Rating: S&P: "AAA"
(See "RATING" and "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" and "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE" herein)

REMARKETING MEMORANDUM
Dated: July 14, 2025

REMARKETING (NOT A NEW ISSUE): BOOK-ENTRY-ONLY

On the date of initial delivery of the Bonds, Cantu Harden LLP, San Antonio, Texas, ("2022 Special Tax Counsel"), rendered its opinion based on existing statutes, regulations, published rulings and court decisions as of such date, that interest on the Bonds would be excludable from the "gross income" of the owners thereof for federal income tax purposes and that the Bonds would not be "specified private activity bonds" within the meaning of section 57(a)(5) of the Internal Revenue Code of 1986. As a condition to conversion and remarketing of the Bonds on the conversion date, Co-Bond Counsel to the District will render an opinion to the effect that the conversion will not adversely affect any exclusion of interest on any Bond from gross income of the owner for federal income tax purposes. Co-Bond Counsel will express no opinion as to any federal, state or local tax consequences pertaining to the acquisition, carrying, ownership or disposition of the Bonds or to any other matters relating to the remarketing.

$9,055,000
CAMERON INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Milam County, Texas)
ADJUSTABLE RATE UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2022

CONVERSION OF ADJUSTABLE RATE BONDS TO FIXED RATES

Original Dated Date: September 1, 2022 **Stated Maturity: February 15 as shown on page ii**
Interest accrues from the August 15, 2025 Conversion Date

The Cameron Independent School District (the "District") is remarketing its Adjustable Rate Unlimited Tax School Building Bonds, Series 2022 (the "Bonds"). The Bonds were initially issued on September 6, 2022, pursuant to the Constitution and general laws of the State of Texas, particularly Sections 45.001 and 45.003(b)(1), Texas Education Code, as amended, an election held in the District on May 7, 2022 and the order adopted by the Board of Trustees of the District (the "Board") on August 8, 2022 (the "Original Bond Order"). The Bonds are currently outstanding in the Initial Rate Period, bearing interest at the Initial Rate through the August 14, 2025 conclusion of the Initial Interest Period. On August 15, 2025 (the "Conversion Date"), all outstanding Bonds are subject to mandatory tender for purchase, without the right of retention by the owners thereof, and redemption at the District's option.

The Board, pursuant to an order adopted on July 14, 2025 (the "Conversion Order"), authorized the Bonds to be mandatorily tendered for purchase by the existing holder thereof and the subsequent conversion to a fixed interest rate period (for the duration of which the Bonds will bear interest at Fixed Rates), (the Conversion Order, together with, the Original Bond Order, are collectively referred to as the "Order"). In addition, the Conversion Order authorized the redemption of Bonds on the Conversion Date, at the District's option and using lawfully available District funds.

The Bonds are currently outstanding in the principal amount of $9,500,000. On August 15, 2025, $9,055,000 will be mandatorily tendered for purchase by the existing holders thereof for conversion to Fixed Rates by the remarketing agent identified below and $445,000 will be optionally redeemed by the District. Except specifically with respect to a description of the Bonds prior to the Conversion Date, the term "Bonds" as used in this Remarketing Memorandum refers to Bonds that remain outstanding on and immediately after the Conversion Date. Interest on the Bonds will accrue from the Conversion Date and is payable on February 15, 2026 and, thereafter, on each August 15 and February 15 until stated maturity or prior redemption.

The definitive Bonds will be registered and delivered to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or any integral multiple thereof. No physical delivery of the Bonds will be made to the owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds (see "BOOK-ENTRY-ONLY SYSTEM" herein). BOKF, NA, Dallas, Texas serves as Paying Agent/Registrar and Tender Agent for the Bonds.

The Bonds are payable as to principal and interest from the proceeds of an ad valorem tax levied annually, without legal limit as to rate or amount, against all taxable property located within the District. The Bonds are guaranteed under the State of Texas Permanent School Fund Guarantee Program (hereinafter defined). (See "THE BONDS – Permanent School Fund Guarantee" and "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM.")

The Bonds maturing on and after February 15, 2035 are subject to redemption at the option of the District in whole or in part on August 15, 2034 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.")

MATURITY SCHEDULE
(On Inside Cover)

The Bonds were initially delivered on September 6, 2022, and were approved by the Attorney General of the State of Texas and the approval of certain legal matters by Haynes and Boone, LLP, Houston, Texas, and Powell Law Group, L.L.P., Austin, Texas, the District's then-acting Co-Bond Counsel. In connection with the remarketing of the Bonds, certain legal matters will be passed upon for the District by its Co-Bond Counsel, Frost Brown Todd LLP, Houston, Texas and Powell Law Group, L.L.P., Austin, Texas. Certain legal matters will be passed upon for the Remarketing Agent by its counsel, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas. The Bonds will be available for delivery through the facilities of DTC following payment of the Purchase Price thereof on August 15, 2025.

PIPER SANDLER & CO.
as Remarketing Agent

$9,055,000
CAMERON INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Milam County, Texas)
ADJUSTABLE RATE UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2022

MATURITY SCHEDULE
CUSIP No.: 133591[1]

CONVERSION OF ADJUSTABLE RATE BONDS TO FIXED RATES

FIXED RATE CONVERSION SCHEDULE

Maturity Date 2/15	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix[1]
2033	$720,000	5.00%	3.32%	HD2
2034	750,000	5.00	3.43	HE0
2035	790,000	5.00	3.65[2]	HF7
2036	835,000	5.00	3.82[2]	HG5
2037	870,000	5.00	3.98[2]	HH3
2038	920,000	5.00	4.14[2]	HJ9
2039	960,000	5.00	4.25[2]	HK6
2040	1,020,000	5.00	4.36[2]	HL4
2041	1,065,000	5.00	4.47[2]	HM2
2042	1,125,000	5.00	4.59[2]	HN0

(Interest to accrue from the Conversion Date)

[1] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2025 CGS. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Financial Advisor, the Remarketing Agent or its agents or counsel assume responsibility for the accuracy of such numbers.

[2] Yield calculated based on the assumption that the Bonds denoted and sold at a premium will be redeemed on August 15, 2034, the first optional call date for such Bonds, at a redemption price of par, plus accrued interest to the redemption date.

CAMERON INDEPENDENT SCHOOL DISTRICT

BOARD OF TRUSTEES

Name	Year Initially Elected	Current Term Expires	Occupation
Alan Patterson, President	2010	2028	Business Owner
Isaiah Logan, Vice President	2022	2028	Medical Doctor
Annisha Williams, Secretary	2021	2027	Deputy Clerk
John Anderle, Trustee	2024	2027	Business Owner
James Burks, Trustee	2014	2026	Ranch General Manager
Roy Martinez, Trustee	2017	2026	Retired
Linda Richter, Trustee	2024	2027	Retired

APPOINTED OFFICIALS

Name	Position	Length of Education Service	Length of Service with the District
Kevin Sprinkles[1]	Superintendent	31 Years	6 Years
Dr. Mistie Dakroub [1]	Assistant Superintendent	27 Years	6 Years
Missi Giesenschlag	Business Manager	32 Years	32 Years

[1] In March 2025, Mr. Sprinkles announced his retirement from the District, with an agreement reached that permits the Board to begin hiring another Superintendent. The District identified Dr. Mistie Dakroub as the lone finalist for this position and named her the new Superintendent on June 23, 2025. Mr. Sprinkles will assist in the transition.

CONSULTANTS AND ADVISORS

Frost Brown Todd, Houston, Texas	Co-Bond Counsel
Powell Law Group, L.L.P., Austin, Texas	Co-Bond Counsel
SAMCO Capital Markets, Inc., Plano, Texas	Financial Advisor
BGFN, Temple, Texas	Certified Public Accountants

For additional information, contact:

Dr. Mistie Dakroub
Superintendent
Cameron Independent School District
304 East 12th
Cameron, Texas 76520
(254) 697-3512

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

USE OF INFORMATION IN REMARKETING MEMORANDUM

This Remarketing Memorandum, which includes the cover page 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 Remarketing Memorandum, and, if given or made, such other information or representations must not be relied upon.

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

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the District, the Financial Advisor or the Remarketing Agent. This Remarketing Memorandum 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 Remarketing Memorandum 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 undertakings of the Texas Education Agency (the "TEA") and the District, respectively, to provide certain information on a continuing basis.

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

IN CONNECTION WITH THIS OFFERING, THE REMARKETING AGENT 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 REMARKETING AGENT MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS REMARKETING MEMORANDUM REGARDING THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK ("DTC") OR ITS 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 DTC AND TEA, RESPECTIVELY.

THIS REMARKETING MEMORANDUM 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 Remarketing Memorandum nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchasers of the Bonds. INVESTORS SHOULD READ THIS ENTIRE REMARKETING MEMORANDUM INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

TABLE OF CONTENTS

SELECTED DATA FROM THE REMARKETING MEMORANDUM

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

The District The Cameron Independent School District (the "District") is a political subdivision of the State of Texas located in Milam County, 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.

New Rate Period The Bonds are currently outstanding in the Initial Rate Period, expiring on August 14, 2025 and during which they bear interest at the Initial Rate. On August 15, 2025 (the "Conversion Date"), all outstanding Bonds are subject to mandatory tender for purchase, without the right of retention by the owner thereof, and redemption at the District's option.

On the Conversion Date, the Bonds will be mandatorily tendered for purchase by the existing holder thereof and the subsequent conversion to a fixed interest rate period (for the duration of which the Bonds will bear interest at Fixed Rates).

Paying Agent/Registrar and Tender Agent The Paying Agent/Registrar and Tender Agent for the Bonds is BOKF, NA, Dallas, Texas.

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.

Redemption The Bonds maturing on and after February 15, 2035 are subject to redemption at the option of the District in whole or in part on August 15, 2034 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.")

Permanent School Fund Guarantee The Bonds are guaranteed by the corpus of the Permanent School Fund Guarantee Program of Texas. However, the Permanent School Fund guarantee is not effective with respect to the payment of the Purchase Price of tendered Bonds. (See "Appendix E - The Permanent School Fund Guarantee Program.")

Rating At the time of their initial delivery, the Bonds were privately placed and, therefore, not rated. The Bonds are rated "AAA" by S&P Global Ratings ("S&P") based upon the guaranteed repayment thereof under the Permanent School Fund Guarantee Program of the TEA. The District's unenhanced, underlying rating, including the Bonds, is "A+" by S&P. (See "Appendix E - The Permanent School Fund Guarantee Program" and "RATING" herein.)

