except the last sentence of the second paragraph under the subcaption "I&S Tax Rate Limitations", "LEGAL MATTERS" (except for the last two sentences of the first paragraph thereof, as to which no opinion is expressed), “TAX MATTERS”, “LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS”, “REGISTRATION AND QUALIFICATION OF BONDS FOR SALE” and “CONTINUING DISCLOSURE OF INFORMATION” (except under the subcaption “Compliance with Prior Undertakings,” as to which no opinion is expressed) and such firm is of the opinion that the information relating to the Bonds and the Bond Order contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws are correct as to matters of law.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., 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 to the District will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds. See Appendix C -- Form of Legal Opinion of Bond Counsel.

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

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

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. The 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 such 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 facilities financed or refinanced with the 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 District 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 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 principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

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.

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

CYBERSECURITY RISK MANAGMENT

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 its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fee of the Financial Advisor for services with respect to the Bonds is contingent upon the issuance and sale of the Bonds. In the normal course of business, the Financial Advisor may from time to time sell investment securities to the District for the investment of bond proceeds or other funds of the District upon the request of the District.

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

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. For a description of the continuing disclosure obligations of the TEA, see "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM." 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 2023. 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 (except for the Permanent School Fund guarantee), 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 the Rule) 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, 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.

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

FORWARD LOOKING STATEMENTS

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

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

UNDERWRITING

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

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

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

Wells Fargo Corporate & Investment Banking (which may be referred to elsewhere as "CIB," "Wells Fargo Securities" or "WFS") is the trade name used for the corporate banking, capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association ("WFBNA"), a member of the National Futures Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, N.A. Municipal Finance Group, a separately identifiable department of WFBNA, registered with the U.S. Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

WFBNA, acting through its Municipal Finance Group, one of the underwriters of the Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

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 Bond Order contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Bond 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.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in Rule 15c2-12.

The Order authorized the Pricing Officer to approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its use in the reoffering of the Bonds by the Underwriters. This Official Statement will be approved by the Pricing Officer of the District for distribution in accordance with the provisions of Rule 15c2-12.

/s/

Pricing Officer

FRISCO INDEPENDENT SCHOOL DISTRICT

Schedule I - Schedule of Refunded Bonds*

Unlimited Tax School Building Bonds, Series 2013

Maturities Being Redeemed	CUSIP	Principal Amount Outstanding	Interest Rate	Principal Amount Being Refunded	Call Date	Principal Amount Unrefunded
8/15/2024	35880CLS1	$ 2,345,000.00	5.000%	$ 2,345,000.00	August 15, 2023	$ -
8/15/2025	35880CLT9	2,460,000.00	4.000%	2,460,000.00	August 15, 2023	-
8/15/2026	35880CLU6	2,560,000.00	4.000%	2,560,000.00	August 15, 2023	-
8/15/2027	35880CLV4	2,665,000.00	4.000%	2,665,000.00	August 15, 2023	-
8/15/2028	35880CLW2	2,770,000.00	5.000%	2,770,000.00	August 15, 2023	-
8/15/2029	35880CLX0	2,910,000.00	5.000%	2,910,000.00	August 15, 2023	-
8/15/2030	35880CLY8	3,055,000.00	5.000%	3,055,000.00	August 15, 2023	-
8/15/2036	35880CME1	4,090,000.00	4.000%	4,090,000.00	August 15, 2023	-
8/15/2037	35880CMF8	4,255,000.00	4.000%	4,255,000.00	August 15, 2023	-
8/15/2038	35880CMG6	4,425,000.00	4.000%	4,425,000.00	August 15, 2023	-
8/15/2039	35880CMH4	4,600,000.00	4.000%	4,600,000.00	August 15, 2023	-
8/15/2040	35880CMJ0	4,785,000.00	4.250%	4,785,000.00	August 15, 2023	-
8/15/2041	35880CMK7	4,990,000.00	4.250%	4,990,000.00	August 15, 2023	-
8/15/2042	35880CML5	5,200,000.00	4.250%	5,200,000.00	August 15, 2023	-
8/15/2043	35880CMM3	5,425,000.00	4.250%	5,425,000.00	August 15, 2023	-
		$ 56,535,000.00		$ 56,535,000.00		$ -

**Preliminary, subject to change.*

APPENDIX A

FINANCIAL INFORMATION OF THE DISTRICT

FRISCO INDEPENDENT SCHOOL DISTRICT

Financial Information

ASSESSED VALUATION [1]

2022/23 Total Valuation……………………………………………………………………..…………………………		$ 65,989,143,736
Less Exemptions & Deductions [2]:		
State Homestead Exemption	$ 2,144,722,337	
State Over-65 Exemption	88,377,459	
Disabled Exemption	195,875,510	
Veterans Exemption	7,830,170	
Surviving Spouse Disabled Veteran Exemption	4,898,066	
Surviving Spouse Killed in Action Exemption	348,423	
Freeport Exemption	56,326,970	
Pollution Control Exemption	3,701,220	
Productivity Loss	1,299,757,779	
Solar / Wind Exemption	5,628,976	
Homestead Cap Loss	5,071,095,181	
	$ 8,878,562,091	
2022/23 Net Taxable Valuation ……………………………………………………………….………....................		$ 57,110,581,645

(1) Source: Comptroller of Public Accounts - Property Tax Division. The passage of a Texas Constitutional Amendment on May 7, 2022 election increased the homestead exemption from $25,000 to $40,000. See "AD VALOREM TAX PROCEDURES -- Residential Homestead Exemptions" in this 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 $627,087,229 in 2022/23.

VOTED GENERAL OBLIGATION DEBT

Unlimited Tax Bonds Outstanding [1]		$ 2,224,845,227
Less: The Refunded Bonds [2]		(56,535,000)
Plus: The Bonds [2]		150,285,000
Total Unlimited Tax Bonds [1] [2]		$ 2,318,595,227
Less: Interest & Sinking Fund Balance (As of June 30, 2022) [3]		(127,332,259)
Net General Obligation Debt		$ 2,191,262,968
Ratio of Net G.O. Debt to Net Taxable Valuation [4]	3.84%	
2023 Population Estimate [5]	240,379	
Per Capita Net Taxable Valuation	$237,586	
Per Capita Net G.O. Debt	$9,116	

(1) Excludes interest accreted on outstanding capital appreciation bonds.
(2) Preliminary, subject to change.
(3) Source: Frisco ISD Audited Financial Statement.
(4) See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in this Official Statement and "DEBT SERVICE REQUIREMENTS" in this appendix and see the "Audited Financial Report Fiscal Year Ended June 30, 2022" in Appendix D for more information relative to the District's outstanding obligations.
(5) Source: Municipal Advisory Council of Texas.

PROPERTY TAX RATES AND COLLECTIONS

Fiscal Year	Net Taxable Valuation [1]	Tax Rate	% Collections [4] Current [5]	Total [5]
2006/07	$ 12,291,132,177	$ 1.5800 [6]	98.63%	99.51%
2007/08	14,921,727,758	1.3500 [6]	98.75%	100.01%
2008/09	16,633,310,020	1.3700	98.38%	100.01%
2009/10	17,179,508,143	1.3900	98.24%	99.66%
2010/11	16,875,840,490	1.3900	98.84%	100.01%
2011/12	17,504,186,578	1.4200	99.18%	100.77%
2012/13	18,411,180,611	1.4600	99.34%	100.05%
2013/14	20,072,774,219	1.4600	99.11%	99.62%
2014/15	23,005,771,528	1.4600	99.14%	98.94%
2015/16	26,230,139,504 [2]	1.4600	99.41%	100.70%
2016/17	30,621,651,034 [2]	1.4600	99.30%	99.64%
2017/18	35,570,550,343 [2]	1.4600	99.59%	100.34%
2018/19	40,349,486,303 [2]	1.4400	99.33%	99.70%
2019/20	43,491,816,275 [2]	1.3383 [7]	99.37%	100.27%
2020/21	46,267,939,261 [2]	1.3102	99.27%	99.81%
2021/22	49,483,508,443 [2]	1.2672	99.51%	100.28%
2022/23	57,110,581,645 [3]	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) The passage of a Texas Constitutional Amendment on May 7, 2022 increased the homestead exemption from $25,000 to $40,000.
(4) Source: Frisco ISD Audited Financial Statements.
(5) Excludes penalties and interest.
(6) The declines in the District's Maintenance & Operation Tax for the 2006/07 and 2007/08 fiscal years are a function of House Bill 1 adopted by the Texas Legislature in May 2006. See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in this Official Statement.
(7) 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 this Official Statement.

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	2,258,595,227	4.56%
2022/23	57,110,581,645 [3]	2,275,233,779 [4]	3.98%

(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" and "OTHER OBLIGATIONS" in this Appendix and see the "Audited Financial Report Fiscal Year Ended June 30, 2022" in Appendix D for more information.
(3) The passage of a Texas Constitutional Amendement on May 7, 2022 increased the homestead exemption from $25,000 to $40,000.
(4) Includes the Bonds and excludes the Refunded Bonds. Preliminary, subject to change.

ESTIMATED OVERLAPPING DEBT STATEMENT

Taxing Body	Amount	Percent Overlapping	Amount Overlapping
Collin County	$ 478,430,000	20.58%	$ 98,460,894
Collin County CCD	498,565,000	20.58%	102,604,677
Denton County	559,930,000	10.89%	60,976,377
Frisco West WC&ID of Denton County	36,606,000	97.76%	35,786,026
City of Frisco	463,064,979	88.33%	409,025,296
Town of Little Elm	56,261,127	32.96%	18,543,667
City of McKinney	335,895,000	19.63%	65,936,189
City of Plano	518,930,000	14.61%	75,815,673
City of The Colony	68,416,757	** [1]	-
Total Overlapping Debt [2]			$ 867,148,799
Frisco Independent School District [3]			2,191,262,968
Total Direct & Overlapping Debt [3]			$ 3,058,411,766
Ratio of Net Direct & Overlapping Debt to Net Taxable Valuation		5.36%	
Per Capita Direct & Overlapping Debt		$12,723	

(1) Less than 0.01%.
(2) Equals gross debt less self-supporting debt.
(3) Includes the Bonds and excludes the Refunded Bonds. Preliminary, subject to change. Excludes interest accreted on outstanding capital appreciation bonds.

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

PRINCIPAL TAXPAYERS [(1)]

2022/23 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
JP Morgan Chase Bank NA	Banking & Finance	$ 626,490,539	1.10%
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	0.28%
Blue Star Land Phase III LLC	Real Estate Development	151,587,636	0.27%
PPF Amli Parkwood Boulevard LLC	Real Estate Development	147,621,308	0.26%
Bell Fund VII Frisco Market Center LLC	Real Estate Development	128,988,155	0.23%
		$ 2,467,319,352	4.32%

2021/22 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
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 Amli 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%
		$ 2,302,997,278	4.65%

2020/21 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
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 Amli 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%
		$ 2,210,385,838	4.78%

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

CLASSIFICATION OF ASSESSED VALUATION BY USE CATEGORY (1)

Category	2022/23	% of Total	2021/22	% of Total	2020/21	% of Total
Real, Residential, Single-Family	$ 42,941,811,664	65.07%	$ 31,700,467,837	60.30%	$ 28,858,661,067	58.60%
Real, Residential, Multi-Family	6,515,780,179	9.87%	5,545,805,013	10.55%	5,143,741,573	10.44%
Real, Vacant Lots/Tracts	1,011,689,455	1.53%	1,019,017,715	1.94%	818,924,974	1.66%
Real, Qualified Land & Improvements	1,300,765,880	1.97%	1,360,286,585	2.59%	1,377,349,895	2.80%
Real, Non-Qualified Land & Improvements	133,248,305	0.20%	88,891,677	0.17%	363,530,881	0.74%
Real, Commercial & Industrial	11,552,730,897	17.51%	10,479,963,916	19.93%	10,126,029,542	20.56%
Oil & Gas	-	0.00%	-	0.00%	-	0.00%
Utilities	385,871,268	0.58%	346,669,753	0.66%	320,762,579	0.65%
Tangible Personal, Commercial	1,602,292,907	2.43%	1,470,220,405	2.80%	1,509,492,044	3.07%
Tangible Personal, Industrial	10,502,255	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	446,876,316	0.68%	506,849,197	0.96%	672,350,754	1.37%
Tangible Personal, Special Inventory	86,818,163	0.13%	53,373,962	0.10%	53,736,219	0.11%
Total Appraised Value	$ 65,989,143,736	100.00%	$ 52,572,881,214	100.00%	$ 49,245,986,445	100.00%
Less:						
Homestead Cap Adjustment	$ 5,071,095,181		$ 95,763,205		$ 39,391,242	
Productivity Loss	1,299,757,779		1,359,268,267		1,376,255,377	
Exemptions	2,507,709,131 (3)		1,634,341,299 (4)		1,562,400,565 (4)	
Total Exemptions/Deductions (5)	$ 8,878,562,091		$ 3,089,372,771		$ 2,978,047,184	
Net Taxable Assessed Valuation	$ 57,110,581,645		$ 49,483,508,443		$ 46,267,939,261	

Category	2019/20	% of Total	2018/19	% of Total	2017/18	% of Total
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, Qualified Land & Improvements	1,555,046,008	3.33%	1,544,597,794	3.55%	1,636,247,637	4.20%
Real, Non-Qualified Land & 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%
Oil & Gas	-	0.00%	-	0.00%	-	0.00%
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	56,519,910	0.12%	64,448,618	0.15%	55,290,251	0.14%
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	1,549,263,874 (4)		1,442,226,696 (4)		1,371,021,509 (4)	
Total Exemptions/Deductions (5)	$ 3,183,843,605		$ 3,159,283,825		$ 3,403,494,903	
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: Comptroller of Public Accounts - Property Tax Division.
(3) The passage of a Texas Constitutional Amendment on May 7, 2022 increased the homestead exemption from $25,000 to $40,000.
(4) The passage of a Texas Constitutional Amendment on November 3, 2015 increased the homestead exemption from $15,000 to $25,000.
(5) 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: Refunded Bonds [3]	Plus: The Bonds [3]	Total [2] [3]	Bonds Unpaid At Year End	Percent of Principal Retired
2023	$ 77,111,447.95	$ -	$ -	$ 77,111,447.95	$ 2,275,233,778.55	3.28%
2024	74,827,844.10	2,345,000.00	3,045,000.00	75,527,844.10	2,199,705,934.45	6.49%
2025	74,752,677.75	2,460,000.00	4,750,000.00	77,042,677.75	2,122,663,256.70	9.76%
2026	81,139,730.30	2,560,000.00	4,895,000.00	83,474,730.30	2,039,188,526.40	13.31%
2027	84,691,872.70	2,665,000.00	5,050,000.00	87,076,872.70	1,952,111,653.70	17.01%
2028	86,490,218.55	2,770,000.00	5,200,000.00	88,920,218.55	1,863,191,435.15	20.79%
2029	86,392,325.85	2,910,000.00	5,360,000.00	88,842,325.85	1,774,349,109.30	24.57%
2030	101,375,115.10	3,055,000.00	5,060,000.00	103,380,115.10	1,670,968,994.20	28.97%
2031	97,212,801.00	-	2,035,000.00	99,247,801.00	1,571,721,193.20	33.18%
2032	101,433,770.00	-	2,090,000.00	103,523,770.00	1,468,197,423.20	37.59%
2033	91,019,731.20	-	2,155,000.00	93,174,731.20	1,375,022,692.00	41.55%
2034	94,347,692.00	-	2,055,000.00	96,402,692.00	1,278,620,000.00	45.64%
2035	121,445,000.00	-	2,120,000.00	123,565,000.00	1,155,055,000.00	50.90%
2036	118,455,000.00	4,090,000.00	6,270,000.00	120,635,000.00	1,034,420,000.00	56.03%
2037	127,885,000.00	4,255,000.00	6,495,000.00	130,125,000.00	904,295,000.00	61.56%
2038	107,645,000.00	4,425,000.00	7,345,000.00	110,565,000.00	793,730,000.00	66.26%
2039	111,205,000.00	4,600,000.00	7,625,000.00	114,230,000.00	679,500,000.00	71.11%
2040	115,170,000.00	4,785,000.00	7,920,000.00	118,305,000.00	561,195,000.00	76.14%
2041	119,060,000.00	4,990,000.00	8,230,000.00	122,300,000.00	438,895,000.00	81.34%
2042	81,735,000.00	5,200,000.00	8,545,000.00	85,080,000.00	353,815,000.00	84.96%
2043	65,860,000.00	5,425,000.00	8,895,000.00	69,330,000.00	284,485,000.00	87.91%
2044	55,305,000.00		3,730,000.00	59,035,000.00	225,450,000.00	90.42%
2045	41,935,000.00		3,885,000.00	45,820,000.00	179,630,000.00	92.36%
2046	34,220,000.00		4,040,000.00	38,260,000.00	141,370,000.00	93.99%
2047	25,015,000.00		4,205,000.00	29,220,000.00	112,150,000.00	95.23%
2048	24,265,000.00		4,380,000.00	28,645,000.00	83,505,000.00	96.45%
2049	22,420,000.00		4,560,000.00	26,980,000.00	56,525,000.00	97.60%
2050	15,865,000.00		4,745,000.00	20,610,000.00	35,915,000.00	98.47%
2051	13,450,000.00		4,950,000.00	18,400,000.00	17,515,000.00	99.26%
2052	6,865,000.00		5,190,000.00	12,055,000.00	5,460,000.00	99.77%
2053			5,460,000.00	5,460,000.00	-	100.00%
Total	$ 2,258,595,226.50	$ 56,535,000.00	$ 150,285,000.00	$ 2,352,345,226.50		

(1) The Bonds are illustrated on the State of Texas fiscal year end of August 31st, although the District's fiscal year ends June 30th.
(2) Excludes the accreted value of outstanding capital appreciation bonds.
(3) Preliminary, subject to change.

DEBT SERVICE REQUIREMENTS [1]

Fiscal Year Ending 8/31	Outstanding Debt Service [2]	Less: Refunded Debt Service [3]	Plus: The Bonds [3] Principal	Interest	Total	Combined Total [2] [3] [4]
2023	$ 165,582,949.11	$ 1,211,600.00	$ -	$ -	$ -	$ 164,371,349.11
2024	164,933,088.00	4,768,200.00	3,045,000.00	7,103,541.95	10,148,541.95	170,313,429.95
2025	164,942,263.00	4,765,950.00	4,750,000.00	5,384,206.26	10,134,206.26	170,310,519.26
2026	164,943,063.80	4,767,550.00	4,895,000.00	5,239,531.26	10,134,531.26	170,310,045.06
2027	164,937,148.25	4,770,150.00	5,050,000.00	5,090,356.26	10,140,356.26	170,307,354.51
2028	164,944,289.37	4,768,550.00	5,200,000.00	4,936,606.26	10,136,606.26	170,312,345.63
2029	164,942,276.54	4,770,050.00	5,360,000.00	4,778,206.26	10,138,206.26	170,310,432.80
2030	165,396,483.19	4,769,550.00	5,060,000.00	4,621,906.26	9,681,906.26	170,308,839.45
2031	165,392,362.79	1,561,800.00	2,035,000.00	4,515,481.26	6,550,481.26	170,381,044.05
2032	165,398,532.84	1,561,800.00	2,090,000.00	4,453,606.26	6,543,606.26	170,380,339.10
2033	165,399,369.10	1,561,800.00	2,155,000.00	4,389,931.26	6,544,931.26	170,382,500.36
2034	165,559,005.70	1,561,800.00	2,055,000.00	4,326,781.26	6,381,781.26	170,378,986.96
2035	165,556,348.01	1,561,800.00	2,120,000.00	4,264,156.26	6,384,156.26	170,378,704.27
2036	165,559,777.38	5,651,800.00	6,270,000.00	4,130,468.76	10,400,468.76	170,308,446.14
2037	165,557,715.06	5,653,200.00	6,495,000.00	3,914,918.76	10,409,918.76	170,314,433.82
2038	136,756,396.13	5,653,000.00	7,345,000.00	3,663,537.51	11,008,537.51	142,111,933.64
2039	136,755,020.88	5,651,000.00	7,625,000.00	3,382,850.01	11,007,850.01	142,111,870.89
2040	136,753,228.21	5,652,000.00	7,920,000.00	3,091,381.26	11,011,381.26	142,112,609.47
2041	136,752,828.86	5,653,637.50	8,230,000.00	2,783,425.01	11,013,425.01	142,112,616.37
2042	96,036,326.26	5,651,562.50	8,545,000.00	2,458,409.38	11,003,409.38	101,388,173.14
2043	77,103,286.26	5,655,562.50	8,895,000.00	2,114,950.00	11,009,950.00	82,457,673.76
2044	63,940,766.26		3,730,000.00	1,862,450.00	5,592,450.00	69,533,216.26
2045	48,396,794.38		3,885,000.00	1,710,150.00	5,595,150.00	53,991,944.38
2046	39,053,755.63		4,040,000.00	1,551,650.00	5,591,650.00	44,645,405.63
2047	28,537,246.88		4,205,000.00	1,386,750.00	5,591,750.00	34,128,996.88
2048	26,891,962.51		4,380,000.00	1,215,050.00	5,595,050.00	32,487,012.51
2049	24,184,562.51		4,560,000.00	1,036,250.00	5,596,250.00	29,780,812.51
2050	16,830,106.26		4,745,000.00	850,150.00	5,595,150.00	22,425,256.26
2051	13,924,562.51		4,950,000.00	643,875.00	5,593,875.00	19,518,437.51
2052	6,988,378.13		5,190,000.00	402,750.00	5,592,750.00	12,581,128.13
2053			5,460,000.00	136,500.00	5,596,500.00	5,596,500.00
	$ 3,467,949,893.81	$ 87,622,362.50	$ 150,285,000.00	$ 95,439,826.50	$ 245,724,826.50	$ 3,626,052,357.81

(1) Debt service for the Bonds is illustrated on the State of Texas fiscal year end of August 31st, although the District's fiscal year ends on June 30th.
(2) Includes the accreted value of outstanding capital appreciation bonds.
(3) Preliminary, subject to change.
(4) Based on it's 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 financial assistance for debt service, if any, may differ substantially each year depending on a variety of factors, including the amount, if any, appropriated for that purpose by the state legislature and a school district's wealth per student. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in this Official Statement.

TAX ADEQUACY WITH RESPECT TO THE DISTRICT'S BONDS

Projected Maximum Debt Service Requirement [1]	$ 170,382,500.36
Projected State Financial Assistance for Hold Harmless of Increased Homestead Exemption in 2022/23 [2]	3,280,000.00
Projected Net Debt Service Requirement [1] [2]	$ 167,102,500.36
$0.29555 Tax Rate @ 99% Collections Produces	$ 167,102,500.36
2022/23 Net Taxable Assessed Valuation [3]	$ 57,110,581,645

(1) Includes the Bonds and excludes the Refunded Bonds. Preliminary, subject to change.
(2) The amount of state financial assistance for debt service, if any, may differ substantially each year depending on a variety of factors, including the amount, if any, appropriated for that purpose by the state legislature and a school district's wealth per student. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in this Official Statement. The District will not receive any Instructional Facilities Allotment nor Existing Debt Allotment state aid in 2022/23, but will receive additional state aid for the increase in the homestead exemption which took effect in 2022/23.
(3) The passage of a Texas Constitutional Amendment on May 7, 2022 increased the homestead exemption from $25,000 to $40,000.

AUTHORIZED BUT UNISSUED BONDS

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 $32,000,000 (preliminary, subject to change) 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				
	2018	**2019**	**2020**	**2021**	**2022**
Beginning Fund Balance	**$ 133,262,297**	**$ 162,807,920**	**$ 206,607,695**	**$ 235,131,243**	**$ 249,521,421**
Revenues:					
Local and Intermediate Sources	$ 387,697,000	$ 487,450,080	$ 478,853,977	$ 484,542,235	$ 500,399,323
State Sources	117,852,445	85,303,754	123,619,347	133,327,814	133,332,274
Federal Sources & Other	2,858,270	6,520,666	4,663,718	5,271,823	6,917,910
Total Revenues	**$ 508,407,715**	**$ 579,274,500**	**$ 607,137,042**	**$ 623,141,872**	**$ 640,649,507**
Expenditures:					
Instruction	$ 285,701,359	$ 312,362,215	$ 348,085,246	$ 366,450,064	$ 375,899,612
Instructional Resources & Media Services	5,698,708	5,987,511	6,311,497	6,540,156	6,787,023
Curriculum & Instructional Staff Development	9,145,472	9,870,038	12,542,301	14,074,093	16,956,183
Instructional Leadership	7,058,674	7,463,056	10,026,450	10,909,165	11,879,499
School Leadership	30,046,554	31,604,561	34,900,930	35,803,103	38,006,630
Guidance, Counseling & Evaluation Services	15,295,267	17,394,606	21,406,422	23,046,457	24,558,644
Social Work Services	192,909	193,601	207,193	274,222	271,925
Health Services	5,572,130	6,203,475	6,576,377	7,202,270	6,985,989
Student (Pupil) Transportation	11,852,424	13,246,684	14,034,400	12,616,229	14,541,070
Food Services	344,704	28,700	360,577	236,027	439,221
Cocurricular/Extracurricular Activities	14,772,611	16,602,196	17,099,452	18,180,811	21,364,837
General Administration	9,182,456	10,994,089	14,112,405	15,929,725	16,148,475
Plant Maintenance and Operations	36,177,131	38,350,138	40,436,585	42,753,295	46,200,696
Security and Monitoring Services	3,527,117	3,741,441	4,770,191	4,893,585	5,101,294
Data Processing Services	7,728,577	7,783,055	7,467,908	8,657,419	8,638,992
Community Services	871,458	1,013,618	1,128,951	968,707	1,523,121
Other Intergovernmental Charges	3,040,455	3,492,348	3,798,571	3,852,070	4,036,852
Debt Service Principal on Long-Term Debt	-	-	-	-	420,735
Debt Service Interest on Long-Term Debt	-	-	-	-	50,387
Facilities Acquisition and Construction	-	-	-	-	2,745,177
Contracted Instructional Services Between Schools	-	14,017,478	3,152,395	4,177,231	5,323,841
Payments to Juvenile Justice Alternative Ed. Program	30,118	35,666	30,681	-	22,494
Payments to Tax Increment Fund	25,397,908	25,169,882	27,151,041	28,283,215	30,052,993
Total Expenditures	**$ 471,636,032**	**$ 525,554,358**	**$ 573,599,573**	**$ 604,847,844**	**$ 637,955,690**
Excess (Deficiency) of Revenues over Expenditures	$ 36,771,683	$ 53,720,142	$ 33,537,469	$ 18,294,028	$ 2,693,817
Other Resources and (Uses):					
Sale of Real and Personal Property	$ -	$ 75,538	$ 57,518	$ 20,489	$ 10,426
Right-To-Use Leases	-	-	-	-	2,745,177
Transfer In	29,940	18,795	32,698	309,791	91,820
Insurance Recovery	-	-	-	16,266	-
Transfer Out	(7,256,000)	(10,014,700)	(5,104,137)	(4,250,396)	(6,014,964)
Total Other Resources (Uses)	**$ (7,226,060)**	**$ (9,920,367)**	**$ (5,013,921)**	**$ (3,903,850)**	**$ (3,167,541)**
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	$ 29,545,623	$ 43,799,775	$ 28,523,548	$ 14,390,178	$ (473,724)
Ending Fund Balance	**$ 162,807,920**	**$ 206,607,695**	**$ 235,131,243**	**$ 249,521,421**	**$ 249,047,697**

(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 2022/23 budget and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - Possible Effects of Wealth Transfer Provisions on the District's Financial Condition" in this Official Statement. The District elected to change its fiscal year from August 31st to June 30th beginning with the period ending June 30, 2008.

CHANGE IN NET ASSETS [1]

	Fiscal Year Ended June 30				
	2018	2019	2020	2021	2022
Revenues:					
Program Revenues:					
Charges for Services	$ 24,662,605	$ 25,252,407	$ 36,129,968	$ 15,059,185	$ 11,537,342
Operating Grants and Contributions	(58,806,085)	64,655,694	71,108,796	63,842,316	60,202,232
General Revenues:					
Property Taxes Levied for General Purposes	375,184,044	471,611,015	466,660,821	478,566,522	490,824,666
Property Taxes Levied for Debt Service	142,848,448	104,085,263	112,411,956	118,266,811	126,247,863
State Aid - Formula Grants	98,313,792	64,028,393	97,396,084	104,693,320	103,591,855
Grants and Contributions Not Restricted	2,858,270	6,520,666	4,663,718	5,271,823	6,917,910
Investment Earnings	5,260,009	9,862,834	8,429,226	420,973	737,996
Miscellaneous	23,075,918	24,456,995	23,587,596	24,206,014	4,339,001
Other Tax Related Income - TIRZ	-	-	-	-	24,369,169
	$ 613,397,001	$ 770,473,267	$ 820,388,165	$ 810,326,964	$ 828,768,034
Expenses:					
Instruction	$ 227,342,595	$ 385,220,355	$ 444,377,695	$ 431,632,246	$ 419,333,798
Instruction Resources & Media Services	6,373,309	8,849,546	8,932,969	8,860,354	9,289,511
Curriculum & Staff Development	6,858,766	11,026,050	14,315,808	15,092,758	16,584,811
Instructional Leadership	4,615,947	8,153,468	11,116,828	11,231,262	10,863,912
School Leadership	23,791,263	37,705,167	43,158,588	41,905,984	42,548,828
Guidance, Counseling & Evaluation Services	11,811,319	22,074,050	25,968,948	26,323,164	26,315,463
Social Work Services	119,107	206,324	227,696	282,024	247,009
Health Services	3,702,581	6,590,798	7,215,668	7,524,465	6,620,459
Student Transportation	10,690,822	15,649,573	17,135,255	15,562,096	16,530,852
Food Service	21,130,662	26,438,963	26,200,312	20,696,850	28,760,885
Cocurricular/Extracurricular Activities	17,052,390	23,276,818	22,890,618	23,846,884	27,370,330
General Administration	8,358,009	12,707,266	16,605,179	17,512,837	20,066,326
Plant Maintenance & Operations	47,446,326	54,392,409	60,027,110	71,801,617	68,331,734
Security and Monitoring Services	3,293,454	4,399,063	6,577,228	7,552,762	8,659,653
Data Processing Services	9,372,444	11,961,523	10,906,676	11,445,169	11,038,744
Community Services	1,452,458	2,072,276	2,231,893	1,998,783	2,399,796
Debt Service - Interest on Long-term Debt	77,551,045	82,228,452	79,729,973	67,188,505	76,450,416
Debt Service - Bond Issuance Cost and Fees	691,035	2,143,297	924,809	4,872,571	1,723,232
Contracted Instructional Services Between Schools	-	14,017,478	3,152,395	4,177,231	5,323,841
Payments to Juvenile Justice Alternative Ed. Prg.	30,118	35,666	30,681	-	22,494
Other Governmental Charges	3,040,455	3,492,348	3,798,571	3,852,070	4,036,852
Payments to Tax Increment Fund	25,397,908	25,169,882	27,151,041	28,283,215	30,052,993
Total Expenditures	$ 510,122,013	$ 757,810,772	$ 832,675,941	$ 821,642,847	$ 832,571,939
Change in Net Assets	$ 103,274,988	$ 12,662,495	$ (12,287,776)	$ (11,315,883)	$ (3,803,905)
Beginning Net Assets	$ (246,372,324)	$ (420,319,252)	$ (407,656,757)	$ (419,944,533)	$ (431,260,416)
Prior Period Adjustment	$ (277,221,916) [2]	$ -	$ -	$ -	$ -
Ending Net Assets	$ (420,319,252)	$ (407,656,757)	$ (419,944,533)	$ (431,260,416)	$ (435,064,321)

(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 240,379 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.