Tax Matters and Legal Opinion At the time of initial delivery of the Bonds on September 6, 2022, 2022 Special Tax Counsel delivered its opinion that interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" and is not includable in the alternative minimum taxable income of individuals. See "TAX MATTERS" herein for a discussion of the opinion of 2022 Special Tax Counsel delivered at the time of the initial delivery of the Bonds, including the alternative minimum tax consequences for corporations. Pursuant to the terms of the Original Bond Order, Co-Bond Counsel will deliver an opinion of Co-Bond Counsel to the Paying Agent and the Remarketing Agent for the conversion of the Bonds to Fixed Rates. In connection with the remarketing of the Bonds that is the subject of this Remarketing Memorandum, Co-Bond Counsel will deliver its opinion that the conversion is authorized or permitted by the Order and will not adversely affect the excludability from gross income of interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings and court decisions described under "TAX MATTERS" herein, including the alternative minimum tax on corporations. (See "TAX MATTERS," "Appendix C-1 – 2022 Special Tax Counsel Opinion" and "Appendix C-2 - Form of Legal Opinion of Co-Bond Counsel.")

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

INTRODUCTORY STATEMENT

This Remarketing Memorandum, including Appendices A, B and D, has been prepared by the Cameron Independent School District (the "District"), a political subdivision of the State of Texas (the "State") located in Milam County, Texas, in connection with the remarketing by the District of its Adjustable Rate Unlimited Tax School Building Bonds, Series 2022 (the "Bonds").

All financial and other information presented in this Remarketing Memorandum 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 Remarketing Memorandum descriptions of the Bonds and the order adopted on August 8, 2022 by the Board of Trustees of the District (the "Board") authorizing the issuance of the Bonds (the "Original Bond Order" and; together with the hereinafter defined Conversion Order, the "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 Cameron Independent School District, 304 E. 12th Street, Cameron, Texas 76520 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 Remarketing Memorandum speaks only as of its date, and the information contained herein is subject to change. A copy of this Final Remarketing Memorandum 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.

Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Original Bond Order. This Remarketing Memorandum describes the Bonds, as remarketed into their new interest rate period.

THE BONDS

Authorization and Purpose

The Bonds were initially issued on September 6, 2022 pursuant to the Constitution and general laws of the State of Texas, particularly Sections 45.001 and 45.003(b)(1), Texas Education Code, as amended, an election held in the District on May 7, 2022 (the "Election") and the Original Bond Order. Proceeds from the sale of the Bonds were used for the (i) construction, renovation, improvement, and equipment of existing school buildings and facilities in the District, including renovations to the original C.H. Yoe High School to create a career and technical education center, (ii) construction, renovation, improvement, and equipment of existing school buildings to improve and enhance agricultural science program facilities, and (ii) to pay the costs of issuing the Bonds. The Board, pursuant to an order adopted on July 14, 2025 (the "Conversion Order"), authorized the Bonds to be mandatorily tendered for purchase by the existing holders thereof and the subsequent conversion to a fixed interest rate period for the duration of which the Bonds will bear interest at Fixed Rates. In addition, the Conversion Order authorized the redemption of certain of the Bonds on the Conversion Date, at the District's option and using lawfully available District funds.

Security for Payment

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. Payment of the scheduled debt service on (but not the Purchase Price of) the Bonds is guaranteed under the State of Texas Permanent School Fund Guarantee Program (hereinafter defined). (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

The Bonds are absolutely and unconditionally guaranteed by the corpus of the Permanent School Fund of the State of Texas under the Permanent School Fund Guarantee Program (Chapter 45, Subchapter C, of the Texas Education Code, as amended). 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.")

General Description

The Bonds are being converted to fixed rate serial bonds bearing interest at fixed rates from their date of delivery, as remarketed, to the Remarketing Agent (the "Fixed Rates"), anticipated to occur on August 15, 2025 (the "Conversion Date"), through their respective stated maturities or prior redemption. The Bonds will mature on the dates and in the principal amounts set forth on page ii of this Remarketing Memorandum. Interest on the Bonds will accrue from the Conversion Date and will be computed on the basis of a 360-day year of twelve 30-day months, and is payable on February 15, 2026 and on each August 15 and February 15 thereafter until stated maturity or prior redemption. The Bonds are not subject to conversion of interest rate convention or tender after their conversion to Fixed Rates.

The Bonds will be issued only as fully registered bonds. The Bonds will be issued in the denominations of $5,000 of principal or any integral multiple thereof within a maturity.

Interest on the Bonds is payable by check mailed on or before each interest payment date by the Paying Agent/Registrar, BOKF, NA, Dallas, Texas, to the registered owner at the last known address as it appears on the Paying Agent/Registrar's registration books on the Record Date (as defined herein) or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the registered owner to whom interest is to be paid, provided, however, that such person shall bear all risk and expense of such other arrangements. Principal of the Bonds will be payable only upon presentation of such Bonds at the corporate trust office of the Paying Agent/Registrar at stated maturity 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 of and interest on the Bonds will be made as described in "BOOK-ENTRY-ONLY SYSTEM" herein.

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

Optional Redemption

The Bonds maturing on and after February 15, 2035, are subject to redemption, at the option of the District, in whole or in part, in principal amounts of $5,000 or integral multiples thereof, on August 15, 2034, 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. 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.

Notice of Redemption

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the District, be 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 notice of conditional 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. 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 ANY PRECONDITIONS STATED IN THE NOTICE OF REDEMPTION HAVING BEEN SATISFIED 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.

DTC Notices

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 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 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.

Legality

The Bonds were initially delivered on September 6, 2022 and were approved as to legality by the Attorney General of the State of Texas and the approval of certain legal matters by the District's then acting Co-Bond Counsel. Frost Brown Todd LLP, Houston, Texas and Powell Law Group, L.L.P., Austin, Texas, as Co-Bond Counsel, will approve certain legal matters relating to the conversion and remarketing of the Bonds described herein. (See "LEGAL MATTERS" and "Appendix C - Form of Legal Opinion of Co-Bond Counsel.")

Payment Record

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

Amendments

The District may amend the Order without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding, amend, add to, or rescind any of the provisions of the Order; except that, without the consent of the registered owners of all of the Bonds then outstanding, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount, thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition or rescission.

Defeasance

The Order provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or other authorized escrow agent, in trust (1) money sufficient to make such payment and/or, (2) Defeasance Securities (defined below) that 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) and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance. The Order provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the District adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Order does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. 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.

REGISTERED OWNERS' REMEDIES

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among

Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as, 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, physical Bond certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the District believes to be reliable, but none of the District, the Financial Advisor, nor the Remarketing Agent take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Remarketing Memorandum

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

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The Paying Agent/Registrar for the Bonds is BOKF, NA, Dallas, Texas. In the Order, the District covenants to maintain and provide a Paying Agent/Registrar until the Bonds are duly paid.

Successor Paying Agent/Registrar

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

Initial Registration

Definitive Bonds that are remarketed and not redeemed will be registered and delivered only to CEDE & CO., the nominee of DTC pursuant to the Book-Entry-Only System described herein.

Future Registration

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

Record Date For Interest Payment

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

Limitation on Transfer of Bonds

The Paying Agent/Registrar shall not be required to make any such transfer, conversion or exchange (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; provided, however, that such limitation shall not apply to uncalled portions of a Bond redeemed in part.

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 (the “Legislature”) from time to time (i) met the requirements of article VII, section 1 of the Texas Constitution, which requires the Legislature to “establish and make suitable provision for the support and maintenance of an efficient system of public free schools,” or (ii) imposed a statewide ad valorem tax in violation of article VIII, section 1-e of the Texas Constitution because the statutory limit on property taxes levied by school districts for maintenance and operation purposes had allegedly denied school districts meaningful discretion in setting their tax rates. In response to the Court’s previous decisions, the Legislature enacted multiple laws that made substantive changes in the way the Finance System is funded in efforts to address the prior decisions declaring the Finance System unconstitutional.

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

> Lawmakers decide if laws pass, and judges decide if those laws pass muster. But our lenient standard of review in this policy-laden area counsels modesty. The judicial role is not to second-guess whether our system

is optimal, but whether it is constitutional. Our Byzantine school funding "system" is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements.

Possible Effects of Changes in Law on District Bonds

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

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

CURRENT PUBLIC SCHOOL FINANCE SYSTEM

Overview

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

Local funding 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. School districts are prohibited from levying an M&O tax rate for the purpose of creating a surplus in M&O tax revenues to pay the district's debt service. 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.

2025 Legislative Sessions

The regular session of the 89th Texas Legislature (the "Legislature") commenced on January 14, 2025 and concluded on June 2, 2025. The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor called for a special session on June 23, 2025, which is set to begin on July 21, 2025, and may last no longer than 30 days. The Governor has identified several bills that were vetoed or filed without signature that will be placed on the upcoming special session agenda for further consideration. Additional special sessions may be called by the Texas Governor.

During the 89th Regular Session, the Legislature considered a general appropriations act and legislation affecting the Finance System and ad valorem taxation procedures and exemptions, and investments, among other legislation affecting school districts and the administrative agencies that oversee school districts. Subject to a Statewide election to be held on November 4, 2025, legislation passed by both houses of the Legislature would increase: (1) the State mandated general homestead exemption from $100,000 to $140,000, (2) the additional exemption on the residence homesteads of those at least sixty-five (65) years of age or disabled from $10,000 to $60,000, and (3) the exemption for tangible personal property used in the "production of income" from $2,499 to $125,000. Additionally, both houses of the Legislature passed and the Governor signed legislation that would authorize roughly $8.5 billion in funding for public schools and would provide districts with a $55 per-student increase to their base funding, as well as provide districts with additional funding for teacher and staff salaries, educator preparation, special education, safety requirements and early childhood learning. Finally, legislation passed by the Legislature and signed into law by the Governor will create an education savings account program (commonly referred to as vouchers) for students that attend private schools or home school. Such program could impact attendance in the District by incentivizing students to homeschool or attend private schools, which could negatively affect the District's attendance based funding.

The District is still in the process of reviewing legislation passed during the 89th Regular Session. At this time, the District cannot make any representations as to the full impact of such legislation. Further, the District can make no representations or predictions regarding the scope of legislation that may be considered in any special session or the potential impact of such legislation at this time, but it intends to monitor applicable legislation related thereto.

2023 Regular and Special Legislative Sessions

The regular session of the 88th Texas Legislature began on January 10, 2023 and adjourned on May 29, 2023. The Legislature meets in regular session in odd numbered years for 140 days. During the 88th Regular Session, the Legislature considered a general appropriations act and legislation affecting the Finance System and ad valorem taxation procedures and exemptions, and investments, among other legislation affecting school districts and the administrative agencies that oversee school districts. Legislation enacted by the Legislature fully-funded the Foundation School Program for the 2023-2024 State fiscal biennium and increased the state guaranteed yield on the first $0.08 cents of tax effort beyond a school district's Maximum Compressed Tax Rate (as defined herein) to $126.21 per penny of tax effort per student in WADA (as defined herein) in 2024 (from $98.56 in 2023) and $129.52 per penny of tax effort per student in WADA in 2025. See "– State Funding for School Districts – Tier Two." The Legislature also provided for an increase in funding for the school safety allotment to $10.00 (from $9.72 in the prior year) per ADA (as defined herein) and $15,000 per campus.