Employer	2023 Approximate Number of Employees
Frisco Independent School District	8,799
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 8,799, of which 4,683 are teachers. Approximately 30 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 FACILITIES

A description of the present school facilities is as follows:

School	Capacity	Grades Provided	Current Enrollment	Teachers	Others[(a)]	Aides	Admin.	Auxilary
Allen Elementary	760	K-5	776	43.00	3.0	4.0	2.0	5.0
Anderson Elementary	760	K-5	784	46.00	3.0	5.0	2.0	5.0
Ashley Elementary	760	K-5	613	37.00	3.0	6.0	2.0	3.0
Bledsoe Elementary	760	K-5	715	43.00	3.0	9.0	2.0	4.0
Boals Elementary	760	K-5	711	42.00	3.0	5.0	2.0	6.0
Borchardt Elementary	760	K-5	686	38.00	3.0	7.0	2.0	5.0
Bright Elementary	760	K-5	439	35.00	4.0	3.0	3.0	9.0
Carroll Elementary	760	K-5	516	37.00	4.0	8.0	2.0	9.0
Christie Elementary	760	K-5	612	43.00	3.0	13.0	2.0	8.0
Comstock Elementary	760	K-5	745	43.00	3.0	7.0	2.0	5.0
Corbell Elementary	760	K-5	563	39.00	2.0	9.0	2.0	8.0
Curtsinger Elementary	760	K-5	631	41.00	3.0	11.0	2.0	3.0
Elliott Elementary	760	K-5	518	38.00	4.0	4.0	3.0	8.0
Fisher Elementary	760	K-5	667	43.00	3.0	10.0	2.0	5.0
Gunstream Elementary	760	K-5	627	40.00	3.0	11.0	2.0	6.0
Hosp Elementary	760	K-5	728	39.00	3.0	10.0	2.0	5.0
Isbell Elementary	760	K-5	672	44.00	4.0	7.0	2.0	6.0
Liscano Elementary	760	K-5	717	40.00	3.0	3.0	2.0	5.0
McSpedden Elementary	760	K-5	790	45.00	3.0	9.0	1.0	4.0
Miller Elementary	760	K-5	607	38.00	3.0	2.0	2.0	6.0
Minett Elementary	760	K-5	473	31.00	3.0	8.0	2.0	6.0
Mooneyham Elementary	760	K-5	626	39.00	3.0	8.0	2.0	4.0
Newman Elementary	760	K-5	637	41.00	3.0	8.0	2.0	6.0
Nichols Elementary	760	K-5	711	42.00	3.0	3.0	2.0	5.0
Norris Elementary	760	K-5	740	40.0	3.0	7.0	2.0	3.0
Ogle Elementary	760	K-5	702	41.0	4.0	2.0	2.0	4.0
Phillips Elementary	760	K-5	712	40.0	3.0	9.0	1.0	7.0
Pink Elementary	760	K-5	683	41.0	3.0	12.0	2.0	3.0
Purefoy Elementary	760	K-5	656	42.0	3.0	13.0	2.0	6.0
Riddle Elementary	760	K-5	772	45.0	4.0	7.0	2.0	5.0
Robertson Elementary	760	K-5	712	43.0	3.0	3.0	2.0	6.0
Rogers Elementary	760	K-5	526	35.0	3.0	5.0	2.0	7.0
Scott Elementary	760	K-5	670	40.0	3.0	8.0	2.0	4.0
Sem Elementary	760	K-5	663	42.0	3.0	11.0	2.0	4.0
Shawnee Trail Elementary	760	K-5	590	40.0	3.0	13.0	2.0	8.0
Smith Elementary	760	K-5	650	41.0	3.0	8.0	2.0	4.0
Sonntag Elementary	760	K-5	547	35.0	4.0	11.0	2.0	8.0
Sparks Elementary	760	K-5	605	39.0	3.0	4.0	2.0	5.0
Spears Elementary	760	K-5	719	45.0	3.0	3.0	2.0	9.0
Tadlock Elementary	760	K-5	551	39.0	3.0	9.0	2.0	8.0
Talley Elementary	760	K-5	740	43.0	3.0	6.0	2.0	5.0
Taylor Elementary	760	K-5	792	46.0	4.0	8.0	1.0	7.0
Vaughn Elementary	760	K-5	752	46.0	3.0	9.0	2.0	5.0
Clark Middle School	1,000	6-8	886	68.00	6.0	5.0	3.0	6.0
Cobb Middle School	1,000	6-8	916	67.00	4.0	9.0	3.0	6.0
Fowler Middle School	1,000	6-8	1,047	69.00	4.0	5.0	3.0	7.0
Griffin Middle School	1,000	6-8	850	59.00	4.0	6.0	3.0	8.0
Hunt Middle School	1,000	6-8	835	60.00	4.0	7.0	3.0	6.0
Lawler Middle School	1,000	6-8	1,029	62.00	4.0	7.0	3.0	6.0
Maus Middle School	1,000	6-8	937	66.00	4.0	2.0	3.0	6.0
Nelson Middle School	1,000	6-8	1,130	70.00	4.0	5.0	3.0	5.0
Pearson Middle School	1,000	6-8	1,005	71.00	4.0	5.0	4.0	5.0
Pioneer Heritage Middle School	1,000	6-8	1,071	72.00	4.0	5.0	3.0	6.0
Roach Middle School	1,000	6-8	932	65.00	4.0	5.0	3.0	6.0
Scoggins Middle School	1,000	6-8	939	71.00	5.0	5.0	3.0	6.0
Stafford Middle School	1,000	6-8	924	69.00	4.0	5.0	3.0	6.0
Staley Middle School	800	6-8	591	54.00	6.0	7.0	3.0	7.0
Trent Middle School	1,000	6-8	1,114	77.00	4.0	6.0	3.0	6.0
Vandeventer Middle School	1,000	6-8	994	65.00	4.0	5.0	3.0	6.0
Wester Middle School	1,000	6-8	873	66.00	5.0	6.0	2.0	6.0

School	Capacity	Grades Provided	Current Enrollment	Teachers	Others[(a)]	Aides	Admin.	Auxilary
Centennial High School	2,100	9-12	2,091	141.0	10.0	10.0	6.0	18.0
Emerson High School	2,100	9-12	1,322	104.0	9.0	4.0	6.0	19.0
Frisco High School	2,100	9-12	2,077	137.0	13.0	11.0	7.0	18.0
Heritage High School	2,100	9-12	2,136	139.0	10.0	10.0	6.0	16.0
Independence High School	2,100	9-12	1,677	125.0	9.0	9.0	6.0	16.0
Lebanon Trail High School	2,100	9-12	2,145	136.0	10.0	10.0	6.0	16.0
Liberty High School	2,100	9-12	1,846	130.0	10.0	8.0	6.0	18.0
Lone Star High School	1,800	9-12	2,045	136.0	11.0	10.0	5.0	17.0
Memorial High School	2,100	9-12	1,565	124.0	10.0	10.0	5.0	17.0
Panther Creek High School	2.100	9-12	751	82.0	8.0	4.0	6.0	18.0
Reedy High School	2,100	9-12	2,274	136.0	10.0	12.0	6.0	17.0
Wakeland High School	2,100	9-12	2,154	133.0	10.0	10.0	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	724	43.00	10.0	61.0	3.0	5.0
Student Opportunity Center[(c)]	NA	1-12		12.00	2.0	6.0	2.0	2.0
District Wide				122.0	266.0	17.0	3.0	36.0
Z.T. Acker Special Program Ctr.[(d)]	NA	EC-1						
TOTAL	75,480		67,226	4,629.00	610.0	606.0	217.0	603.0

[(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

Grade	2022/23	2021/22	2020/21	2019/2020
E.C.	396	341	354	406
PRE-K	1,192	936	749	453
K	3,924	4,038	3,744	3,976
1	4,313	4,179	4,066	4,294
2	4,483	4,453	4,447	4,517
3	4,632	4,736	4,638	4,580
4	4,984	4,925	4,648	4,773
5	5,112	4,977	4,862	4,890
6	5,256	5,216	5,037	5,134
7	5,379	5,209	5,279	5,159
8	5,402	5,520	5,322	5,087
9	5,854	5,690	5,303	5,171
10	5,742	5,258	5,234	5,194
11	5,211	5,144	5,101	4,626
12	5,346	5,203	4,749	4,445
Total	**67,226**	**65,825**	**63,533**	**62,705**

AVERAGE DAILY ATTENDANCE

School Year	Attendance
2022-2023	63,537.86
2021-2022	61,192.87
2020-2021	59,266.92
2019-2020	60,455.73
2018-2019	57,485.16
2017-2018	55,901.96
2016-2017	53,852.90
2015-2016	51,434.44
2014-2015	47,900.13
2013-2014	44,443.16

SCHOLASTIC ENROLLMENT INCREASE/(DECREASES)

School Year	Enrollment	Amount	Percent (%)
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	62,705	2,124	3.51
2020-21	63,553	848	1.35
2021-22	65,825	2,272	3.57
2022-23	67,226	1,401	2.13

STUDENT ENROLLMENT PROJECTIONS

Grade	2023/24	2024/25	2025/26	2026/27
EE-PK	1,662	1,770	1,845	1,893
K	3,946	3,976	4,008	4,069
1	4,179	4,229	4,266	4,300
2	4,557	4,441	4,499	4,538
3	4,659	4,762	4,645	4,706
4	4,839	4,893	5,006	4,883
5	5,171	5,045	5,106	5,224
6	5,361	5,448	5,320	5,390
7	5,379	5,512	5,607	5,481
8	5,533	5,558	5,701	5,805
9	5,668	5,830	5,862	6,019
10	5,863	5,699	5,868	5,906
11	5,630	5,772	5,616	5,788
12	5,310	5,764	5,915	5,761
Total	**67,757**	**68,699**	**69,264**	**69,763**

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 210,719 in 2022, 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

	City of Frisco	Collin County
2023 Estimate	210,719	1,120,889
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 SCHOOL BUILDING AND REFUNDING BONDS, SERIES 2023
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 and the certificate with respect to arbitrage by the Commissioner of Education regarding the allocation and investment of certain investments in the Permanent School Fund. 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, 2022

Annual Comprehensive Financial Report

Frisco Independent School District
5515 Ohio Drive
Frisco, Texas 75035

Fiscal Year Ended
June 30, 2022

Prepared by:
Finance Department

Table of Contents

FRISCO

INDEPENDENT SCHOOL DISTRICT

Introductory Section (Unaudited)

Friends · Soohyun Choi · Liberty High School

FRISCO

INDEPENDENT SCHOOL DISTRICT

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, 2022, at a meeting of the Board of Trustees of such school district on the _14th_ day of _November_, 2022.

Dynette A. Davis

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):

FRISCO
INDEPENDENT SCHOOL DISTRICT

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

November 14, 2022

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, 2022, 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, 2022, 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 54% in the past decade, from 42,707 students in 2013 to 65,825 students in 2022. The District is expected to continue to grow to around 72,000 students at build-out. A schedule listing the last ten years enrollment can be found in the Statistical Section of this report.

During the 2021-2022 school year, the District operated 42 elementary schools, 17 middle schools, 11 high schools, and 3 special program centers. A new elementary school and a new high school opened in August 2022, and two additional schools - a middle school and an intermediate school are expected to open in August 2023.

The District currently employs approximately 8,000 full and part-time employees, including more than 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 jump start 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 169% 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 7% from fiscal year 2021 to fiscal year 2022.

Approximately 18% of the District's area is still vacant land as of 2022. 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 1.14% of the total taxable value of the District, and the total assessed value for all of the top ten taxpayers comprises only 4.64% 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 surpassed the 66,000 student mark in the fall of 2022. The only remaining project in the 2014 bond program is an elementary school which is not yet slated to be built as we have been able to utilize capacity at existing schools to accommodate elementary enrollment growth

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 maintenance/refresh projects are anticipated to occur through 2024.

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 3% per year for the past 5 years. The growth slowed from 2020 to 2021 due to the COVID-19 pandemic but rebounded during the 2021-2022 school year when we added 2,332 new students. District management and external demographers predict steadier growth rates of around 1,000 students per year for the foreseeable future as home values within Frisco ISD's boundaries continue to rise and the remainder of our vacant land becomes developed.

Although the state's educational funding formula allows the District to receive additional funding for each new student enrolled, the State's funding mechanism presents some significant challenges. Specifically, the amount of money alloted per student in the funding formula is not indexed to inflation. With inflation at a 40-year high and a shortage of labor, many Texas school districts, including Frisco ISD, have struggled to maintain competitive wages and balanced budgets. Federal stimulus funding provided through the Elementary and Secondary School Emergency Relief Fund have enabled the District to recover from the pandemic without financial strain, but as those funds deplete, we will be looking to the Texas Legislature to enhance the sustainability of the funding formula during their 88th legislative session in 2023.

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, 2021. 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, 2022, 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 2021. 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.

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, 2022, FISD has earned all 3 of the Transparency Stars for which we are eligible.

Acknowledgments

Despite the challenges facing public education today, 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 FISD 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, 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	4 years	Deputy Director, Southern Methodist University - Guildhall
Debbie Gillespie, Vice President	2023	11 years	Community and school volunteer
Dynette Davis, Secretary	2023	2 years	Educator, Entrepreneur
Gopal Ponangi	2025	3 years	Senior Manager at Tata Consultancy Services, Dallas
Marvin Lowe	2025	<1 year	Real Estate Broker
Stephanie Elad	2025	<1 year	Vice President of Human Resources and Administration
John Classe	2024	8 years	Certified Financial Planner™ with Bell Financial Group

Appointed Officials

Name	Position	Length of Education Service
Mike Waldrip, Ed.D.	Superintendent	40 years
Todd Fouche, Ed.D.	Deputy Superintendent	19 years
Wes Cunningham, Ed.D.	Associate Deputy Superintendent of Academic Services	29 years
Amanda McCune	Chief Communications Officer	6 years
Kimberly Smith, CPA	Chief Finance and Strategy Officer	11 years
Pamela Linton, Ed.D.	Chief Human Resources Officer	32 years
Cory McClendon	Chief Leadership Officer	23 years
Scott Warstler	Chief Operations Officer	25 years
Erin Miller	Chief Student Services Officer	26 years
Cheryl McDonald	Chief Technology Officer	28 years

Consultants and Advisors

Weaver and Tidwell, LLP
Independent Auditors

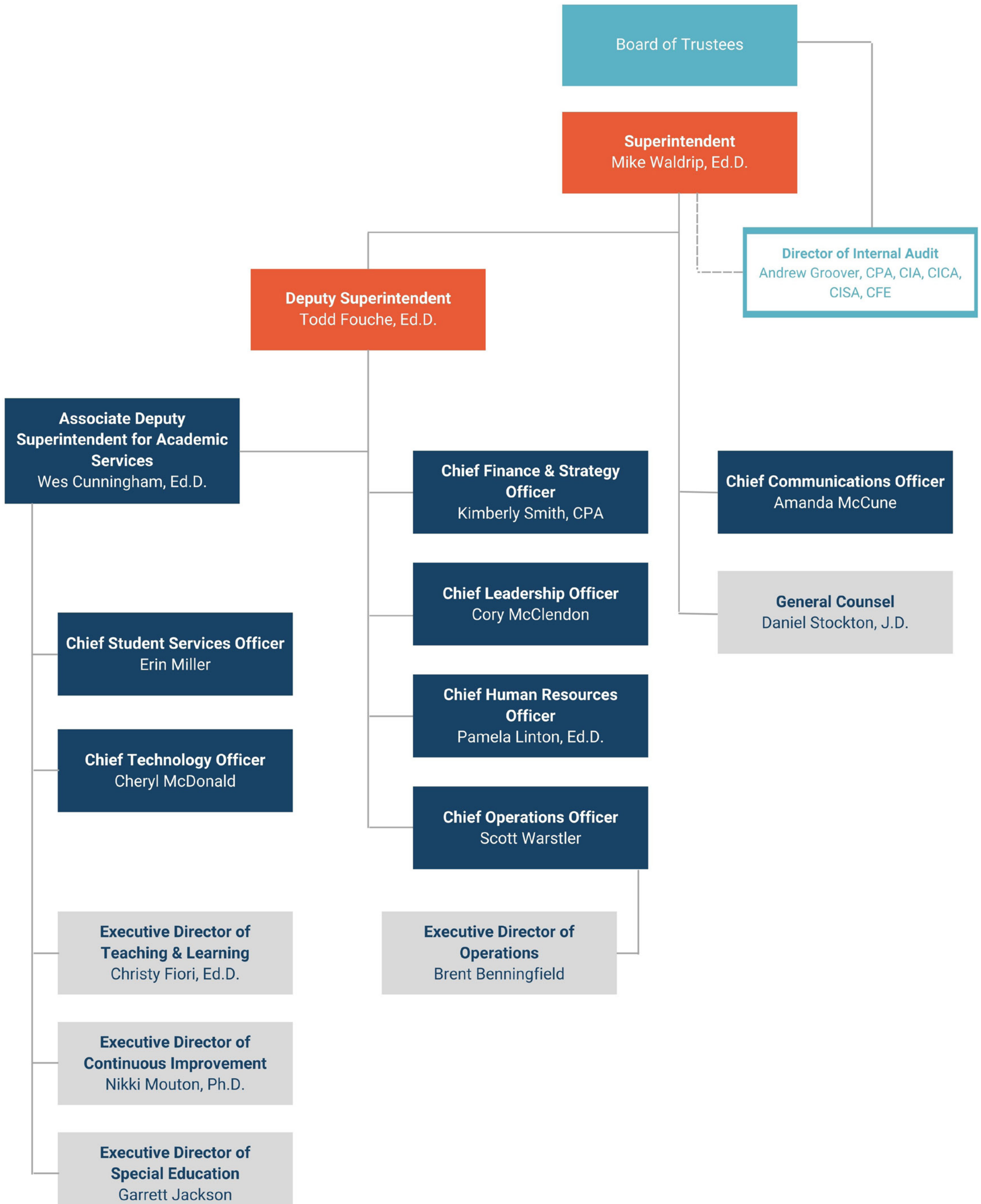
McCall, Parkhurst & Horton, LLP
Bond Counsel

Samco Capital Markets, Inc.
Financial Advisors

First Southwest Asset Management
Investment Advisors

Frisco Independent School District

Administrative Organization



ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Frisco Independent School District

for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021.

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

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

William A. Sutter
President

David J. Lewis
Executive Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Frisco Independent School District
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

FRISCO

INDEPENDENT SCHOOL DISTRICT

Financial Section

Girl With Screens · Camila Salinas · Lebanon Trail High School

FRISCO

INDEPENDENT SCHOOL DISTRICT

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Frisco Independent School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended June 30, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

<u>*Responsibilities of Management for the Financial Statements*</u>
The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Weaver and Tidwell, L.L.P.
1406 Wilson Road, Suite 100 | Conroe, Texas 77304
Main: 936.756.8127

CPAs AND ADVISORS | WEAVER.COM

The Board of Trustees of
Frisco Independent School District

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

In performing an audit in accordance with GAAS, we:

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

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

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

The Board of Trustees of
Frisco Independent School District

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules, required Texas Education Agency schedules, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, required Texas Education Agency schedules, and 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 schedules, and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)
Management is responsible for the other information included in the ACFR. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022 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.

Conroe, Texas
November 10, 2022

FRISCO
INDEPENDENT SCHOOL DISTRICT

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, 2022. 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 2022 fiscal year was marked by recovery from the COVID-19 pandemic. Student enrollment, which was lower than anticipated in 2021, bounced back as did our ability to collect revenue. Our spending also returned to pre-COVID patterns, although high inflation rates put a strain on our budgets. Economic stimulus dollars provided through the Elementary and Secondary School Emergency Relief (ESSER) Fund allowed us to return to pre-pandemic operations while addressing the new post-pandemic needs of our students and staff.

The General Fund, which is the District's main operating fund, recognized a $2.7 million surplus for the year, which is in line with our adopted budget and subsequent projections for the year. Further details are described on pages 12-13 of Management's Discussion and Analysis. The net effect of other financing sources and uses of funds accounted for in the General Fund, including transfers out to other funds, reduced the realized surplus down to a $(0.5) million change in fund balance from 2021. The General Fund ended the year with an unassigned fund balance of $213.6 million, which represents 31.9% of the fiscal year 2023 adopted budget.

When combined, the total fund balance for all the District's funds increased by $28.9 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 $688.3 million.

The District's overall net position decreased by $(3.8) million from the prior year, resulting in a year-end net position of $(435.1) million. Of the total net position, $(392.0) million represents the District's net investment in capital assets. Frisco ISD is fast growing, and most of our school buildings are relatively new, with 17 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 $182.4 million in new debt during the year to finance projects from the 2018 bond program.

Overview of the Financial Statements

This discussion and analysis are 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 funds, 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)

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 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.

(Continued)

The Statement of Net Position presents information on all 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 the activities of the District are considered governmental activities.

The government-wide financial statements can be found on pages 20-21 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 the District's funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds are used to account for 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 several 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 24 and 26 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 the District's fiduciary activities and can be found on pages 30 and 31 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. This information can be found on pages 140-149 of this report.

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, 2022, the District's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by $435.1 million.

Table A-2. The District's Net Position

	June 30, 2022	June 30, 2021	Increases / (Decreases)
Assets:			
Current and other assets	$809,888,582	$781,031,715	$28,856,867
Capital assets	1,822,371,493	1,756,456,248	65,915,245
Total Assets	2,632,260,075	2,537,487,963	94,772,112
Deferred outflows of resources	140,533,572	138,968,652	1,564,920
Total Assets and Deferred Outflows	**$2,772,793,647**	**$2,676,456,615**	**$96,337,032**
Liabilities:			
Current liabilities	$227,281,315	$221,946,311	$5,335,004
Long-term liabilities	2,762,313,330	2,736,458,503	25,854,827
Total Liabilities	2,989,594,645	2,958,404,814	31,189,831
Deferred inflows of resources	218,263,323	149,312,217	68,951,106
Net Position:			
Net investment in capital assets	(391,994,627)	(379,976,838)	(12,017,789)
Restricted	110,409,150	108,989,379	1,419,771
Unrestricted	(153,478,844)	(160,272,957)	6,794,113
Total Net Position	(435,064,321)	(431,260,416)	(3,803,905)
Total Liabilities, Deferred Inflows and Net Position	**$2,772,793,647**	**$2,676,456,615**	**$96,337,032**

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

(Continued)

liabilities. The District maintains an aggressive debt repayment schedule to ensure payment terms equal or outpace the useful life of the financed assets. However, most 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, $110.4 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 $63.6 million more than total liabilities from June 30, 2021 to June 30, 2022, but the District's overall net position decreased by $(3.8) million. That decrease was the result of new deferred inflows of resources related to the District's proportionate share of the TRS net pension liability.

Figure A-4 illustrates the District's sources of revenue for the 2022 fiscal year. General revenues provide 91.3% of the funding available to cover the District's annual expenses. The remaining 8.7% 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, 2022

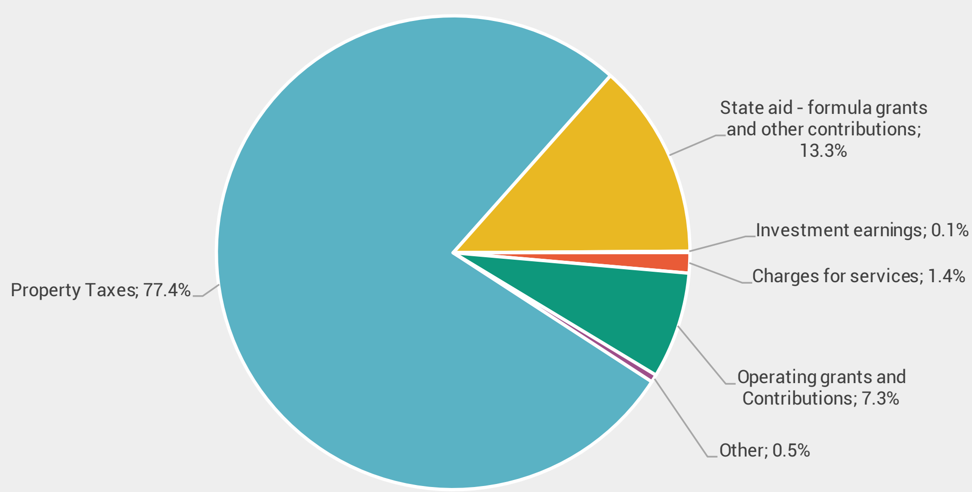
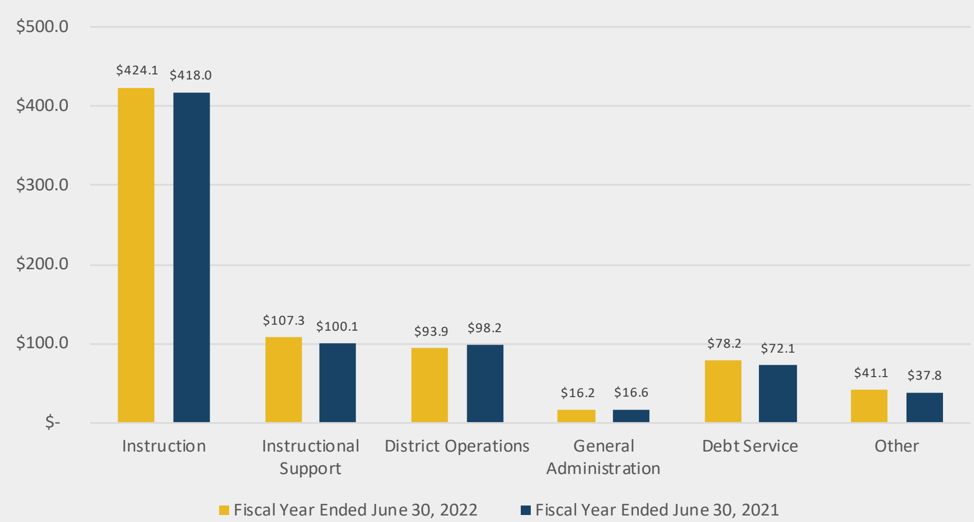


Figure A-5 depicts the change in net cost of services (total cost less program revenue and intergovernmental aid) for the District's major functions for the fiscal years ended June 30, 2022, and June 30, 2021. The net cost reflects the portion funded by local tax dollars, state aid and other miscellaneous general revenues.

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



The total cost of all governmental activities for the fiscal year ended June 30, 2022 was $832.6 million. Approximately $71.7 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, 2022	Fiscal Year Ended June 30, 2021	Increases / (Decreases)
Revenues:			
Program Revenues:			
Charges for services	$11,537,342	$15,059,185	(3,521,843)
Operating grants and contributions	60,202,232	63,842,316	(3,640,084)
General Revenues:			
Property taxes	641,441,698	596,833,333	20,239,196
State aid- formula grants and other contributions	110,509,765	109,965,143	544,622
Investment earnings	737,996	420,973	317,023
Other	4,339,001	24,206,014	4,502,156
Total Revenues	828,768,034	810,326,964	18,441,070
Expenses:			
Instruction	419,333,798	431,632,246	(12,298,448)
Instructional resources and media services	9,289,511	8,860,354	429,157
Curriculum and instructional staff development	16,584,811	15,092,758	1,492,053
Instructional leadership	10,863,912	11,231,262	(367,350)
School leadership	42,548,828	41,905,984	642,844
Guidance, counseling and evaluation services	26,315,463	26,323,164	(7,701)
Social work services	247,009	282,024	(35,015)
Health services	6,620,459	7,524,465	(904,006)
Student transportation	16,530,852	15,562,096	968,756
Food services	28,760,885	20,696,850	8,064,035
Extracurricular activities	27,370,330	23,846,884	3,523,446
General administration	20,066,326	17,512,837	2,553,489
Facilities maintenance and operations	68,331,734	71,801,617	(3,469,883)
Security and monitoring services	8,659,653	7,552,762	1,106,891
Data processing services	11,038,744	11,445,169	(406,425)
Community services	2,399,796	1,998,783	401,013
Debt service - interest on long-term debt	76,450,416	67,188,505	9,261,911
Debt service - bond issuance costs and fees	1,723,232	4,872,571	(3,149,339)
Contracted instructional services between schools	5,323,841	4,177,231	1,146,610
Payments to juvenile justice alternative education programs	22,494	-	22,494
Payments to tax increment fund	30,052,993	28,283,215	1,769,778
Other intergovernmental charges	4,036,852	3,852,070	184,782
Total Expenses	832,571,939	821,642,847	10,929,092
Change in Net Position	(3,803,905)	(11,315,883)	7,511,978
Beginning Net Position	(431,260,416)	(419,944,533)	(419,944,533)
Ending Net Position	**$(435,064,321)**	**$(431,260,416)**	**$(412,432,555)**

(Continued)

Enrollment grew by over 2,300 students from 2021 to 2022, which resulted in approximately $11 million of new operating revenue. In addition to formula funding based on students, other miscellaneous revenue also increased from the prior year. The post-COVID economy made it difficult for the District to collect other miscellaneous streams of revenue in the 2021 fiscal year, but those revenue streams began to bounce back in fiscal year 2022.

Changes to the District's proportionate share of the State's Net Pension and OPEB liabilities resulted in approximately $(50.7) million of negative expenses reported in our Statement of Activities. Without that adjustment, spending in 2022 would have significantly exceeded the prior year in all functions due to both enrollment growth and post-COVID recovery efforts.

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, 2022, the District's total combined fund balances for governmental funds were $688.3 million, which represents an increase of $28.9 million from June 30, 2021. Approximately 30.0%, or $213.4 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 $613,025 are not in spendable form because they relate to prepaid expenditures.
- *Restricted* balances of $416.2 million are either legally required to remain intact or are restricted for particular purposes by a third party.
- *Committed* balances of $3.0 million have been committed by the District's Board of Trustees to service programs funded by local grants, awards, or contributions.
- *Assigned* balances of $55.1 million 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.

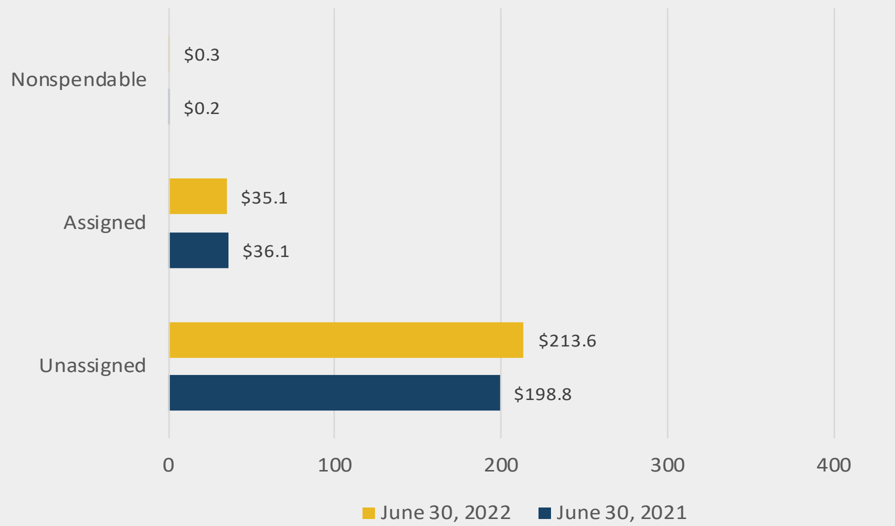
General Fund

Figure A-6 depicts the breakdown of fund balances in the General Fund, the District's main operating fund, as of June 30, 2022, and 2021.

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.

It is 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, 2022, unassigned fund balance represents 31.9% of the subsequent fiscal year's adopted budget.

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



The General Fund recognized a surplus of $2.7 million before other financing activities for fiscal year 2022. We adopted a $3.8 million surplus budget to provide some flexibility to adapt quickly to changing circumstances related to the COVID-19 pandemic. We allowed students the option to attend school virtually during the first semester of the school year until the COVID-19 vaccine was widely available to school-age children. The State of Texas did not fully fund our temporary online learning option, and we lost about $8.7 million of budgeted revenue. We were able to utilize stimulus funds to cover the cost of the online option and prevent a deficit for the year.

At the end of the year, we transferred $6.0 million out of the General Fund to the Capital Projects Fund. $5.0 million of that transfer was to pay the insurance deductible from a catastrophic hailstorm that occurred in February 2022, and the remaining $1.0 million was to pay for capital expenditures that were not planned for in the bond program.

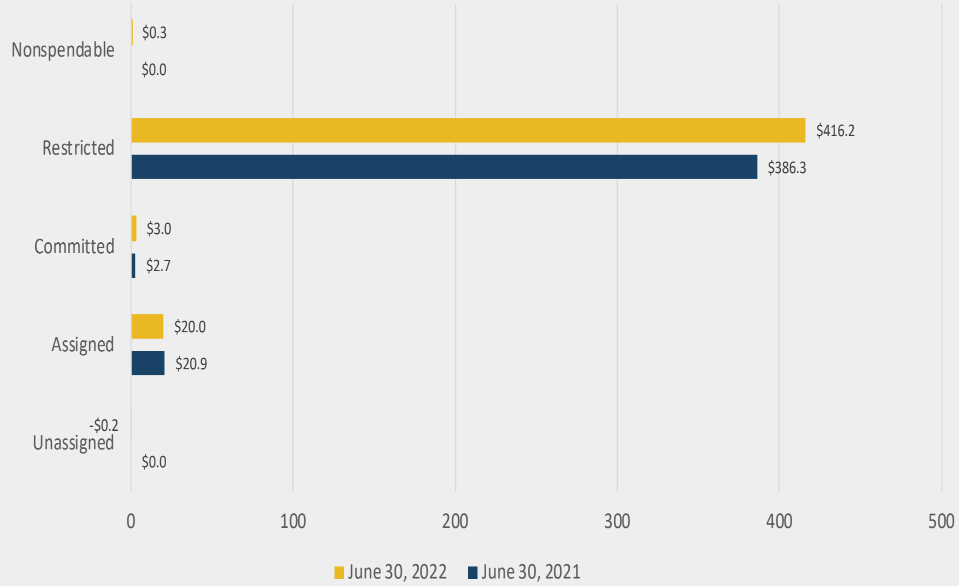
Other Governmental Funds

The fund balances of all other governmental funds increased by $29.4 million from June 30, 2021, to June 30, 2022. 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 2021 and 2022 fiscal years are illustrated in Figure A-7.

The Debt Service Fund recognized a decrease in fund balance of $(5.0) 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 to keep the 2021 debt tax 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 increase in fund balance of $9.7 million from the previous year. Most 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 surplus of $10.5 million from an influx of federal stimulus revenue meant to ensure all students could be served for free throughout the school year. The State Textbook Fund and some other local grant funds carry various immaterial fund balances due to timing of cash flows.

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



General Fund Budgetary Highlights

The Board of Trustees originally adopted a $3.4 million surplus for the 2022 fiscal year. As previously discussed, the actual surplus was $2.7 million.

Revenues were lower than originally expected due to a loss of state funding for students enrolled in our online program as well as lower than expected collections of both property taxes and other miscellaneous local revenues, both of which are a result of the post-COVID economy.

Expenditures were $13.7 million less than the originally adopted budget mostly because we utilized ESSER funds to supplant expenditures for our online program. Budget amendments and adjustments were made over the course of the year for various initiatives and to provide flexibility to make unforeseen purchases, but the use of federal dollars and the following other factors led the District to spend less than anticipated during the year:

- The District has not been immune to the nation-wide labor shortage. Our attrition rate rose by more than 7% over the course of the year, and we generated significant savings from vacant positions.
- Post-pandemic supply chain issues also continued to make purchasing certain supplies difficult. Approximately 10% 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 $17.3 million.

(Continued)

Capital and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2022 was $1.80 billion (net of accumulated depreciation). This investment includes land, buildings, building improvements, furniture, equipment, and vehicles and represents a net increase of 3.8% in capital assets over the previous year.

Table A-8. Capital Assets

	As of June 30, 2022	As of June 30, 2021	Increases / (Decreases)
Land	$205,743,093	$201,974,868	$3,768,225
Buildings	1,987,724,259	1,834,107,758	153,616,501
Furniture and equipment	86,455,477	79,119,874	7,335,603
Construction in progress	157,413,803	200,460,772	(43,046,969)
Total Capital Assets	2,437,336,632	2,315,663,272	121,673,360
Accumulated depreciation/amortization	(614,965,139)	(559,207,024)	(55,758,115)
Net Capital Assets	$1,822,371,493	$1,756,456,248	$65,915,245

The increase in net capital assets is due to the construction of four new schools, two of which opened in the fall of 2022, 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 page 46 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 can recognize positive savings. Taxable bonds are issued to refund debt in advance of its call date or when the project being financed relates to a public/private partnership; 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 2022 fiscal year, the District had total bonded debt outstanding of $2.6 billion, all of which is 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.

(Continued)

Table A-9. Long-Term Debt

	As of June 30, 2022	As of June 30, 2021	Increases / (Decreases)
Bonds payable	$2,347,704,523	$2,241,292,488	$106,412,035
Accreted interest	79,532,799	74,768,990	4,763,809
Unamortized bond premium	156,888,245	163,259,797	(6,371,552)
Total Bonded Debt	2,584,125,567	2,479,321,275	104,804,292
Leases Payable	2,250,842	-	2,250,842
District's portion of TRS net pension liability	87,846,717	173,815,951	(85,969,234)
District's portion of TRS net OPEB liability	167,202,174	159,309,242	7,892,932
Total Long-Term Liabilities	$2,841,425,300	$2,812,446,468	$28,978,832

Total outstanding long-term liabilities increased by 1.0% from the previous year. The District issued $182.4 million of new bonds during the year to finance new construction and other bond program projects. 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 Notes 11 and 12 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 119 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 2022, Frisco ISD was the 10th largest district in the State of Texas and one of the fastest growing. Except for the 2020-2021 school year, we have added between 1,780 and 3,660 new students annually for the last decade. The 2022-2023 school year will be the first "normal" school year we have had since the pandemic began without a considerable number of students being served via alternative learning environments (online), so we remained conservative in our enrollment assumptions for the 2023 fiscal year budget.

As we manage enrollment growth, we also find ourselves grappling with the post-COVID economy. Inflation has reached a 40-year high and is putting a strain on both the District and our staff as the cost of living and doing business becomes more expensive. School districts and other social sector entities have also not been immune to the Great Resignation. The National Education Association estimates that up to 55% of educators nation-wide are likely to voluntarily resign their jobs or retire early. The ability to attract and retain high-quality employees in all areas of our operation while competing with other public and private sector entities for labor is paramount to our success as a school district. We adopted a deficit budget for the 2022-2023 fiscal year to provide our staff a meaningful cost of living adjustment.

As our district leaders work to provide meaningful compensation for our staff, we will look to our state leaders to review the appropriateness and effectiveness of educational funding in the 88th legislative session, which begins in January 2023. The Texas Comptroller's biennial revenue estimate released in May 2022 reflected $3.1 billion in surplus revenue. Our ability to re-balance budgets will rely heavily on help from our legislators and their utilization of the state's surplus. 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.

(Concluded)

Basic Financial Statements

Girl Walking Down A New York Street · Claire Zhang · Centennial High School

Government-Wide Financial Statements

Frisco Independent School District

Statement of Net Position

June 30, 2022

Exhibit A-1

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and investments	$786,488,174
1220	Property taxes receivable (delinquent)	4,919,018
1230	Allowance for uncollectable taxes	(836,234)
1240	Due from other governments	16,812,921
1250	Accrued interest	7,855
1290	Other receivables, net	1,883,823
1410	Prepaid expenses	613,025
1510	Land	205,743,093
1520	Buildings and improvements, net	1,436,653,538
1530	Furniture and equipment, net	20,338,239
1550	Right to use assets, net	2,222,820
1580	Construction in progress	157,413,803
1000	**Total Assets**	2,632,260,075
	Deferred Outflows of Resources	
1701	Deferred losses on debt refunding transactions	17,098,153
1705	Deferred pension outflows	64,017,255
1710	Deferred OPEB outflows	59,418,164
1700	**Total Deferred Outflows of Resources**	140,533,572
	Liabilities	
2110	Accounts payable	22,536,014
2113	Retainage payable	8,547,841
2140	Accrued interest payable	30,844,115
2150	Payroll deductions and withholdings	5,130,028
2160	Accrued wages payable	75,318,911
2200	Accrued expenses	4,683,314
2300	Unearned revenues	1,109,122
	Non-current Liabilities:	
2501	Due within one year	79,111,970
2502	Due in more than one year	2,507,264,439
2540	Net pension liability	87,846,717
2545	Net OPEB liability	167,202,174
2000	**Total Liabilities**	2,989,594,645
	Deferred Inflows of Resources	
2601	Deferred gains on debt refunding transactions	353,932
2605	Deferred pension inflows	101,611,677
2610	Deferred OPEB inflows	116,297,714
2600	**Total Deferred Inflows of Resources**	218,263,323
	Net Position	
3200	Net investment in capital assets	(391,994,627)
	Restricted for:	
3820	Federal and state grant programs	13,111,853
3850	Debt service	97,297,297
3900	Unrestricted	(153,478,844)
3000	**Total Net Position**	$(435,064,321)

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

Frisco Independent School District

Statement of Activities

For the Year Ended June 30, 2022

Exhibit

B-1

Data Control Codes		1 Expenses	Program Revenues: 3 Charges for Services	Program Revenues: 4 Operating Grants and Contributions	Net (Expense)/ Revenue and Changes in Net Position: 6 Governmental Activities
Governmental Activities:					
11	Instruction	$419,333,798	$983,417	$19,474,038	$(398,876,343)
12	Instructional resources and media services	9,289,511		(27,785)	(9,317,296)
13	Curriculum and instructional staff development	16,584,811		660,042	(15,924,769)
21	Instructional leadership	10,863,912		(107,493)	(10,971,405)
23	School leadership	42,548,828		(209,792)	(42,758,620)
31	Guidance, counseling and evaluation services	26,315,463		3,742,813	(22,572,650)
32	Social work services	247,009		(5,388)	(252,397)
33	Health services	6,620,459		51,505	(6,568,954)
34	Student transportation	16,530,852		90,147	(16,440,705)
35	Food services	28,760,885	5,720,338	30,297,813	7,257,266
36	Extracurricular activities	27,370,330	2,208,306	987,669	(24,174,355)
41	General administration	20,066,326		3,894,862	(16,171,464)
51	Facilities maintenance and operations	68,331,734	2,625,281	699,457	(65,006,996)
52	Security and monitoring services	8,659,653		2,479	(8,657,174)
53	Data processing services	11,038,744		(59,760)	(11,098,504)
61	Community services	2,399,796		711,625	(1,688,171)
72	Debt service - interest on long-term debt	76,450,416			(76,450,416)
73	Debt service - bond issuance costs and fees	1,723,232			(1,723,232)
91	Contracted instructional services between schools	5,323,841			(5,323,841)
95	Payments to juvenile justice alternative education programs	22,494			(22,494)
97	Payments to tax increment fund	30,052,993			(30,052,993)
99	Other intergovernmental charges	4,036,852			(4,036,852)
TG	**Total Governmental Activities**	$832,571,939	$11,537,342	$60,202,232	(760,832,365)

Data Control Codes	General Revenues	
	Taxes:	
MT	Property taxes, levied for general purposes	490,824,666
DT	Property taxes, levied for debt service	126,247,863
	Other tax-related income - TIRZ	24,369,169
SF	State aid - formula grants	103,591,855
GC	Grants and contributions not restricted to specific programs	6,917,910
IE	Investment earnings	737,996
MI	Miscellaneous local and intermediate revenue	4,339,001
TR	**Total General Revenues**	757,028,460
CN	**Change in net position**	(3,803,905)
NB	**Net position - beginning**	(431,260,416)
NE	**Net position - ending**	$(435,064,321)

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

FRISCO
INDEPENDENT SCHOOL DISTRICT

Governmental Funds Financial Statements

Frisco Independent School District

Exhibit

C-1

Balance Sheet
Governmental Funds

June 30, 2022

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects Fund	Non-Major Governmental Funds	98 Total Governmental Funds
	Assets					
1110	Cash and investments	$316,023,825	$126,803,051	$324,939,959	$18,721,339	$786,488,174
1220	Property taxes receivable (delinquent)	3,817,415	1,101,603			4,919,018
1230	Allowance for uncollectable taxes	(648,961)	(187,273)			(836,234)
1240	Due from other governments	7,596,109	424,031	148,446	8,644,335	16,812,921
1250	Accrued interest	7,855				7,855
1260	Due from other funds	6,479,477				6,479,477
1290	Other receivables, net	1,862,701			21,122	1,883,823
1410	Prepaid expenditures	292,324			320,701	613,025
1000	**Total Assets**	$335,430,745	$128,141,412	$325,088,405	$27,707,497	$816,368,059
	Liabilities					
2110	Accounts payable	$2,325,999		$19,156,382	$1,053,633	$22,536,014
2113	Retainage payable			8,547,841		8,547,841
2140	Accrued interest payable		$175,364			175,364
2150	Payroll deductions and withholdings	5,130,028				5,130,028
2160	Accrued wages payable	72,395,445			2,923,466	75,318,911
2170	Due to other funds				6,479,477	6,479,477
2200	Accrued expenditures	3,031,000		1,652,314		4,683,314
2300	Unearned revenue	95,212			1,013,910	1,109,122
2000	**Total Liabilities**	82,977,684	175,364	29,356,537	11,470,486	123,980,071
	Deferred Inflows of Resources					
2601	Unavailable property tax revenue	2,141,866	633,789			2,775,655
2602	Unavailable lease revenue	1,263,498				1,263,498
2600	**Total Deferred Inflows of Resources**	3,405,364	633,789	-	-	4,039,153
	Fund Balances					
	Nonspendable:					
3430	Prepaid expenditures	292,324			320,701	613,025
	Restricted for:					
3450	Federal and state grant programs				12,852,974	12,852,974
3470	Capital acquisitions and contractual obligations			275,733,269		275,733,269
3480	Retirement of long-term debt		127,332,259			127,332,259
3490	Local grants, awards and contributions				258,879	258,879
	Committed to:					
3545	Local grants, awards and contributions				3,035,873	3,035,873
	Assigned to:					
3560	Claims and judgments	6,000,000		4,275,490		10,275,490
3570	Capital expenditures			15,723,109		15,723,109
3590	Employee compensation	25,235,578				25,235,578
3590	Future expenditures	3,904,171				3,904,171
3600	Unassigned	213,615,624			(231,416)	213,384,208
3000	**Total Fund Balances**	249,047,697	127,332,259	295,731,868	16,237,011	688,348,835
4000	**Total Liabilities, Deferred Inflows of Resources and Fund Balances**	$335,430,745	$128,141,412	$325,088,405	$27,707,497	$816,368,059

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

Frisco Independent School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2022

Exhibit

C-1R

Total Fund Balances - Governmental Funds (Exhibit C-1)	$688,348,835
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.	1,822,371,493
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	17,098,153
Deferred gains on debt refunding transactions	(353,932)
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	(2,347,704,523)
Accrued interest on the bonds	(30,668,751)
Accreted interest on capital appreciation bonds	(79,532,799)
Unamortized bond premiums	(156,888,245)
Lease payable	(2,250,842)
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.	4,039,153
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	(87,846,717)
Deferred pension inflows	(107,068,079)
Deferred pension outflows	69,473,657
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	(167,202,174)
Deferred OPEB inflows	(116,297,714)
Deferred OPEB outflows	59,418,164
Net Position - Governmental Activities (Exhibit A-1)	$(435,064,321)

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, 2022

Exhibit C-2

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	$500,399,323	$150,918,121	$451,715	$8,042,217	$659,811,376
5800	State program revenues	133,332,274	1,248,777		3,780,753	138,361,804
5900	Federal program revenues	6,917,910			61,874,733	68,792,643
5020	**Total Revenues**	640,649,507	152,166,898	451,715	73,697,703	866,965,823
	Expenditures					
	Current:					
0011	Instruction	375,899,612		280,732	25,810,590	401,990,934
0012	Instructional resources and media services	6,787,023			7,808	6,794,831
0013	Curriculum and instructional staff development	16,956,183			840,788	17,796,971
0021	Instructional leadership	11,879,499			25,793	11,905,292
0023	School leadership	38,006,630			111,732	38,118,362
0031	Guidance, counseling and evaluation services	24,558,644			4,205,608	28,764,252
0032	Social work services	271,925				271,925
0033	Health services	6,985,989			79,996	7,065,985
0034	Student transportation	14,541,070			175,623	14,716,693
0035	Food services	439,221			26,345,130	26,784,351
0036	Extracurricular activities	21,364,837		510,601	761,286	22,636,724
0041	General administration	16,148,475			4,029,252	20,177,727
0051	Facilities maintenance and operations	46,200,696		5,580,985	719,242	52,500,923
0052	Security and monitoring services	5,101,294			8,800	5,110,094
0053	Data processing services	8,638,992				8,638,992
0061	Community services	1,523,121			756,215	2,279,336
	Debt Service:					
0071	Principal on long-term debt	420,735	74,757,422			75,178,157
0072	Interest on long-term debt	50,387	82,446,857			82,497,244
0073	Bond issuance costs and fees		12,360	1,710,872		1,723,232
	Capital Outlay:					
0081	Facilities acquisition and construction	2,745,177		163,357,469		166,102,646
	Intergovernmental:					
0091	Contracted instructional services between schools	5,323,841				5,323,841
0095	Payments to juvenile justice alternative education programs	22,494				22,494
0097	Payments to tax increment fund	30,052,993				30,052,993
0099	Other intergovernmental charges	4,036,852				4,036,852
6030	**Total Expenditures**	637,955,690	157,216,639	171,440,659	63,877,863	1,030,490,851
1100	Excess (deficiency) of revenues over (under) expenditures	2,693,817	(5,049,741)	(170,988,944)	9,819,840	(163,525,028)
	Other Financing Sources (Uses)					
7911	Capital related debt issued (regular bonds)			182,400,000		182,400,000
7912	Proceeds from the sale of property	10,426				10,426
7913	Right-to-use leases	2,745,177				2,745,177
7916	Premium on issuance of bonds			7,310,872		7,310,872
7915	Transfers in	91,821		6,000,000	14,965	6,106,786
8911	Transfers out	(6,014,965)			(91,821)	(6,106,786)
7080	**Total Other Financing Sources (Uses)**	(3,167,541)		195,710,872	(76,856)	192,466,475
1200	**Net change in fund balances**	(473,724)	(5,049,741)	24,721,928	9,742,984	28,941,447
0100	**Fund balances - beginning**	249,521,421	132,382,000	271,009,940	6,494,027	659,407,388
3000	**Fund balances - ending**	$249,047,697	$127,332,259	$295,731,868	$16,237,011	$688,348,835

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

Frisco Independent School District

Exhibit

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

C-2R

For the Year Ended June 30, 2022

Total Net Change in Fund Balances - Governmental Funds (Exhibit C-2)	$28,941,447
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 ($121,742,988) exceeded depreciation ($55,827,743) in the current period.	65,915,245
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	537,490
Repayment of long-term debt principal ($75,987,965) and payments of accreted interest on capital appreciation bonds ($2,012,035) are expenditures in the governmental funds, but these activities reduce long-term liabilities in the Statement of Activities.	78,000,000
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	(182,400,000)
Premiums on bonds	(7,310,872)
Certain debt related items that effect the Statement of Net Position but are not reported in the governmental funds:	
Amortization of bond premiums	13,682,424
Amortization of deferred gains and losses on refunding transactions	(1,269,261)
Accreted interest on capital appreciation bonds	(6,775,844)
Change in Lease payable	(2,250,842)
Change in interest payable	(2,833,069)
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	2,462,955
Contributions after the measurement date	14,219,226
Proportionate share of collective pension expense	71,248,552
Net proportionate share of deferred pension inflows/outflows	(80,396,339)
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	575,761
Contributions after the measurement date	3,054,580
Proportionate share of collective OPEB expense	(11,279,184)
Net proportionate share of deferred OPEB inflows/outflows	12,073,826
Change in Net Position of Governmental Activities (Exhibit B-1)	$(3,803,905)

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

FRISCO

INDEPENDENT SCHOOL DISTRICT

Fiduciary Fund Financial Statements

Frisco Independent School District

Statement of Fiduciary Net Position

Custodial Funds

June 30, 2022

Exhibit E-1

Data Control Codes		Custodial Funds
	Assets	
1110	Cash and investments	$1,511,155
	Total Assets	$1,511,155
	Liabilities	
2110	Accounts payable	$19,733
	Total Liabilities	$19,733
	Net Position	
	Restricted for:	
3490	Individuals, organiztions, and other governments	$1,491,422
	Total net position	$1,491,422

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

Frisco Independent School District

Exhibit

E-2

Statement of Changes in Fiduciary Net Position
Custodial Funds

For the Year Ended June 30, 2022

	Custodial Funds
Additions	
Donations	$90,067
Miscellaneous additions:	
Student fees	1,249,878
Fundraisers	127,788
Other	407,706
Total miscellaneous additions	1,785,372
Total additions	1,875,439
Deductions	
Professional and contracted services:	
Rentals	$49,807
Royalties	184
Miscellaneous contracted services	305,444
Total professional and contracted services	355,435
Supplies and materials:	
Reading materials	532
Print shop charges	1,453
Furnitures and equipment under $5,000	19,354
Technology under $5,000	9,128
Supplies	451,091
Total Supplies and materials	481,558
Other operating costs:	
Student travel	257,328
Travel	2,074
Dues	108,106
Graduation expenses	37,367
Donations	80,021
Miscellaneous operating costs	266,155
Sales Tax	8,442
Total other operating costs	759,493
Total deductions	1,596,486
Net increase in fiduciary net position	278,953
Net position - beginning	1,212,469
Net position - ending	$1,491,422

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

Notes to the Basic Financial Statements

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 non-fiduciary 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

(Continued)

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 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, 2021, which were not available as of June 30, 2022.

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 more than 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 using fund accounting. The activities of the District are organized based on funds. The operations of each fund are accounted for within a separate set of self-balancing accounts to reflect the results of their 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 of Resources

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.

(Continued)

Leases

Lessee

The District is a lessee for noncancelable leases of property and equipment. The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $5,000 or more.

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

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

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancelable period of the lease.

Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

Lessor

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

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

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

The District uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancelable period of the lease.

Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed-in-substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed-in-substance, and any lease incentives that are payable to the lessee.

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

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 of more than 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 Classifications	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.

(Continued)

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 assets/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 assets/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:

(Continued)

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, 2022, 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 to ensure accuracy in building a statewide database for policy development and funding plans.

(Continued)

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 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, 2022. None of the individual encumbrances reported are considered significant to the financial statements.

Implementation of New Accounting Standards

GASB Statement No. 87, *Leases* (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019; however, the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance (GASB 95), extended the effective date of GASB 87 to reporting periods beginning after June 15, 2021, with earlier application encouraged. GASB 87 was implemented in the District's 2022 financial statements with no impact on amounts reported under previous standards.

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, 2022, the carrying amount of the District's deposits (cash) and outstanding checks was $49,620,895. The combined bank balance was $ 26,953,907. At June 30, 2022, 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:

(Continued)

- Depository: JP Morgan Chase Bank, Frisco, TX
- The date of the highest deposit was May 12, 2022, when combined cash, savings and time deposits amounted to $63,339,465.
- The amount of bond and pledged collateral as of the date of the highest combined balance on deposit was $80,008,526.
- 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
- 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 in 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 Texas Range (formerly known as TERM Investment Pool), which offers four portfolios, TexasDAILY, Texas TERM, TexasDAILY Select and TexasTERM Certificates of Deposit Purchase Program, is governed by a 6-member advisory board made up of experienced local government officials elected by the pool's investors. PFM Asset Management LLC manages the investments of Texas Range's assets.
- TexPool is a public funds pool administered by the State Comptroller of Texas. The portfolio of TexPool is managed by Federated Hermes 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:

(Continued)

- 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 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, 2022:

- 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).

		Fair Value Measurements Using			
	Value at June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Percentage of Total Investments	Weighted Average Maturity (Days)
Cash and Cash Equivalents:					
Bank Deposits	$49,620,895				
Total Cash and Cash Equivalents	49,620,895				
Investment measured at Amortized Costs:					
Tex Pool	26,774,945			4%	25
Lonestar Investment Pool	460,625,305			63%	49
Investments measured at Net Asset Value:					
Texas Range - TexasDAILY	20,499,105			3%	21
Investments by Fair Value Level:					
US Government Agency Securities:					
US Treasury Notes	24,507,813	$24,507,813		3%	274
US Treasury Bonds	24,990,476	24,990,476		3%	14
Commercial Paper	179,469,635		$179,469,635	24%	52
Total Investments	736,867,279	49,498,289	179,469,635		
Total Cash and Investments	$786,488,174	$49,498,289	$179,469,635		

Investments measured at amortized cost include the Lone Star and TexPool investment pools. 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 Texas Range investment pool is an external investment pool measured at its net asset value. Texas Range'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 Texas Range 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

(Continued)

share at a stated maturity date. As of June 30, 2022, the District had no investments in the TexasTERM portfolio. $20,499,105 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 $49,483,508,443.

The tax rates levied for the fiscal year ended June 30, 2022, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were $0.9972 and $0.2700 per $100 valuation, respectively, for a total of $1.2672 per $100 valuation.

Current year tax collections for the period ended June 30, 2022, were 99.51% 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 uncollectable taxes within the General Fund and Debt Service Fund are based on historical experience. Uncollectable 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, 2022, the allowance for uncollectable 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 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 using 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, 2022, approximately $281.3 million of TIRZ proceeds have been used to finance the construction of FISD educational facilities since the agreement began.

(Continued)

Note 4.

Receivables

The District participates in a variety of federal and state programs from which it receives grants to finance certain activities partially or fully. 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, 2022, for the District's individual major funds and Non-Major Governmental Funds are described in the table below.

	General Fund	Debt Service Fund	Capital Projects Funds	Non-Major Governmental Funds	Total
Due from the State Texas	$5,874,742				$5,874,742
Due from the Federal Government				$8,644,335	8,644,335
Due from Other Governments	1,721,367	$424,031	$148,446		2,293,844
Total	$7,596,109	424,031	$148,446	$8,644,335	$16,812,921

Note 5.

Interfund Transactions

Interfund balances at June 30, 2022, consisted of the individual fund receivables and payables detailed in the table below.

	Receivable	Payable
General Fund	$6,479,477	
Non-Major Funds		$6,479,477
Total	$6,479,477	$6,479,477

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, 2022, were liquidated shortly after year-end.

The table below summarizes the District's internal transfers for the fiscal year ended June 30, 2022.

From	To	Amount	Purpose
Non-Major Funds	General Fund	$32,989	Teacher Training
Non-Major Funds	General Fund	53,472	Instructional materials allotment expenses
General Fund	Non-Major Funds	14,948	New Campus Activity Fund
Non-Major Funds	General Fund	5,360	Reimburse expenses from prior year
General Fund	Capital Project Funds	5,000,000	Catastrophic Claims Deductible due to 2022 Hail Storm
General Fund	Capital Project Funds	1,000,000	Locally Defined Capital Outlay
General Fund	Non-Major Funds	17	Reimburse expenses from prior year
	Total	$6,106,786	

(Continued)

Note 6.

Capital Assets

Changes in capital assets for the fiscal year ended June 30, 2022, include:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital assets not being depreciated/amortized:				
Land	$201,974,868	$ 3,768,225		$ 205,743,093
Construction in Progress	200,460,772	109,814,445	$152,861,414	157,413,803
Total capital assets not being depreciated/amortized	402,435,640	113,582,670	152,861,414	363,156,896
Capital assets being depreciated/amortized:				
Building & Improvements	1,834,107,758	153,378,240		1,987,485,998
Building & Improvements, leased right-to-use		238,261		238,261
Furniture & Equipment	79,119,874	4,898,315	69,628	83,948,561
Furniture & Equipment, leased right-to-use		2,506,916		2,506,916
Total capital assets being depreciated/amortized	1,913,227,632	161,021,732	69,628	2,074,179,736
Less accumulated depreciation/amortization for:				
Building and Improvements	501,492,987	49,339,473		550,832,460
Building & Improvements, leased right-to-use		180,562		180,562
Furniture and Equipment	57,714,037	5,965,913	69,628	63,610,322
Furniture & Equipment, leased right-to-use		341,795		341,795
Total accumulated depreciation/amortization	559,207,024	55,827,743	69,628	614,965,139
Total capital assets being depreciated/amortized, net	1,354,020,608	105,193,989		1,459,214,597
Governmental Activity capital assets, net	$1,756,456,248	$218,776,659	$152,861,414	$1,822,371,493

The current period's depreciation was expensed to individual functions as detailed in the table to the right. Right-to-use assets are leased, and the amortization expense for those leases is also included in the table to the right. Together, depreciation expense and amortization expense account for the increase in the accumulated depreciation/amortization of the District's capital assets.

Function	Depreciation Expensed	Lease Amortization Expensed
11	$35,534,064	$486,366
12	1,968,371	376
13	662	1,846
21		3,350
23	3,692,998	19,995
31		3,589
32		103
33		273
34	2,645,224	752
35	2,862,743	376
36	5,141,055	2,563
41	1,223,579	1,777
51	864,194	854
52	876,919	34
53	240,380	103
61	255,197	
Total	$55,305,386	$522,357

Construction Commitments

The District was obligated at June 30, 2022, 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 $141.3 million as of June 30, 2022.

(Continued)

Note 7.

Long-Term Debt

A summary of changes in long-term debt for the fiscal year ended June 30, 2022, is summarized below, and a detail of bonds payable by series is provided on the following page.

	Balance at June 30, 2021	Issued/ Increases	Retired/ Refunded	Balance at June 30, 2022	Amount Due Within One Year
Total bonds payable	$2,241,292,488	$182,400,000	$75,987,965	$2,347,704,523	$78,549,526
Accreted interest on capital appreciation bonds	74,768,990	6,775,844	2,012,035	79,532,799	
Unamortized bond premium	163,259,797	7,310,872	13,682,424	156,888,245	
Total bonded debt	2,479,321,275	196,486,716	91,682,424	2,584,125,567	78,549,526
Lease payable		2,671,577	420,735	2,250,842	562,444
District's portion of net pension liability	173,815,951	1,574,104	87,543,338	87,846,717	
District's portion of net OPEB liability	159,309,242	12,330,506	4,437,574	167,202,174	
Total long-term debt	$2,812,446,468	$213,062,903	$184,084,071	$2,841,425,300	$79,111,970

Changes in debt-related deferred outflows and inflows of resources for the fiscal year ended June 30, 2022, were:

	Balance at June 30, 2021	Issued / Increase	Retired / Refunded	Balance at June 30, 2022
Deferred loss on refunding transactions	$18,438,422		$1,340,269	$17,098,153
Deferred gain on refunding transactions	$424,940		$71,008	$353,932

During the year, the District issued the following bonds:

- $42,315,000 of Unlimited Tax School Building Bonds, Taxable Series 2022 with interest rates of 2.00% to 5.00%, to acquire, construct, renovate and equip school buildings Proceeds were delivered on January 6, 2022.
- $140,085,000 of Unlimited Tax School Building Bonds, Series 2022 with interest rates of 3.35% to 5.00%, to acquire, construct, renovate and equip school buildings Proceeds were delivered on May 12, 2022.

(Continued)

The District's bonds payable as of June 30, 2022 are detailed by series in the table below.

Description	Original Issue Amount	Interest Rate(s)	Maturity	Balance at June 30, 2021	Issued/ Increases	Retired/ Refunded	Balance at June 30, 2022	Amount Due Within One Year
Unlimited Tax School Building Bonds:								
Series 2010	$20,195,000	0.00%	2/15/2027	$8,090,000		$1,345,000	$6,745,000	$1,345,000
Series 2013	$90,845,000	3.000%-5.000%	8/15/2043	62,935,000		2,045,000	60,890,000	2,125,000
Series 2014	$159,795,000	2.000%-5.000%	8/15/2044	143,750,000		3,645,000	140,105,000	3,825,000
Series 2015A	$68,125,000	2.000%-5.000%	8/15/2045	62,685,000		1,535,000	61,150,000	1,560,000
Series 2016B	$75,790,000	2.500%-5.000%	8/15/2046	71,875,000		1,430,000	70,445,000	1,510,000
Series 2018	$49,865,000	3.000%-5.000%	8/15/2048	48,080,000		965,000	47,115,000	1,010,000
Series 2021	$83,150,000	2.000%-5.000%	2/15/2051	83,150,000		1,380,000	81,770,000	2,515,000
Series 2022	$42,315,000	2.000%-5.000%	2/15/2052		$42,315,000		42,315,000	830,000
Series 2022	$140,085,000	3.350%-5.000%	2/15/2052		140,085,000		140,085,000	4,045,000
Unlimited Tax School Refunding Bonds								
Series 2011	$62,078,491	2.000%-5.000%	8/15/2030	3,798,491		415,000	3,383,491	
Series 2013	$19,040,000	2.000%-5.000%	7/15/2033	14,785,000		825,000	13,960,000	860,000
Series 2016	$104,555,000	3.000%-5.000%	8/15/2037	88,345,000		4,025,000	84,320,000	4,230,000
Series 2020	$183,585,000	0.795%-2.592%	2/15/2041	182,510,000		950,000	181,560,000	675,000
Series 2021	$109,310,000	1.461%-4.000%	2/15/2041	106,325,000		7,000,000	99,325,000	7,290,000
Series 2021A	$37,070,000	1.714%-5.000%	2/15/2035	37,070,000		250,000	36,820,000	380,000
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	9,539,669		577,422	8,962,247	525,469
Series 2011A	$83,981,260	4.000%-5.000%	8/15/2041	4,725,000		4,725,000		
Series 2012	$85,531,867	2.000%-5.000%	8/15/2041	13,206,867		250,000	12,956,867	
Series 2012A	$71,190,000	2.000%-5.000%	8/15/2041	1,045,000		1,045,000		
Series 2012B	$99,545,000	2.000%-5.000%	8/15/2042	67,470,000		3,590,000	63,880,000	3,765,000
Series 2013	$68,471,992	2.000%-5.000%	8/15/2043	61,305,000		280,000	61,025,000	3,495,000
Series 2014	$111,455,000	2.000%-4.000%	8/15/2044	97,505,000		2,770,000	94,735,000	2,880,000
Series 2015	$139,525,000	0.420%-5.00%	8/15/2045	118,010,000		6,565,000	111,445,000	3,690,000
Series 2016A	$208,960,000	2.000%-5.000%	8/15/2046	187,035,000		7,000,000	180,035,000	7,355,000
Series 2017	$206,445,000	2.000%-5.000%	8/15/2047	193,470,000		6,575,000	186,895,000	6,920,000
Series 2019	$265,390,000	3.000%-5.000%	8/15/2049	260,555,000		8,350,000	252,205,000	8,745,000
Series 2020	$101,705,000	2.000%-5.000%	8/15/2050	96,780,000		4,385,000	92,395,000	4,610,000
Series 2021	$182,170,000	3.000%-4.000%	2/15/2051	180,865,000		2,835,000	178,030,000	2,915,000
CAB Premiums								
Series 1999				9,122,362			9,122,362	
Series 2002A				13,997,480		564,339	13,433,141	531,076
Series 2012				1,161,610			1,161,610	
Series 2020				8,676,151		666,204	8,009,947	917,981
Series 2021				2,641,766			2,641,766	
Total bonds payable				$2,241,292,488	$182,400,000	$75,987,965	$2,347,704,523	$78,549,526

(Continued)

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 $6,775,844, and $2,012,035 of outstanding accreted interest was paid off during the year. Total accreted interest on CABs at June 30, 2022, is $79,532,799, and total premiums on CABs are $34,368,826, 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, 2022, $127,332,259 was available in the Debt Service Fund to service these bonds.

There are several limitations and restrictions contained in the general obligation bond indenture. Management asserts that the District complies with all significant limitations and restrictions at June 30, 2022.

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, $125,750,000 of that bond program remains authorized but unissued.

The following table summarizes the annual debt service requirements of outstanding debt at June 30, 2022, to maturity:

Year ending June 30,	Principal*	Interest	Total
2023	$78,549,526	$85,184,862	$163,734,388
2024	73,489,744	85,321,043	158,810,787
2025	83,667,014	86,311,151	169,978,165
2026	84,078,624	80,668,312	164,746,936
2027	87,560,908	80,063,634	167,624,542
2028-2032	481,791,964	351,011,224	832,803,188
2033-2037	548,653,238	283,117,177	831,770,415
2038-2042	535,113,505	121,522,586	656,636,091
2043-2047	281,285,000	40,101,857	321,386,857
2048-2052	93,515,000	7,597,319	101,112,319
Total	$2,347,704,523	$1,220,899,165	$3,568,603,688

**includes premiums on capital appreciation bonds*

Leases Payable

The District has entered into multiple lease agreements as lessee. The leases allow the right-to-use portable buildings and copier equipment over the term of the lease. The District is required to make monthly payments at its incremental borrowing rate, or the interest rate stated or implied within the leases. The lease rate, term and ending lease liability are as follows:

Governmental Activities	Interest Rates	Liability at Commencement	Lease Term in Years	Ending Balance
Copiers	3.25%	$2,506,916	1.0-2.0	$2,186,099
Portables	3.25%	236,161	3.0-5.0	64,743
Total governmental activities				$2,250,842

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

Year ending June 30,	Principal	Interest	Total
2023	$562,444	$64,424	$626,868
2024	534,675	46,803	581,478
2025	542,527	28,814	571,341
2026	407,957	13,770	421,727
2027	203,239	181	203,420
Total	$2,250,842	$153,992	$2,404,834

Note 8:

Unearned Revenue

Unearned revenue at June 30, 2022, consisted of the following:

	General Fund	Non-Major Funds	Total
Cell Tower Rentals	$5,104		$5,104
School lunch deposits		$1,013,410	1,013,410
Student fees and charges	90,108		90,108
Principal/Teacher training		500	500
Total	$95,212	$1,013,910	$1,109,122

(Continued)

Note 9:

Revenues from Local and Intermediate Sources

During fiscal year 2022, revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Property tax	$487,854,419	$125,588,944			$613,443,363
Penalties, interest and other tax related income	3,536,382	25,187,961			28,724,343
Food sales				5,720,338	5,720,338
Investment income	126,443	141,216	451,715	18,621	737,995
Co-Curricular student activities	2,208,306				2,208,306
Shared services revenue				163,950	163,950
Insurance Recovery	348,171				348,171
Facilities rentals	2,277,110				2,277,110
Other miscellaneous revenue	4,048,492			2,139,308	6,187,800
Total	$500,399,323	$150,918,121	$451,715	$8,042,217	$659,811,376

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 2022, 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, 2022, 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, 2022, the District's unpaid claims totaled $3,031,000 which include incurred but not reported claims. The liability is

(Continued)

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 evaluated 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 2021 and fiscal year 2022 were:

	2021	2022
Beginning liability	$2,612,000	$2,001,000
Claims and changes in estimates	796,000	2,431,000
Claim payments	(1,407,000)	(1,401,000)
Ending liability	$2,001,000	$3,031,000

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, 2022, 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

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/acfr-2021.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 (cost of living adjustment). 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, because 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.