During the second called special session, legislation was passed, and at an election held in the State on November 7, 2023, voters approved a State constitutional amendment that (i) reduced the Maximum Compressed Tax Rate for school districts by approximately $0.107 for the 2023-2024 school year; (ii) increased the amount of the mandatory school district general residential homestead exemption from ad valorem taxation from $40,000 to $100,000 and to hold districts harmless from certain M&O and I&S tax revenue losses associated with the increase in the mandatory homestead exemption; (iii) adjusted the amount of the limitation on school district ad valorem taxes imposed on the residence homesteads of the elderly or disabled to reflect increases in exemption amounts; (iv) prohibited school districts, cities and counties from repealing or reducing an optional homestead exemption that was granted in tax year 2022 (the prohibition expires on December 31, 2027); (v) established a three-year pilot program limiting growth in the taxable assessed value of non-residence homestead property valued at $5,000,000 or less to 20 percent (school districts are not held harmless for any negative revenue impacts associated with such limits); (vi) excepted certain appropriations to pay for ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations; and (vii) expanded the size of the governing body of an 15 appraisal district in a county with a population of more than 75,000 by adding elected directors and authorizing the Legislature to provide for a four-year term of office for a member of the board of directors of certain appraisal districts. This legislation reduces the amount of property taxes paid by homeowners and businesses and increases the State's share of the cost of funding public education.

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 2026, the State Compression Percentage is set at 63.22%.

Maximum Compressed Tax Rate

The Maximum Compressed Tax Rate (the "MCR") is the tax rate per $100 of valuation of taxable property at which a school district must levy its Tier One Tax Rate to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of two alternative calculations: (1) the school district's prior year MCR; or (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5% (if the increase in property value is less than 2.5%, then MCR is equal to the prior year MCR). However, each year the TEA shall evaluate the MCR for each school district in the State, and for any given year, if a school district's MCR is calculated to be less than 90% of any other school district's MCR for the current year, then the school district's MCR is instead equal to the school district's prior year MCR, until TEA determines that the difference between the school district's MCR and any other school district's MCR is not more than 10%. These compression formulas are intended to more closely equalize local generation of Tier One funding among districts with disparate tax bases and generally reduce the Tier One Tax Rates of school districts as property values increase. For the 2025-2026 school year, the Legislature reduced the maximum MCR, establishing $0.6322 as the maximum rate and $0.5689 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 2024-2025 State fiscal biennium, the State Legislature appropriated funds in the amount of $1,072,511,740 for the EDA, IFA, and NIFA.

Tier One and Tier Two allotments represent the State's share of the cost of M&O expenses of school districts, with local M&O taxes representing the school district's local share. EDA and IFA allotments supplement a school district's local I&S taxes levied for debt service on eligible bonds issued to construct, acquire and improve facilities, provided that a school district qualifies for such funding and that the 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 school districts with a Tier One Tax Rate equal to the school district's MCR, is $6,160 for each student in ADA and is revised downward for school districts with a Tier One Tax Rate lower than the school district's MCR. The 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.

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 was limited to $320 million for the 2024-2025 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 2026-2027 State fiscal biennium, school districts are guaranteed a yield of $132.40 per student in WADA in 2026 and $140.02 per student WADA in 2027 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 2026-2027 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, Instructional Facilities Allotment, and New Instructional Facilities Allotment

The Foundation School Program also includes facilities funding components consisting of the IFA and the EDA, subject to legislative appropriation each State fiscal biennium. To the extent funded for a biennium, these programs assist school districts in funding facilities by, generally, equalizing a school district's I&S tax effort. The IFA guarantees each awarded school district a specified amount per student (the "IFA Yield") in State and local funds for each cent of I&S tax levied to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate or improve instructional facilities. The IFA Yield has been $35 since this program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the State Legislature. To receive an IFA award, in years where new IFA awards are available, a school district must apply to the Commissioner in accordance with rules adopted by the TEA before issuing the bonds to be paid with IFA State assistance. The total amount of debt service assistance over a biennium for which a school district may be awarded is limited to the lesser of (1) the actual debt service payments made by the school district in the biennium in which the bonds are issued; or (2) the greater of (a) $100,000 or (b) $250 multiplied by the number of students in ADA. The IFA is also available for lease-purchase agreements and refunding bonds meeting certain prescribed conditions. Once a school district receives an IFA award for bonds, it is entitled to continue receiving State assistance for such bonds without reapplying to the Commissioner. The guaranteed level of State and local funds per student percent of local tax effort applicable to the bonds may not be reduced below the level provided for the year in which the bonds were issued. For the 2024-2025 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 2024-2025 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 2024-2025 State fiscal biennium on new bonds issued by school districts in the 2024-2025 State fiscal biennium to construct, acquire and improve facilities must be funded solely from local I&S taxes, except to the extent the bonds of a school district are eligible for hold harmless funding from the State for local tax revenue lost as a result of an increase in the mandatory homestead exemption from $40,000 to $100,000. Hold harmless applies only to bonds authorized by voters prior to September 1, 2023.

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 2025 Legislative Sessions, the State Legislature appropriated funds in the amount of $100,000,000 for each fiscal year of the 2026-2027 State fiscal biennium for NIFA allotments.

Tax Rate and Funding Equity

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

For the 2026-2027 school year, school districts will be held harmless and entitled to additional state aid to the extent that state and local revenue used to service eligible debt is less than the state and local revenue that would have been available to the district under state law providing for state aid to districts to account for increases in the general residence homestead exemption and the elderly or disabled tax ceiling as such state law existed on January 1, 2025, if any increase in a residence homestead exemption under the Texas Constitution, and any additional limitation on tax increases under the elderly or disabled tax ceiling had not occurred.

Local Revenue Level in Excess of Entitlement

A school district that has sufficient property wealth per student in ADA to generate local revenues on the school district's Tier One Tax Rate and Copper Pennies in excess of the school district's respective funding entitlements (a "Chapter 49 school district"), is subject to the local revenue reduction provisions contained in Chapter 49 of Texas Education Code, as amended ("Chapter 49"). Additionally, in years in which the amount of State funds appropriated specifically excludes the amount necessary to provide the guaranteed yield for Golden Pennies, local revenues generated on a school district's Golden Pennies in excess of the school district's respective funding entitlement are subject to the local revenue reduction provisions of Chapter 49. To reduce local revenue, 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.

Possible Effects of Wealth Transfer Provisions on the District's Financial Condition

For the 2025-2026 school year, the District was not designated as an "excess local revenue" Chapter 49 school district by TEA. Accordingly, the District has not been required to exercise one of the wealth equalization options permitted under applicable State law. As a district with local revenues less than the maximum permitted level, the District may benefit in the future by agreeing to accept taxable property or funding assistance from or agreeing to consolidate with, a property-rich district to enable such district to reduce its wealth per student to the permitted level.

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

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

AD VALOREM TAX PROCEDURES

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. 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.

The 89th Texas Legislature adjourned on June 2, 2025 and the period for the Governor to veto any legislation ended on June 22, 2025. The District is currently evaluating legislation approved during the 89th Legislative Session which may impact ad valorem *taxation of property within the District. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - 2025 Legislative Sessions" for information on legislation affecting ad valorem taxation exemptions.*

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 Milam County Tax Collector (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.

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5 million dollars (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026, the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value. For the 2025 tax year, the maximum property value was increased to $5,160,000.

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 school district taxes imposed for general elementary and secondary public school purposes, (1) a $100,000 exemption of the appraised value of all homesteads, (2) a $10,000 exemption of the appraised value of the residence 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. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Sessions" herein for a discussion of a potential increase in the general State mandated homestead exemption from $100,000 to $140,000 and a potential increase in the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from $10,000 to $60,000.

Additional legislation concerning the required homestead exemption was passed in the 2nd Special Session of the 88th Texas Legislature. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2023 Legislative Sessions" herein.

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties, and school districts are prohibited from repealing or reducing an optional homestead exemption (described in (1) above) that was granted in tax year 2022 through December 31, 2027. 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. Subject to voter approval at a Statewide election to be held on November 4, 2025, legislation passed by the State legislature and signed by the Governor during the Legislature (as defined herein) would provide a person with an exemption from taxation by a taxing unit of $125,000 of the appraised value of tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit (or, if the person leases such property, regardless of where the property is located in the taxing unit).

Freeport and Goods-In-Transit Exemptions

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

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as 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. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the Governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. 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) allowed school districts to grant limitations on appraised property values to certain corporations and limited liability companies to encourage economic development within the school district. Generally, during the last eight (8) years of the ten-year term of a tax limitation agreement, a school district could only levy and collect M&O taxes on the agreed-to limited appraised property value. For the purposes of calculating its Tier One and Tier Two entitlements, the portion of a school district's property that is not fully taxable is excluded from the school district's taxable property values. Therefore, a school district will not be subject to a reduction in Tier One or Tier Two State funds as a result of lost M&O tax revenues due to entering into a tax limitation agreement (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts"). The 87th Texas Legislature did not vote to extend this program, which expired by its terms effective December 31, 2022.

During the regular session of the 88th Texas Legislature, House Bill 5 (codified as Chapter 403, Texas Government Code, Subchapter T. Texas Jobs, Energy, Technology and Innovation Act ("Chapter 403")) was enacted into law. Chapter 403 is intended as a replacement of former Chapter 313, but it contains significantly different provisions than the prior program under Chapter 313. The effective date of Chapter 403 was January 1, 2024. Under Chapter 403, a school district may offer a 50% abatement on taxable value for maintenance and operations property taxes for certain eligible projects, except that projects in a federally designated economic opportunity zone receive a 75% abatement. Chapter 403 also provides a 100% abatement of maintenance and operations taxes for eligible property during a project's construction period. Taxable valuation for purposes of the debt service taxes securing the Bonds cannot be abated under Chapter 403. Eligible projects are limited and include manufacturing, dispatchable power generation facilities, technology research/development facilities, or critical infrastructure projects. Projects must create and maintain jobs, as well as meet certain minimum investment requirements. The District does not expect that Chapter 403 will have any material adverse effect on its ability to repay the Bonds or its finances or operations more generally.

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

Tax Abatement Agreements

Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

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 1.2 million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount was set at $61,349,201 for the 2025 tax year and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

Levy and Collection of Taxes

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

District's Rights in the Event of Tax Delinquencies

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

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

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

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

TAX RATE LIMITATIONS

M&O Tax Rate Limitations

The District is authorized to levy an M&O tax rate pursuant to the approval of the voters of the District at an election held on May 5, 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. The Bonds were initially issued as "new money bonds" and were subject to the $0.50 threshold tax rate test. In connection with prior bond issues, the District has not used State financial assistance other than EDA or IFA allotment funding and has not used projected property values to satisfy this threshold test.

Public Hearing and Voter-Approval Tax Rate

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

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

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

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

The calculation of the Voter-Approval Tax Rate does not limit or impact the District's ability to set an I&S tax rate in each year sufficient to pay debt service on all of the District's 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 Milam County. The Appraisal District is governed by a board of directors appointed by members of the governing bodies of various political subdivisions within Milam County.

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

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

The District applies the State-mandated $100,000 residence homestead exemption to taxable properties in the District.

The District collects an additional 15% penalty to defray attorney costs in the collection of delinquent taxes over and above the penalty automatically assessed under the Tax Code.

The District's taxes are collected by the Milam County Tax Collector.

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

The District does not participate in a tax increment financing zone. The District has not granted any tax abatements.

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

The District has not granted the freeport exemption. The District has not taken action to tax goods-in-transit.

The District has entered into one tax value limitation agreements under the provisions of Chapter 313, Texas Tax Code ("Chapter 313"), known as the Texas Economic Development Act, as described below:

Company	First Year of Abatement	Total Investment [1]	Capped Value for M&O Taxation	Type of Project
Ben Milam Solar 2, LLC	2024/25	$96,837,174	$20,000,000	Solar Farm

[1] Investment amount as set forth in the company's application to the District for tax abatement.

In accordance with Chapter 313, the agreement provides that the full value of the project is subject to taxation during the first two years of the agreement, and thereafter the District may levy its M&O Tax against a capped value (in this case, $20 million) for ten years. The agreement does not limit the tax value with respect to the District's debt service tax rate during any year. After year ten, the full tax value of the project is subject to taxation by the District for both operating and debt service purposes. See "AD VALOREM TAX PROCEDURES – Property Subject to Taxation by the District" for a description of tax limitation agreements.

EMPLOYEE BENEFIT PLANS AND OTHER POST-EMPLOYMENT BENEFITS

The District contributes to the Teacher Retirement System of Texas (the "System"), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. See "Notes to the Financial Statements – III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - J. – Defined Benefit Pension Plan" as set out in the audited financial statements of the District for the year ended August 31, 2024 as set forth in Appendix D hereto.

The District contributes to the Texas Public School Retired Employees Group Insurance Program ("TRS-Care"), a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the System. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the System. See "Notes to the Financial Statements III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - K. – Defined Other Post Employment Benefit Plans" in the audited financial statements of the District for the year ended August 31, 2024 as 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.

RATING

At the time of their initial issuance, the Bonds were not rated. The Bonds are rated "AAA" by S&P Global Ratings ("S&P") based upon the guaranteed repayment thereof under the Permanent School Fund Guarantee Program of the TEA. The Bonds remain guaranteed by the Permanent School Fund Guarantee Program. (See "Appendix E – The Permanent School Fund Guarantee Program.") The District's unenhanced, underlying rating, including the Bonds, is "A+" by S&P.

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

The above rating is not a recommendation to buy, sell or hold the Bonds.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise, their rating methodologies and criteria for municipal issuers such as the District. A revision in a rating agency's rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced no material change in financial condition or operation. Any of the rating agencies at any time while the Bonds remain outstanding could undertake such an evaluation process.

LEGAL MATTERS

At the time of the initial issuance of the Bonds, the District furnished to the purchaser thereof a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving opinion of the District's then acting bond counsel. Frost Brown Todd LLP, Houston, Texas and Powell Law Group, L.L.P., Austin, Texas, Co-Bond Counsel to the District will, at the time of the settlement of the remarketing of the Bonds into the Fixed Rates, deliver their opinion that the interest on the Bonds, as remarketed, 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 matters described under "TAX MATTERS" herein. See "THE BONDS – Determination of Interest Rates; Rate Mode Changes" identifying circumstances in which the opinion of a nationally recognized bond counsel is required as a condition for an interest rate mode conversion.

Co-Bond Counsel has been engaged to represent the District in connection with the conversion of the Bonds from the Initial Rate Period to the remarketing of the Bonds into Fixed Rates. Though it represents the Financial Advisor and the Remarketing Agent from time to time in matters unrelated to the issuance of the Bonds, Co-Bond Counsel has been engaged by and only represents the District with respect to the conversion of the Bonds from the Initial Rate Period to the remarketing of the Bonds into Fixed Rates. Except as noted below, Co-Bond Counsel was not requested to participate, and did not take part in the preparation of this Remarketing Memorandum, 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 Co-Bond Counsel, such firm has reviewed the information appearing under the captions or subcaptions "THE BONDS" (except for the information included under the subcaption "Redemption – DTC Redemption Provision" and under the subcaptions "Permanent School Fund Guarantee" and "Payment Record," as to which no opinion is expressed), "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the sub-caption "Compliance with Prior Undertakings," as to which no opinion is expressed), and Co-Bond Counsel is of the opinion that the statements and information contained therein fairly and accurately reflect the provisions of the Order; further, Co-Bond Counsel has reviewed the statements and information contained in this Remarketing Memorandum under the captions and sub-captions "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS," "CURRENT PUBLIC SCHOOL FINANCE SYSTEM", "TAX RATE LIMITATIONS – M&O Tax Rate Limitations" (first paragraph only), "LEGAL MATTERS" (except the last two sentences of the second paragraph thereof), "TAX MATTERS," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS" and "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," and Co-Bond Counsel is of the opinion that the statements and information contained therein are correct as to matters of law. In connection with the conversion of the Bonds to the Fixed Rates, certain legal matters will be passed upon for the Remarketing Agent by its counsel, McCall, Parkhurst & Horton L.L.P., San Antonio, Texas. McCall, Parkhurst & Horton L.L.P. also advises the TEA in connection with its disclosure obligations under federal securities laws, but such firm has not passed upon any TEA disclosures contained in the Remarketing Memorandum.

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

TAX MATTERS

THE REMARKETING OF THE BONDS IS SUBJECT TO THE OPINION OF CO-BOND COUNSEL, TO THE EFFECT THAT REMARKETING OF THE BONDS AS DESCRIBED HEREIN WILL NOT ADVERSELY AFFECT THE EXCLUSION FROM GROSS INCOME OF INTEREST ON THE BONDS. IN RENDERING ITS OPINION, CO-BOND COUNSEL HAS MADE NO INVESTIGATION OF, AND IS RENDERING NO OPINION WITH RESPECT TO, THE CURRENT STATUS OF THE INTEREST ON THE BONDS FOR FEDERAL INCOME TAX PURPOSES. AT THE TIME THE BONDS WERE ORIGINALLY ISSUED, CANTU HARDEN LLP ("2022 SPECIAL TAX COUNSEL") DELIVERED AN OPINION TO THE EFFECT THAT INTEREST ON THE BONDS FOR FEDERAL INCOME TAX PURPOSES (1) WAS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER, THE INTERNAL REVENUE CODE OF 1986, AS AMENDED TO THE DATE OF SUCH OPINION (THE "CODE"), PURSUANT TO SECTION 103 OF THE CODE AND EXISTING REGULATIONS, PUBLISHED RULINGS, AND COURT DECISIONS, AND (2) WOULD NOT BE INCLUDED IN COMPUTING THE ALTERNATIVE MINIMUM TAXABLE INCOME OF THE OWNERS THEREOF WHO ARE INDIVIDUALS OR, EXCEPT AS DESCRIBED IN THE 2022 Special Tax Counsel'S OPINION, CORPORATIONS. A COPY OF 2022 Special Tax Counsel'S OPINION IS SET FORTH ON APPENDIX C-1. A FORM OF THE ANTICIPATED OPINION OF CO-BOND COUNSEL IS SET FORTH ON EXHIBIT C-2. THE STATUTE, REGULATIONS, RULINGS, AND COURT DECISIONS ON WHICH SUCH OPINION WILL BE BASED ARE SUBJECT TO CHANGE.

In rendering its opinions at the time the Bonds were originally issued, 2022 Special Tax Counsel relied upon representations and certifications of the District made in a certificate dated the date of initial delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and assumed continuing compliance by the District with the provisions of the Original Bond Order subsequent to the issuance of the Bonds. The Original Bond Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities or equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of any "arbitrage profits" from the investment of the proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the original issuance of the Bonds. The opinion of Co-Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Co-Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to the attention of Co-Bond Counsel after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds other than that specifically addressed in the opinion of Co-Bond Counsel. Accordingly, the opinion of Co-Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although 2022 Special Tax Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Co-Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Co-Bond Counsel is expected to express no opinion.

Co-Bond Counsel's engagement with respect to the Bonds ends with the remarketing of the Bonds, and, unless separately engaged, Co-Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

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 "RATING" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value.

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

INVESTMENT POLICIES

Investments

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

Legal Investments

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), 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; (16) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 2256.011 of the PFIA; and (17) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party designated by the District, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

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

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

Under State law, the District may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term of up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance or resolution. The District has not contracted with, and has no present intention of contracting with, any such investment management firm or the Texas Securities Board to provide such services.

Investment Policies

Under State law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for District funds, maximum allowable stated maturity of any individual investment owned by the District and the maximum average dollar-weighted maturity allowed for pooled fund groups. 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.

State law also requires that District investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived". At least quarterly the investment officers of the District shall submit an investment report detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value 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 strategy statements and (b) State law. No person may invest District funds without express written authority from the Board.

Additional Provisions

Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Board; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

Current Investments

As of February 28, 2025, the District had $10,341,689 invested at a local bank. The market value of such investments (as determined by the District by reference to published quotations, dealer bids, and comparable information) is approximately 100% of the book value. No funds of the District are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

No registration statement relating to the Bonds has been filed with the 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 Remarketing Memorandum. 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 Remarketing Agent 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 Remarketing Agent's written request and sole expense, in registering or qualifying the Bonds or in obtaining an exemption from registration or qualification in any state where such action is necessary; provided, however, that the District shall not be required to qualify as a foreign corporation or to execute a general or special consent to service of process in any jurisdiction.

CYBERSECURITY RISK MANAGEMENT

The District's operations are increasingly dependent on information technologies and services, which are exposed to cybersecurity risks and cyber incidents or attacks. 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. (the "Financial Advisor") is employed as Financial Advisor to the District to assist in the remarketing of the Bonds. In this capacity, the Financial Advisor has compiled certain data relating to the Bonds that is contained in this Remarketing Memorandum. 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 Remarketing Memorandum. Because of their limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fee of the Financial Advisor for services with respect to the Bonds is contingent upon the remarketing 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 Remarketing Memorandum. The Financial Advisor has reviewed the information in this Remarketing Memorandum 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

Prior to the remarketing of the Bonds, the Bonds were not subject to a continuing disclosure undertaking. In the Conversion Order, the District will make 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 Municipal Securities Rulemaking Board ("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 Remarketing Memorandum 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 2025. 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 the Rule.

The District's current fiscal year end is August 31. Accordingly, the Annual Operating Report must be provided by the last day of February in each year, and the Financial Statements must be provided by August 31 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 timely notices of certain events to the MSRB. The District will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the 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 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 paying agent/registrar or the change of name of a paying agent/registrar, if material; and (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 others 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". The District will provide each notice described in this paragraph to the MSRB. 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. In the Conversion Order, the District adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings.