Contribution Rates	2021	2022
Member	7.70%	8.00%
Non-employer contributing entity (State)	7.50%	7.75%
Employers	7.50%	7.75%
FISD 2022 fiscal year member contributions		$35,942,882
FISD 2022 fiscal year State contributions		$23,695,529
FISD 2022 fiscal year District contributions		$16,670,142

(Continued)

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 through 2025.

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 1.6% of the member's salary beginning in plan year 2021, 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, 2020, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	August 31, 2020 rolled forward to August 31, 2021
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Fair Value
Single discount rate	7.25%
Long-term expected investment rate of return	7.25%
Municipal Bond Rate as of August 2020	1.95%
	Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax- exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2120
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05% including inflation
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. For a full description of these assumptions, please see the actuarial valuation report dated November 9, 2020.

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 System's target asset allocation as of August 31, 2021, are summarized below:

Asset Class(1)	Target Allocation(1)	Long-Term Rate of Return (3)	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	3.60%	0.94%
Non-U.S. Developed	13.00%	4.40%	0.83%
Emerging Markets	9.00%	4.60%	0.74%
Private Equity	14.00%	6.30%	1.36%
Stable Value			
Government Bonds	16.00%	(0.20%)	0.01%
Absolute Return	0.00%	1.10%	0.00%
Stable Value Hedge Funds	5.00%	2.20%	0.12%
Real Return			
Real Estate	15.00%	4.50%	1.00%
Energy, Natural Resources and Infrastructure	6.00%	4.70%	0.35%
Commodities	0.00%	1.70%	0.00%
Risk Parity	8.00%	2.80%	0.28%
Asset Allocation Leverage			
Cash	2.00%	(0.70%)	(0.10%)
Asset Allocation Leverage	(6.00%)	(0.50%)	0.30%
Inflation Expectation			2.20%
Volatility Drag(4)			(0.95%)
Expected Return	**100.00%**		**7.08%**

(1) Absolute Return includes Credit Sensitive Investments.

(2) Target allocations are based on plan year 2021 policy model.

(3) Capital Market Assumptions come from Aon Hewitt (as of 8/31/2021).

(4) 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:	$191,959,019	$87,846,717	$3,380,038

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions - At June 30, 2022, the District reported a liability of $87,846,717 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	$87,846,717
State's proportionate share that is associated with FISD	137,753,868
Total	$225,600,585

The net pension liability was measured as of August 31, 2020, and rolled forward to August 31, 2021, 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, 2020, through August 31, 2021.

At August 31, 2021, the District's proportion of the collective net pension liability was 0.3449506254%, which was an increase of 0.0204125899% from its proportion measured as of August 31, 2020.

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

For the year ended June 30, 2022, the District recognized negative pension expenses of $(30,679,200) and contributions paid by the state on-behalf of the District of $23,695,529.

At June 30, 2022, 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	$147,009	$(6,184,478)
Changes in actuarial assumptions	31,052,098	(13,536,052)
Changes in proportion and differences between District contributions and the proportionate share of contributions	18,598,922	(8,232,815)
Difference between projected and actual investment earnings		(73,658,332)
District contributions paid to TRS subsequent to the measurement date	14,219,226	
Total	$64,017,255	$(101,611,677)

The amount reported as a deferred outflow of resources resulting from District contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. 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:	
2023	$(7,288,163)
2024	(8,359,741)
2025	(15,342,144)
2026	(21,513,433)
2027	392,632
Thereafter	297,201
Total	$(51,813,648)

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

Note 12.

Other Post-Employment Benefits

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 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/acfr-2021.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 family	1,020	999

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate, which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate, which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the 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	2021	2022
Active Employees	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 2022 fiscal year member contributions		$3,379,662
FISD 2022 fiscal year State contributions		$5,417,113
FISD 2022 fiscal year District contributions		$3,623,750

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to, regardless of whether 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 $5,520,343 in plan year 2021 for consumer protections against medical and health care billing by certain out-of-network providers.

Actuarial Assumptions – The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2021.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were 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, 2020, TRS pension actuarial valuation that was rolled forward to August 31, 2021.

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females. 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 mortality projection scale MP-2018.

Additional actuarial methods and assumptions include:

Valuation date	August 31, 2020 rolled forward to August 31, 2021
Actuarial cost method	Individual Entry Age Normal
Inflation	2.30%
Single discount rate	1.95% as of August 31, 2021
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 claim costs
Projected salary increases	3.05% to 9.05% including inflation
Election rates	Normal retirement - 65% participation rate prior to age 65 and 40% participation rate after age 65 Pre-65 retirees - 35% are assumed to discontinue coverage at age 65
Ad hoc post-employment benefit changes	None

Discount Rate – A single discount rate of 1.95% was used to measure the Total OPEB Liability. There was a decrease of 0.38% 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, 2021, using the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax- exempt municipal bonds.

(Continued)

Discount Rate Sensitivity Analysis – 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 (1.95%) in measuring the Net OPEB Liability:

	1% Decrease in Discount Rate (0.95%)	Discount Rate (1.95%)	1% Increase in Discount Rate (2.95%)
FISD's proportionate share of the net OPEB liability:	$201,684,349	$167,202,174	$140,063,579

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEBs – At June 30, 2022, FISD reported a liability of $167,202,174 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction in 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 collective net OPEB liability	$167,202,174
State's proportionate share that is associated with FISD	224,013,650
Total	$391,215,824

The Net OPEB Liability was measured as of August 31, 2020, and rolled forward to August 31, 2021, 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, 2020, through August 31, 2021.

At June 30, 2022, FISD's proportion of the collective Net OPEB Liability was 0.4334529536% which was an increase of 0.0143781914% from June 30, 2021.

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:	$135,428,220	$167,202,174	$209,834,927

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 2.33% as of August 31, 2020, to 1.95% as of August 31, 2021. This change increased 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, 2022, the District recognized negative OPEB expense of ($20,025,881) and contributions paid by the state on-behalf of the District of $5,417,113.

At June 30, 2022, 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	$7,198,845	$(80,937,549)
Changes in actuarial assumptions	18,519,604	(35,360,165)
Changes in proportion and differences between District contributions and the proportionate share of contributions	30,463,608	-
Difference between projected and actual investment earnings	181,527	
District contributions paid to TRS subsequent to the measurement date	3,054,580	
Total	$59,418,164	$(116,297,714)

The amount reported as a deferred outflow of resources resulting from District contributions after the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to other post-employment benefits will be recognized as pension expense as follows:

Year ended June 30:	
2023	$(12,828,572)
2024	(12,832,666)
2025	(12,831,545)
2026	(8,430,328)
2027	(2,471,859)
Thereafter	(10,539,160)
Total	$(59,934,130)

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, 2022, these on-behalf payments were $1,915,971 and were recorded as equal revenues and expenditures in the General Fund.

Note 13.

Subsequent Events

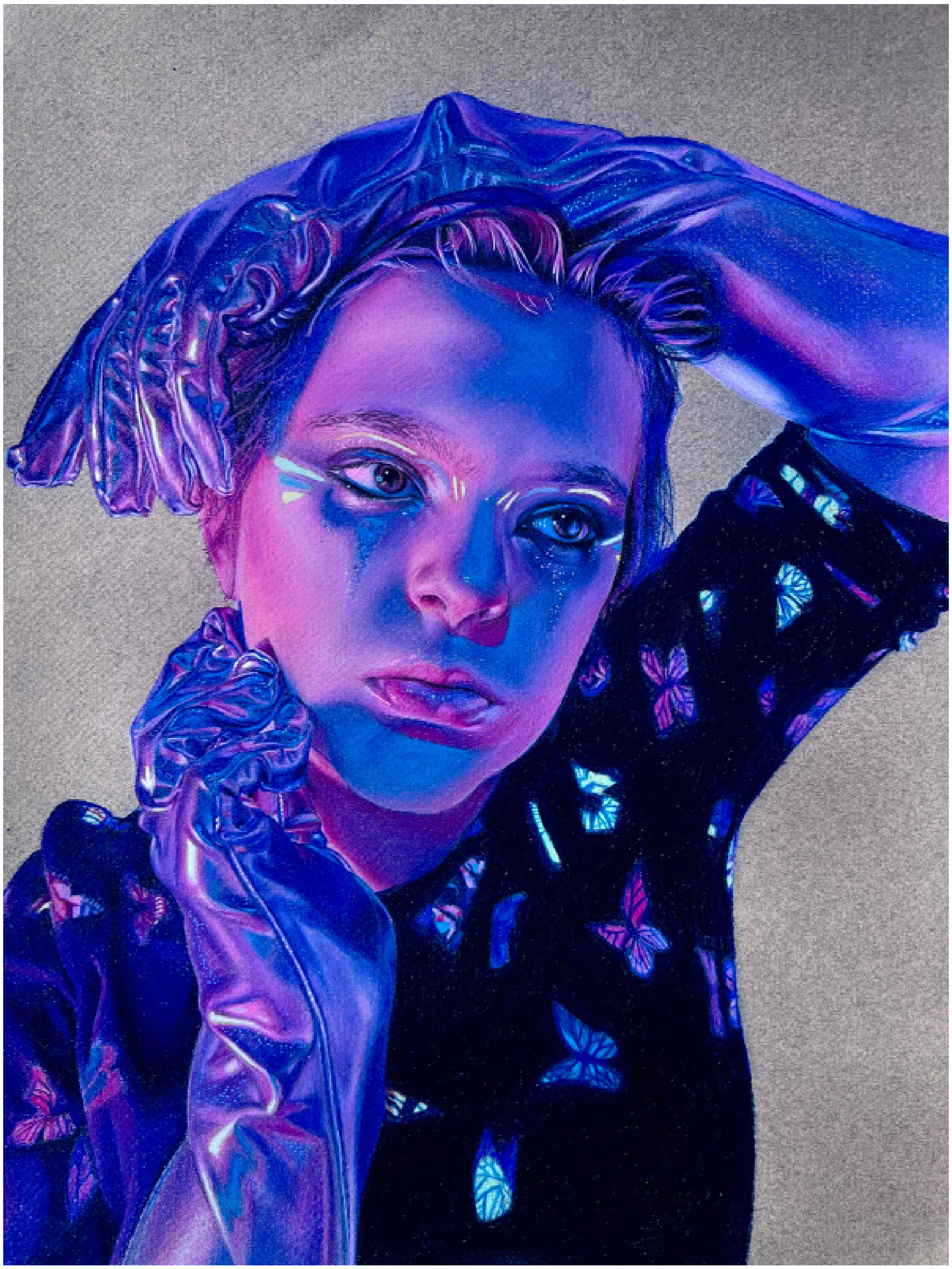
In September 2022, the District refunded $13,100,000 of Unlimited Tax School Refunding Bonds, Series 2013, with interest rates of 4.0-5.0%. The refunding decreased the District's future debt service requirement by $1,621,819.

In October 2022, the District refunded another $46,125,000 of Unlimited Tax School Building and Refunding Bonds, Series 2012B and 2013, with average interest rates between 4.0% and 5.0%. The refunding decreased the District's future debt service requirement by $2,879,967.

FRISCO

INDEPENDENT SCHOOL DISTRICT

Required Supplementary Information
(Unaudited)



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Frisco Independent School District

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2022

Exhibit F-1

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Over/(Under)
	Revenues				
5700	Local and intermediate sources	$504,900,200	$504,900,200	$500,399,323	$(4,500,877)
5800	State program revenues	145,675,000	145,672,000	133,332,274	(12,339,726)
5900	Federal program revenues	4,500,000	4,500,000	6,917,910	2,417,910
5020	**Total Revenues**	655,075,200	655,072,200	640,649,507	(14,422,693)
	Expenditures				
	Current:				
0011	Instruction	396,589,100	391,980,392	375,899,612	(16,080,780)
0012	Instructional resources and media services	6,800,953	7,306,334	6,787,023	(519,311)
0013	Curriculum and instructional staff development	14,327,013	17,029,734	16,956,183	(73,551)
0021	Instructional leadership	11,701,721	12,231,337	11,879,499	(351,838)
0023	School leadership	37,936,204	38,149,325	38,006,630	(142,695)
0031	Guidance, counseling and evaluation services	25,479,040	25,805,953	24,558,644	(1,247,309)
0032	Social work services	321,096	370,709	271,925	(98,784)
0033	Health services	7,253,535	7,595,063	6,985,989	(609,074)
0034	Student transportation	12,642,289	15,525,781	14,541,070	(984,711)
0035	Food services	124,700	798,612	439,221	(359,391)
0036	Extracurricular activities	20,469,062	22,190,414	21,364,837	(825,577)
0041	General administration	16,949,916	17,596,933	16,148,475	(1,448,458)
0051	Facilities maintenance and operations	48,295,131	51,542,473	46,200,696	(5,341,777)
0052	Security and monitoring services	4,768,770	6,663,122	5,101,294	(1,561,828)
0053	Data processing services	8,649,603	9,190,478	8,638,992	(551,486)
0061	Community services	711,077	1,726,420	1,523,121	(203,299)
	Debt Service:				
0071	Principal on long-term debt		420,735	420,735	-
0072	Interest on long-term debt		184,265	50,387	(133,878)
	Intergovernmental:				
0081	Facilities acquisition and construction		2,750,000	2,745,177	(4,823)
0091	Contracted instructional services between schools	4,731,500	5,371,500	5,323,841	(47,659)
0095	Payments to juvenile justice alternative education programs	50,000	50,000	22,494	(27,506)
0097	Payments to tax increment fund	29,859,000	30,109,000	30,052,993	(56,007)
0099	Other intergovernmental charges	4,000,000	5,061,708	4,036,852	(1,024,856)
6030	**Total Expenditures**	651,659,710	669,650,288	637,955,690	(31,694,598)
1100	Excess (deficiency) of revenues over (under) expenditures	3,415,490	(14,578,088)	2,693,817	17,271,905
	Other Financing Sources (Uses)				
7912	Proceeds from the sale of property			10,426	10,426
7913	Right-to-use leases			2,745,177	2,745,177
7915	Transfers in			91,820	91,820
8911	Transfers out			(6,014,964)	(6,014,964)
7080	**Total Other Financing Sources (Uses)**			(3,167,541)	(3,167,541)
1200	**Net change in fund balances**	3,415,490	(14,578,088)	(473,724)	14,104,364
0100	**Fund balances - beginning**	249,521,421	249,521,421	249,521,421	-
3000	**Fund balances - ending**	$252,936,911	$234,943,333	$249,047,697	$14,104,364

Frisco Independent School District

Notes to the Budgetary Comparison Schedule

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 on 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 of 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 a 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
District's proportion of the net pension liability	0.002314258000	0.002881151000	0.002910236766
District's proportionate share of the net pension liability	$61,817,031	$101,844,853	$109,973,520
State's Share of the net pension liability associated with the District	121,412,312	163,966,596	179,382,090
Total	$183,229,343	$265,811,449	$289,355,610
District's covered payroll[2]	$253,369,679	$279,985,062	$304,425,906
District's proportionate share of the net pension liability as a percentage of its covered payroll	24.40%	36.38%	36.12%
Plan fiduciary net position as a percentage of the total pension liability	83.25%	78.43%	78.00%

[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).

Exhibit

F-2

2017	2018	2019	2020	2021
0.003137632412	0.003097311248	0.003502637672	0.003245380355	0.003449506254
$100,324,581	$170,483,528	$182,078,056	$173,815,951	$87,846,717
155,507,727	249,283,125	249,283,125	285,365,085	137,753,868
$255,832,308	$419,766,653	$431,361,181	$459,181,036	$225,600,585
$331,387,964	$336,805,214	$376,024,626	$411,742,285	$435,799,597
30.27%	50.62%	48.42%	42.21%	20.16%
82.17%	73.74%	75.24%	75.54%	88.79%

Frisco Independent School District

Schedule of District Pension Contributions

Teacher Retirement System of Texas

For the Last Ten Fiscal Years

	2013	2014	2015
Contractually required contribution	$4,235,762	$5,667,342	$8,087,677
Contributions in relation to the contractually required contribution	4,235,762	5,667,342	8,087,677
Contribution deficiency (excess)	$-	$-	$-
District's covered payroll(1)	$232,571,151	$250,101,147	$275,426,852
Contributions as a percentage of covered payroll	1.82%	2.27%	2.94%

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

Exhibit
F-3

2016	2017	2018	2019	2020	2021	2022
$9,123,803	$10,166,019	$10,573,145	$11,656,212	$13,144,338	$14,530,634	$16,670,142
9,123,803	10,166,019	10,573,145	11,656,212	13,144,338	14,530,634	16,670,142
$-	$-	$-	$-	$-	$-	$-
$300,219,324	$328,408,774	$334,369,517	$369,716,803	$405,810,347	$432,411,883	$452,042,772
3.04%	3.10%	3.16%	3.15%	3.24%	3.36%	3.69%

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]

Exhibit

F-4

Plan Year:	2017	2018	2019	2020	2021
District's proportion of the net OPEB liability	0.003631282831	0.003792675500	0.004123727000	0.004190748000	0.004334529536
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	$157,910,868	$189,371,760	$195,016,124	$159,309,242	$167,202,174
State's proportionate share associated with the District	271,372,899	300,003,424	259,132,805	214,073,443	$224,013,650
Total	$429,283,767	$489,375,184	$454,148,929	$373,382,685	$391,215,824
District's covered payroll[2]	$331,387,964	$336,805,214	$376,024,626	$411,742,285	$435,799,597
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	47.65%	56.23%	51.86%	38.69%	38.37%
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%	1.57%	2.66%	4.99%	6.18%

[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

Frisco Independent School District

Schedule of District OPEB Contributions

Teacher Retirement System of Texas

For the Last Ten Fiscal Years

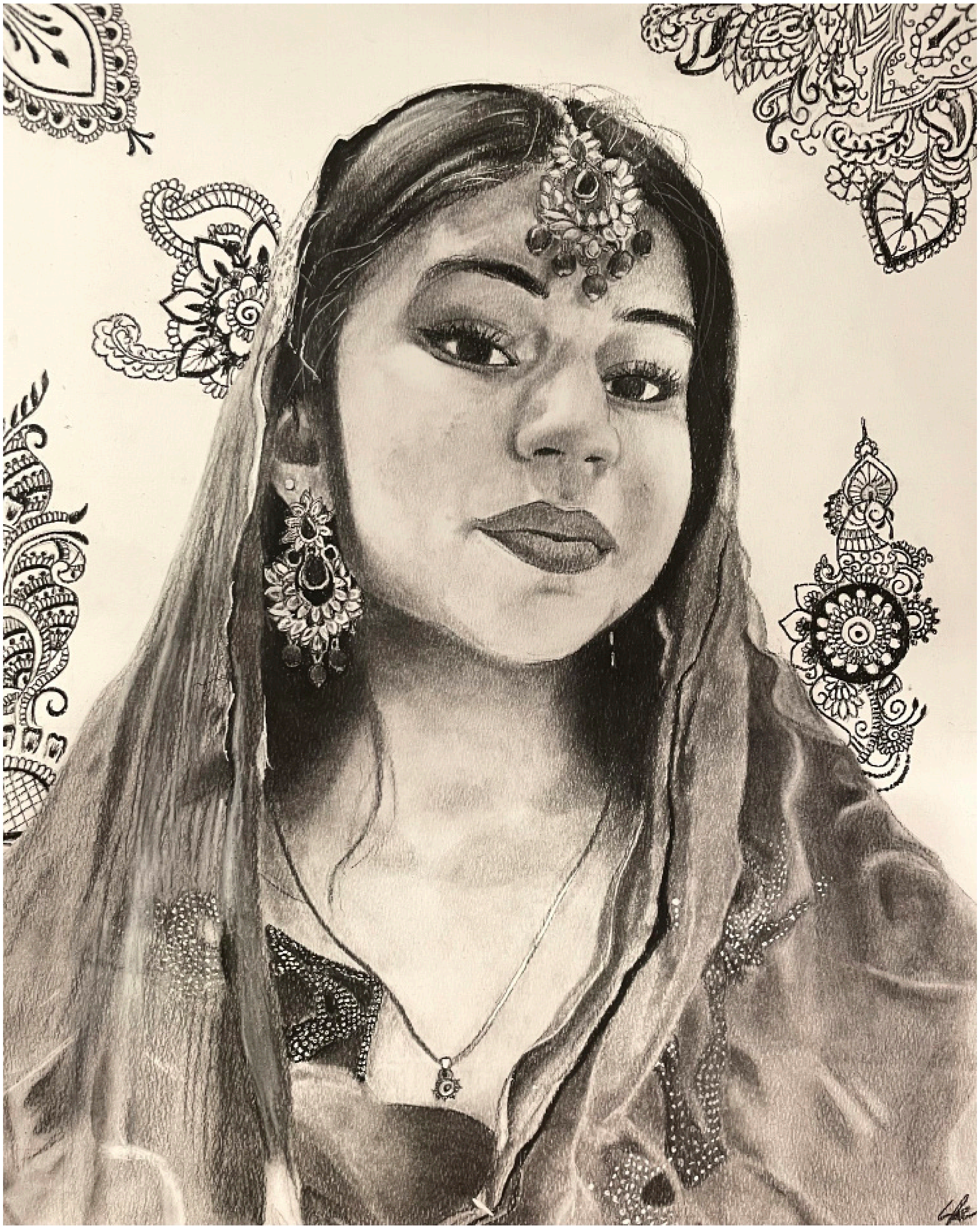
	2013	2014	2015
Contractually required contribution	$1,305,482	$1,420,486	$1,563,710
Contributions in relation to the contractually required contribution	1,305,482	1,420,486	1,563,710
Contribution deficiency (excess)	$-	$-	$-
District's covered payroll[1]	$232,571,151	$250,101,147	$275,426,852
Contributions as a percentage of covered payroll	0.56%	0.57%	0.57%

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

Exhibit
F-5

2016	2017	2018	2019	2020	2021	2022
$1,699,880	$1,856,924	$2,468,771	$2,775,970	$3,128,440	$3,351,253	$3,623,750
1,699,880	1,856,924	2,468,771	2,775,970	3,128,440	3,351,253	3,623,750
$-	$-	$-	$-	$-	$-	$-
$300,219,324	$328,408,774	$334,369,517	$369,716,803	$405,810,347	$432,411,883	$452,042,772
0.57%	0.57%	0.74%	0.75%	0.77%	0.78%	0.80%

Other Supplementary Information



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Budgetary Comparison Schedule

Frisco Independent School District

Exhibit

G-1

Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended June 30, 2022

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/(Under)
		Original	Final		
	Revenues				
5700	Local and intermediate sources	$148,080,400	$148,080,400	$150,918,121	$2,837,721
5800	State program revenues			1,248,777	1,248,777
5020	**Total Revenues**	148,080,400	148,080,400	152,166,898	4,086,498
	Expenditures				
	Debt Service:				
0071	Principal on long-term debt	70,641,000	74,757,422	74,757,422	-
0072	Interest on long-term debt	82,652,000	82,452,000	82,446,857	(5,143)
0073	Bond issuance costs and fees	1,500,000	83,578	12,360	(71,218)
6030	**Total Expenditures**	154,793,000	157,293,000	157,216,639	(76,361)
1100	Excess (deficiency) of revenues over (under) expenditures	(6,712,600)	(9,212,600)	(5,049,741)	4,162,859
1200	**Net change in fund balances**	(6,712,600)	(9,212,600)	(5,049,741)	4,162,859
0100	**Fund balances - beginning**	132,382,000	132,382,000	132,382,000	-
3000	**Fund balances - ending**	$125,669,400	$123,169,400	$127,332,259	$4,162,859

Non-Major Governmental Funds

Special Revenue Funds

The District's non-major governmental funds are Special Revenue funds that account for revenues 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:

ESEA, Title I, Part A Fund is used to account for supplemental funding allocated by the US Department of Education, as passed through the Region X Education Service Center, to acquire additional education resources at schools serving high concentrations of students from low-income homes.

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

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

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

Child Nutrition Fund is used to account for school lunch and breakfast programs using federal reimbursement revenues from the US 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 funded by the US Department of Education and passed through the State of Texas to develop new and/or improve existing career and technical education programs for paid and unpaid employment. The grant is limited to members of special populations at either (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 US Department of Education and passed through Region X Education Service Center. Funds are used to provide financial assistance to local education agencies to (1) increase student academic achievement through improving teacher and principal quality 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 US Department of Education and passed through Region X Education Service Center. Funds are used to improve the education of limited English proficient students by assisting them with challenging State academic content and helping them meet academic achievement standards.

Medicaid Administrative Claiming Fund is used to account for funds from the US Department of Health and Human Services for reimbursement of eligible administrative costs related to the Medicaid State plan.

Texas COVID Learning Acceleration Supports (TCLAS) - ESSER III is a set of funding and targeted supports available to Local Education Agencies to accelerate student learning in the wake of COVID-19, utilizing both state and federal funds.

Education Stabilization Fund is used to account for ESSER II funds granted to local education agencies through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to address the impact of the novel Coronavirus Disease 2019 (COVID-19) on educational services.

(Continued)

Elementary and Secondary Schools Emergency Relief Fund - ESSER III is funded by the US Department of Education, as passed through the State of Texas, through the CARES Act. These funds are federal stimulus funds intended to support our ability to operate and instruct our students during the COVID-19 pandemic.

Supplemental Elementary and Secondary School Emergency Relief Fund - ESSER-SUPP provides a portion of the discretionary funding allocated to the State of Texas under CRRSA ESSER II and ARP ESSER III to certain school districts to provide additional resources to pay for unreimbursed costs due to the coronavirus pandemic and for intensive educational supports for students.

IDEA, Part B, Formula - ARP is used to account for federal stimulus funds granted under the American Rescue Plan to operate educational programs for children with disabilities.

Summer School LEP Fund is funded by the US Department of Education and passed through the State of Texas and pays for a required summer school program for 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 visual impairment funds. This fund is used to account for, on a project basis, funds received from Region X Education Service Center 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, 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 areas of initial evaluations, compensatory services, and extended school year (ESY) services.

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 to provide 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 held at the campus.

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

Frisco Partners Fund is used to account for grants given by the 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.

(Concluded)

Frisco Independent School District

Combining Balance Sheet

Non-Major Governmental Funds

June 30, 2022

Data Control Codes		211 ESEA, Title I, Part A Fund	224 IDEA-B Formula Funds	225 IDEA-B Preschool Fund	226 IDEA-B Discretionary Fund
	Assets				
1110	Cash and investments				
1240	Due from other governments	$194,127	$2,614,060	$31,561	$57,630
1290	Other receivables				
1410	Prepaid expenditures		6,835		
1000	**Total Assets**	$194,127	$2,620,895	$31,561	$57,630
	Liabilities				
2110	Accounts payable	1,050	213,155	2,090	
2160	Accrued wages payable	33,236	842,380		
2170	Due to other funds	159,841	1,565,360	29,471	57,630
2300	Unearned revenue				
2000	**Total Liabilities**	194,127	2,620,895	31,561	57,630
	Fund Balances				
	Nonspendable:				
3430	Prepaid expenditures		6,835		
	Restricted for:				
3450	Federal and state grant programs				
3490	Local grants, awards and contributions				
	Committed to:				
3545	Local grants, awards and contributions				
3600	Unassigned		(6,835)		
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balances**	$194,127	$2,620,895	$31,561	$57,630

(Continued)

Exhibit G-2

240	244	255	263	272	279	281
Child Nutrition Fund	Career and Technical Basic Grant Fund	ESEA, Title II, Part A Fund	ESEA, Title III, Part A Fund	Medicaid Administrative Claiming Fund	Texas COVID Learning Acceleration Supports - ESSER III	Education Stabilization Fund
$15,087,733				$142,648		
68,925	$97,301	$188,317	$221,993	23,144	$152,496	
20,532						
6,470						
$15,183,660	$97,301	$188,317	$221,993	$165,792	$152,496	$-
108,062	12,240			6,306		
1,362,324		137,211	69,037		3,561	
	85,061	50,606	152,956		148,935	
1,013,410		500				
2,483,796	97,301	188,317	221,993	6,306	152,496	-
6,470						
12,693,394				159,486		
12,699,864	-	-	-	159,486	-	-
$15,183,660	$97,301	$188,317	$221,993	$165,792	$152,496	$-

(Continued)

Frisco Independent School District

Combining Balance Sheet

Non-Major Governmental Funds

June 30, 2022

Data Control Codes		282 Elementary and Secondary School Emergency Relief Fund III - ESSER III	283 Supplemental Elementary and Secondary School Emergency Relief Fund - ESSER-SUPP	284 IDEA - Part B, Formula - ARP	289 Summer School LEP Fund
	Assets				
1110	Cash and investments				
1240	Due from other governments	$311,233	$2,209,602	$484,223	$29,500
1290	Other receivables				
1410	Prepaid expenditures				
1000	**Total Assets**	$311,233	$2,209,602	$484,223	$29,500
	Liabilities				
2110	Accounts payable				
2160	Accrued wages payable	87,379	284,018	-	
2170	Due to other funds	223,854	1,925,584	484,223	29,500
2300	Unearned revenue				
2000	**Total Liabilities**	311,233	2,209,602	484,223	29,500
	Fund Balances				
	Nonspendable:				
3430	Prepaid expenditures				
	Restricted for:				
3450	Federal and state grant programs				
3490	Local grants, awards and contributions				
	Committed to:				
3545	Local grants, awards and contributions				
3600	Unassigned				
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balances**	$311,233	$2,209,602	$484,223	$29,500

(Continued)

Exhibit

G-2

(Continued)

385 Visually Impaired SSVI Fund	397 Advanced Placement Incentives Fund	410 State Textbook Fund	427 Special Ed Fiscal Support Funds	429 Read to Succeed Fund	459 Shared Services Arrangement	461 Campus Activity Funds
				$94		$3,072,015
		$1,912,048			$48,175	
		-				590
		224,581				82,815
$-	$-	$2,136,629	$-	$94	$48,175	$3,155,420
		618,348				66,909
		1,518,281			48,175	
-	-	2,136,629	-	-	48,175	66,909
		224,581				82,815
				94		
						3,005,696
		(224,581)				
-	-	-	-	94	-	3,088,511
$-	$-	$2,136,629	$-	$94	$48,175	$3,155,420

(Continued)

(Continued)

Frisco Independent School District

Combining Balance Sheet

Non-Major Governmental Funds

June 30, 2022

Exhibit

G-2

(Concluded)

Data Control Codes		480 Restricted Donations and Grants	497 Frisco Partners Funds	498 Child Development Center Fund	Total Non-Major Governmental Funds
	Assets				
1110	Cash and investments	$270,235	$2,716	$145,898	$18,721,339
1240	Due from other governments				8,644,335
1290	Other receivables				21,122
1410	Prepaid expenditures				320,701
1000	**Total Assets**	$270,235	$2,716	$145,898	$27,707,497
	Liabilities				
2110	Accounts payable	11,356	450	13,667	1,053,633
2160	Accrued wages payable			104,320	2,923,466
2170	Due to other funds				6,479,477
2300	Unearned revenue				1,013,910
2000	**Total Liabilities**	11,356	450	117,987	11,470,486
	Fund Balances				
	Nonspendable:				
3430	Prepaid expenditures				320,701
	Restricted for:				
3450	Federal and state grant programs				12,852,974
3490	Local grants, awards and contributions	258,879			258,879
	Committed to:				
3545	Local grants, awards and contributions		2,266	27,911	3,035,873
3600	Unassigned				(231,416)
3000	**Total Fund Balances**	258,879	2,266	27,911	16,237,011
4000	**Total Liabilities and Fund Balances**	$270,235	$2,716	$145,898	$27,707,497

Frisco Independent School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Exhibit

G-3

Non-Major Governmental Funds

For the Year Ended June 30, 2022

Data Control Codes		211 ESEA, Title I, Part A Fund	224 IDEA-B Formula Funds	225 IDEA-B Preschool Fund	226 IDEA-B Discretionary Fund
	Revenues				
5700	Local and intermediate sources				
5800	State program revenues				
5900	Federal program revenues	$772,794	$7,509,700	$86,373	$324,939
5020	**Total Revenues**	772,794	7,509,700	86,373	324,939
	Expenditures				
	Current:				
0011	Instruction	698,560	5,054,992	86,373	324,939
0012	Instructional resources and media services				
0013	Curriculum and instructional staff development	58,641	31,844		
0021	Instructional leadership	6,000			
0023	School leadership	3,724			
0031	Guidance, counseling and evaluation services		2,422,864		
0033	Health services				
0034	Student transportation				
0035	Food services				
0036	Extracurricular activities				
0041	General Administration				
0051	Facilities maintenance and operations				
0052	Security and monitoring services				
0061	Community services	5,869			
6030	**Total Expenditures**	772,794	7,509,700	86,373	324,939
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
	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**	$-	$-	$-	$-

(Continued)

Frisco Independent School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Governmental Funds

For the Year Ended June 30, 2022

Data Control Codes		240 Child Nutrition Fund	244 Career and Technical Basic Grant Fund	255 ESEA, Title II, Part A Fund	263 ESEA, Title III, Part A Fund
	Revenues				
5700	Local and intermediate sources	$5,742,552			
5800	State program revenues	72,257			
5900	Federal program revenues	31,014,887	$324,781	$641,605	$849,460
5020	**Total Revenues**	36,829,696	324,781	641,605	849,460
	Expenditures				
	Current:				
0011	Instruction		324,781	270,479	841,391
0012	Instructional resources and media services				
0013	Curriculum and instructional staff development			358,952	4,632
0021	Instructional leadership			7,481	
0023	School leadership				
0031	Guidance, counseling and evaluation services				
0033	Health services				
0034	Student transportation				
0035	Food services	26,118,056			
0036	Extracurricular activities				
0041	General Administration				
0051	Facilities maintenance and operations	221,770			
0052	Security and monitoring services				
0061	Community services			4,693	3,437
6030	**Total Expenditures**	26,339,826	324,781	641,605	849,460
1100	Excess (deficiency) of revenues over (under) expenditures	10,489,870	-	-	-
	Other Financing Sources (Uses)				
7915	Transfers in				
8911	Transfers out				
7080	**Total Other Financing Sources (Uses)**	-	-	-	-
1200	**Net change in fund balances**	10,489,870	-	-	-
0100	**Fund balances - beginning**	2,209,994			
3000	**Fund balances - ending**	$12,699,864	$-	$-	$-

Exhibit

G-3
(Continued)

272 Medicaid Administrative Claiming Fund	279 Texas COVID Learning Acceleration Supports - ESSER III	281 Education Stabilization Fund	282 Elementary and Secondary School Emergency Relief Fund III - ESSER III	283 Supplemental Elementary and Secondary School Emergency Relief Fund - ESSER-SUPP	284 IDEA - Part B, Formula - ARP	289 Summer School LEP Fund
$116,947	$152,496	$2,717,058	$1,053,414	$13,768,181	$484,222	$2,057,876
116,947	152,496	2,717,058	1,053,414	13,768,181	484,222	2,057,876
	3,561		52,032	11,108,100		2,031,399
	148,935		40,000			29,500
				12,312		
				95,328		
			961,382	335,413	484,222	
79,956						
				175,623		
				227,074		
		2,717,058		1,312,194		
				493,637		
				8,500		
79,956	152,496	2,717,058	1,053,414	13,768,181	484,222	2,060,899
36,991	-	-	-	-	-	(3,023)
-	-	-	-	-	-	-
36,991	-	-	-	-	-	(3,023)
122,495	-	-	-	-	-	3,023
$159,486	$-	$-	$-	$-	$-	$-

(Continued)

Frisco Independent School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-Major Governmental Funds

For the Year Ended June 30, 2022

Data Control Codes		385 Visually Impaired SSVI Fund	397 Advanced Placement Incentives Fund	410 State Textbook Fund	427 Special Ed Fiscal Support Funds
	Revenues				
5700	Local and intermediate sources				
5800	State program revenues	$23,438	$49,460	$3,626,736	
5900	Federal program revenues				
5020	**Total Revenues**	23,438	49,460	3,626,736	-
	Expenditures				
	Current:				
0011	Instruction	23,438		4,878,333	
0012	Instructional resources and media services				
0013	Curriculum and instructional staff development		19,350		
0021	Instructional leadership				
0023	School leadership				
0031	Guidance, counseling and evaluation services				464
0033	Health services				
0034	Student transportation				
0035	Food services				
0036	Extracurricular activities				
0041	General Administration				
0051	Facilities maintenance and operations				
0052	Security and monitoring services				
0061	Community services				
6030	**Total Expenditures**	23,438	19,350	4,878,333	464
1100	Excess (deficiency) of revenues over (under) expenditures	-	30,110	(1,251,597)	(464)
	Other Financing Sources (Uses)				
7915	Transfers in				
8911	Transfers out		(38,349)	(53,472)	
7080	**Total Other Financing Sources (Uses)**	-	(38,349)	(53,472)	-
1200	**Net change in fund balances**	-	(8,239)	(1,305,069)	(464)
0100	**Fund balances - beginning**		8,239	1,305,069	464
3000	**Fund balances - ending**	$-	$-	$-	$-

(Continued)

Exhibit

G-3

(Concluded)

429	459	461	480	497	498	
Read to Succeed Fund	Shared Services Arrangement	Campus Activity Funds	Restricted Donations and Grants	Frisco Partners Fund	Child Development Center Fund	Total Non-Major Governmental Funds
	$163,950	$1,111,534	$221,655	$40,899	$761,627	$8,042,217
$8,862						3,780,753
						61,874,733
8,862	163,950	1,111,534	221,655	40,899	761,627	73,697,703
	15,016		63,724	33,472		25,810,590
100			4,533	3,175		7,808
	148,934					840,788
						25,793
			9,909	2,771		111,732
			828	435		4,205,608
			40			79,996
						175,623
						26,345,130
		743,648	16,258	1,380		761,286
						4,029,252
			3,835			719,242
8,800						8,800
					733,716	756,215
8,900	163,950	743,648	99,127	41,233	733,716	63,877,863
(38)	-	367,886	122,528	(334)	27,911	9,819,840
17		14,948				14,965
						(91,821)
17	-	14,948	-	-	-	(76,856)
(21)	-	382,834	122,528	(334)	27,911	9,742,984
115		2,705,677	136,351	2,600	-	6,494,027
$94	$-	$3,088,511	$258,879	$2,266	$27,911	$16,237,011

(Concluded)

Frisco Independent School District

Budgetary Comparison Schedule

Child Nutrition Fund

For the Year Ended June 30, 2022

Exhibit

G-4

Data Control Codes		Budgeted Amounts Original	Final	Actual Amounts	Variance with Final Budget Over/(Under)
	Revenues				
5700	Local and intermediate sources	$3,810,700	$4,985,649	$5,742,552	$756,903
5800	State program revenues	95,000	95,000	72,257	(22,743)
5900	Federal program revenues	20,293,330	25,760,263	31,014,887	5,254,624
5020	**Total Revenues**	24,199,030	30,840,912	36,829,696	5,988,784
	Expenditures				
	Current:				
0035	Food services	23,928,230	30,840,082	26,118,056	(4,722,026)
0051	Facilities maintenance and operations	270,800	270,800	221,770	(49,030)
6030	**Total Expenditures**	24,199,030	31,110,882	26,339,826	(4,771,056)
1100	Excess (deficiency) of revenues over (under) expenditures	-	(269,970)	10,489,870	10,759,840
1200	**Net change in fund balances**	-	(269,970)	10,489,870	10,759,840
0100	**Fund balances - beginning**	2,209,994	2,209,994	2,209,994	-
3000	**Fund balances - ending**	$2,209,994	$1,940,024	$12,699,864	$10,759,840

Required TEA Schedules

Frisco Independent School District

Schedule of Delinquent Taxes Receivable

As of June 30, 2022

	1	2	3	10
	Tax Rates			
Last Ten Fiscal Years	Maintenance	Debt Service	Assessed/Appraised Value for School Tax Purposes	Beginning Balance
Prior to 2014	Various	Various	Various	$(242,729)
2014	$1.04	$0.42	$20,072,774,219	168,498
2015	$1.04	$0.42	$23,005,771,528	125,879
2016	$1.04	$0.42	$26,230,139,504	271,035
2017	$1.04	$0.42	$30,621,651,034	298,226
2018	$1.04	$0.42	$35,570,550,343	552,172
2019	$1.17	$0.27	$40,349,486,303	563,035
2020	$1.0683	$0.27	$43,491,816,275	551,614
2021	$1.0402	$0.27	$46,267,939,261	4,333,378
2022	$0.9972	$0.27	$49,483,508,443	
Totals				$6,621,108

Portion of total collections paid into Tax Increment Zone Under Chapter 311, Tax Code

Exhibit

H-1

20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance
	$31,659	$12,518	$(51,610)	$(338,516)
	16,791	6,781	-	144,926
	37,356	15,086	(172)	73,265
	38,009	15,350	(4,313)	213,363
	41,574	16,789	(2,974)	236,889
	221,655	89,515	57,781	298,783
	638,517	147,350	579,953	357,121
	294,664	74,473	231,081	413,558
	446,820	115,979	(3,277,749)	492,830
605,340,365	483,035,408	130,785,759	11,507,601	3,026,799
$605,340,365	$484,802,453	$131,279,600	$9,039,598	$4,919,018
	$24,085,997			

(Concluded)

Frisco Independent School District

Exhibit

J-4

Schedule of Use of Funds Report

Select State Allotment Programs

For the Year Ended June 30, 2022

Data Codes		1 Responses
Section A: Compensatory Education Programs		
Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs.		
Statuary Authority: Texas Education Code, Section 481.04.		
AP1	Did your district expend any state compensatory education program 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 district's fiscal year.	$12,007,451
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)	$7,285,484
Section B: Bilingual Education Programs		
Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs.		
Statuary Authority: Texas Education Code, Section 481.05.		
AP1	Did your district expend any bilingual education program 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 district's fiscal year.	$3,233,412
AP4	List the actual direct program expenditures for bilingual education programs during the district's fiscal year. (PICs 25,35))	$1,332,636

Statistical Section (Unaudited)

Portrait Of Girl Deconstructed · Ashwin Yogarantnam · Memorial High School

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

Financial Trends

Frisco Independent School District

Net Position by Component

Last Ten Fiscal Years

(Unaudited)

	2013	2014	2015
Governmental Activities:			
Net investment in capital assets	$(293,661,182)	$(273,081,937)	$(305,309,356)
Restricted for federal and state grant programs	2,904,294	3,789,148	5,261,965
Restricted for debt services	72,023,378	53,919,728	54,250,586
Unrestricted net position	51,311,286	66,159,069	353,464
Total Net Position	$(167,422,224)	$(149,213,992)	$(245,443,341)

Source: Frisco ISD Annual Financial Reports

(Continued)

Exhibit

S-1

2016	2017	2018	2019	2020	2021	2022
$(232,937,713)	$(232,777,187)	$(346,371,603)	$(363,992,174)	$(373,647,743)	$(379,976,838)	$(391,994,627)
4,489,444	5,475,019	6,591,918	11,690,601	5,300,585	3,649,399	13,111,853
57,086,768	80,911,177	110,066,081	105,581,772	103,312,274	105,339,980	97,297,297
(86,843,097)	(99,981,333)	(190,605,648)	(160,936,956)	(154,914,649)	(160,272,957)	(153,478,844)
$(258,204,598)	$(246,372,324)	$(420,319,252)	$(407,656,757)	$(419,949,533)	$(431,260,416)	$(435,064,321)

(Concluded)

Frisco Independent School District

Expenses, Program Revenues, and Net (Expense)/Revenue

Last Ten Fiscal Years

(Unaudited)

	2013	2014	2015
Expenses			
Governmental Activities:			
Instruction	$220,404,517	$237,776,317	$284,653,714
Instructional resources and media services	6,878,260	7,563,264	9,187,036
Curriculum and instructional staff development	6,695,992	7,496,653	8,527,459
Instructional leadership	4,538,265	4,625,073	5,075,185
School leadership	22,284,476	21,657,026	28,254,017
Guidance, counseling and evaluation services	12,552,997	12,828,364	14,672,505
Social work services	343,427	360,371	352,044
Health services	3,738,802	3,885,439	4,700,476
Student transportation	9,854,542	10,489,264	11,631,466
Food services	18,662,958	20,138,815	22,671,955
Extracurricular activities	14,929,811	15,493,350	17,804,290
General administration	6,560,127	6,752,192	8,271,754
Facilities maintenance and operations	30,168,059	31,796,821	37,020,121
Security and monitoring services	2,731,959	3,595,026	3,808,630
Data processing services	6,718,444	7,194,012	9,499,233
Community services	1,572,685	1,516,206	1,992,750
Debt service - interest on long-term debt	70,402,767	45,233,434	73,966,028
Debt service - bond issuance costs and fees	1,034,160	1,288,269	2,511,829
Contracted instructional services between schools	1,785,899	1,004,896	1,177,873
Payments to juvenile justice alternative education programs	44,573	23,499	47,931
Payments to tax increment fund	16,558,936	17,605,466	19,317,219
Other intergovernmental charges	1,801,088	1,924,946	2,102,040
Total Governmental Activities Expenses	460,262,744	460,248,703	567,245,555
Program Revenues			
Governmental Activities:			
Charges for Services:			
Instruction	290,231	350,717	396,872
Food services	13,685,406	14,494,346	16,242,616
Extracurricular activities	1,506,143	1,525,824	1,605,535
Facilities maintenance and operations	2,299,332	2,394,812	2,554,502
Operating Grants and Contributions	22,544,354	26,278,448	38,071,093
Total Governmental Activities Program Revenues	40,325,466	45,044,147	58,870,618
Net (Expense) Revenue	**$(419,937,278)**	**$(415,204,556)**	**$(508,374,937)**

Source: Frisco ISD Annual Financial Reports

Exhibit
S-2

2016	2017	2018	2019	2020	2021	2022
$305,605,412	$325,140,742	$227,342,595	$385,220,355	$444,377,695	$431,632,246	$419,333,798
9,796,673	9,325,687	6,373,309	8,849,546	8,932,969	8,860,354	9,289,511
8,937,996	9,447,290	6,858,766	11,026,050	14,315,808	15,092,758	16,584,811
5,474,033	6,192,970	4,615,947	8,153,468	11,116,828	11,231,262	10,863,912
30,178,920	32,328,267	23,791,263	37,705,167	43,158,588	41,905,984	42,548,828
16,612,319	17,508,585	11,811,319	22,074,050	25,968,948	26,323,164	26,315,463
361,960	279,911	119,107	206,324	227,696	282,024	247,009
5,183,496	5,496,484	3,702,581	6,590,798	7,215,668	7,524,465	6,620,459
12,127,267	12,899,257	10,690,822	15,649,573	17,135,255	15,562,096	16,530,852
25,943,835	25,477,572	21,130,662	26,438,963	26,200,312	20,696,850	28,760,885
19,434,773	19,440,200	17,052,390	23,276,818	22,890,618	23,846,884	27,370,330
9,432,967	9,747,588	8,358,009	12,707,266	16,605,179	17,512,837	20,066,326
45,202,540	46,480,755	47,446,326	54,392,409	60,027,110	71,801,617	68,331,734
3,916,348	3,826,564	3,293,454	4,399,063	6,577,228	7,552,762	8,659,653
9,131,244	8,927,287	9,372,444	11,961,523	10,906,676	11,445,169	11,038,744
1,857,437	1,900,499	1,452,458	2,072,276	2,231,893	1,998,783	2,399,796
81,825,335	79,783,468	77,551,045	82,228,452	79,729,973	67,188,505	76,450,416
3,518,708	2,474,789	691,035	2,143,297	924,809	4,872,571	1,723,232
217,771	-	-	14,017,478	3,152,395	4,177,231	5,323,841
37,077	67,814	30,118	35,666	30,681	-	22,494
20,698,870	22,583,104	25,397,908	25,169,882	27,151,041	28,283,215	30,052,993
2,377,535	2,683,175	3,040,455	3,492,348	3,798,571	3,852,070	4,036,852
617,872,516	642,012,008	510,122,013	757,810,772	832,675,941	821,642,847	832,571,939
403,481	310,309	733,927	923,344	797,595	1,747,694	983,417
17,585,643	17,491,137	18,376,266	18,335,195	13,189,756	3,183,576	5,720,338
1,798,238	2,423,340	2,379,643	2,362,725	1,916,707	1,694,173	2,208,306
2,864,952	2,818,152	3,172,769	3,631,143	20,225,910	8,433,742	2,625,281
34,845,658	38,224,087	(58,806,085)	64,655,694	71,108,796	63,842,316	60,202,232
57,497,972	61,267,025	(34,143,480)	89,908,101	107,238,764	78,901,501	71,739,574
$(560,374,544)	**$(580,744,983)**	**$(544,265,493)**	**$(667,902,671)**	**$(725,437,177)**	**$(742,741,346)**	**$(760,832,365)**

(Concluded)

Frisco Independent School District

General Revenues and Total Changes in Net Position

Last Ten Fiscal Years

(Unaudited)

	2013	2014	2015
Net (Expense) Revenue	$(419,937,278)	$(415,204,556)	$(508,374,937)
General Revenues			
Governmental Activities:			
Taxes:			
Property taxes, levied for general purposes	199,562,589	229,889,558	265,133,759
Property taxes, levied for debt service	72,822,119	80,937,836	93,922,813
Other tax-related income - TIRZ	13,044,163	-	-
State aid - formula grants	117,087,935	119,733,020	120,405,390
Grants and contributions not restricted to specific programs	516,970	-	-
Investment earnings	238,659	98,009	166,062
Miscellaneous local and intermediate revenue	7,514,897	2,754,365	3,625,774
Total General Revenue	410,787,332	433,412,788	483,253,798
Change in net position	(9,149,946)	18,208,232	(25,121,139)
Net position - beginning, as adjusted	(158,272,278)	(167,422,224)	(220,322,202)
Net position - ending	$(167,422,224)	$(149,213,992)	$(245,443,341)

(Continued)

Exhibit

S-3

2016	2017	2018	2019	2020	2021	2022
$(560,374,544)	$(580,744,983)	$(544,265,493)	$(667,902,671)	$(725,437,177)	$(742,741,346)	$(760,832,365)
279,061,789	328,154,575	375,184,044	471,611,015	466,660,821	478,566,522	490,824,666
105,578,096	124,819,619	142,848,448	104,085,263	112,411,956	118,266,811	126,247,863
16,498,229	17,388,992	20,079,470	19,944,733	21,487,152	22,605,521	24,369,169
139,758,001	115,510,634	98,313,792	64,028,393	97,396,084	104,693,320	103,591,855
2,332,383	2,320,903	2,858,270	6,520,666	4,663,718	5,271,823	6,917,910
720,988	1,994,950	5,260,009	9,862,834	8,429,226	420,973	737,996
3,663,801	2,387,584	2,996,448	4,512,262	2,100,444	1,600,493	4,339,001
547,613,287	592,577,257	647,540,481	680,565,166	713,149,401	731,425,463	757,028,460
(12,761,257)	11,832,274	103,274,988	12,662,495	(12,287,776)	(11,315,883)	(3,803,905)
(245,443,341)	(258,204,598)	(523,594,240)	(420,319,252)	(407,656,757)	(419,944,533)	(431,260,416)
$(258,204,598)	$(246,372,324)	$(420,319,252)	$(407,656,757)	$(419,944,533)	$(431,260,416)	$(435,064,321)

(Concluded)

Frisco Independent School District

Fund Balances

Governmental Funds

Last Ten Fiscal Years

(Unaudited)

	2013	2014	2015
GENERAL FUND			
Nonspendable	$163,824	$264,523	$410,917
Assigned			
Unreserved /Unassigned	72,501,978	84,900,184	92,068,189
Total General Fund	72,665,802	85,164,707	92,479,106
All OTHER GOVERNMENTAL FUNDS			
Nonspendable		71,910	45,631
Restricted	125,818,111	173,944,026	226,127,518
Committed	2,171,829	2,117,958	2,088,957
Assigned			
Unreserved/Unassigned			
Total All Other Governmental Funds	127,989,940	176,133,894	228,262,106
Total Governmental Funds	$200,655,742	$261,298,601	$320,741,212

Source: Frisco ISD Annual Financial Reports

(Continued)

Exhibit

S-4

2016	2017	2018	2019	2020	2021	2022
$702,073	$905,361	$171,510	$315,816	$200,193	$737,454	$292,324
11,058,554	3,750,957	3,665,783	37,077,190	36,077,190	45,994,395	35,139,749
111,732,514	128,605,979	158,970,627	169,214,689	198,853,860	202,789,572	213,615,624
123,493,141	133,262,297	162,807,920	206,607,695	235,131,243	249,521,421	249,047,697
64,406	65,712	53,232	59,389	94,680	3,429	320,701
204,022,445	175,399,955	205,123,183	319,200,288	266,330,856	386,273,468	416,177,381
2,225,283	2,469,521	2,516,879	2,691,345	2,755,728	2,706,009	3,035,873
	5,889,126	6,803,546	13,017,077	25,967,844	20,904,222	19,998,599
				(9,265)	(1,161)	(231,416)
206,312,134	183,824,314	214,496,840	334,968,099	295,139,843	409,885,967	439,301,138
$329,805,275	$317,086,611	$377,304,760	$541,575,794	$530,271,086	$659,407,388	$688,348,835

(Concluded)

Frisco Independent School District

Changes in Fund Balance
Governmental Funds

Last Ten Fiscal Years

(Unaudited)

	2013	2014	2015
Revenues			
Local and intermediate sources	$309,077,472	$333,806,178	$381,193,995
State program revenues	129,671,656	133,799,695	133,975,235
Federal program revenues	10,477,603	11,423,023	12,432,495
	449,226,731	479,028,896	527,601,725
Expenditures			
Current:			
Instruction	196,244,658	210,384,860	234,760,839
Instructional resources and media services	5,057,068	5,272,336	5,578,571
Curriculum and instructional staff development	6,696,310	7,496,653	8,307,911
Instructional leadership	4,538,583	4,625,073	4,893,191
School leadership	21,966,564	21,321,892	23,588,233
Guidance, counseling and evaluation services	12,553,335	12,827,113	14,112,899
Social work services	343,427	360,371	343,027
Health services	3,729,920	3,872,931	4,566,068
Student transportation	8,124,128	8,769,634	9,558,458
Food services	16,800,946	18,146,918	19,973,220
Extracurricular activities	12,155,988	12,380,344	13,161,741
General administration	5,706,743	5,685,941	6,470,414
Facilities maintenance and operations	27,818,925	28,974,793	30,974,767
Security and monitoring services	1,865,957	2,510,096	3,091,852
Data processing services	5,146,610	5,307,632	6,206,388
Community services	1,560,970	1,514,385	1,633,826
Debt Service:			
Principal on long-term debt	20,579,605	27,935,713	28,407,368
Interest on long-term debt	62,655,429	61,273,182	70,090,988
Bond issuance costs and fees	1,034,160	1,288,269	2,511,829
Capital Outlay:			
Facilities acquisition and construction	81,302,872	167,713,439	231,716,698
Intergovernmental:			
Contracted instructional services between schools	1,785,899	1,004,896	1,177,873
Payments to fiscal agent/member districts of SSA	-	-	-
Payments to juvenile justice alternative education programs	44,573	23,499	47,931
Payments tax increment fund	16,558,936	17,605,466	19,317,219
Other intergovernmental charges	1,801,088	1,924,946	2,102,040
	516,072,694	628,220,382	742,593,351
Excess (deficiency) of revenues over (under) expenditures	(66,845,963)	(149,191,486)	(214,991,626)
Other Financing Sources (Uses)			
Capital related debt issued (regular and refunding bonds)	258,246,992	202,300,000	299,320,000
Premium on issuance of bonds	30,271,957	10,436,146	19,187,662
Sale of real and personal property	7,464,755	2,253,199	6,916,575
Right-to-use leases	-	-	-
Transfers in	16,486,477	14,511,144	7,774,470
Insurance recovery	-	-	-
Transfers out	(16,422,968)	(14,511,144)	(7,774,470)
Payment to refunded bond escrow agent	(169,710,776)	(5,155,000)	(50,990,000)
	126,336,437	209,834,345	274,434,237
Net change in fund balances	59,490,474	60,642,859	59,442,611
Fund balances - beginning, as adjusted	141,165,268	200,655,742	261,298,601
Fund balances - ending	$200,655,742	$261,298,601	$320,741,212
Debt service as a percentage of non-capital expenditures	19.38%	19.18%	18.35%

Source: Frisco ISD Annual Financial Reports

(Continued)

Exhibit

S-5

2016	2017	2018	2019	2020	2021	2022
$432,689,498	$499,188,264	$573,074,722	$637,277,478	$631,957,895	$630,171,643	$659,811,376
161,187,530	139,189,304	123,769,796	94,347,646	131,288,669	139,945,509	138,361,804
13,641,401	14,684,530	16,954,826	24,786,725	21,495,039	29,429,144	68,792,643
607,518,429	653,062,098	713,799,344	756,411,849	784,741,603	799,546,296	866,965,823
259,362,734	288,828,129	297,585,386	325,454,888	365,856,240	378,513,995	401,990,934
5,903,740	6,586,387	5,953,569	6,152,141	6,330,263	6,563,275	6,794,831
8,808,991	9,040,748	9,439,319	10,506,123	13,224,409	14,765,386	17,796,971
5,399,089	6,099,992	7,157,033	7,682,331	10,141,919	10,938,751	11,905,292
26,215,585	28,479,181	30,234,448	32,036,475	35,137,900	35,833,696	38,118,362
16,381,866	17,262,743	18,196,373	20,788,270	23,739,846	25,662,226	28,764,252
356,988	275,677	192,909	193,601	207,193	274,222	271,925
5,079,075	5,408,782	5,603,653	6,208,788	6,674,429	7,350,802	7,065,985
10,435,043	11,284,361	11,852,424	13,318,672	14,072,406	12,616,229	14,716,693
23,090,610	23,401,047	22,890,630	23,179,124	23,337,085	17,734,958	26,784,351
14,863,418	15,354,435	16,207,142	17,841,039	18,536,705	19,789,755	22,636,724
7,823,941	8,223,475	9,498,014	10,994,089	14,290,225	15,992,552	20,177,727
33,256,966	34,121,457	36,606,690	39,209,444	48,138,179	57,487,691	52,500,923
3,279,043	3,568,407	3,527,117	3,833,841	4,807,226	5,858,589	5,110,094
6,138,332	5,982,344	10,321,078	9,112,233	7,597,709	9,781,231	8,638,992
1,582,736	1,624,382	1,588,321	1,738,209	1,863,633	1,712,894	2,279,336
33,165,766	40,208,068	58,941,144	49,984,001	53,331,260	63,679,472	75,178,157
79,264,169	82,689,419	77,339,248	83,323,903	79,716,249	81,723,285	82,497,244
3,518,708	2,474,790	691,035	2,143,297	924,810	4,872,571	1,723,232
213,578,123	166,980,903	51,958,032	37,922,746	127,456,227	171,623,163	166,102,646
217,771	-	-	14,017,478	3,152,395	4,177,231	5,323,841
-	-	-	-			
37,077	67,814	30,118	35,666	30,681	-	22,494
20,698,870	22,583,104	25,397,908	25,169,882	27,151,041	28,283,215	30,052,993
2,377,535	2,683,175	3,040,455	3,492,348	3,798,571	3,852,070	4,036,852
780,836,176	783,228,820	704,252,046	744,338,589	889,516,601	979,087,259	1,030,490,851
(173,317,747)	(130,166,722)	9,547,298	12,073,260	(104,774,998)	(179,540,963)	(163,525,028)
381,640,000	282,235,000	49,865,000	265,390,000	101,705,000	595,285,000	182,400,000
38,051,415	32,747,133	805,851	30,280,211	8,771,130	67,453,385	7,310,872
3,884,912	-	-	75,538	62,790	20,489	10,426
-	-	-	-	-	-	2,745,177
7,119,500	6,051,998	7,285,940	10,033,495	5,136,835	4,565,703	6,106,786
-	-	-	-	17,500,000	7,516,266	-
(7,119,500)	(6,051,998)	(7,285,940)	(10,033,495)	(5,136,835)	(4,565,703)	(6,106,786)
(241,194,517)	(197,534,075)	-	(143,547,975)	(34,568,630)	(361,597,875)	-
182,381,810	117,448,058	50,670,851	152,197,774	93,470,290	308,677,265	192,466,475
9,064,063	(12,718,664)	60,218,149	164,271,034	(11,304,708)	129,136,302	28,941,447
320,741,212	329,805,275	317,086,611	377,304,760	541,575,794	530,271,086	659,407,388
$329,805,275	$317,086,611	$377,304,760	$541,575,794	$530,271,086	$659,407,388	$688,348,835
18.35%	19.64%	20.16%	18.26%	15.20%	15.07%	17.30%

(Concluded)

FRISCO

INDEPENDENT SCHOOL DISTRICT

Revenue Capacity

Frisco Independent School District

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(Unaudited)

	Actual Value					
Fiscal Year	Single Family Property	Multi-Family Property	Vacant Lots Tracts	Acreage (Land Only)	Farm and Ranch Improvements	Commercial & Industrial (Real)
2013	$12,627,501,202	$1,202,898,036	$293,379,271	$1,730,873,484	$17,685,947	$3,499,967,601
2014	13,675,913,279	1,413,163,612	298,801,710	1,393,693,816	321,808,894	3,764,176,806
2015	15,793,610,094	1,704,527,510	397,306,356	1,564,168,999	371,885,899	4,178,276,253
2016	18,531,227,482	1,953,611,983	432,451,349	1,691,512,254	519,090,462	4,778,991,671
2017	21,617,912,704	2,308,485,474	548,452,795	1,677,217,322	683,537,417	5,613,500,147
2018	24,266,454,955	2,863,423,379	574,861,150	1,636,247,637	651,465,813	7,029,248,675
2019	26,446,203,218	3,475,935,845	592,806,009	1,544,597,794	534,068,422	8,646,055,811
2020	27,700,222,652	4,312,749,169	716,778,295	1,555,046,008	386,943,453	9,323,706,887
2021	28,858,661,067	5,143,741,573	818,924,974	1,377,349,895	363,530,881	10,126,029,542
2022	31,700,467,837	5,545,805,013	1,019,017,715	1,360,286,585	88,891,677	10,479,963,916

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

(Continued)

Exhibit

S-6

Actual Value						
Utilities	Commercial & Industrial (Personal)	Other	Total Assessed Value	Less: Exemptions	Total Taxable Value	Total District Rate
$130,695,320	$775,039,766	$262,013,501	$20,540,054,128	$2,128,873,517	$18,411,180,611	$1.46
136,448,465	828,032,175	353,434,184	22,185,472,941	2,112,698,722	20,072,774,219	$1.46
151,707,976	888,658,217	361,313,589	25,411,454,893	2,405,683,365	23,005,771,528	$1.46
163,717,344	940,465,225	398,329,187	29,409,396,957	3,179,257,453	26,230,139,504	$1.46
174,364,345	983,165,673	527,152,241	34,133,788,118	3,512,137,084	30,621,651,034	$1.46
219,739,241	1,092,637,491	639,966,905	38,974,045,246	3,403,494,903	35,570,550,343	$1.46
257,452,561	1,274,799,591	736,850,877	43,508,770,128	3,159,283,825	40,349,486,303	$1.44
302,354,814	1,537,918,110	839,940,492	46,675,659,880	3,183,843,605	43,491,816,275	$1.3383
320,762,579	1,509,492,044	727,493,890	49,245,986,445	2,978,047,184	46,267,939,261	$1.3102
346,669,753	1,470,220,405	561,558,313	52,572,881,214	3,089,372,771	49,483,508,443	$1.2672

(Concluded)

Frisco Independent School District

Direct and Overlapping Tax Rates

Last Ten Fiscal Years
(Unaudited)

	Frisco ISD Direct Rate			Overlapping Rates		
Tax Year	Maintenance & Operations Rate	Interest & Sinking Rate	Total Direct Rate	City of Frisco	Collin County	Collin County Community College (CCCC)
2012	$1.0400	$0.4200	$1.4600	$0.4620	$0.2400	$0.0863
2013	$1.0400	$0.4200	$1.4600	$0.4620	$0.2400	$0.0863
2014	$1.0400	$0.4200	$1.4600	$0.4620	$0.2380	$0.0863
2015	$1.0400	$0.4200	$1.4600	$0.4620	$0.2380	$0.0836
2016	$1.0400	$0.4200	$1.4600	$0.4500	$0.2084	$0.0812
2017	$1.0400	$0.4200	$1.4600	$0.4466	$0.1926	$0.0798
2018	$1.1700	$0.2700	$1.4400	$0.4466	$0.1808	$0.0812
2019	$1.0683	$0.2700	$1.3383	$0.4466	$0.1750	$0.0812
2020	$1.0402	$0.2700	$1.3102	$0.4466	$0.1725	$0.0812
2021	$0.9972	$0.2700	$1.2672	$0.4466	$0.1681	$0.0812

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

(Continued)

Exhibit S-7

Overlapping Rates

City of McKinney	City of Plano	Denton County	Town of Little Elm	City of Hackberry	Denton County FWSD
$0.6100	$0.4886	$0.2774	$0.6650	$0.4766	$1.0000
$0.6100	$0.4886	$0.2829	$0.6650	$0.4857	$1.0000
$0.6100	$0.4886	$0.2829	$0.6650	$0.4627	$1.0000
$0.5855	$0.4886	$0.2850	$0.6650	$0.4627	$1.0000
$0.5830	$0.4786	$0.2484	$0.6617	$0.3382	$1.0000
$0.5730	$0.4686	$0.2378	$0.6577	$0.2343	$1.0000
$0.5252	$0.4603	$0.2256	$0.6499	$0.2527	$1.0000
$0.5156	$0.4482	$0.2253	$0.6499	$0.2403	$1.0000
$0.5086	$0.4482	$0.2250	$0.6497	$0.2512	$1.0000
$0.4977	$0.4465	$0.2331	$0.6439	$0.2436	$1.0000

(Concluded)

Frisco Independent School District

Principal Property Tax Payers

Current Year and Nine Years Ago

(Unaudited)

Exhibit

S-8

		2022	
Taxpayer	**Business Type**	**Taxable Value**	**Percentage of Total Taxable Value**
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 Amli 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%
		$2,302,997,278	4.64%

		2013	
Taxpayer	**Business Type**	**Taxable Value**	**Percentage of Total Taxable Value**
Stonebriar Mall LTD Partnership	Shopping Center/Mall	$239,971,384	1.20%
Capital One National Association	Finance/Banking	158,114,652	0.79%
BPR Shopping Center	Shopping Center/Mall	118,471,637	0.59%
Tollway/121 Partners LTD	Commercial Land	91,668,177	0.46%
Tenet Frisco LTD	Medical Clinic	73,088,732	0.36%
Hall Office Portfolio DB LLC	Commercial Land	60,400,000	0.30%
Specified Properties LLP	Commercial Land	56,872,060	0.28%
HRT Properties of Texas LTD	Commercial Land	52,412,013	0.26%
FPMC Frisco Realty Partners LP	Commercial Land	51,683,705	0.26%
Estancia Apartment Partners	Apartments	47,843,467	0.24%
		$950,525,827	4.74%

Source: Municipal Advisory Council of Texas

(Continued)

Frisco Independent School District

Property Tax Levies and Collections

Last Ten Fiscal Years

(Unaudited)

Exhibit

S-9

		Collected within the Fiscal Year of the Levy				Total Collections to Date	
Fiscal Year	Taxes Levied for the Fiscal Year[1]	Amount	Percentage of Levy	Collections in Subsequent Years	Current Year Adjusted Levy[2]	Amount[3]	Percentage of Levy
2013	$271,222,819	$269,428,955	99.34%	$8,177,257	$277,698,661	$277,606,212	99.97%
2014	292,572,378	289,972,453	99.11%	9,815,670	299,933,049	299,788,123	99.95%
2015	333,326,629	330,473,983	99.14%	9,163,952	339,711,200	339,637,935	99.98%
2016	376,824,814	374,597,170	99.41%	6,635,148	381,445,681	381,232,318	99.94%
2017	440,260,516	437,197,385	99.30%	4,874,055	442,308,329	442,071,440	99.95%
2018	510,093,437	508,013,897	99.59%	1,972,352	510,285,032	509,986,249	99.94%
2019	570,724,935	566,895,872	99.33%	2,611,218	569,864,211	569,507,090	99.94%
2020	575,910,091	572,307,980	99.37%	1,135,351	573,856,889	573,443,331	99.93%
2021	596,301,000	591,967,622	99.27%	562,799	593,023,251	592,530,421	99.92%
2022	616,847,966	613,821,167	99.51%	-	616,847,966	613,821,167	99.51%

[1] Includes adjustments during the year of the levy.