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

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 made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided, without charge to the general public, by the MSRB through EMMA at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of 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. Nothing in this paragraph is intended or shall act to disclaim, waive or limit the District's duties under federal or state securities laws.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if, 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 the Rule, taking into account any amendments or interpretations of the Rule 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 provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the District amends its agreement, it 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, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule 15c2-12.

LITIGATION

In the opinion of District officials, except as may be described in this Remarketing Memorandum, 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 remarketing of the Bonds, the District will provide the Remarketing Agent with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the remarketing of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the remarketing and delivery of the Bonds.

FORWARD-LOOKING STATEMENTS

The statements contained in this Remarketing Memorandum, 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 Remarketing Memorandum 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 Remarketing Memorandum would prove to be accurate.

REMARKETING

The Remarketing Agent has agreed, subject to certain customary conditions, to purchase the Bonds at a prices offered to the public producing the initial yields, as shown on the cover page hereof, less a Remarketing Agent's discount of $63,831.48, and no accrued interest. The Remarketing Agent's obligations are subject to certain conditions precedent, and the Remarketing Agent 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 Remarketing Agent.

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

Piper Sandler & Co., as the Remarketing Agent 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 at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

CONCLUDING STATEMENT

No person has been authorized to give any information or to make any representations other than those contained in this Remarketing Memorandum, and if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Remarketing Memorandum 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 or solicitation.

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

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 Remarketing Memorandum for purposes of, and as that term is defined in Rule 15c2-12.

The Conversion Order authorizing the remarketing of Bonds approved the form and content of this Remarketing Memorandum and any addenda, supplement or amendment thereto and authorized its further use in the re-offering of the Bonds by the Remarketing Agent. This Remarketing Memorandum has been approved by the Board for distribution in accordance with the provisions of Rule 15c2-12.

/s/ Alan Patterson

President, Board of Trustees

ATTEST:

/s/ Annisha Williams

Secretary, Board of Trustees

(this page intentionally left blank)

APPENDIX A

FINANCIAL INFORMATION OF THE DISTRICT

(this page intentionally left blank)

CAMERON INDEPENDENT SCHOOL DISTRICT

Financial Information

ASSESSED VALUATION (1)

2024/25 Total Valuation		$ 2,096,681,467
Less Exemptions & Deductions (2):		
State Homestead Exemption	$ 162,046,947	
State Over-65 Exemption	5,665,056	
Disabled Homestead Exemption Loss	3,351,203	
Veterans Exemption Loss	955,626	
Surviving Spouse Disabled Veteran Exemption	314,339	
Freeport Exemption	2,058,928	
Pollution Control Exemption Loss	944,412	
Productivity Loss	1,073,633,886	
Homestead Cap Loss	169,667,282	
Non-Homestead (23.231) Cap Loss	24,404,610	
	$ 1,443,042,289	
2024/25 Net Taxable Valuation		$ 653,639,178
2025/26 Preliminary Net Taxable Valuation (3)		$ 909,897,071

(1) Source: Comptroller of Public Accounts - Property Tax Division. The passage of a Texas constitutional amendment on November 7, 2023 increased the homestead exemption from $40,000 to $100,000. See "AD VALOREM TAX PROCEDURES -- Residential Homestead Exemptions" herein.
(2) Excludes the values on which property taxes are frozen for persons 65 years of age or older and disabled taxpayers which totaled $36,702,650 in 2024/25.
(3) Source: Preliminary Values from the Milam Appraisal District as of May 10, 2025. The tax roll figures used in Appendix A represent the tax roll on which the District levies to fund the interest and sinking fund of the District for the payment of debt service on its unlimited tax-supported bonds (the "I&S" tax). Due to the Limitation Agreements described under "THE PROPERTY TAX CODE AS APPLIED TO THE DISTRICT" herein, the District has a bifurcated tax roll where abated amounts are not taxed for purposes of the District's M&O tax levy, but are taxed for purposes of the I&S tax. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - 2025 Legislative Session" herein for a discussion of a potential increase in the general State mandated homestead exemption from $100,000 to $140,000 and a potential increase in the State mandated homestead exemption of persons 65 years of age or older and the disabled from $10,000 to $60,000.

VOTED GENERAL OBLIGATION DEBT

Unlimited Tax Bonds Outstanding (1)		$ 15,025,000
Plus: The Bonds		9,055,000
Total Unlimited Tax Bonds (1)		24,080,000
Less: Interest & Sinking Fund Balance (As of August 31, 2024) (2)		(1,371,765)
Net General Obligation Debt		$ 22,708,235
Ratio of Net G.O. Debt to Net Taxable Valuation (3)	2.50%	
2025 Population Estimate (4)	7,468	
Per Capita Net Taxable Valuation	$121,839	
Per Capita Net G.O. Debt	$3,041	

(1) Excludes the principal on the Bonds.
(2) Source: Cameron ISD Audited Financial Statements.
(3) See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein and "DEBT SERVICE REQUIREMENTS" in this appendix and see the "Audited Financial Report Fiscal Year Ended August 31, 2024" in Appendix D for more information relative to the District's outstanding obligations.
(4) Source: The Municipal Advisory Council of Texas.

PROPERTY TAX RATES AND COLLECTIONS

Fiscal Year	Net Taxable Valuation	Tax Rate	% Collections (6) Current (7)	Total (7)
2006/07	$ 274,255,141 (1)	$ 1.5800 (8)	97.36%	100.38%
2007/08	271,323,575 (1)	1.3400 (8)	97.36%	100.47%
2008/09	291,490,720 (1)	1.3400	97.49%	100.23%
2009/10	289,157,687 (1)	1.3100	97.16%	100.21%
2010/11	282,351,556 (1)	1.3400	97.29%	99.16%
2011/12	287,844,383 (1)	1.3400	96.09%	99.75%
2012/13	285,681,783 (1)	1.3400	97.67%	100.68%
2013/14	299,518,276 (1)	1.3200	97.95%	101.26%
2014/15	309,602,436 (1)	1.3900	97.61%	99.30%
2015/16	322,342,626 (1) (2)	1.3900	97.57%	99.83%
2016/17	362,269,283 (1) (2)	1.3700	97.36%	99.51%
2017/18	375,360,605 (1) (2)	1.3700	97.54%	99.70%
2018/19	418,724,542 (1) (2)	1.3700	97.14%	99.03%
2019/20	443,689,111 (1) (2)	1.3195 (9)	97.42%	99.89%
2020/21	466,369,675 (1) (2)	1.2800	98.17%	101.24%
2021/22	516,972,336 (1) (2)	1.2198	96.28%	98.31%
2022/23	561,160,968 (1) (3)	1.2067	98.20%	100.79%
2023/24	604,400,565 (1) (4)	1.0213	96.70%	98.81%
2024/25	653,639,178 (1) (4)	1.0190	(In Process of Collection)	
2025/26	909,897,071 (4) (5)			

(1) Source: Comptroller of Public Accounts - Property Tax Division. See the Assessed Valuation section in this Appendix for additional information.
(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) The passage of a Texas constitutional amendment on November 7, 2023 increased the homestead exemption from $40,000 to $100,000.
(5) Source: Preliminary Values from the Milam Appraisal District as of May 10, 2025.
(6) Source: Cameron ISD Audited Financial Statements.
(7) Excludes penalties and interest.
(8) 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" herein.
(9) The decline in the District's Maintenance & Operation Tax from the 2018/19 fiscal year to the 2020/21 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" herein.

TAX RATE DISTRIBUTION

	2020/21	2021/22	2022/23	2023/24	2024/25
Maintenance & Operations (1)	$0.9614	$0.8927	$0.8546	$0.6692	$0.6669
Debt Service	$0.3186	$0.3271	$0.3521	$0.3521	$0.3521
Total Tax Rate	$1.2800	$1.2198	$1.2067	$1.0213	$1.0190

(1) The decline in the District's Maintenance & Operations Tax from the 2019/20 fiscal year to the 2024/25 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	$ 274,255,141	$ 21,165,000	7.72%
2007/08	271,323,575	20,610,000	7.60%
2008/09	291,490,720	20,025,000	6.87%
2009/10	289,157,687	19,410,000	6.71%
2010/11	282,351,556	18,524,552	6.56%
2011/12	287,844,383	17,831,623	6.19%
2012/13	285,681,783	17,117,900	5.99%
2013/14	299,518,276	21,721,157	7.25%
2014/15	309,602,436	21,335,000	6.89%
2015/16	322,342,626	20,275,000	6.29%
2016/17	362,269,283	19,255,000	5.32%
2017/18	375,360,605	18,210,000	4.85%
2018/19	418,724,542	16,380,000	3.91%
2019/20	443,689,111	15,200,000	3.43%
2020/21	466,369,675	13,985,000	3.00%
2021/22	516,972,336	22,230,000	4.30%
2022/23	561,160,968	20,935,000	3.73%
2023/24	604,400,565	25,890,000	4.28%
2024/25	653,639,178	24,080,000 (4)	3.68%
2025/26	909,897,071 (3)	22,740,000 (4)	2.50%

(1) At fiscal year end.
(2) See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein, "DEBT SERVICE REQUIREMENTS" in this Appendix and see the "Audited Financial Report Fiscal Year Ended August 31, 2024" in Appendix D for more information.
(3) Source: Preliminary Values from the Milam Appraisal District as of May 10, 2025. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - 2025 Legislative Session" herein for a discussion of a potential increase in the general State mandated homestead exemption from $100,000 to $140,000 and a potential increase in the State mandated homestead exemption of persons 65 years of age or older and the disabled from $10,000 to $60,000.
(4) Includes the Bonds as remarketed into Fixed Rates.

ESTIMATED OVERLAPPING DEBT STATEMENT

Taxing Body	Amount	Percent Overlapping	Amount Overlapping
City of Cameron	$ 332,000	100.00%	$ 332,000
Milam County	5,140,000	24.73%	1,271,122
Total Overlapping Debt (1)			$ 1,603,122
Cameron Independent School District (2)			22,708,235
Total Direct & Overlapping Debt (1) (2)			$ 24,311,357
Ratio of Net Direct & Overlapping Debt to Net Taxable Valuation		2.67%	
Per Capita Direct & Overlapping Debt		$3,255	

(1) Equals gross-debt less self-supporting debt.
(2) Includes the Bonds as remarketed into Fixed Rates.

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) (2)

2024/25 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Charlotte Pipe and Foundry Co.	Industrial	$ 31,051,264	4.75%
School Specialty Inc.	Retail	25,968,050	3.97%
BNSF Railway Co.	Railroad	21,871,440	3.35%
Oncor Electric Delivery Co.	Electric Utility	16,789,650	2.57%
Ben Milam Solar 2 LLC	Solar Energy Plant	15,566,570	2.38%
V-Tex Logistics LLC	Oil & Gas Pipeline	11,400,030	1.74%
Magellan Pipeline Co. LP	Oil & Gas Pipeline	6,925,688	1.06%
Charlotte Pipe and Foundry Southwest	Industrial	6,771,042	1.04%
Livestock Nutrition Center	Wholesale Supplier/Distribution Center	5,126,908	0.78%
Jvann Properties LLC	Residential	4,305,886	0.66%
		$ 145,776,528	22.30%

2023/24 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Charlotte Pipe and Foundry Co.	Industrial	$ 27,817,540	4.60%
School Specialty Inc.	Retail	26,753,450	4.43%
BNSF Railway Co.	Railroad	22,879,780	3.79%
Oncor Electric Delivery Co.	Electric Utility	13,446,690	2.22%
V-Tex Logistics LLC	Oil & Gas Pipeline	12,332,390	2.04%
Charlotte Pipe and Foundry Southwest	Industrial	6,907,900	1.14%
Magellan Pipeline Co. LP	Oil & Gas Pipeline	5,937,343	0.98%
Livestock Nutrition Center	Wholesale Supplier/Distribution Center	5,765,433	0.95%
SRG Manufacturing	Plastic Coating Mfg.	5,375,000	0.89%
Arcosa Aggregates	Industrial Manufacturing	4,667,490	0.77%
		$ 131,883,016	21.82%

2022/23 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Charlotte Pipe and Foundry Co.	Industrial	$ 30,572,765	5.45%
BNSF Railway Co.	Railroad	20,592,380	3.67%
School Specialty Inc.	Retail	17,650,580	3.15%
Oncor Electric Delivery Co.	Electric Utility	12,830,510	2.29%
V-Tex Logistics LLC	Oil & Gas Pipeline	10,119,640	1.80%
SRG Manufacturing	Plastic Coating Mfg.	8,014,640	1.43%
Magellan Pipeline Co. LP	Oil & Gas Pipeline	7,524,810	1.34%
Old Trail Properties LLC	Residential Land	6,629,840	1.18%
Livestock Nutrition Center	Wholesale Supplier/Distribution Center	6,608,428	1.18%
Halliburton	Oil & Gas	5,861,170	1.04%
		$ 126,404,763	22.53%

(1) Source: Comptroller of Public Accounts - Property Tax Division.
(2) As shown in the table above, the total combined top ten taxpayers in the District currently account for over 22% of the District's tax base, thereby creating a concentration risk for the District. The valuation of windmills, wind farms, and power utilities within the State, as determined by respective appraisal districts, have been subject to litigation related to the taxable value of such property; private power generation facilities are also subject to transfer and sole ownership by another entity, including to local governments whose property is exempt from ad valorem taxation. In addition, a portion of the District's assessed valuation is comprised of industries related to oil and gas, which are subject to fluctuation in terms of market valuation and availability. Any adverse development related to the taxpayers and their ability to continue to conduct business at their respective locations within the District's boundaries may result in significantly less local tax revenue, thereby severely affecting the District's finances and its ability to repay its outstanding indebtedness. Accordingly, the District makes no representation regarding the continued valuation of any of the property listed in the above table or the generation of future tax revenues therefrom.

CLASSIFICATION OF ASSESSED VALUATION BY USE CATEGORY [(1)]

Category	2024/25	% of Total	2023/24	% of Total	2022/23	% of Total
Real, Residential, Single-Family	$ 376,448,024	17.95%	$ 302,790,884	12.31%	$ 222,120,033	17.12%
Real, Residential, Multi-Family	5,940,337	0.28%	6,008,690	0.24%	7,603,020	0.59%
Real, Vacant Lots/Tracts	11,588,868	0.55%	2,707,039	0.11%	2,182,110	0.17%
Real, Qualified Land & Improvements	1,113,297,670	53.10%	1,616,905,535	65.74%	640,542,076	49.36%
Real, Non-Qualified Land & Improvements	291,418,528	13.90%	240,863,039	9.79%	170,607,633	13.15%
Real, Commercial & Industrial	86,827,435	4.14%	98,451,782	4.00%	71,926,862	5.54%
Oil & Gas	421,105	0.02%	461,836	0.02%	765,648	0.06%
Utilities	72,839,770	3.47%	68,993,170	2.81%	63,326,760	4.88%
Tangible Personal, Commercial & Industrial	122,558,720	5.85%	105,033,550	4.27%	107,590,410	8.29%
Tangible Personal, Mobile Homes & Other	13,611,340	0.65%	15,973,330	0.65%	9,046,870	0.70%
Tangible Personal, Residential Inventory	-	0.00%	-	0.00%	-	0.00%
Tangible Personal, Special Inventory	1,729,670	0.08%	1,429,390	0.06%	1,942,250	0.15%
Total Appraised Value	$ 2,096,681,467	100.00%	$ 2,459,618,245	100.00%	$ 1,297,653,672	100.00%
Less:						
Homestead Cap Adjustment	$ 169,667,282		$ 113,809,546		$ 46,796,247	
Non-Homestead (23.231) Cap Adjustment	24,404,610		-		-	
Productivity Loss	1,073,633,886		1,577,329,952		601,025,802	
Exemptions	175,336,511 [(2)]		164,078,182 [(2)]		88,670,655 [(3)]	
Total Exemptions/Deductions [(5)]	$ 1,443,042,289		$ 1,855,217,680		$ 736,492,704	
Net Taxable Assessed Valuation	$ 653,639,178		$ 604,400,565		$ 561,160,968	

Category	2021/22	% of Total	2020/21	% of Total	2019/20	% of Total
Real, Residential, Single-Family	$ 196,974,792	15.93%	$ 165,502,823	14.71%	$ 166,192,543	15.00%
Real, Residential, Multi-Family	5,705,810	0.46%	5,515,350	0.49%	4,864,070	0.44%
Real, Vacant Lots/Tracts	2,226,319	0.18%	1,964,049	0.17%	1,780,919	0.16%
Real, Qualified Land & Improvements	657,306,727	53.15%	609,519,201	54.18%	606,714,952	54.75%
Real, Non-Qualified Land & Improvements	148,871,503	12.04%	135,579,206	12.05%	135,865,677	12.26%
Real, Commercial & Industrial	56,291,272	4.55%	55,197,392	4.91%	54,260,202	4.90%
Oil & Gas	305,894	0.02%	397,381	0.04%	769,622	0.07%
Utilities	57,617,760	4.66%	50,225,320	4.46%	34,129,300	3.08%
Tangible Personal, Commercial & Industrial	101,522,870	8.21%	90,939,410	8.08%	93,988,200	8.48%
Tangible Personal, Mobile Homes & Other	7,836,790	0.63%	8,126,511	0.72%	7,383,471	0.67%
Tangible Personal, Residential Inventory	307,100	0.02%	-	0.00%	-	0.00%
Tangible Personal, Special Inventory	1,758,130	0.14%	1,996,860	0.18%	2,126,580	0.19%
Total Appraised Value	$ 1,236,724,967	100.00%	$ 1,124,963,503	100.00%	$ 1,108,075,536	100.00%
Less:						
Homestead Cap Adjustment	$ 30,815,256		$ 18,531,790		$ 28,085,091	
Non-Homestead (23.231) Cap Adjustment	-		-		-	
Productivity Loss	628,669,469		579,497,603		575,559,041	
Exemptions	60,267,906 [(4)]		60,564,435 [(4)]		60,742,293 [(4)]	
Total Exemptions/Deductions [(5)]	$ 719,752,631		$ 658,593,828		$ 664,386,425	
Net Taxable Assessed Valuation	$ 516,972,336		$ 466,369,675		$ 443,689,111	

(1) Source: Comptroller of Public Accounts - Property Tax Division. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - 2025 Legislative Session" herein for a discussion of a potential increase in the general State mandated homestead exemption from $100,000 to $140,000 and a potential increase in the State mandated homestead exemption of persons 65 years of age or older and the disabled from $10,000 to $60,000.
(2) The passage of a Texas constitutional amendment on November 7, 2023 increased the homestead exemption from $40,000 to $100,000.
(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

Fiscal Year Ending 8/31	Outstanding Bonds [(1)]	Plus: The Bonds	Total [(1)]	Bonds Unpaid At Year End [(1)]	Percent of Principal Retired
2025	$ 1,365,000.00	$ -	$ 1,365,000.00	$ 24,080,000.00	5.36%
2026	1,340,000.00	-	1,340,000.00	22,740,000.00	10.63%
2027	1,360,000.00	-	1,360,000.00	21,380,000.00	15.98%
2028	1,385,000.00	-	1,385,000.00	19,995,000.00	21.42%
2029	1,400,000.00	-	1,400,000.00	18,595,000.00	26.92%
2030	1,415,000.00	-	1,415,000.00	17,180,000.00	32.48%
2031	1,430,000.00	-	1,430,000.00	15,750,000.00	38.10%
2032	1,445,000.00	-	1,445,000.00	14,305,000.00	43.78%
2033	425,000.00	720,000.00	1,145,000.00	13,160,000.00	48.28%
2034	450,000.00	750,000.00	1,200,000.00	11,960,000.00	53.00%
2035	470,000.00	790,000.00	1,260,000.00	10,700,000.00	57.95%
2036	490,000.00	835,000.00	1,325,000.00	9,375,000.00	63.16%
2037	515,000.00	870,000.00	1,385,000.00	7,990,000.00	68.60%
2038	535,000.00	920,000.00	1,455,000.00	6,535,000.00	74.32%
2039	560,000.00	960,000.00	1,520,000.00	5,015,000.00	80.29%
2040	575,000.00	1,020,000.00	1,595,000.00	3,420,000.00	86.56%
2041	605,000.00	1,065,000.00	1,670,000.00	1,750,000.00	93.12%
2042	625,000.00	1,125,000.00	1,750,000.00	-	100.00%
Total	$ 16,390,000.00	$ 9,055,000.00	$ 25,445,000.00		

(1) Excludes the principal on the Bonds.

DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8/31	Outstanding Debt Service (1) (2)	Plus: The Bonds (3) Principal	Interest	Total	Combined Total (1) (2) (3) (4)
2025	$ 2,317,275.00	$ -	$ -	$ -	$ 2,317,275.00
2026	1,903,375.00	-	452,750.00	452,750.00	2,356,125.00
2027	1,867,550.00	-	452,750.00	452,750.00	2,320,300.00
2028	1,836,075.00	-	452,750.00	452,750.00	2,288,825.00
2029	1,797,812.50	-	452,750.00	452,750.00	2,250,562.50
2030	1,763,052.50	-	452,750.00	452,750.00	2,215,802.50
2031	1,728,217.50	-	452,750.00	452,750.00	2,180,967.50
2032	1,693,377.50	-	452,750.00	452,750.00	2,146,127.50
2033	637,825.00	720,000.00	434,750.00	1,154,750.00	1,792,575.00
2034	640,950.00	750,000.00	398,000.00	1,148,000.00	1,788,950.00
2035	637,950.00	790,000.00	359,500.00	1,149,500.00	1,787,450.00
2036	636,400.00	835,000.00	318,875.00	1,153,875.00	1,790,275.00
2037	641,300.00	870,000.00	276,250.00	1,146,250.00	1,787,550.00
2038	640,300.00	920,000.00	231,500.00	1,151,500.00	1,791,800.00
2039	643,400.00	960,000.00	184,500.00	1,144,500.00	1,787,900.00
2040	635,700.00	1,020,000.00	135,000.00	1,155,000.00	1,790,700.00
2041	642,100.00	1,065,000.00	82,875.00	1,147,875.00	1,789,975.00
2042	637,500.00	1,125,000.00	28,125.00	1,153,125.00	1,790,625.00
	$ 21,300,160.00	$ 9,055,000.00	$ 5,618,625.00	$ 14,673,625.00	$ 35,973,785.00

(1) Includes the accreted value of outstanding capital appreciation bonds.
(2) Excludes the debt service on the Bonds in 2026 and thereafter.
(3) The Bonds are being remarketed into Fixed Rates.
(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 2024/25. 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" herein.

TAX ADEQUACY WITH RESPECT TO THE DISTRICT'S BONDS

Projected Maximum Debt Service Requirement (1)	$ 2,356,125.00
Projected State Financial Assistance for Hold Harmless of Increased Homestead Exemption (2)	355,000.00
Projected Net Debt Service Requirement	$ 2,001,125.00
$0.22442 Tax Rate @ 98% Collections Produces	$ 2,001,125.00
2025/26 Preliminary Net Taxable Valuation (3)	$ 909,897,071

(1) Includes the Bonds as remarketed into Fixed Rate Bonds.
(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. The District will not receive any Instructional Facilities Allotment nor Existing Debt Allotment state aid in 2024/25, but will receive additional state aid for the increase in the homestead exemption which took effect in 2015/16, 2022/23 and 2023/24.
(3) Source: Preliminary Values from the Milam Appraisal District as of May 10, 2025. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - 2025 Legislative Session" herein for a discussion of a potential increase in the general State mandated homestead exemption from $100,000 to $140,000 and a potential increase in the State mandated homestead exemption of persons 65 years of age or older and the disabled from $10,000 to $60,000.

AUTHORIZED BUT UNISSUED BONDS

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

COMPARATIVE STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES [1]

	Fiscal Year Ended August 31				
	2020	2021	2022	2023	2024
Beginning Fund Balance	**$ 7,022,198**	**$ 7,883,146**	**$ 9,303,074**	**$ 12,345,099**	**$ 15,128,945**
Revenues:					
Local and Intermediate Sources	$ 4,491,580	$ 4,563,819	$ 4,750,414	$ 6,112,385	$ 5,001,766
State Sources	11,036,384	11,598,761	11,374,694	11,238,062	12,927,068
Federal Sources & Other	422,819	457,543	406,048	406,637	29,818
Total Revenues	**$ 15,950,783**	**$ 16,620,123**	**$ 16,531,156**	**$ 17,757,084**	**$ 17,958,652**
Expenditures:					
Instruction	$ 8,379,296	$ 8,280,482	$ 6,275,647	$ 5,927,006	$ 10,565,980
Instructional Resources & Media Services	178,626	180,328	142,891	130,597	137,540
Curriculum & Instructional Staff Development	160,978	181,036	232,125	248,273	262,865
School Leadership	966,569	975,745	999,613	1,060,038	1,098,817
Guidance, Counseling & Evaluation Services	400,909	369,122	422,431	426,818	419,807
Social Work Services	36,803	40,158	19	11,021	50,141
Health Services	149,560	147,782	136,530	147,191	170,092
Student (Pupil) Transportation	476,323	541,042	461,929	571,363	556,223
Food Services	37,105	35,772	36,484	42,859	27,644
Cocurricular/Extracurricular Activities	1,073,936	1,076,616	1,085,097	1,184,215	1,208,238
General Administration	794,021	840,103	1,026,972	1,302,838	1,450,862
Plant Maintenance and Operations	1,724,121	1,727,429	1,683,670	1,735,010	2,052,208
Security and Monitoring Services	95,403	36,246	58,988	224,320	367,596
Data Processing Services	307,221	409,236	377,039	511,842	519,605
Community Services	56,271	105,470	51,703	164,483	292,675
Debt Service - Principal on Long Term Debt	52,498	57,270	58,020	57,517	56,774
Debt Service - Interest on Long Term Debt	10,753	11,730	11,730	11,781	11,628
Debt Service - Bond Issuance Cost and Fees	13,687	4,226	3,422	3,023	3,360
Capital Outlay - Facilities Acquisition and Construction	47,684	72,378	340,213	1,076,093	814,659
Payments to Shared Service Agreements	110,260	103,660	114,610	136,950	147,295
Total Expenditures	**$ 15,072,024**	**$ 15,195,831**	**$ 13,519,133**	**$ 14,973,238**	**$ 20,214,009**
Excess (Deficiency) of Revenues					
over Expenditures	$ 878,759	$ 1,424,292	$ 3,012,023	$ 2,783,846	$ (2,255,357)
Other Resources and (Uses):					
Proceeds from Right of Use Leased Assets	$ -	$ -	$ 180,002	$ -	$ 276,028
Operating Transfers In	-	62,471	-	-	-
Operating Transfers Out	(17,811)	(16,835)	(150,000)	-	-
Total Other Resources (Uses)	**$ (17,811)**	**$ 45,636**	**$ 30,002**	**$ -**	**$ 276,028**
Excess (Deficiency) of					
Revenues and Other Sources					
over Expenditures and Other Uses	$ 860,948	$ 1,469,928	$ 3,042,025	$ 2,783,846	$ (1,979,329) [3]
Prior Period Adjustment	$ -	$ (50,000) [2]	$ -	$ -	$ -
Ending Fund Balance	**$ 7,883,146**	**$ 9,303,074**	**$ 12,345,099**	**$ 15,128,945**	**$ 13,149,616**

(1) See "MANAGEMENT'S DISCUSSION AND ANALYSIS - Economic Factors and Next Year's Budgets and Rates" in Appendix D hereto for a discussion of the 2024/25 budget and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - Possible Effects of Wealth Transfer Provisions on the District's Financial Condition" herein.
(2) The 2021 prior period adjustment is due to the implementation of GASB Statement 84.
(3) Attributable to an increase in total expenditures of approximately $5 million from the prior year, due to ESSER III funds covering a significant portion of the District's payroll expenditures.

CHANGE IN NET POSITION [1]

	Fiscal Year Ended August 31				
	2020	2021	2022	2023	2024
Revenues:					
Program Revenues:					
Charges for Services	$ 127,218	$ 152,394	$ 257,324	$ 320,695	$ 286,122
Operating Grants and Contributions	3,625,137	3,773,969	5,411,795	6,073,135	2,519,099
General Revenues:					
Property Taxes Levied for General Purposes	4,168,321	4,253,445	4,423,161	4,624,416	3,804,627
Property Taxes Levied for Debt Service	1,498,537	1,424,167	1,552,565	1,916,001	1,917,991
State Aid - Formula Grants	11,022,641	11,598,761	11,374,931	11,238,062	12,927,272
Investment Earnings	155,465	95,422	148,739	1,264,510	1,511,039
Miscellaneous	125,089	107,096	286,291	623,019	407,785
Total Revenue	$ 20,722,408	$ 21,405,254	$ 23,454,806	$ 26,059,838	$ 23,373,935
Expenses:					
Instruction	$ 10,690,047	$ 10,167,059	$ 9,961,255	$ 10,439,825	$ 11,889,334
Instruction Resources & Media Services	242,384	234,673	188,994	184,748	185,207
Curriculum & Staff Development	362,340	336,802	384,257	401,554	411,417
School Leadership	1,068,287	1,013,457	959,359	1,072,569	1,089,454
Guidance, Counseling & Evaluation Services	436,029	379,988	450,606	497,005	411,748
Social Work Services	39,713	40,861	39,812	47,134	48,650
Health Services	161,933	152,520	129,386	200,726	167,397
Student Transportation	493,481	529,231	503,205	574,508	661,748
Food Service	1,248,686	1,191,892	1,302,663	1,459,927	1,397,796
Cocurricular/Extracurricular Activities	1,636,460	1,670,746	1,739,983	1,770,965	1,807,970
General Administration	852,283	848,553	914,701	1,247,875	1,404,953
Plant Maintenance & Operations	1,712,059	1,869,983	1,789,908	1,861,998	1,900,039
Security and Monitoring Services	158,430	79,795	91,197	321,977	682,157
Data Processing Services	430,121	710,812	382,005	532,746	511,237
Community Services	117,571	114,554	122,213	210,097	284,186
Interest on Long-term Debt	513,091	478,882	439,293	689,125	897,874
Bond Issuance Costs and Fees	17,687	8,226	6,672	104,203	172,948
Capital Outlay	47,684	47,684	129,612	151,282	699,170
Payments to Shared Service Agreements	110,260	103,660	114,610	136,950	147,295
Total Expenditures	$ 20,338,546	$ 19,979,378	$ 19,649,731	$ 21,905,214	$ 24,770,580
Change in Net Position	$ 383,862	$ 1,425,876	$ 3,805,075	$ 4,154,624	$ (1,396,645)
Beginning Net Position	$ 1,370,222	$ 1,754,084	$ 3,193,638	$ 6,998,713	$ 11,153,337
Prior Period Adjustment	$ -	$ 13,678 [2]	$ -	$ -	$ -
Ending Net Position [3]	$ 1,754,084	$ 3,193,638	$ 6,998,713	$ 11,153,337	$ 9,756,692

(1) The foregoing information represents government-wide financial information provided in accordance with GASB 34, which the District adopted for the 2002 fiscal year.
(2) The 2021 prior period adjustment is due to the implementation of GASB Statement 84.
(3) For the current fiscal year, the District adopted a deficit budget of $1,565,501.

APPENDIX B

GENERAL INFORMATION REGARDING THE DISTRICT AND ITS ECONOMY

(this page intentionally left blank)

CAMERON INDEPENDENT SCHOOL DISTRICT

General and Economic Information

Cameron Independent School District (the "District") is located in Milam County approximately 150 miles south of the Dallas/Fort Worth Metroplex. It is an agricultural area producing cotton and corn and includes the City of Cameron, the principal commercial center and county seat of Milam County. The District's current estimated population is 7,468.

Milam County (the "County") is located in central Texas and was created in 1836. The county is bordered by the Brazos River to the east and bisected by the San Gabriel River. Large lignite deposits within the county supply revenue and jobs.