[2] Includes all adjustments to the levy made in subsequent years.

[3] Includes penalties and interest.

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

(Concluded)

FRISCO

INDEPENDENT SCHOOL DISTRICT

Debt Capacity

Frisco Independent School District

Estimated Overlapping Debt Statement

June 30, 2022

(Unaudited)

Exhibit

S-10

Taxing Body	Amount	Percentage Overlapping	Amount Overlapping
Collin County	$543,645,000	20.58%	$111,882,141
Collin County CCD	514,470,000	20.58%	105,877,926
Denton County	584,885,000	10.89%	63,693,977
Denton County FWSD # 8-C	38,068,000	97.76%	37,215,277
City of Frisco	933,835,000	88.33%	824,856,456
Town of Little Elm	108,165,000	32.96%	35,651,184
City of McKinney	364,865,000	19.63%	71,623,000
City of Plano	551,980,000	14.61%	80,644,278
Subtotal, overlapping debt			1,331,444,237
District gross bonded debt			2,584,125,567
Total direct and overlapping debt			$3,915,569,804
Ratio of net direct and overlapping debt to net taxable valuation			7.91%
Per capita direct and overlapping debt			$16,734.99

Source: Municipal Advisory Council of Texas

The method of determining the percentage overlapping was not disclosed to the District.

Frisco Independent School District

Ratio of Bonded Debt to Taxable Assessed Value and Net Bonded Debt per Capita

Exhibit

S-11

Last Ten Fiscal Years

(Unaudited)

Fiscal Year	Taxable Assessed Value	Bonded Debt Outstanding at Year-End	Resources Restricted for Payment of Principal	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
2013	$18,411,180,611	$1,353,110,843	72,023,378	7.35%	197,043	$93,437	$6,867	$8,379,647,661	16.15%
2014	20,072,774,219	1,679,166,027	53,919,728	8.37%	226,696	88,545	7,407	9,764,250,112	17.20%
2015	23,005,771,528	1,911,006,819	54,250,586	8.31%	244,329	94,159	7,821	9,946,877,919	19.21%
2016	26,230,139,504	2,066,361,628	57,086,768	7.88%	262,357	99,979	7,876	10,700,230,245	19.31%
2017	43,491,816,275	2,147,871,338	80,911,177	4.94%	274,693	158,329	7,819	11,405,528,053	18.83%
2018	46,267,939,261	2,137,073,341	110,066,081	4.62%	284,947	162,374	7,500	12,186,613,296	17.54%
2019	49,483,508,443	2,584,125,567	105,581,772	5.22%	293,209	168,765	8,813	12,846,952,335	20.11%
2020	43,491,816,275	2,252,532,141	103,312,274	5.18%	224,115	194,060	10,051	11,320,720,995	19.90%
2021	46,267,939,261	2,479,321,275	105,339,980	5.36%	229,948	201,210	10,782	12,231,164,068	20.27%
2022	49,483,508,443	2,584,125,567	99,263,799	5.22%	233,975	211,491	11,044	12,789,073,500	20.21%

Sources:

Estimated population - Municipal Advisory Council of Texas

Per Capita Personal Income - US Census Bureau for City of Frisco

Frisco Independent School District

Legal Debt Margin Information

Last Ten Fiscal Years

(Unaudited)

	2013	2014	2015	2016
Debt limit	$1,841,118,061	$2,007,277,422	$2,300,577,153	$2,623,013,950
Total net debt applicable to limit	1,306,550,128	1,504,107,915	1,721,846,816	1,830,193,568
Legal debt margin	$534,567,933	$503,169,507	$578,730,337	$792,820,382
Total net debt applicable to the limit as a percentage of the debt limit	70.97%	74.93%	74.84%	69.77%

[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

(Continued)

Exhibit

S-12

		Legal Debt Margin Calculation for the Fiscal Year 2022:
Taxable Assessed value		$49,483,508,443
Debt limit (10% of assessed value)[1]		4,948,350,844
Total bonded debt	$2,584,125,567	
Less reserve for retirement of debt[2]	127,332,259	
Debt applicable to limit		2,456,793,308
Legal debt margin		$2,491,557,536

2017	2018	2019	2020	2021	2022
$3,062,165,103	$3,557,055,034	$4,034,948,630	$4,349,181,628	$4,626,793,926	$4,948,350,844
2,040,369,266	1,999,830,262	2,104,376,669	2,116,909,224	2,346,939,275	2,456,793,308
$1,021,795,837	$1,557,224,772	$1,930,571,961	$2,232,272,404	$2,279,854,651	$2,491,557,536
66.63%	56.22%	52.15%	48.67%	50.72%	49.65%

(Concluded)

FRISCO

INDEPENDENT SCHOOL DISTRICT

Demographic Information

Frisco Independent School District

Demographic and Economic Statistics

Last Ten Fiscal Years

(Unaudited)

Exhibit

S-13

Fiscal Year	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2013	197,043	$8,379,647,661	$42,527	4.90%
2014	226,696	9,764,250,112	43,072	4.00%
2015	244,329	9,946,877,919	40,711	3.10%
2016	262,357	10,700,230,245	40,785	3.40%
2017	274,693	11,405,528,053	41,521	3.30%
2018	284,947	12,186,613,296	42,768	3.40%
2019	293,209	12,846,952,335	43,815	2.90%
2020	224,115	11,320,720,995	50,513	7.70%
2021	229,948	12,231,164,068	53,191	4.10%
2022	233,975	12,789,073,500	54,660	3.00%

Sources:

Estimated population - Municipal Advisory Council of Texas

Per Capita Personal Income - US Census Bureau for City of Frisco

Frisco Independent School District

Principal Employers

Current Year and Nine Years Ago
(Unaudited)

Exhibit
S-14

	2022		
Employer	**Approximate Number of Employees**	**Percentage of Total Estimated Employees**	**Rank**
Frisco Independent School District	8,088	9.14%	1
T-Mobile	1,500	1.69%	2
City of Frisco	1,102	1.25%	3
Mario Sinacola & Sons Excavating	603	0.68%	4
CCCD Preston Ridge Campus	550	0.62%	5
Amerisource Bergen Specialty Group	500	0.56%	6
CLA USA, Inc.	450	0.51%	7
IKEA Frisco	400	0.45%	8
Tenet of Texas RBO	300	0.34%	9
Market Street	300	0.34%	10
	13,793		

	2013		
Employer	**Approximate Number of Employees**	**Percentage of Total Estimated Employees**	**Rank**
Frisco Independent School District	5,453	7.32%	1
T-Mobile	1,500	2.01%	2
City of Frisco	1,102	1.48%	3
Mario Sinacola & Sons Excavating	603	0.81%	4
CCCDE Preston Ridge Campus	550	0.74%	5
Amerisource Bergen Specialty Group	500	0.67%	6
CLA USA, Inc.	450	0.60%	7
IKEA Frisco	400	0.54%	8
Tenet Texas RBO	300	0.40%	9
Market Street	300	0.40%	10
	11,158		

Sources: US Census Bureau and Municipal Advisory Council of Texas

FRISCO

INDEPENDENT SCHOOL DISTRICT

Operating Information

Frisco Independent School District

Exhibit **S-15**

Full-Time Equivalent Employees by Identifiable Activities

Fiscal Year Ended June 30, 2022

(Unaudited)

	FTE Count	Average Base Pay
Teaching Staff		
Pre-Kindergarten	6.4	$63,541.00
Kindergarten	171.4	61,844.00
Elementary (Grades 1-6)	1,249.5	62,511.00
Middle School (Grades 6-8)	898.4	62,907.00
High School (Grades 9-12)	1,440.7	63,969.00
All Grade Levels	637.7	60,207.00
Total Teaching Staff	4,404.1	62,710.64
Support Staff		
Athletics - other than Athletic Director	9.3	106,473.00
Audiologist	1.0	77,228.00
Business Service Professional	20.0	90,014.00
Communications Professional	9.0	83,989.00
Custodial	1.0	138,839.00
Educational Diagnostician	66.8	71,551.00
Food Service Professional	16.0	71,953.00
Internal Auditor	2.0	102,595.00
LEA/Comp Info Tech Professional	32.0	92,264.00
Legal Services	4.0	105,025.00
Librarian	69.5	67,804.00
LSSP/Psychologist	36.0	68,217.00
Maintenance - serve in professional/management role	3.0	121,444.00
Music Therapist	3.0	58,384.00
Occupational Therapist	20.5	67,813.00
Orientation/Mobility Specialist	3.4	64,054.00
Other Camp Exempt Professional Auxiliary	56.2	66,697.00
Other LEA Exempt Professional Auxiliary	97.0	81,232.00
Physical Therapist	5.9	74,740.00
Psychological Associate	2.0	29,800.00
Research/Evaluation Professional	1.0	61,998.00
School Counselor	143.0	75,505.00
School Nurse	73.6	61,968.00
Security	1.0	138,851.00
Speech Therapist/Speech Language Pathologist	83.0	66,745.00
Teacher Facilitator	162.8	65,404.00
Transportation	3.0	98,720.00
Truant Officer/Visiting Teacher	3.0	77,584.00
Total Support Staff	928.0	72,187.62
Administrative Staff		
Assistant Principal	138.9	82,872.00
Asst/Assoc/Deputy Superintendent	9.0	180,759.00
Athletic Director	4.0	122,461.00
Business Manager	1.0	197,850.00
Director of Personnel/Human Resources	6.0	135,007.00
District Instructional Program Director or Executive Director	61.0	106,302.00
Principal	73.0	106,615.00
Superintendent/CAO/CEO/President	1.0	339,770.00
Total Administrative Staff	293.9	99,496.12
Paraprofessional Staff/Auxiliary		
Paraprofessional Staff	613.4	26,648.00
Auxiliary	1,468.2	30,813.00
Total Paraprofessional Staff/Auxiliary	2,081.6	29,585.74
Total Staff	**7,707.7**	**$56,308.53**

Source: Public Education Information Management System (TEA)

Frisco Independent School District

Expenditures, Enrollment, and Per-Pupil Costs

Last Ten Fiscal Years

(Unaudited)

Exhibit

S-16

Fiscal Year	Operating Expenditures[1]	Enrollment	Cost per Pupil	Student to Teacher Ratio	Percentage of Students Receiving Free or Reduced-price Meals
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	598,519,510	58,450	10,240	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%
2022	598,519,510	65,825	9,093	14.9	12.81%

[1] Excludes intergovernmental charges.

Source: Frisco ISD Financial Statements

Frisco Independent School District

School Building Information

High Schools

Last Ten Fiscal Years

(Unaudited)

				2013	2014	2015
High Schools (Grades 9-12):						
Frisco High						
	Site:	45.10 acres	Square Feet	289,866	289,866	352,978
	Opened:	1995	Enrollment	1,810	1,893	2,139
Centennial High						
	Site:	76.48 acres	Square Feet	335,346	335,346	379,897
	Opened:	2000	Enrollment	2,010	2,156	2,021
Wakeland High						
	Site:	71.39 acres	Square Feet	339,716	339,716	345,646
	Opened:	2006	Enrollment	1,868	1,993	2,199
Liberty High						
	Site:	63.33 acres	Square Feet	344,261	344,261	348,496
	Opened:	2007	Enrollment	2,009	2,203	2,025
Heritage High						
	Site:	46.81 acres	Square Feet	355,695	355,695	356,738
	Opened:	2009	Enrollment	1,753	1,951	1,802
Lone Star High						
	Site:	56.32 acres	Square Feet	354,722	354,722	345,445
	Opened:	2010	Enrollment	963	1,245	1,379
Independence High						
	Site:	63.43 acres	Square Feet	NA	NA	345,969
	Opened:	2014	Enrollment	NA	NA	1,168
Reedy High						
	Site:	56 acres	Square Feet	NA	NA	NA
	Opened:	2015	Enrollment	NA	NA	NA
Lebanon Trail High						
	Site:	69.3 acres	Square Feet	NA	NA	NA
	Opened:	2016	Enrollment	NA	NA	NA
Memorial High						
	Site:	100.1 acres	Square Feet	NA	NA	NA
	Opened:	2018	Enrollment	NA	NA	NA
Emerson High						
	Site:	64.34 acres	Square Feet	NA	NA	NA
	Opened:	2021	Enrollment	NA	NA	NA

Source: Frisco ISD real property inventory and demographic records

(Continued)

Exhibit
S-17

2016	2017	2018	2019	2020	2021	2022
357,510	357,510	357,510	357,510	357,510	357,510	357,510
1,804	1,677	1,521	1,589	1,771	1,832	1,961
370,350	370,350	370,350	370,350	370,350	370,350	370,350
2,001	2,026	2,014	1,979	1,991	2,099	2,069
354,413	354,413	354,413	354,413	354,413	354,413	354,413
2,031	2,100	2,188	2,052	2,052	2,110	2,093
346,994	346,994	346,994	346,994	346,994	346,994	346,994
2,080	2,052	1,947	1,971	1,898	2,017	1,938
357,001	357,001	357,001	357,001	357,001	357,001	357,001
1,904	2,073	2,153	2,003	2,000	2,068	2,037
352,564	352,564	352,564	352,564	352,564	352,564	352,564
1,715	1,930	2,130	2,069	2,093	2,140	2,247
382,158	382,158	382,158	382,158	382,158	382,158	382,158
1,692	1,832	1,934	2,061	2,172	2,275	1,812
390,207	390,207	390,207	390,207	390,207	390,207	390,207
913	1,344	1,801	1,883	1,938	2,111	2,305
NA	368,260	368,260	368,260	368,260	368,260	368,260
NA	450	955	1,427	1,880	1,879	2,043
NA	NA	NA	387,898	387,898	387,898	387,898
NA	NA	NA	1,156	1,650	1,810	1,955
NA	NA	NA	NA	NA	NA	380,000
NA	NA	NA	NA	NA	NA	835

(Concluded)

Frisco Independent School District

School Building Information

Middle Schools

Last Ten Fiscal Years

(Unaudited)

				2013	2014	2015
Middle Schools (Grades 6-8):						
Staley						
	Site:	74.87 acres	Square Feet	128,330	128,330	128,330
	Opened:	1987	Enrollment	675	717	707
Clark						
	Site:	36.69 acres	Square Feet	147,926	147,926	147,926
	Opened:	2000	Enrollment	865	864	853
Pioneer						
	Site:	39.99 acres	Square Feet	135,803	135,803	135,803
	Opened:	2000	Enrollment	762	897	1,085
Wester						
	Site:	20.35 acres	Square Feet	135,803	135,803	135,803
	Opened:	2002	Enrollment	879	902	877
Griffin						
	Site:	31.43 acres	Square Feet	138,428	138,428	138,428
	Opened:	2004	Enrollment	672	705	855
Roach						
	Site:	20.21 acres	Square Feet	138,651	138,651	138,428
	Opened:	2005	Enrollment	784	865	855
Fowler						
	Site:	20.47 acres	Square Feet	138,650	138,650	138,650
	Opened:	2006	Enrollment	859	890	939
Scoggins						
	Site:	21.47 acres	Square Feet	142,108	142,108	142,108
	Opened:	2008	Enrollment	586	683	805
Stafford						
	Site:	21.40 acres	Square Feet	142,108	142,108	142,108
	Opened:	2008	Enrollment	928	1,029	1,134
Cobb						
	Site:	21.65 acres	Square Feet	143,160	143,160	143,160
	Opened:	2010	Enrollment	817	911	906
Maus						
	Site:	25.00 acres	Square Feet	143,160	143,160	143,160
	Opened:	2010	Enrollment	604	723	831
Hunt						
	Site:	32.44 acres	Square Feet	143,160	143,160	143,160
	Opened:	2010	Enrollment	625	698	738
Vandeventer						
	Site:	20 acres	Square Feet	NA	143,160	143,160
	Opened:	2012	Enrollment	NA	782	891
Pearson						
	Site:	25 acres	Square Feet	NA	NA	NA
	Opened:	2015	Enrollment	NA	NA	NA
Trent						
	Site:	25.378 acres	Square Feet	NA	NA	NA
	Opened:	2015	Enrollment	NA	NA	NA
Nelson						
	Site:	17.781 acres	Square Feet	NA	NA	NA
	Opened:	2016	Enrollment	NA	NA	NA
Lawler						
	Site:	34.34 acres	Square Feet	NA	NA	NA
	Opened:	2018	Enrollment	NA	NA	NA

Source: Frisco ISD real property inventory and demographic records

(Continued)

Exhibit S-18

2016	2017	2018	2019	2020	2021	2022
128,330	128,330	128,330	128,330	128,330	128,330	128,330
715	667	663	651	663	590	572
147,926	147,926	147,926	147,926	147,926	147,926	147,926
844	816	777	810	791	853	916
135,803	135,803	135,803	135,803	135,803	135,803	135,803
735	824	875	953	984	1,045	1,098
135,803	135,803	135,803	135,803	135,803	135,803	135,803
899	1,001	1,029	808	830	802	805
138,428	138,428	138,428	138,428	138,428	138,428	138,428
853	900	867	850	829	817	802
138,428	138,428	138,428	138,428	138,428	138,428	138,428
1,095	770	864	914	971	942	944
138,651	138,651	138,651	138,651	138,651	138,651	138,651
1,060	1,091	1,148	1,046	1,063	1,009	978
142,108	142,108	142,108	142,108	142,108	142,108	142,108
938	988	1,011	930	956	1,048	1,060
142,108	142,108	142,108	142,108	142,108	142,108	142,108
745	818	889	903	930	971	982
143,160	143,160	143,160	143,160	143,160	143,160	143,160
954	966	940	911	929	895	903
143,160	143,160	143,160	143,160	143,160	143,160	143,160
907	981	981	967	983	909	931
143,160	143,160	143,160	143,160	143,160	143,160	143,160
797	833	833	842	874	908	892
143,160	143,160	143,160	143,160	143,160	143,160	143,160
1,056	1,056	1,056	877	932	906	953
143,160	143,160	143,160	143,160	143,160	143,160	143,160
616	691	691	878	993	1,017	1,033
143,160	143,160	143,160	143,160	143,160	143,160	143,160
652	786	786	931	962	1,079	1,121
NA	145,000	145,000	145,000	145,000	145,000	145,000
NA	653	653	800	956	1,026	1,125
NA	NA	NA	155,000	155,000	155,000	155,000
NA	NA	NA	721	830	929	969

(Concluded)

Frisco Independent School District

School Building Information

Elementary Schools

Last Ten Fiscal Years

(Unaudited)

			2013	2014	2015
Elementary Schools (Grades K-5):					
Rogers					
	Site: 9.81acres	Square Feet	64,586	64,586	64,586
	Opened: 1987	Enrollment	622	610	557
Curtsinger					
	Site: 15.22 acres	Square Feet	76,762	76,762	76,762
	Opened: 1995	Enrollment	660	813	661
Smith					
	Site: Shared	Square Feet	73,922	73,922	73,922
	Opened: 1997	Enrollment	694	646	617
Anderson					
	Site: 7.99 acres	Square Feet	74,010	74,010	74,010
	Opened: 1999	Enrollment	688	656	710
Christie					
	Site: 8.83 acres	Square Feet	74,010	74,010	74,010
	Opened: 1999	Enrollment	700	707	640
Shawnee					
	Site: 9.51 acres	Square Feet	74,977	74,977	74,977
	Opened: 2000	Enrollment	614	639	583
Borchardt					
	Site: 8.31 acres	Square Feet	71,806	71,806	71,806
	Opened: 2001	Enrollment	662	725	725
Bright					
	Site: 10.36 acres	Square Feet	74,591	74,591	74,591
	Opened: 2001	Enrollment	536	541	558
Fisher					
	Site: 10.00 acres	Square Feet	73,327	73,327	73,327
	Opened: 2001	Enrollment	658	660	664
Sparks					
	Site: 8.00 acres	Square Feet	72,399	72,399	72,399
	Opened: 2002	Enrollment	658	689	710
Spears					
	Site: 9.76 acres	Square Feet	71,755	71,755	71,755
	Opened: 2002	Enrollment	716	741	780
Gunstream					
	Site: 8.67 acres	Square Feet	71,755	71,755	71,755
	Opened: 2002	Enrollment	705	709	708
Riddle					
	Site: 9.38 acres	Square Feet	73,572	73,572	73,572
	Opened: 2003	Enrollment	756	772	761
Boals					
	Site: 8.08 acres	Square Feet	75,736	75,736	75,736
	Opened: 2003	Enrollment	643	679	715
Isbell					
	Site: 12.00 acres	Square Feet	75,904	75,904	75,904
	Opened: 2004	Enrollment	765	737	684
Pink					
	Site: Shared	Square Feet	75,326	75,326	75,326
	Opened: 2005	Enrollment	710	719	586
Ashley					
	Site: 9.15 acres	Square Feet	75,904	75,904	75,904

(Continued)

Exhibit

S-19

2016	2017	2018	2019	2020	2021	2022
64,586	64,586	64,586	64,586	64,586	64,586	64,586
547	539	528	502	525	569	564
76,762	76,762	76,762	76,762	76,762	76,762	76,762
730	812	749	542	596	571	759
73,922	73,922	73,922	73,922	73,922	73,922	73,922
602	601	652	634	659	624	604
74,010	74,010	74,010	74,010	74,010	74,010	74,010
714	687	670	724	734	722	663
74,010	74,010	74,010	74,010	74,010	74,010	74,010
663	611	568	502	437	373	684
74,977	74,977	74,977	74,977	74,977	74,977	74,977
589	584	600	509	481	506	507
71,806	71,806	71,806	71,806	71,806	71,806	71,806
750	716	760	761	778	769	456
74,591	74,591	74,591	74,591	74,591	74,591	74,591
494	415	379	527	514	484	659
73,327	73,327	73,327	73,327	73,327	73,327	73,327
667	633	582	566	559	554	539
72,399	72,399	72,399	72,399	72,399	72,399	72,399
728	736	744	762	749	702	730
71,755	71,755	71,755	71,755	71,755	71,755	71,755
770	722	726	692	771	754	803
71,755	71,755	71,755	71,755	71,755	71,755	71,755
721	704	654	656	660	564	595
73,572	73,572	73,572	73,572	73,572	73,572	73,572
749	740	757	737	731	704	747
75,736	75,736	75,736	75,736	75,736	75,736	75,736
742	759	688	658	655	640	713
75,904	75,904	75,904	75,904	75,904	75,904	75,904
642	617	709	687	640	670	777
75,326	75,326	75,326	75,326	75,326	75,326	75,326
543	516	484	552	568	625	666
75,904	75,904	75,904	75,904	75,904	75,904	75,904

(Continued)

Frisco Independent School District

School Building Information

Elementary Schools

Last Ten Fiscal Years

(Unaudited)

			2013	2014	2015
Bledsoe					
	Site: 8.00 acres	Square Feet	75,326	75,326	75,326
	Opened: 2005	Enrollment	705	845	700
Taylor					
	Site: 10.70 acres	Square Feet	75,904	75,904	75,904
	Opened: 2006	Enrollment	615	674	678
Corbell					
	Site: 9.00 acres	Square Feet	75,904	75,904	75,904
	Opened: 2006	Enrollment	608	675	712
Ogle					
	Site: 10.00 acres	Square Feet	75,904	75,904	75,904
	Opened: 2006	Enrollment	604	684	647
Sem					
	Site: 10.00 acres	Square Feet	75,904	75,904	75,904
	Opened: 2006	Enrollment	514	679	651
Carroll					
	Site: 12.03 acres	Square Feet	75,902	75,902	75,902
	Opened: 2007	Enrollment	713	729	520
Mooneyham					
	Site: 10.55 acres	Square Feet	75,902	75,902	75,902
	Opened: 2007	Enrollment	792	810	807
Robertson					
	Site: 7.69 acres	Square Feet	75,902	75,902	75,902
	Opened: 2007	Enrollment	736	810	780
Elliott					
	Site: 9.12 acres	Square Feet	75,902	75,902	75,902
	Opened: 2008	Enrollment	506	553	553
Tadlock					
	Site: 8.18 acres	Square Feet	77,184	77,184	77,184
	Opened: 2008	Enrollment	685	783	723
Allen					
	Site: 9.78 acres	Square Feet	83,960	83,960	83,960
	Opened: 2009	Enrollment	614	654	630
Purefoy					
	Site: 8.75 acres	Square Feet	79,844	79,844	79,844
	Opened: 2010	Enrollment	713	703	690
Sonntag					
	Site: 9.38 acres	Square Feet	77,184	77,184	77,184
	Opened: 2010	Enrollment	668	814	696
Comstock					
	Site: 15.09 acres	Square Feet	79,844	79,844	79,844
	Opened: 2012	Enrollment	442	533	640
Nichols					
	Site: 10.95 acres	Square Feet	83,332	83,332	83,332
	Opened: 2012	Enrollment	619	717	677
Phillips					
	Site: 12.52 acres	Square Feet	79,844	79,844	79,844
	Opened: 2012	Enrollment	570	804	758
Newman					
	Site: 9.43 acres	Square Feet	NA	NA	82,530
	Opened: 2014	Enrollment	NA	NA	650

(Continued)

Exhibit
S-19
(Continued)

2016	2017	2018	2019	2020	2021	2022
75,326	75,326	75,326	75,326	75,326	75,326	75,326
749	737	693	695	709	784	692
75,904	75,904	75,904	75,904	75,904	75,904	75,904
652	705	734	725	755	745	769
75,904	75,904	75,904	75,904	75,904	75,904	75,904
723	742	726	712	677	669	594
75,904	75,904	75,904	75,904	75,904	75,904	75,904
658	672	682	669	721	727	714
75,904	75,904	75,904	75,904	75,904	75,904	75,904
735	810	816	651	639	602	723
75,902	75,902	75,902	75,902	75,902	75,902	75,902
502	452	524	544	585	619	440
75,902	75,902	75,902	75,902	75,902	75,902	75,902
775	810	832	672	623	628	669
75,902	75,902	75,902	75,902	75,902	75,902	75,902
861	709	752	738	745	689	717
75,902	75,902	75,902	75,902	75,902	75,902	75,902
534	575	599	637	664	631	620
77,184	77,184	77,184	77,184	77,184	77,184	77,184
721	685	656	686	668	605	567
83,960	83,960	83,960	83,960	83,960	83,960	83,960
623	639	645	574	623	702	753
79,844	79,844	79,844	79,844	79,844	79,844	79,844
650	601	588	528	521	552	577
77,184	77,184	77,184	77,184	77,184	77,184	77,184
683	625	604	568	549	567	534
79,844	79,844	79,844	79,844	79,844	79,844	79,844
741	756	735	704	715	705	697
83,332	83,332	83,332	83,332	83,332	83,332	83,332
761	463	570	745	825	747	784
79,844	79,844	79,844	79,844	79,844	79,844	79,844
772	645	676	672	692	673	714
82,530	82,530	82,530	82,530	82,530	82,530	82,530
838	762	814	688	736	815	829

(Continued)

Frisco Independent School District

School Building Information

Elementary Schools

Last Ten Fiscal Years

(Unaudited)

			2013	2014	2015
Scott					
	Site: 8.56 acres	Square Feet	NA	NA	82,530
	Opened: 2014	Enrollment	NA	NA	618
McSpedden					
	Site: 17.99 acres	Square Feet	NA	NA	81,118
	Opened: 2012	Enrollment	NA	NA	587
Hosp					
	Site: 9.05 acres	Square Feet	NA	NA	81,118
	Opened: 2014	Enrollment	NA	NA	471
Norris					
	Site: 9.254 acres	Square Feet	NA	NA	NA
	Opened: 2015	Enrollment	NA	NA	NA
Miller					
	Site: 9.549 acres	Square Feet	NA	NA	NA
	Opened: 2016	Enrollment	NA	NA	NA
Vaughn					
	Site: 9.675 acres	Square Feet	NA	NA	NA
	Opened: 2016	Enrollment	NA	NA	NA
Talley					
	Site: 14.64 acres	Square Feet	NA	NA	NA
	Opened: 2018	Enrollment	NA	NA	NA
Liscano					
	Site: 14.61 acres	Square Feet	NA	NA	NA
	Opened: 2018	Enrollment	NA	NA	NA

Source: Frisco ISD real property inventory and demographic records

(Continued)

Exhibit

S-19

(Concluded)

2016	2017	2018	2019	2020	2021	2022
82,530	82,530	82,530	82,530	82,530	82,530	82,530
633	694	760	697	693	657	667
81,118	81,118	81,118	81,118	81,118	81,118	81,118
652	649	705	599	604	801	735
81,118	81,118	81,118	81,118	81,118	81,118	81,118
664	685	749	705	682	687	684
79,844	79,844	79,844	79,844	79,844	79,844	79,844
580	692	835	445	574	759	722
NA	79,844	79,844	79,844	79,844	79,844	79,844
NA	545	635	698	751	759	791
NA	79,844	79,844	79,844	79,844	79,844	79,844
NA	510	584	612	701	660	712
NA	NA	NA	84,128	84,128	84,128	84,128
NA	NA	NA	529	755	589	685
NA	NA	NA	84,128	84,128	84,128	84,128
NA	NA	NA	754	812	713	694

(Concluded

Federal Awards Section

Woman Blowing Clouds · Kancana Kathiravan · 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 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, 2022, 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 10, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Weaver and Tidwell, L.L.P.
1406 Wilson Road, Suite 100 | Conroe, Texas 77304
Main: 936.756.8127

CPAs AND ADVISORS | WEAVER.COM

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.

Conroe, Texas
November 10, 2022

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

Opinion on Each Major Federal Program

We have audited Frisco Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

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The Board of Trustees of
Frisco Independent School District

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

The Board of Trustees of
Frisco Independent School District

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

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Conroe, Texas
November 10, 2022

Frisco Independent School District

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

Exhibit

K-1

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Pass Through Organization	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
Impact Aid-P.L. 81874	Direct Program	84.041		$13,685
IDEA-B Formula	Texas Education Agency	84.027A	20660001-043905-6600	114,184
IDEA-B Formula	Texas Education Agency	84.027A	21660001-043905-6600	1,208,754
IDEA-B Formula	Texas Education Agency	84.027A	22660001-043905-6600	6,186,762
IDEA-B Discretionary Residential	Texas Education Agency	84.027A	66002212	286,031
IDEA-B High Cost Fund	Texas Education Agency	84.027A	66002106	38,908
COVID 19 - ARP IDEA-B Formula - Moved to IDEA B Cluster	Texas Education Agency	84.027A	22535001-043905-5350	484,222
Total Assistance Listing Number 84.027A				8,318,861
IDEA-B Preschool	Texas Education Agency	84.173A	21661001-043905-6610	42,745
IDEA-B Preschool	Texas Education Agency	84.173A	22661001-043905-6610	43,629
Total Assistance Listing Number 84.173A				86,374
Total Special Ed Cluster (IDEA)				8,405,235
Perkins V: Strengthening CTE For The 21st Century	Texas Education Agency	84.048A	21420006-043905	72,259
Perkins V: Strengthening CTE For The 21st Century	Texas Education Agency	84.048A	22420006-043905	252,523
Total Assistance Listing Number 84.048A				324,782
Title I, Part A - Improving Basic Programs	Region X ESC	84.010A	20610101-057950	353
Title I, Part A - Improving Basic Programs	Region X ESC	84.010A	21610101-057950	51,285
Title I, Part A - Improving Basic Programs	Texas Education Agency	84.010A	22610101-043905	721,155
Total Assistance Listing Number 84.010A				772,793
Title II, Part A - Supporting Effective Instruction	Region X ESC	84.367A	20694501-057950	30,193
Title II, Part A - Supporting Effective Instruction	Region X ESC	84.367A	21694501-057950	222,314
Title II, Part A - Supporting Effective Instruction	Texas Education Agency	84.367A	22694501-043905	389,098
Total Assistance Listing Number 84.367A				641,605
Title III, Part A - Immigrant	Region X ESC	84.365A	20671001-057950	114,480
Title III, Part A - Immigrant	Region X ESC	84.365A	21671001-057950	26,929
Title III, Part A - English Language Acquisition	Region X ESC	84.365A	20671001-057950	20,699
Title III, Part A - English Language Acquisition	Region X ESC	84.365A	21671001-057950	37,346
Title III, Part A - Immigrant	Texas Education Agency	84.365A	22671003-043905	319,865
Title III, Part A - English Language Acquisition	Texas Education Agency	84.365A	22671001-043905	330,141
Total Assistance Listing Number 84.365A				849,460
Title IV - Part A - Discretionary- Student Support and Academic Enrichment	Region X ESC	84.367A	20680101-057950	9,762
Title IV - Part A - Discretionary- Student Support and Academic Enrichment	Region X ESC	84.367A	21680101-057950	22
Total Assistance Listing Number 84.367A				9,784

(Continued)

Frisco Independent School District

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

Exhibit

K-1

(Concluded)

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Pass Through Organization	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION (continued)				
Title IV, Part A - Subpart 1 - Student Support and Academic Enrichment	Texas Education Agency	84.424A	22680101-043905	29,671
LEP Summer School	Texas Education Agency	84.369A	69551902	3,023
LEP Summer School	Texas Education Agency	84.369A	69551902	35,389
Total Assistance Listing Number 84.369A				38,412
COVID 19 - CRRSA ESSER II	Texas Education Agency	84.425D	21521001-043905	2,717,058
COVID 19 - Learning Acceleration Supports (TCLAS) - ESSER III	Texas Education Agency	84.425U	21528042-043905	152,496
COVID 19 - ESSER III	Texas Education Agency	84.425U	21528001-043905	1,053,414
COVID 19 - ESSER-SUPP	Texas Education Agency	84.425U	21528043-043905	13,768,181
Total Assistance Listing Number 84.425D and 84.425U				17,691,149
TOTAL U.S. DEPARTMENT OF EDUCATION				**28,776,576**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES COMMISSION				
Medicaid Administrative Claiming	Direct Program	93.778		79,955
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES COMMISSION				**79,955**
U.S. DEPARTMENT OF AGRICULTURE				
National School Lunch Program - Non-cash Assistance (Commodities)	Texas Department of Human Services	10.555	52302001	2,169,319
National School Breakfast Program (SBP)	Texas Department of Agriculture	10.553	52402001	4,002,186
National School Lunch Program (NSLP)	Texas Department of Agriculture	10.555	52302001	24,775,899
*COVID-19 Child Nutrition Emergency Operational Cost (EOC) Reimbursement Program	Texas Department of Agriculture	10.555	806780706	5,814
Total Child Nutrition Cluster				**30,953,218**
TOTAL U.S. DEPARTMENT OF AGRICULTURE				**30,953,218**
FEDERAL COMMUNICATIONS COMMISSION				
COVID 19 - Emergency Connectivity Fund Program	Universal Service Administrative Company	32.009	140457	1,983,032
TOTAL FEDERAL COMMUNICATIONS COMMISSION				**1,983,032**
U.S. DEPARTMENT OF THE TREASURY				
COVID 19 - Coronavirus Relief Fund	Texas Division of Emergency Management	21.029	2020-CF-21019	114,502
TOTAL U.S. DEPARTMENT OF THE TREASURY				**114,502**
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$61,907,283**

See notes to the Schedule of Expenditures of Federal Awards.

Frisco Independent School District

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

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 Schedule of Expenditures of Federal Awards (SEFA) as a non-cash award. The monetary value of those goods was $2,169,319 for the year ended June 30, 2022.

5. School Health and Related Services reimbursements of $6,789,723 were recorded as federal program revenue in the General Fund but are not considered federal awards for the purposes of the SEFA.

6. Certain programs included in the SEFA are not cost reimbursement grants and therefore revenues do not equal expenditures. Revenues on non-reimbursement grants exceeded expenditures by $95,636.

7. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at June 30, 2022 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, 2022.

Frisco Independent School District
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2022

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	X No
Significant deficiency(ies) identified that are not considered a material weakness?	____ Yes	X None reported
Noncompliance material to financial statements noted.	____ Yes	X No

Major Federal Programs

Internal control over major federal programs:

Material weakness(es) identified?	____ Yes	X No
Significant deficiency(ies) identified that are not considered a material weakness?	____ Yes	X None reported

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	X No

Identification of major federal programs:

COVID-19 – Emergency Connectivity Fund – 32.009
COVID-19 – Elementary and Secondary School Emergency Relief Fund – 84.425D
COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief – 84.425U

The dollar threshold used to distinguish between Type A and Type B programs.	$1,857,218	
Auditee qualified as a low-risk auditee.	X Yes	____ No

Frisco Independent School District
Schedule of Findings and Questioned Costs – Continued
Fiscal Year Ended June 30, 2022

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

Our mission is to know every student by name and need.

FRISCO
INDEPENDENT SCHOOL DISTRICT

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

APPENDIX E

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

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

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

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

The regular session of the 88th Texas Legislature (the "Legislature") is scheduled from January 10, 2023 to May 29, 2023. Thereafter, the Texas Governor may call one or more additional special sessions. During this time, the Legislature may enact laws that materially change current law as it relates to the Guarantee Program, the TEA, the SBOE, the Act, the PSF Corporation, and Texas school finance generally. No representation is made regarding any actions the Legislature may take, but the TEA, SBOE, and PSF Corporation intend to monitor proposed legislation for any developments applicable thereto.

History and Purpose

The PSF supports the State's public school system in two major ways: distributions to the constitutionally established Available School Fund (the "ASF"), as described below, and the guarantee of school district and charter district issued bonds through the Guarantee Program. The PSF was created in 1845 and received its first significant funding with a $2,000,000 appropriation by the Legislature in 1854 expressly for the benefit of the public schools of Texas, with the sole purpose of assisting in the funding of public education for present and future generations. The Constitution of 1876 described that the PSF would be "permanent," and stipulated that certain lands and all proceeds from the sale of these lands should also constitute the PSF. Additional acts later gave more public domain land and rights to the PSF. In 1953, the U.S. Congress passed the Submerged Lands Act that relinquished to coastal states all rights of the U.S. navigable waters within state boundaries. If the State, by law, had set a larger boundary prior to or at the time of admission to the Union, or if the boundary had been approved by Congress, then the larger boundary applied. After three years of litigation (1957-1960), the U.S. Supreme Court on May 31, 1960, affirmed Texas' historic three marine leagues (10.35 miles) seaward boundary. Texas proved its submerged lands property rights to three leagues into the Gulf of Mexico by citing historic laws and treaties dating back to 1836. All lands lying within that limit belong to the PSF. The proceeds from the sale and the mineral-related rental of these lands, including bonuses, delay rentals and royalty payments, become the corpus of the Fund. Prior to the approval by the voters of the State of an amendment to the constitutional provision under which the Fund is established and administered, which occurred on September 13, 2003 (the "Total Return Constitutional Amendment"), and which is further described below, only the income produced by the PSF could be used to complement taxes in financing public education, which primarily consisted of income from securities, capital gains from securities transactions and royalties from the sale of oil and natural gas. The Total Return Constitutional Amendment provides that interest and dividends produced by Fund investments will be additional revenue to the PSF.

On November 8, 1983, the voters of the State approved a constitutional amendment that provides for the guarantee by the PSF of bonds issued by school districts. On approval by the State Commissioner of Education (the "Education Commissioner"), bonds properly issued by a school district are fully guaranteed by the PSF. See "The School District Bond Guarantee Program."

In 2011, legislation was enacted that established the Charter District Bond Guarantee Program as a new component of the Guarantee Program. That legislation authorized the use of the PSF to guarantee revenue bonds issued by or for the benefit of certain open-enrollment charter schools that are designated as "charter districts" by the Education Commissioner. On approval by the Education Commissioner, bonds properly issued by a charter district participating in the Guarantee Program are fully guaranteed by the PSF. The Charter District Bond Guarantee Program became effective on March 3, 2014. See “The Charter District Bond Guarantee Program.”

State law also permits charter schools to be chartered and operated by school districts and other political subdivisions, but bond financing of facilities for school district-operated charter schools is subject to the School District Bond Guarantee Program, not the Charter District Bond Guarantee Program.

While the School District Bond Guarantee Program and the Charter District Bond Guarantee Program relate to different types of bonds issued for different types of Texas public schools, and have different program regulations and requirements, a bond guaranteed under either part of the Guarantee Program has the same effect with respect to the guarantee obligation of the Fund thereto, and all guaranteed bonds are aggregated for purposes of determining the capacity of the Guarantee Program (see “Capacity Limits for the Guarantee Program”). The Charter District Bond Guarantee Program as enacted by State law has not been reviewed by any court, nor has the Texas Attorney General (the “Attorney General”) been requested to issue an opinion, with respect to its constitutional validity.

Audited financial information for the PSF is provided annually through the PSF Comprehensive Annual Financial Report (the “Annual Report”), which is filed with the Municipal Securities Rulemaking Board (“MSRB”). The SLB’s land and real assets investment operations, which are part of the PSF as described below, are also included in the annual financial report of the Texas General Land Office (the “GLO”) that is included in the comprehensive annual report of the State of Texas. The Annual Report includes the Message of the Executive Administrator of the Fund (the “Message”) and the Management’s Discussion and Analysis (“MD&A”). The Annual Report for the year ended August 31, 2022, as filed with the MSRB in accordance with the PSF undertaking and agreement made in accordance with Rule 15c2-12 (“Rule 15c2-12”) of the federal Securities and Exchange Commission (the “SEC”), as described below, is hereby incorporated by reference into this disclosure. Information included herein for the year ended August 31, 2022 is derived from the audited financial statements of the PSF, which are included in the Annual Report as it is filed and posted. Reference is made to the Annual Report for the complete Message and MD&A for the year ended August 31, 2022 and for a description of the financial results of the PSF for the year ended August 31, 2022, the most recent year for which audited financial information regarding the Fund is available. The 2022 Annual Report speaks only as of its date and the TEA has not obligated itself to update the 2022 Annual Report or any other Annual Report. The TEA posts (i) each Annual Report, which includes statistical data regarding the Fund as of the close of each fiscal year, (ii) the most recent disclosure for the Guarantee Program, (iii) the PSF Corporation’s Investment Policy Statement (the “IPS”), and (iv) monthly updates with respect to the capacity of the Guarantee Program (collectively, the “Web Site Materials”) on the TEA web site at http://tea.texas.gov/Finance_and_Grants/Permanent_School_Fund/ and with the MSRB at www.emma.msrb.org. Such monthly updates regarding the Guarantee Program are also incorporated herein and made a part hereof for all purposes. In addition to the Web Site Materials, the Fund is required to make quarterly filings with the SEC under Section 13(f) of the Securities Exchange Act of 1934. Such filings, which consist of a list of the Fund’s holdings of securities specified in Section 13(f), including exchange-traded (*e.g.*, NYSE) or NASDAQ-quoted stocks, equity options and warrants, shares of closed-end investment companies and certain convertible debt securities, is available from the SEC at www.sec.gov/edgar. A list of the Fund’s equity and fixed income holdings as of August 31 of each year is posted to the TEA web site and filed with the MSRB. Such list excludes holdings in the Fund’s securities lending program. Such list, as filed, is incorporated herein and made a part hereof for all purposes. See “Management Transition to the PSF Corporation” for a discussion of the PSF Corporation audit. At its November 2022 quarterly board meeting, the SBOE considered new regulations for the administration of the Bond Guarantee Program. Two readings and a publication period are required for modifications to the Texas Administrative Code, and such process (the “Regulatory Recodification”) was completed in February 2023, with the new regulations becoming effective March 1, 2023. The Regulatory Recodification was taken as an acknowledgment of the new role and powers that are delegated to the PSF Corporation. Among other regulations affecting the Fund that were restructured include the Statement of Investment Objectives, Policies and Guidelines of the Texas Permanent School Fund, which is codified at 19 Texas Administrative Code, Chapter 33 (recodified in part and replaced in part by the IPS).

Management and Administration of the Fund

The following discussion describes some legal and management aspects of the structure of the Fund prior to full implementation of SB 1232. SB 1232 is being implemented in phases. See “Management Transition to the PSF Corporation” for summaries of certain laws applicable to the Fund pursuant to the Texas Constitution and SB 1232 as well as certain prior actions and the ongoing changes in the management structure of the Fund.

The Texas Constitution and applicable statutes delegate to the SBOE the authority and responsibility for investment of the PSF’s financial assets, but SB 1232 authorized the SBOE to delegate management of the Fund to the Corporation, which, as noted above, has been done. The SBOE consists of 15 members who are elected by territorial districts in the State to four year terms of office.

The Texas Constitution provides that the Fund shall be managed though the exercise of the judgment and care under the circumstances then prevailing which persons of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital (the “Prudent Person Standard”).

In accordance with the Texas Constitution, the SBOE views the PSF as a perpetual endowment, and the Fund is managed as an endowment fund with a long-term investment horizon. Under the total-return investment objective, the IPS provides that the PSF shall be managed consistently with respect to the following: support for public free schools in Texas, real growth in Fund asset values, protection of Fund capital, and the provision of sustained income distributions to current and future generations of Texas school children. As described below, the Total Return Constitutional Amendment restricts the annual pay-out from the Fund to both (i) 6% of the average of the market value of the Fund, excluding real property, on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium, and (ii) the total-return on all investment assets of the Fund over a rolling ten-year period.

By law, the Education Commissioner is appointed by the Governor, with Senate confirmation, and assists the SBOE, but the Education Commissioner can neither be hired nor dismissed by the SBOE. The PSF Corporation has also engaged outside counsel to advise it as to its duties with respect to the Fund, including specific actions regarding the investment of the PSF to ensure compliance with fiduciary standards, and to provide transactional advice in connection with the investment of Fund assets in non-traditional investments. TEA's General Counsel provides legal advice to the SBOE but will not provide legal advice directly to the PSF Corporation.

The Total Return Constitutional Amendment shifted administrative costs of the Fund from the ASF to the PSF, providing that expenses of managing the PSF are to be paid "by appropriation" from the PSF. In January 2005, the Attorney General issued a legal opinion, Op. Tex. Att'y Gen. No. GA-0293 (2005), stating that the Total Return Constitutional Amendment does not require the SBOE to pay from such appropriated PSF funds the indirect management costs deducted from the assets of a mutual fund or other investment company in which PSF funds have been invested.

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

Prior to the enactment of SB 1232, Texas law assigned to the SLB control of the Fund's land and mineral rights and authority to invest in certain real assets. Administrative duties related to these assets have in the past resided with the GLO, which is under the guidance of the elected commissioner of the GLO (the "Land Commissioner").

In 2019, the Texas Legislature enacted legislation that created a "permanent school fund liquid account" (the "Liquid Account") in the PSF for the purpose of the SBOE receiving, administering, and investing funds transferred from the SLB on a quarterly basis that are not then invested by the SLB or needed within the forthcoming quarter. On January 1, 2023, management of the Liquid Account transferred from the SBOE to the PSF Corporation. The bill grants the PSF Corporation authority and discretion to abolish the Liquid Account when its purpose has been resolved and transfer any remaining balance to the Fund.

Management Transition to the PSF Corporation

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

The description of SB 1232 that follows summarizes some key provisions of the bill. The full text of the bill can be found at https://capitol.texas.gov/BillLookup/Text.aspx?LegSess=87R&Bill=SB1232. SB 1232 provides for various transition dates relating to implementation of the bill, with the latest dates generally occurring in calendar year 2023. As noted above, on January 1, 2023 the investment management responsibilities for the Fund transferred to the PSF Corporation and the merger of Fund assets previously managed by the SLB with those previously managed by the SBOE.

As allowed by SB 1232, the PSF Corporation has been created as a special-purpose governmental corporation and instrumentality of the State which is entitled to sovereign immunity. The PSF Corporation is governed by a nine-member board of directors (the "PSFC Board"), which consists of five members of the SBOE, the Land Commissioner, and three appointed members who have substantial background and expertise in investments and asset management; with one of the appointees being appointed by the Land Commissioner and the other two appointed by the Governor (one of which is currently vacant) with confirmation by the Senate.

At the inaugural meeting of the PSFC Board in January 2022, the PSFC Board appointed the Executive Administrator of the Fund as the interim chief executive officer of the PSF Corporation and in April 2022 the Executive Administrator of the Fund was confirmed as the chief executive officer of the PSF Corporation. The PSFC Board adopted bylaws governing how it will manage its affairs and conduct business. The chief executive officer reports to the PSFC Board. Any amendments to the PSF Corporation's articles of formation and bylaws will be adopted by the PSFC Board but are subject to approval by the SBOE. At its March 2023 meeting, the PSFC Board approved its securities lending policy.

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

The SLB's investments in real estate investment funds and real asset investment funds will transfer to the PSF Corporation. Beginning December 31, 2022, the SLB is no longer authorized to make investments into funds; however, the SLB will still be able to invest in land, mineral and royalty interests, and individual real estate holdings; the SLB will also be required to send PSF mineral revenue to the PSF Corporation for investment, subject to designation via the appropriations process to cover GLO expenses of managing the minerals.

Not less than once each year, the PSFC Board must submit an audit report to the Legislative Budget Board ("LBB") regarding the operations of the PSF Corporation. The PSF Corporation may contract with a certified public accountant or the State Auditor to conduct an independent audit of the operations of the PSF Corporation, but such authorization does not affect the State Auditor's authority to conduct an audit of the PSF Corporation in accordance with other State laws. The first audit of the PSF Corporation will be conducted following the close of the 2022-2023 fiscal year on August 31, 2023.

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

With respect to the 2024-2025 State biennium, and for subsequent biennia, the PSF Corporation is required to submit a legislative appropriations request ("LAR") to the LBB and the Office of the Governor that details a request for appropriation of funds to enable the PSF Corporation to carry out its responsibilities for the investment management of the Fund. The requested funding, budget structure, and riders are sufficient to fully support all operations of the PSF Corporation in state fiscal years 2024 and 2025. As described therein, the LAR is designed to provide the PSF Corporation with the ability to operate as a stand-alone state entity in the State budget while retaining the flexibility to fulfill its fiduciary duty and provide oversight and transparency to the Legislature and Governor.

The Total Return Constitutional Amendment

The Total Return Constitutional Amendment approved a fundamental change in the way that distributions are made to the ASF from the PSF. Prior to the adoption of the Total Return Constitutional Amendment, all interest and dividend income produced by Fund investments flowed into the ASF, where they were distributed to local school districts and open-enrollment charter schools based on average daily attendance, any net gains from investments of the Fund were reflected in the value of the PSF, and costs of administering the PSF were allocated to the ASF. The Total Return Constitutional Amendment requires that PSF distributions to the ASF be determined using a "total-return-based" formula instead of the "current-income-based" formula, which was used from 1964 to the end of the 2003 fiscal year. The Total Return Constitutional Amendment provides that the total amount distributed from the Fund to the ASF: (1) in each year of a State fiscal biennium must be an amount that is not more than 6% of the average of the market value of the Fund, excluding real property (the "Distribution Rate"), on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium, in accordance with the rate adopted by: (a) a vote of two-thirds of the total membership of the SBOE, taken before the Regular Session of the Legislature convenes or (b) the Legislature by general law or appropriation, if the SBOE does not adopt a rate as provided by clause (a); and (2) over the ten-year period consisting of the current State fiscal year and the nine preceding State fiscal years may not exceed the total return on all investment assets of the Fund over the same ten-year period (the "Ten Year Total Return"). In April 2009, the Attorney General issued a legal opinion, Op. Tex. Att'y Gen. No. GA-0707 (2009) ("GA-0707"), with regard to certain matters pertaining to the Distribution Rate and the determination of the Ten Year Total Return. In GA-0707 the Attorney General opined, among other advice, that (i) the Ten Year Total Return should be calculated on an annual basis, (ii) a contingency plan adopted by the SBOE, to permit monthly transfers equal in aggregate to the annual Distribution Rate to be halted and subsequently made up if such transfers temporarily exceed the Ten Year Total Return, is not prohibited by State law, provided that such contingency plan applies only within a fiscal year time basis, not on a biennium basis, and (iii) that the amount distributed from the Fund in a fiscal year may not exceed 6% of the average of the market value of the Fund or the Ten Year Total Return. In accordance with GA-0707, in the event that the Ten Year Total Return is exceeded during a fiscal year, transfers to the ASF will be halted. However, if the Ten Year Total Return subsequently increases during that biennium, transfers may be resumed, if the SBOE has provided for that contingency, and made in full during the remaining period of the biennium, subject to the limit of 6% in any one fiscal year. Any shortfall in the transfer that results from such events from one biennium may not be paid over to the ASF in a subsequent biennium as the SBOE would make a separate payout determination for that subsequent biennium.

In determining the Distribution Rate, the SBOE has adopted the goal of maximizing the amount distributed from the Fund in a manner designed to preserve "intergenerational equity." The definition of intergenerational equity that the SBOE has generally followed is the maintenance of purchasing power to ensure that endowment spending keeps pace with inflation, with the ultimate goal being to ensure that current and future generations are given equal levels of purchasing power in real terms. In making this determination, the SBOE takes into account various considerations, and relies upon PSF Corporation and TEA staff and external investment consultants, which undertake analysis for long-term projection periods that includes certain assumptions. Among the assumptions used in the analysis are a projected rate of growth of student enrollment State-wide, the projected contributions and expenses of the Fund, projected returns in the capital markets and a projected inflation rate.

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

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

The constitutional amendments approved on November 8, 2011, also provided authority to the GLO or another entity (described in statute as the SLB) that has responsibility for the management of revenues derived from land or other properties of the PSF to determine whether to transfer an amount each year to the ASF from the revenue derived during the current year from such land or properties. Prior to November 2019, the amount authorized to be transferred to the ASF from the GLO or SLB was limited to $300 million per year. On November 5, 2019, a constitutional amendment was approved by State voters that increased the maximum transfer to the ASF to $600 million each year from the revenue derived during that year from the PSF from the GLO, the SBOE or another entity to the extent such entity has the responsibility for the management of revenues derived from such land or other properties. Any amount transferred to the ASF pursuant to this constitutional provision is excluded from the 6% Distribution Rate limitation applicable to SBOE transfers.

The following table shows amounts distributed to the ASF from the portions of the Fund administered by the SBOE (the "PSF(SBOE)") and the SLB (the "PSF(SLB)").

Annual Distributions to the Available School Fund[1]

Fiscal Year Ending	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
PSF(SBOE) Distribution	$1,021	$839	$839	$1,056	$1,056	$1,236	$1,236	$1,102	$1,102	$1,731
PSF(SLB) Distribution	$300	$0	$0	$0	$0	$0	$300	$600	$600[2]	$415
Per Student Distribution	$281	$175	$173	$215	$212	$247	$306	$347	$341	$432

[1] In millions of dollars. Source: PSF Annual Report for year ended August 31, 2022.
[2] In September 2020, the SBOE approved a special, one-time transfer of $300 million from the portion of the PSF managed by the SBOE to the portion of the PSF managed by the SLB, which amount is to be transferred to the ASF by the SLB in fiscal year 2021. In approving the special transfer, the SBOE determined that the transfer was in the best interest of the PSF due to the historic nature of the public health and economic circumstances resulting from the COVID-19 pandemic and its impact on the school children of Texas.

In November 2022, the SBOE approved a $3.1 billion distribution to the ASF for State fiscal biennium 2024-2025. In making its determination of the 2024-2025 Distribution Rate, the SBOE took into account the announced planned distribution to the ASF by the SLB of $1.2 billion for the biennium.

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

State Fiscal Biennium	2008-09	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21	2022-23	2024-25
SBOE Distribution Rate[1]	3.5%	2.5%	4.2%	3.3%	3.5%	3.7%	2.974%	4.18%	3.32%[2]

[1] Includes only distributions made to the ASF by the SBOE; see the immediately preceding table for amounts of direct SLB distributions to the ASF. In addition, the SLB approved transfers of $600 million per year directly to the ASF for fiscal biennium 2024-25.

[2] The distribution rate approved by the SBOE for fiscal biennium 2024-25 was based on a number of assumptions, including a mid- to long-term expected return rate for the Fund of 6.35% and a rate of inflation measured by the consumer price index of 2.70% according to the policy adopted by the SBOE in June 2022.

Asset Allocation of Fund Portfolios

With respect to the management of the Fund's financial assets portfolio, the single most significant change made to date as a result of the Total Return Constitutional Amendment has been new asset allocation policies adopted from time to time by the SBOE. The SBOE historically reviewed the asset allocations during its summer meeting in even-numbered years. The first asset allocation policy adopted by the SBOE following the Total Return Constitutional Amendment was in February 2004, and the policy was reviewed and modified or reaffirmed in the summers of each even-numbered year, most recently in June 2022. The IPS (effective January 1, 2023) provides for minimum and maximum ranges among the components of each of the asset classifications: equities, fixed income, and alternatives. The alternatives category includes absolute return, private equity, real estate, emerging manager program, real return, natural resources, and infrastructure components. Alternative asset classes diversify the managed assets of the PSF and are not as correlated to traditional asset classes, which is intended to increase investment returns over the long run while reducing risk and return volatility of the portfolio. Given the greater weighting in the overall portfolio of traditional investments, it is expected that the Fund will reflect the general performance returns of the markets in which the Fund is invested.

Prior to the effective date of the IPS, the most recent asset allocation of the PSF(SBOE), was approved by the SBOE in June 2022, and is set forth below, along with the asset allocations of the PSF(SLB) and Liquid Account that were effective June 2022.

PSF 2022 Strategic Asset Allocations

	PSF(SBOE)	PSF(SLB)	Liquid Account
Equity Total	55%	0%	77%
Public Equity Total	37%	0%	77%
Large Cap US Equity	14%	0%	38%
Small/Mid Cap US Equity	6%	0%	10%
International Equities	14%	0%	29%
Emerging Markets Equity	3%	0%	0%
Private Equity	18%	0%	0%
Fixed Income Total	22%	0%	21%
Core Bonds	12%	0%	16%
Non-Core Bonds (High Yield & Bank Loans)	4%	0%	0%
Emerging Markets Debt	3%	0%	0%
Treasuries	3%	0%	0%
TIPS	0%	0%	5%
Short Duration	0%	0%	0%
Alternative Investments Total	22%	100%	0%

Absolute Return	7%	0%	0%
Real Estate	11%	33%	0%
Real Return	4%	0%	0%
Energy	0%	31%	0%
Infrastructure	0%	36%	0%
Emerging Manager Program	1%	0%	0%
Cash	0%	0%	2%

PSF Corporation 2023 Strategic Asset Allocation

Effective January 1, 2023, the IPS includes a combined asset allocation for all Fund assets (consisting of assets transferred for management to the PSF Corporation from the SBOE, the SLB and the Liquid Account). The IPS provides that the Fund's investment objectives are as follows:

- Generate distributions for the benefit of public schools in Texas;
- Maintain the purchasing power of the Fund, after spending and inflation, in order to maintain intergenerational equity with respect to distributions from the Fund;
- Provide a maximum level of return consistent with prudent risk levels, while maintaining sufficient liquidity needed to support Fund obligations; and
- Maintain a AAA credit rating, as assigned by a nationally recognized securities rating organization.

The table below sets forth the asset allocation of the Fund beginning January 1, 2023.

Asset Class	**Strategic Asset Allocation**	**Range**
Equities		
Large Cap US Equity	15%	+/- 3.0%
Small/Mid-Cap US Equity	6%	+/- 1.0%
Non-US Developed Equity	10%	+/- 3.0%
Emerging Market Equity	6%	+/- 1.0%
Total Equity	37%	
Fixed Income		
Core Bonds	11%	+/- 2.0%
Non-Core Bonds (High Yield & Bank Loans)	3%	+/- 3.0%
Emerging Market Debt (Local Currency)	2%	+/- 2.0%
U.S. Treasuries	2%	+/- 2.0%
Total Fixed Income	18%	
Cash Equivalents	0%	
Alternatives		
Absolute Return	6%	+/- 1.0%
Private Equity	15%	+/- 4.0%
Real Estate	12%	+/- 4.0%
Emerging Manager Program (Private Equity/Real Estate)	1%	+/- 1.0%

Real Return (Commodities & U.S. Treasury Inflation Protected Securities (TIPS))	4%	+/- 1.5%
Private Real Assets – Natural Resources	3%	+/- 2.0%
Private Real Assets - Infrastructure	4%	+/- 2.0%
Total Alternatives	45%	

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

The table below sets forth the comparative investments of the PSF(SBOE) for the years ending August 31, 2021 and 2022, as set forth in the PSF Annual Reports for those years. As of January 1, 2023, the assets of the PSF(SBOE) and the PSF (SLB) were generally combined for investment management and accounting purposes.

Comparative Investment Schedule - PSF(SBOE)[1]

Fair Value (in millions) August 31, 2022 and 2021

ASSET CLASS	August 31, 2022	August 31, 2021	Amount of Increase (Decrease)	Percent Change
EQUITY				
Domestic Small Cap	$ 2,358.4	$ 2,597.3	$ (238.9)	-9.2%
Domestic Large Cap	4,730.4	6,218.7	(1,488.3)	-23.9%
Total Domestic Equity	7,088.8	8,816.0	(1,727.2)	-19.6%
International Equity	5,972.5	8,062.1	(2,089.6)	-25.9%
TOTAL EQUITY	13,061.3	16,878.1	(3,816.8)	-22.6%
FIXED INCOME				
Domestic Fixed Income	4,563.3	4,853.1	(289.8)	-6.0%
U.S. Treasuries	1,140.2	1,243.3	(103.1)	-8.3%
High Yield Bonds	1,142.5	-	1,142.5	N/A
Emerging Market Debt	1,142.5	2,683.7	(1,492.8)	-55.6%
TOTAL FIXED INCOME	8,036.9	8,780.1	(743.2)	-8.5%
ALTERNATIVE INVESTMENTS				
Absolute Return	2,932.3	3,546.0	(613.7)	-17.3%
Real Estate	4,365.7	3,706.0	659.7	17.8%
Private Equity	7,933.1	7,724.6	208.5	2.7%
Emerging Manager Program	29.9	-	29.9	N/A
Real Return	1,412.0	1,675.5	(263.5)	-15.7%
TOT ALT INVESTMENTS	16,673.0	16,652.1	20.9	0.1%
UNALLOCATED CASH	196.5	262.9	(66.4)	-25.3%
TOTAL PSF(SBOE) INVESTMENTS	$ 37,967.7	$ 42,573.2	$ (4,605.5)	-10.8%

Source: PSF Annual Report for year ended August 31, 2022.

[1] The investments shown in the table above at August 31, 2022 do not fully reflect the changes made to the PSF Strategic Asset Allocation in June 2022, as those changes were still being phased in at the end of the fiscal year.

The table below sets forth the investments of the Liquid Account for the year ended August 31, 2022.

Liquid Account Fair Value at August 31, 2022[1]

Fair Value (in millions) August 31, 2022 and 2021

ASSET CLASS	August 31, 2022	August 31, 2021	Amount of Increase (Decrease)	Percent Change
Equity				
Domestic Small/Mid Cap	$ 500.0	$228.3	$271.7	119.0%
Domestic Large Cap	1,671.7	578.6	1,093.1	188.9%
Total Domestic Equity	2,171.7	806.9	1,364.8	169.1%
International Equity	1,225.5	392.6	832.9	212.1%
TOTAL EQUITY	3,397.2	1,199.5	2,197.7	183.2%
Fixed Income				
Short-Term Fixed Income	797.4	1,074.8	(277.4)	-25.8%
Core Bonds	506.8	413.1	93.7	22.7%
TIPS	208.2	213.9	(5.7)	-2.7%
TOTAL FIXED INCOME	1,512.4	1,701.8	(189.4)	-11.1%
Unallocated Cash	35.2	1,420.5	(1,385.3)	-97.5%
Total Liquid Account Investments	$4,944.8	$4,321.8	$623.0	14.4%

[1] In millions of dollars.
Source: PSF Annual Report for year ended August 31, 2022.

The table below sets forth the comparative investments of the PSF(SLB) for the years ending August 31, 2022 and 2021.

Comparative Investment Schedule - PSF(SLB)

Fair Value (in millions) August 31, 2022 and 2021

Asset Class	As of 8-31-22	As of 8-31-21	Increase (Decrease)	Percent Change
Discretionary Real Assets Investments				
Externally Managed				
Real Assets Investment Funds[1]				
Energy/Minerals	$2,718.6	$1,707.5	$1,011.1	59.2%
Infrastructure	1,622.7	1,652.3	(29.6)	-1.8%
Real Estate	1,921.2	1,276.8	644.4	50.5%
Internally Managed Direct Real Estate Investments	271.5	223.9	47.6	21.3%
Total Discretionary Real Assets Investments	6,534.0	4,860.5	1,673.5	34.4%
Dom. Equity Rec'd as In-Kind Distribution	-	1.7	(1.7)	-100.0%
Sovereign and Other Lands	428.3	405.4	22.9	5.6%
Mineral Interests	5,622.2	2,720.4	2,901.8	106.7%
Cash at State Treasury[2]	1,257.5	699.2	558.3	79.8%

Total PSF(SLB) Investments	$13,842.0	$8,687.2	$5,154.8	59.3%

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

The asset allocation of the Fund's financial assets portfolio is subject to change by the PSF Corporation from time to time based upon a number of factors, including recommendations to the PSF Corporation made by internal investment staff and external consultants. Fund performance may also be affected by factors other than asset allocation, including, without limitation, the general performance of the securities markets and other capital markets in the United States and abroad, which may be affected by different levels of economic activity; decisions of political officeholders; significant adverse weather events; development of hostilities in and among nations; cybersecurity threats and events; changes in international trade policies or practices; application of the Prudent Person Standard, which may eliminate certain investment opportunities for the Fund; management fees paid to external managers and embedded management fees for some fund investments; and, PSF operational limitations impacted by Texas law or legislative appropriation. The Guarantee Program could also be impacted by changes in State or federal law or regulations or the implementation of new accounting standards.

The School District Bond Guarantee Program

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

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

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

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

Generally, the regulations that govern the School District Bond Guarantee Program (the "SDBGP Rules") limit guarantees to certain types of notes and bonds, including, with respect to refunding bonds issued by school districts, a requirement that the bonds produce debt service savings, and that bonds issued for capital facilities of school districts must have been voted as unlimited tax debt of the issuing district. The Guarantee Program Rules include certain accreditation criteria for districts applying for a guarantee of their bonds, and limit guarantees to districts that have less than the amount of annual debt service per average daily attendance that represents the 90th percentile of annual debt service per average daily attendance for all school districts, but such limitation will not apply to school districts that have enrollment growth of at least 25% over the previous five school years. As noted, above, in connection with the Regulatory Recodification, the SDBGP Rules are now codified in the Texas Administrative Code at 19 TAC section 33.6 and are available at https://tea.texas.gov/sites/default/files/ch033a.pdf.

The Charter District Bond Guarantee Program

The Charter District Bond Guarantee Program became effective March 3, 2014. The SBOE published final regulations in the Texas Register that provide for the administration of the Charter District Bond Guarantee Program (the "CDBGP Rules"). As noted, above, in connection with the Regulatory Recodification, the CDBGP Rules are now codified at 19 TAC section 33.7 and are available at https://tea.texas.gov/sites/default/files/ch033a.pdf.

The Charter District Bond Guarantee Program has been authorized through the enactment of amendments to the Act, which provide that a charter holder may make application to the Education Commissioner for designation as a "charter district" and for a guarantee by the PSF under the Act of bonds issued on behalf of a charter district by a non-profit corporation. If the conditions for the Charter District Bond Guarantee Program are satisfied, the guarantee becomes effective upon approval of the bonds by the Attorney General and remains in effect until the guaranteed bonds are paid or defeased, by a refunding or otherwise.

As of March 2023 (the most recent date for which data is available), the percentage of students enrolled in open-enrollment charter schools (excluding charter schools authorized by school districts) to the total State scholastic census was approximately 7.36%. At March 20, 2023, there were 188 active open-enrollment charter schools in the State and there were 1,095 charter school campuses authorized under such charters, though as of such date, 190 of such campuses are not currently serving students for various reasons; therefore, there are 905 charter school campuses actively serving students in Texas. Section 12.101, Texas Education Code, limits the number of charters that the Education Commissioner may grant to a total number of 305 charters. While legislation limits the number of charters that may be granted, it does not limit the number of campuses that may operate under a particular charter. For information regarding the capacity of the Guarantee Program, see "Capacity Limits for the Guarantee Program." The Act provides that the Education Commissioner may not approve the guarantee of refunding or refinanced bonds under the Charter District Bond Guarantee Program in a total amount that exceeds one-half of the total amount available for the guarantee of charter district bonds under the Charter District Bond Guarantee Program.

In accordance with the Act, the Education Commissioner may not approve charter district bonds for guarantee if such guarantees will result in lower bond ratings for public school district bonds that are guaranteed under the School District Bond Guarantee Program. To be eligible for a guarantee, the Act provides that a charter district's bonds must be approved by the Attorney General, have an unenhanced investment grade rating from a nationally recognized investment rating firm, and satisfy a limited investigation conducted by the TEA.

The Charter District Bond Guarantee Program does not apply to the payment of principal and interest upon redemption of bonds, except upon mandatory sinking fund redemption, and does not apply to the obligation, if any, of a charter district to pay a redemption premium on its guaranteed bonds. The guarantee applies to all matured interest on guaranteed charter district bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond resolution provision requiring an interest rate change. The guarantee does not extend to any obligation of a charter district under any agreement with a third party relating to guaranteed bonds that is defined or described in State law as a "bond enhancement agreement" or a "credit agreement," unless the right to payment of such third party is directly as a result of such third party being a bondholder.

In the event of default, holders of guaranteed charter district bonds will receive all payments due from the corpus of the PSF. Following a determination that a charter district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires a charter district to notify the Education Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment and provides that immediately following receipt of notice that a charter district will be or is unable to pay maturing or matured principal or interest on a guaranteed bond, the Education Commissioner is required to instruct the Comptroller to transfer from the Charter District Reserve Fund to the district's paying agent an amount necessary to pay the maturing or matured principal or interest. If money in the Charter District Reserve Fund is insufficient to pay the amount due on a bond for which a notice of default has been received, the Education Commissioner is required to instruct the Comptroller to transfer from the PSF to the district's paying agent the amount necessary to pay the balance of the unpaid maturing or matured principal or interest. If a total of two or more payments are made under the Charter District Bond Guarantee Program on charter district bonds and the Education Commissioner determines that the charter district is acting in bad faith under the program, the Education Commissioner may request the Attorney General to institute appropriate legal action to compel the charter district and its officers, agents, and employees to comply with the duties required of them by law in regard to the guaranteed bonds. As is the case with the School District Bond Guarantee Program, the Act provides a funding "intercept" feature that obligates the Education Commissioner to instruct the Comptroller to withhold the amount paid with respect to the Charter District Bond Guarantee Program, plus interest, from the first State money payable to a charter district that fails to make a guaranteed payment on its bonds. The amount withheld will be deposited, first, to the credit of the PSF, and then to restore any amount drawn from the Charter District Reserve Fund as a result of the non-payment.

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

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

From time to time, TEA has limited new guarantees under the Charter District Bond Guarantee Program to conform to capacity limits specified by the Act. Legislation enacted during the Legislature's 2017 regular session modified the manner of calculating the capacity of the Charter District Bond Guarantee Program (the "CDBGP Capacity"), which further increased the amount of the CDBGP Capacity. The CDBGP Capacity is made available from the capacity of the Guarantee Program but is not reserved exclusively for the Charter District Bond Guarantee Program. See "Capacity Limits for the Guarantee Program" and "2017 Legislative Changes to the Charter District Bond Guarantee Program." Other factors that could increase the CDBGP Capacity include Fund investment performance, future increases in the Guarantee Program multiplier, changes in State law that govern the calculation of the CDBGP Capacity, as described below, changes in State or federal law or regulations related to the Guarantee Program limit, growth in the relative percentage of students enrolled in open-enrollment charter schools to the total State scholastic census, legislative and administrative changes in funding for charter districts, changes in level of school district or charter district participation in the Guarantee Program, or a combination of such circumstances.

Capacity Limits for the Guarantee Program

The capacity of the Fund to guarantee bonds under the Guarantee Program is limited to the lesser of that imposed by State law (the "State Capacity Limit") and that imposed by regulations and a notice issued by the IRS (the "IRS Limit", with the limit in effect at any given time being the "Capacity Limit"). From 2005 through 2009, the Guarantee Program twice reached capacity under the IRS Limit, and in each instance the Guarantee Program was closed to new bond guarantee applications until relief was obtained from the IRS. The most recent closure of the Guarantee Program commenced in March 2009 and the Guarantee Program reopened in February 2010 on the basis of receipt of the IRS Notice.

Prior to 2007, various legislation was enacted modifying the calculation of the State Capacity limit; however, in 2007, Senate Bill 389 ("SB 389") was enacted, providing for increases in the capacity of the Guarantee Program, and specifically providing that the SBOE may by rule increase the capacity of the Guarantee Program from two and one-half times the cost value of the PSF to an amount not to exceed five times the cost value of the PSF, provided that the increased limit does not violate federal law and regulations and does not prevent bonds guaranteed by the Guarantee Program from receiving the highest available credit rating, as determined by the SBOE. SB 389 further provided that the SBOE shall at least annually consider whether to change the capacity of the Guarantee Program. Additionally, on May 21, 2010, the SBOE modified the SDBGP Rules, and increased the State Capacity Limit to an amount equal to three times the cost value of the PSF. Such modified regulations, including the revised capacity rule, became effective on July 1, 2010. The SDBGP Rules provide that the Education Commissioner may reduce the multiplier to maintain the AAA credit rating of the Guarantee Program but also provide that any changes to the multiplier made by the Education Commissioner are to be ratified or rejected by the SBOE at the next meeting following the change. See "Valuation of the PSF and Guaranteed Bonds" below.

Since September 2015, the SBOE has periodically voted to change the capacity multiplier as shown in the following table.

Changes in SBOE-determined multiplier for State Capacity Limit

Date	Multiplier
Prior to May 2010	2.50
May 2010	3.00
September 2015	3.25
February 2017	3.50
September 2017	3.75
February 2018 (current)	3.50

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

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

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

The State Capacity Limit increased from $135,449,634,408 on August 31, 2021 to $148,789,725,175 on August 31, 2022 (but at such date the IRS Limit ($117,318,653,038) remained the lower of the two, so it is the current Capacity Limit for the Fund).

Since July 1991, when the SBOE amended the Guarantee Program Rules to broaden the range of bonds that are eligible for guarantee under the Guarantee Program to encompass most Texas school district bonds, the principal amount of bonds guaranteed under the Guarantee Program has increased sharply. In addition, in recent years a number of factors have caused an increase in the amount of bonds issued by school districts in the State. See the table "Permanent School Fund Guaranteed Bonds" below. Effective March 1, 2023, the Act, as amended through the Regulatory Recodification, provides that the SBOE may establish a percentage of the Capacity Limit to be reserved from use in guaranteeing bonds (the "Capacity Reserve"). The SDBGP Rules provide for a maximum Capacity Reserve for the overall Guarantee Program of 5% and provide that the amount of the Capacity Reserve may be increased or decreased by a majority vote of the SBOE based on changes in the cost value, asset allocation, and risk in the portfolio, or may be increased or decreased by the Education Commissioner as necessary to prudently manage fund capacity and preserve the AAA credit rating of the Guarantee Program (subject to ratification or rejection by the SBOE at the next meeting for which an item can be posted). The CDBGP Rules provide for an additional reserve of CDBGP Capacity determined by calculating an equal percentage as established by the SBOE for the Capacity Reserve, applied to the CDBGP Capacity. Effective March 1, 2023, the Capacity Reserve is 0.25%. The Capacity Reserve is noted in the monthly updates with respect to the capacity of the Guarantee Program on the TEA web site at http://tea.texas.gov/Finance_and_Grants/Permanent_School_Fund/, which are also filed with the MSRB.

Based upon historical performance of the Fund, the legal restrictions relating to the amount of bonds that may be guaranteed has generally resulted in a lower ratio of guaranteed bonds to available assets as compared to many other types of credit enhancements that may be available for Texas school district bonds and charter district bonds. However, the ratio of Fund assets to guaranteed bonds and the growth of the Fund in general could be adversely affected by a number of factors, including Fund investment performance, investment objectives of the Fund, an increase in bond issues by school districts in the State or legal restrictions on the Fund, changes in State laws that implement funding decisions for school districts and charter districts, which could adversely affect the credit quality of those districts, the implementation of the Charter District Bond Guarantee Program, or significant changes in distributions to the ASF. The issuance of the IRS Notice and the Final IRS Regulations resulted in a substantial increase in the amount of bonds guaranteed under the Guarantee Program.

As of January 2023, the monthly updates with respect to the capacity of the Guarantee Program on the TEA web site projected a remaining capacity under the IRS Limit of $194.1 million out of the approximately $117.3 billion of authorized capacity. Effective March 1, 2023, the change in the Capacity Reserve from 5% to 0.25%, as discussed above, freed up approximately $5.9 billion in Guarantee Program capacity. No representation is made as to how quickly the additional capacity from changing the Capacity Reserve will remain available, and the capacity of the Guarantee Program is subject to change due to a number of factors, including changes in bond issuance volume throughout the State and some bonds receiving guarantee approvals may not close. Additional capacity could become available for new applicants from time to time, through, among other measures, the principal retirement of outstanding guaranteed bonds. As the amount of guaranteed bonds approaches the IRS Limit, the SBOE continues to seek changes to the existing federal tax law requirements regarding the Guarantee Program with the objective of obtaining an increase in the IRS Limit. Such changes include regulatory modifications and implementation of federal legislation, and no assurances can be given as to the timing of the foregoing or the SBOE's success in that undertaking.

2017 Legislative Changes to the Charter District Bond Guarantee Program

The CDBGP Capacity is established by the Act. During the 85th Texas Legislature, which concluded on May 29, 2017, Senate Bill 1480 ("SB 1480") was enacted. SB 1480 amended the Act to modify how the CDBGP Capacity is established effective as of September 1, 2017 and made other substantive changes to the Charter District Bond Guarantee Program. Prior to the enactment of SB 1480, the CDBGP Capacity was calculated as the Capacity Limit less the amount of outstanding bond guarantees under the Guarantee Program multiplied by the percentage of charter district scholastic population relative to the total public school scholastic population. SB 1480 amended the CDBGP Capacity calculation so that the Capacity Limit is multiplied by the percentage of charter district scholastic population relative to the total public school scholastic population prior to the subtraction of the outstanding bond guarantees, thereby increasing the CDBGP Capacity.

The percentage of the charter district scholastic population to the overall public school scholastic population has grown from 3.53% in September 2012 to 7.36% in March 2023. TEA is unable to predict how the ratio of charter district students to the total State scholastic population will change over time.

In addition to modifying the manner of determining the CDBGP Capacity, SB 1480 provided that the Education Commissioner's investigation of a charter district application for guarantee may include an evaluation of whether the charter district bond security documents provide a security interest in real property pledged as collateral for the bond and the repayment obligation under the proposed guarantee. The Education Commissioner may decline to approve the application if the Education Commissioner determines that sufficient security is not provided. The Act and the CDBGP Rules also require the Education Commissioner to make an investigation of the accreditation status and financial status for a charter district applying for a bond guarantee.

Since the initial authorization of the Charter District Bond Guarantee Program, the Act has established a bond guarantee reserve fund in the State treasury (the "Charter District Reserve Fund"). Formerly, the Act provided that each charter district that has a bond guaranteed must annually remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 10% of the savings to the charter district that is a result of the lower interest rate on its bonds due to the guarantee by the PSF. SB 1480 modified the Act insofar as it pertains to the Charter District Reserve Fund. Effective September 1, 2017, the Act provides that a charter district that has a bond guaranteed must remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 20% of the savings to the charter district that is a result of the lower interest rate on the bond due to the guarantee by the PSF. The amount due shall be paid on receipt by the charter district of the bond proceeds. However, the deposit requirement will not apply if the balance of the Charter District Reserve Fund is at least equal to 3.00% of the total amount of outstanding guaranteed bonds issued by charter districts. At March 17, 2023, the Charter District Reserve Fund contained $85,259,403, which represented approximately 2.18% of the guaranteed charter district bonds. The Reserve Fund is held and invested as a non-commingled fund under the administration of the PSF Corporation staff.

Charter District Risk Factors

Open-enrollment charter schools in the State may not charge tuition and, unlike school districts, charter districts have no taxing power. Funding for charter district operations is largely from amounts appropriated by the Legislature. Additionally, the amount of State payments a charter district receives is based on a variety of factors, including the enrollment at the schools operated by a charter district, and may be affected by the State's economic performance and other budgetary considerations and various political considerations.

Other than credit support for charter district bonds that is provided to qualifying charter districts by the Charter District Bond Guarantee Program, State funding for charter district facilities construction is limited to a program established by the Legislature in 2017, which provides $60 million per year for eligible charter districts with an acceptable performance rating for a variety of funding purposes, including for lease or purchase payments for instructional facilities. Since State funding for charter facilities is limited, charter schools generally issue revenue bonds to fund facility construction and acquisition, or fund facilities from cash flows of the school. Some charter districts have issued non-guaranteed debt in addition to debt guaranteed under the Charter District Bond Guarantee Program, and such non-guaranteed debt is likely to be secured by a deed of trust covering all or part of the charter district's facilities. In March 2017, the TEA began requiring charter districts to provide the TEA with a lien against charter district property as a condition to receiving a guarantee under the Charter District Bond Guarantee Program. However, charter district bonds issued and guaranteed under the Charter District Bond Guarantee Program prior to the implementation of the new requirement did not have the benefit of a security interest in real property, although other existing debts of such charter districts that are not guaranteed under the Charter District Bond Guarantee Program may be secured by real property that could be foreclosed on in the event of a bond default.

As a general rule, the operation of a charter school involves fewer State requirements and regulations for charter holders as compared to other public schools, but the maintenance of a State-granted charter is dependent upon on-going compliance with State law and regulations, which are monitored by TEA. TEA has a broad range of enforcement and remedial actions that it can take as corrective measures, and such actions may include the loss of the State charter, the appointment of a new board of directors to govern a charter district, the assignment of operations to another charter operator, or, as a last resort, the dissolution of an open-enrollment charter school. Charter holders are governed by a private board of directors, as compared to the elected boards of trustees that govern school districts.

As described above, the Act includes a funding “intercept” function that applies to both the School District Bond Guarantee Program and the Charter District Bond Guarantee Program. However, school districts are viewed as the “educator of last resort” for students residing in the geographical territory of the district, which makes it unlikely that State funding for those school districts would be discontinued, although the TEA can require the dissolution and merger into another school district if necessary to ensure sound education and financial management of a school district. That is not the case with a charter district, however, and open-enrollment charter schools in the State have been dissolved by TEA from time to time. If a charter district that has bonds outstanding that are guaranteed by the Charter District Bond Guarantee Program should be dissolved, debt service on guaranteed bonds of the district would continue to be paid to bondholders in accordance with the Charter District Bond Guarantee Program, but there would be no funding available for reimbursement of the PSF by the Comptroller for such payments. As described under “The Charter District Bond Guarantee Program,” the Act established the Charter District Reserve Fund, to serve as a reimbursement resource for the PSF.

Infectious Disease Outbreak

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

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

TEA cannot predict whether any school or charter district may experience short- or longer-term cash flow emergencies as a direct or indirect effect of COVID-19 that would require a payment from the PSF to be made to a paying agent for a guaranteed bond. However, through the end of February 2023, no school district or charter district had failed to perform with respect to making required payments on their guaranteed bonds. Information regarding the respective financial operations of the issuer of bonds guaranteed, or to be guaranteed, by the PSF is provided by such issuers in their respective bond offering documents and the TEA takes no responsibility for the respective information, as it is provided by the respective issuers.

Ratings of Bonds Guaranteed Under the Guarantee Program

Moody’s Investors Service, Inc., S&P Global Ratings and Fitch Ratings, Inc. rate bonds guaranteed by the PSF “Aaa,” “AAA” and “AAA,” respectively. Not all districts apply for multiple ratings on their bonds, however. See “[insert applicable rating reference]” herein.

Valuation of the PSF and Guaranteed Bonds

Permanent School Fund Valuations

Fiscal Year Ended 8/31	Book Value[1]	Market Value[1]
2018	$ 33,860,358,647	$ 44,074,197,940
2019	35,288,344,219	46,464,447,981
2020	36,642,000,738	46,764,059,745
2021	38,699,895,545	55,582,252,097
2022[2]	42,511,350,050	56,754,515,757

[1] SLB managed assets are included in the market value and book value of the Fund. In determining the market value of the PSF from time to time during a fiscal year, the current, unaudited values for PSF investment portfolios and cash held by the SLB are used. With respect to SLB managed assets shown in the table above, market values of land and mineral interests, internally managed real estate, investments in externally managed real estate funds and cash are based upon information reported to the PSF Corporation by the SLB.

The SLB reports that information to the PSF Corporation on a quarterly basis. The valuation of such assets at any point in time is dependent upon a variety of factors, including economic conditions in the State and nation in general, and the values of these assets, and, in particular, the valuation of mineral holdings administered by the SLB, can be volatile and subject to material changes from period to period.

(2) At August 31, 2022, mineral assets, sovereign and other lands and discretionary internal investments, investments with external managers, and cash managed by the SLB had book values of approximately $13.4 million, $180.6 million, $5,433.0 million, and $1,257.5 million, respectively, and market values of approximately $5,622.2 million, $699.8 million, $6,262.5 million, and $1,257.52 million, respectively.

Permanent School Fund Guaranteed Bonds

At 8/31	Principal Amount[1]
2018	$79,080,901,069
2019	84,397,900,203
2020	90,336,680,245
2021	95,259,161,922
2022	103,239,495,929[2]

(1) Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program. The TEA does not maintain records of the accreted value of capital appreciation bonds that are guaranteed under the Guarantee Program.

(2) At August 31, 2022 (the most recent date for which such data is available), the TEA expected that the principal and interest to be paid by school districts and charter districts over the remaining life of the bonds guaranteed by the Guarantee Program was $156,825,227,335, of which $53,585,731,406 represents interest to be paid. As shown in the table above, at August 31, 2022, there were $103,239,495,929 in principal amount of bonds guaranteed under the Guarantee Program. Using the IRS Limit of $117,318,653,038 (the IRS Limit is currently the Capacity Limit), net of the Capacity Reserve, as of March 17, 2023, 7.36% of the Guarantee Program's capacity was available to the Charter District Bond Guarantee Program. As of March 17, 2023, the amount of outstanding bond guarantees represented 89.46% of the Capacity Limit (which is currently the IRS Limit). March 17, 2023 values are based on unaudited data, which is subject to adjustment.

Permanent School Fund Guaranteed Bonds by Category[1]

	School District Bonds		Charter District Bonds		Totals	
Fiscal Year Ended 8/31	No. of Issues	Principal Amount ($)	No. of Issues	Principal Amount ($)	No. of Issues	Principal Amount ($)
2018	3,249	77,647,966,069	44	1,432,935,000	3,293	79,080,901,069
2019	3,297	82,537,755,203	49	1,860,145,000	3,346	84,397,900,203
2020	3,296	87,800,478,245	64	2,536,202,000	3,360	90,336,680,245
2021	3,346	91,951,175,922	83	3,307,986,000	3,429	95,259,161,922
2022[2]	3,348	99,528,099,929	94	3,711,396,000	3,442	103,239,495,929

(1) Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program.

(2) At March 17, 2023 (based on unaudited data, which is subject to adjustment), there were $104,953,879,666 in principal amount of bonds guaranteed under the Guarantee Program, representing 3,296 school district issues, aggregating $101,038,728,666 in principal amount and 99 charter district issues, aggregating $3,915,151,000 in principal amount. At March 17, 2023 the projected guarantee capacity available was $5,413,975,055 (based on unaudited data, which is subject to adjustment).

Discussion and Analysis Pertaining to Fiscal Year Ended August 31, 2022

The following discussion is derived from the Annual Report for the year ended August 31, 2022, including the Message of the Executive Administrator of the Fund and the Management's Discussion and Analysis contained therein. Reference is made to the Annual Report, as filed with the MSRB, for the complete Message and MD&A. Investment assets managed by the fifteen member SBOE are referred to throughout this MD&A as the PSF(SBOE) and, with respect to the Liquid Account, Liquid(SBOE) assets. As of August 31, 2022, the Fund's land, mineral rights and certain real assets are managed by the five-member SLB and these assets are referred to throughout as the PSF(SLB) assets. The current PSF(SBOE) asset allocation policy includes an allocation for real estate investments, and as such investments are made, and become a part of the PSF(SBOE) investment portfolio, those investments will be managed by the SBOE and not the SLB.

At the end of fiscal 2022, the Fund balance was $56.8 billion, an increase of $1.2 billion from the prior year. This increase is primarily due to overall net increases in value of the various asset classes in which the Fund is invested. During the year, the SBOE continued implementing the long-term strategic asset allocation, diversifying the PSF(SBOE) to strengthen the Fund. The asset allocation is projected to increase returns over the long run while reducing risk and portfolio return volatility. The PSF(SBOE) annual rates of return for the one-year, five-year, and ten-year periods ending August 31, 2022, net of fees, were -6.80%, 6.54% and 7.33%, respectively, and the Liquid(SBOE) annual rate of return for the one-year and three-year periods ending August 31, 2022, net of fees, was -10.24% and -1.23% (total return takes into consideration the change in the market value of the Fund during the year as well as the interest and dividend income generated by the Fund's investments). In addition, the SLB continued its shift into externally managed real asset investment funds, and the one-year, five-year, and ten-year annualized total returns for the PSF(SLB) externally managed real assets, net of fees and including cash, were 32.29%, 8.42%, and 7.40%, respectively.

The Fund is invested in global markets and experiences volatility commensurate with the related indices. The Fund is broadly diversified and benefits from the cost structure of its investment program. Changes continue to be researched, crafted and implemented to make the cost structure more effective and efficient. See "Comparative Investment Schedule - PSF(SBOE)" for the PSF(SBOE) holdings as of August 31, 2022.

As of August 31, 2022, the SBOE has approved, and the Fund made capital commitments to, externally managed real estate investment funds in a total amount of $7.3 billion and capital commitments to private equity limited partnerships for a total of $10.1 billion. Unfunded commitments at August 31, 2022, totaled $2.4 billion in real estate investments and $2.9 billion in private equity investments.

PSF Returns Fiscal Year Ended 8-31-2022[1]

Portfolio	Return	Benchmark Return[2]
Total PSF(SBOE) Portfolio	(6.80)%	(6.37)%
Domestic Large Cap Equities(SBOE)	(11.08)	(11.23)
Domestic Small/Mid Cap Equities(SBOE)	(10.96)	(10.90)
International Equities(SBOE)	(19.72)	(19.52)
Emerging Market Equity(SBOE)	(22.85)	(21.80)
Fixed Income(SBOE)	(12.16)	(11.52)
Treasuries	(22.82)	(22.64)
Absolute Return(SBOE)	(0.55)	(5.66)
Real Estate(SBOE)	23.31	20.56
Private Equity(SBOE)	3.17	8.43
Real Return(SBOE)	2.98	3.09
Emerging Market Debt(SBOE)	(17.95)	(19.43)
Liquid Large Cap Equity(SBOE)	(10.39)	(11.23)
Liquid Small Cap Equity(SBOE)	(10.63)	(10.90)
Liquid International Equity(SBOE)	(19.34)	(19.52)
Liquid Short-Term Fixed Income(SBOE)	(4.27)	(4.01)
Liquid Core Bonds(SBOE)	(11.30)	(11.52)
Liquid TIPS(SBOE)	(5.78)	(5.98)
Liquid Transition Cash Reserves(SBOE)	1.65	0.38
Liquid Combined(SBOE)	(10.24)	(10.88)
PSF(SLB)	(32.29)	N/A

[1] Time weighted rates of return adjusted for cash flows for the PSF(SBOE) investment assets. Does not include GLO managed real estate or real assets. Returns are net of fees. Source: PSF Annual Report for year ended August 31, 2022.
[2] Benchmarks are as set forth in the PSF Annual Report for year ended August 31, 2022.

The PSF(SLB) portfolio is generally characterized by three broad categories: (1) discretionary real assets investments, (2) sovereign and other lands, and (3) mineral interests. Discretionary real assets investments consist of externally managed real estate, infrastructure, and energy/minerals investment funds; internally managed direct real estate investments, and cash. Sovereign and other lands consist primarily of the lands set aside to the PSF when it was created. Mineral interests consist of all of the minerals that are associated with PSF lands. The investment focus of PSF(SLB) discretionary real assets investments has shifted from internally managed direct real estate investments to externally managed real assets investment funds. The PSF(SLB) makes investments in certain limited partnerships that legally commit it to possible future capital contributions. At August 31, 2022, the remaining commitments totaled approximately $1.94 billion.

For fiscal year 2022, total revenues, inclusive of unrealized gains and losses and net of security lending rebates and fees, totaled $3.5 billion, a decrease of $7.3 billion from fiscal year 2021 earnings of $10.8 billion. The total change in the fair value of the Fund investments is consistent with the change in value of the markets in which those investments were made. In fiscal year 2022, revenues earned by the Fund included gains realized on the sale of land and real estate owned by the Fund; lease payments, bonuses and royalty income received from oil, gas and mineral leases; lease payments from commercial real estate; surface lease and easement revenues; revenues from the resale of natural and liquid gas supplies; dividends, interest, and securities lending revenues; the net change in the fair value of the investment portfolio and externally managed real assets investment funds; and other miscellaneous fees and income.

Expenditures are paid from the Fund before distributions are made under the total return formula. Such expenditures include the costs incurred by the SLB to manage the land endowment, as well as operational costs of the Fund, including external management fees paid from appropriated funds. Total operating expenditures, net of security lending rebates and fees, increased 3.0% for the fiscal year ending August 31, 2022. This increase is primarily attributable to an increase in PSF(SLB) quantities of purchased gas for resale in the State Energy Management Program, which is administered by the SLB as part of the Fund, as well as increases in operational costs.

The Fund directly supports the public school system in the State by distributing a predetermined percentage of its asset value to the ASF. For fiscal years 2021 and 2022, the distribution from the SBOE to the ASF totaled $1.1 billion and $1.7 billion, respectively. Distributions from the SLB to the ASF for fiscal years 2021 and 2022 totaled $600 and $415 million, respectively.

At the end of the 2022 fiscal year, PSF assets guaranteed $103.2 billion in bonds issued by 898 local school districts and charter districts, the latter of which entered into the Guarantee Program during the 2014 fiscal year. Since its inception in 1983, the Fund has guaranteed 8,554 school district and charter district bond issues totaling $239.7 billion in principal amount. During the 2022 fiscal year, the number of outstanding issues guaranteed under the Guarantee Program totaled 3,442. The dollar amount of guaranteed school and charter bond issues outstanding increased by $7.98 billion or 8.4%. The State Capacity Limit increased by $13.3 billion, or 9.8%, during fiscal year 2022 due to continued growth in the cost basis of the Fund used to calculate that Program capacity limit. The effective capacity of the Guarantee Program did not increase during fiscal year 2022 as the IRS Limit was reached in a prior fiscal year, and it is the lower of the two capacity limits for the Guarantee Program.

Other Events and Disclosures

The State Investment Ethics Code governs the ethics and disclosure requirements for financial advisors and other service providers who advise certain State governmental entities, including the PSF. The SBOE code of ethics provides ethical standards for SBOE members, the Education Commissioner, TEA staff, and persons who provide services to the SBOE relating to the Fund. As part of the Regulatory Recodification, the PSF Corporation developed its own ethics policy as required by SB 1232, which provides basic ethical principles, guidelines, and standards of conduct relating to the management and investment of the Fund in accordance with the requirements of §43.058 of the Texas Education Code, as amended. The SBOE code of ethics is codified in the Texas Administrative Code at 19 TAC sections 33.4 et seq. and is available on the TEA web site at https://tea.texas.gov/sites/default/files/ch033a.pdf. The PSF Corporation's ethics policy is posted to the PSF Corporation's website at texaspsf.org.

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

As of August 31, 2022, certain lawsuits were pending against the State and/or the GLO, which challenge the Fund's title to certain real property and/or past or future mineral income from that property, and other litigation arising in the normal course of the investment activities of the PSF. Reference is made to the Annual Report, when filed, for a description of such lawsuits that are pending, which may represent contingent liabilities of the Fund.

PSF Continuing Disclosure Undertaking

The Regulatory Recodification included the codification of the TEA's undertaking pursuant to Rule 15c2-12 (the "TEA Undertaking") pertaining to the PSF and the Guarantee Program. As of March 1, 2023, the TEA Undertaking is codified at 19 TAC 33.8, which relates to the Guarantee Program and is available at available at https://tea.texas.gov/sites/default/files/ch033a.pdf.

Through the codification of the TEA Undertaking and its commitment to guarantee bonds, the TEA has made the following agreement for the benefit of the issuers, holders and beneficial owners of guaranteed bonds. The TEA (or its successor with respect to the management of the Guarantee Program) is required to observe the agreement for so long as it remains an "obligated person," within the meaning of Rule 15c2-12, with respect to guaranteed bonds. Nothing in the TEA Undertaking obligates the TEA to make any filings or disclosures with respect to guaranteed bonds, as the obligations of the TEA under the TEA Undertaking pertain solely to the Guarantee Program. The issuer or an "obligated person" of the guaranteed bonds has assumed the applicable obligation under Rule 15c2-12 to make all disclosures and filings relating directly to guaranteed bonds, and the TEA takes no responsibility with respect to such undertakings. Under the TEA Undertaking, the TEA will be obligated to provide annually certain updated financial information and operating data, and timely notice of specified material events, to the MSRB.

The MSRB has established the Electronic Municipal Market Access ("EMMA") system, and the TEA is required to file its continuing disclosure information using the EMMA system. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org, and the continuing disclosure filings of the TEA with respect to the PSF can be found at https://emma.msrb.org/IssueView/Details/ER355077 or by searching for "Texas Permanent School Fund Bond Guarantee Program" on EMMA.

Annual Reports

The TEA will annually provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the Guarantee Program and the PSF of the general type included in this offering document under the heading “THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM.” The information also includes the Annual Report. The TEA will update and provide this information within six months after the end of each fiscal year.

The TEA may provide updated information in full text or may incorporate by reference certain other publicly-available documents, as permitted by Rule 15c2-12. The updated information includes audited financial statements of, or relating to, the State or the PSF, when and if such audits are commissioned and available. Financial statements of the State will be prepared in accordance with generally accepted accounting principles as applied to state governments, as such principles may be changed from time to time, or such other accounting principles as the State Auditor is required to employ from time to time pursuant to State law or regulation. The financial statements of the Fund are required to be prepared to conform to U.S. Generally Accepted Accounting Principles as established by the Governmental Accounting Standards Board.

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

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

Event Notices

The TEA will also provide timely notices of certain events to the MSRB. Such notices will be provided not more than ten business days after the occurrence of the event. The TEA will provide notice of any of the following events with respect to the Guarantee Program: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if such event is material within the meaning of the federal securities laws; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Guarantee Program, or other material events affecting the tax status of the Guarantee Program; (7) modifications to rights of holders of bonds guaranteed by the Guarantee Program, if such event is material within the meaning of the federal securities laws; (8) bond calls, if such event is material within the meaning of the federal securities laws, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of bonds guaranteed by the Guarantee Program, if such event is material within the meaning of the federal securities laws; (11) rating changes of the Guarantee Program; (12) bankruptcy, insolvency, receivership, or similar event of the Guarantee Program (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Guarantee Program in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Guarantee Program, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Guarantee Program); (13) the consummation of a merger, consolidation, or acquisition involving the Guarantee Program or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if such event is material within the meaning of the federal securities laws; (14) the appointment of a successor or additional trustee with respect to the Guarantee Program or the change of name of a trustee, if such event is material within the meaning of the federal securities laws; (15) the incurrence of a financial obligation of the Guarantee Program, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Guarantee Program, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Guarantee Program, any of which reflect financial difficulties. (Neither the Act nor any other law, regulation or instrument pertaining to the Guarantee Program make any provision with respect to the Guarantee Program for bond calls, debt service reserves, credit enhancement, liquidity enhancement, early redemption or the appointment of a trustee with respect to the Guarantee Program.) In addition, the TEA will provide timely notice of any failure by the TEA to provide information, data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information

The TEA has agreed to provide the foregoing information only to the MSRB and to transmit such information electronically to the MSRB in such format and accompanied by such identifying information as prescribed by the MSRB. The information is available from the MSRB to the public without charge at www.emma.msrb.org.

Limitations and Amendments

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

The continuing disclosure agreement of the TEA is made only with respect to the PSF and the Guarantee Program. The issuer of guaranteed bonds or an obligated person with respect to guaranteed bonds may make a continuing disclosure undertaking in accordance with Rule 15c2-12 with respect to its obligations arising under Rule 15c2-12 pertaining to financial information and operating data concerning such entity and events notices relating to such guaranteed bonds. A description of such undertaking, if any, is included elsewhere in this offering document.

This continuing disclosure agreement may be amended by the TEA from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the TEA, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell guaranteed bonds in the primary offering of such bonds in compliance with Rule 15c2-12, taking into account any amendments or interpretations of Rule 15c2-12 since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding bonds guaranteed by the Guarantee Program consent to such amendment or (b) a person that is unaffiliated with the TEA (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the bonds guaranteed by the Guarantee Program. The TEA may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provision of Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling bonds guaranteed by the Guarantee Program in the primary offering of such bonds.

Compliance with Prior Undertakings

Except as stated below, during the last five years, the TEA has not failed to substantially comply with its previous continuing disclosure agreements in accordance with Rule 15c2-12. On April 28, 2022 TEA became aware that it had not timely filed its 2021 Annual Report with EMMA due to an administrative oversight. TEA took corrective action and filed the 2021 Annual Report with EMMA on April 28, 2022, followed by a notice of late filing made with EMMA on April 29, 2022. TEA notes that the 2021 Annual Report was timely filed on the TEA website by the required filing date and that website posting has been incorporated by reference into TEA's Bond Guarantee Program disclosures that are included in school district and charter district offering documents.

SEC Exemptive Relief

On February 9, 1996, the TEA received a letter from the Chief Counsel of the SEC that pertains to the availability of the "small issuer exemption" set forth in paragraph (d)(2) of Rule 15c2-12. The letter provides that Texas school districts which offer municipal securities that are guaranteed under the Guarantee Program may undertake to comply with the provisions of paragraph (d)(2) of Rule 15c2-12 if their offerings otherwise qualify for such exemption, notwithstanding the guarantee of the school district securities under the Guarantee Program. Among other requirements established by Rule 15c2-12, a school district offering may qualify for the small issuer exemption if, upon issuance of the proposed series of securities, the school district will have no more than $10 million of outstanding municipal securities.

Financial Advisory Services
Provided By:

SAMCO Capital