Source: Texas Municipal Report for Cameron ISD and Milam County

Enrollment Statistics

Year Ending 8/31	Enrollment
2015	1,681
2016	1,754
2017	1,850
2018	1,852
2019	1,783
2020	1,725
2021	1,631
2022	1,569
2023	1,554
2024	1,517
Current	1,488

District Staff

Teachers	117
Teachers' Aides & Secretaries	61
Auxiliary Personnel	55
Administrators	11
Other	20
Total	264

Facilities

Campus	Grades	Current Enrollment	Capacity	Year Built	Year of Addition/Renovation
Ben Milam Elementary	PK-2	396	600	1998	2010
Cameron Elementary	3-5	308	500	1994	2013
Cameron Junior High	6-8	305	500	1994	2013
C. H. Yoe High School	9-12	479	650	2002	2013

Principal Employers within the District

Name of Company	Type of Business	Number of Employees
Cameron ISD	Public Education	264
Affordable Interior Systems (AIS)	School Furniture	155
Standards Home Health	Home Health Care	150
Milam County	County Government	150
Winnie L. Nursing Facility	Nursing Home	92
Legacy Nursing Facility	Nursing Home	80
EBCO General Contractor	Commercial Builder	67

Unemployment Rates

	May 2023	May 2024	May 2025
Milam County	3.8%	3.9%	4.3%
State of Texas	3.9%	3.8%	4.0%

Source: Texas Workforce Commission

(this page intentionally left blank)

APPENDIX C-1

2022 SPECIAL TAX COUNSEL OPINION

(this page intentionally left blank)

CANTU | HARDEN

Cantu Harden LLP
1020 NE Loop 410, Suite 401
San Antonio, Texas 78209
210-890-2860
www.CantuHarden.com

September 6, 2022

IN REGARD to the authorization and issuance of the "Cameron Independent School District Adjustable Rate Unlimited Tax School Building Bonds, Series 2022" (the *Bonds*), in the aggregate principal amount of $9,500,000.00, we have reviewed the federal tax treatment of the issuance thereof by the Board of Trustees of the Cameron Independent School District (the *Issuer*). Interest on the Bonds accrues from the dates, at the rates, in the manner, and is payable on the dates, all as provided in the order (the *Order*) authorizing the issuance of the Bonds. Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Order.

WE HAVE SERVED AS SPECIAL TAX COUNSEL for the Issuer solely to pass upon the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes and for no other purpose. 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. We have not assumed any responsibility with respect to the financial condition or capabilities of the Issuer or the disclosure thereof in connection with the sale of the Bonds. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Bonds.

WE HAVE EXAMINED the applicable and pertinent laws of the State of Texas and the United States of America. In rendering the opinions herein we rely upon (1) original or certified copies of the proceedings of the Board of Trustees of the Issuer in connection with the issuance of the Bonds, including the Order; (2) customary certifications and opinion of officials of the Issuer; (3) certificates executed by officers of the Issuer relating to the expected use and investment of proceeds of the Bonds and certain other funds of the Issuer, and to certain other facts solely within the knowledge and control of the Issuer; and (4) such other documentation, including an examination of the Bond executed and delivered initially by the Issuer, and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and information contained in such certificates. We express no opinion concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

BASED ON OUR EXAMINATION, IT IS OUR OPINION that, assuming continuing compliance after the date hereof by the Issuer with the provisions of the Order and in reliance upon the representations and certifications of the Issuer made in a certificate of even date herewith pertaining to the use, expenditure, and investment of the proceeds of the Bonds, under existing statutes, regulations, published rulings, and court decisions (1) interest on the Bonds will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the Code), of the owners thereof for federal income tax purposes, pursuant to section 103 of the Code, and (2) interest on the Bonds is not an item of tax preference for purposes of the alternative minimum tax; however, such interest is taken into account in determining the "annual adjusted financial statement income" (as defined in section 56A of the Code) of "applicable corporations" (as defined in section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

WE EXPRESS NO OTHER OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Cantu Harden LLP

Cantu Harden LLP

APPENDIX C-2

FORM OF LEGAL OPINION OF CO-BOND COUNSEL

(this page intentionally left blank)

1100 Louisiana St., Suite 4300
Houston, TX 77002
https://frostbrowntodd.com/

108 Wild Basin Rd, Suite 100
Austin, Texas, 78746
www.plg-law.com

__________, 2025

CAMERON INDEPENDENT SCHOOL DISTRICT
304 E. 12th Street
Cameron, Texas 76520

PIPER SANDLER & CO.
6136 Frisco Square Blvd., Suite 400
Frisco, Texas 75034

Re: Cameron Independent School District Adjustable Rate Unlimited Tax School Building and Refunding Bonds, Series 2022

Ladies and Gentlemen:

The Cameron Independent School District (the "***District***") issued its Adjustable Rate Unlimited Tax School Building Bonds, Series 2022 (the "***Bonds***") on September 6, 2022 pursuant to an Order adopted by the Board of Trustees of the District (the "***Board***") on August 8, 2022 (the "***Bond Order***").

Pursuant to Section 3.03 of the Bond Order, the District is converting the Rate Period for a portion of the Bonds from the Initial Rate Period to a Fixed Rate Period effective August 15, 2025 (the "***Conversion***").

As Co-Bond Counsel for the District in connection with the Conversion, we have examined (i) the Bond Order, (ii) the order authorizing the remarketing and conversion of the Bonds adopted by the Board of Trustees on July 14, 2025 (the "***Conversion Order***"), (iii) a transcript of certified proceedings of the District, and (iv) such other documents, opinions and matters to the extent we deemed necessary to render the opinion set forth herein.

The opinion expressed herein is based on an analysis of existing laws, regulations, rulings and court decisions and covers certain matters not directly addressed by such authorities. Such opinion may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any party other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions referred to in the third paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Order and the Certificate as to Tax Exemption (including any supplements or amendments thereto), including (without limitation) covenants and agreements compliance with which is necessary to assure that actions, omissions or events on and after the date of issuance of the Bonds have not caused and will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We have not undertaken to determine compliance with any of such covenants and agreements or any other requirements of law, and, except as expressly set forth below, we have not otherwise reviewed any actions, omissions or events occurring after the date of issuance of the Bonds or the exclusion of interest on the Bonds from gross income for federal income tax purposes. Accordingly, no opinion is expressed herein as to whether interest on the Bonds is excludable from gross income for federal income tax purposes or as to any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. Nothing in this letter should imply that we have considered or in any manner confirmed any of the matters covered in any prior opinion rendered with respect to the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Remarketing Memorandum, dated July 14, 2025 or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that the Conversion will not, in and of itself, adversely affect the validity of the Bonds under the laws of the State of Texas or adversely affect any excludability from gross income of interest on the Bonds for purposes of federal income taxation.

This opinion is furnished by us as Co-Bond Counsel to the District. No attorney-client relationship has existed or exists between our firm and the Paying Agent/Registrar or our firm and the Remarketing Agent in connection with the Bonds or by virtue of this opinion, and we disclaim any obligation to update this opinion.

Respectfully submitted,

APPENDIX D

AUDITED FINANCIAL REPORT
FISCAL YEAR ENDED AUGUST 31, 2024

(this page intentionally left blank)

CAMERON INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2024

CAMERON INDEPENDENT SCHOOL DISTRICT
TABLE OF CONTENTS

This page is left blank intentionally.

CERTIFICATE OF BOARD

Cameron Independent School District	Milam	166-901
Name of School District	County	Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ____✓____ approved ____________ disapproved for the year ended August 31, 2024, at a meeting of the Board of Trustees of such school district on the 9th day of December, 2024.

A Williams

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):
(attach list as necessary)

This page is left blank intentionally.

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cameron Independent School District (the District), as of and for the year ended August 31, 2024, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2024, and the respective changes in financial position, 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 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

3520 SW H.K. DODGEN LOOP ■ TEMPLE, TEXAS 76504 ■ 254.773.9907 ■ FAX 254.773.1570

WWW.TEMPLECPA.COM

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the required TEA schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Brockway, Gersbach, Franklin & Niemeier, P.C.

Temple, Texas
November 27, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS
CAMERON INDEPENDENT SCHOOL DISTRICT
FOR THE YEAR ENDED AUGUST 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial Report, we, the managers of Cameron Independent School District (the District), discuss and analyze the District's financial performance for the fiscal year ended August 31, 2024. Please read it in conjunction with the Independent Auditor’s Report on pages 5 - 8, and the District's Basic Financial Statements, which begin on page 17.

FINANCIAL HIGHLIGHTS

- The General Fund ended the year with a fund balance of $ 13,149,616.

- The General Fund had an increase in total expenditures of approximately $ 5 million from the prior year, due to ESSER III funds covering a significant portion of the District’s payroll expenditures. General Fund expenditures were approximately $ 600,000 less than budgeted expenditures.

- During the year, the District generated $ 23.4 million in tax and other revenues for governmental activities. These expenses exceeded the District’s governmental activities revenues by $ 1.4 million.

- The total cost of all the District’s programs increased approximately $ 2.9 million from the prior year due primarily to increase in capital projects activity.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the District’s assets and deferred outflows of resources, and liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as uncollected property tax.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes, intergovernmental revenues, and user fees & charges (governmental activities). The governmental activities of the District include the education of District students and the programs necessary to support such education.

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The District maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and ESSER III and capital projects funds as they are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule has been provided for this fund to demonstrate compliance with this budget. Supplementary budgetary comparison schedules have also been prepared for the Child Nutrition and Debt Service Funds and are included in the other supplementary information section of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

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

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. In addition, certain information required by the Texas Education Agency and the federal government regarding tax collection and grant expenditures is also presented along with required supplementary information related to the District's contributions to a cost-sharing pension plan with the Teacher Retirement System of Texas.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

We will present both current and prior year data and discuss significant changes in the accounts. Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental activities.

Net position of the District's governmental activities decreased from $ 11,153,337 to $ 9,756,692. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was $ 1.5 million at August 31, 2024. This is a decrease of $ 3.6 million in governmental unrestricted net position.

Table I
Cameron Independent School District

NET POSITION

	Governmental Activities 2024	Governmental Activities 2023	Change
Current and Other Assets	$ 21,362,868	$ 26,729,905	$ (5,367,037)
Capital Assets	28,500,001	17,780,053	10,719,948
Total Assets	49,862,869	44,509,958	5,352,911
Deferred Outflows of Resources	3,199,387	3,291,285	(91,898)
Other Liabilities	2,899,809	1,121,552	1,778,257
Long-Term Liabilities	35,480,533	29,717,262	5,763,271
Total Liabilities	38,380,342	30,838,814	7,541,528
Deferred Inflows of Resources	4,925,222	5,809,092	(883,870)
Net Position:			
Invested in Capital Assets, Net of Related Debt	6,539,417	4,195,190	2,344,227
Restricted	1,691,332	1,799,073	(107,741)
Unrestricted	1,525,943	5,159,074	(3,633,131)
Total Net Position	$ 9,756,692	$ 11,153,337	$ (1,396,645)

Table II
Cameron Independent School District

CHANGES IN NET POSITION

	Governmental Activities 2024	Governmental Activities 2023	Change
Revenues:			
Program Revenues:			
Charges for Services	$ 286,122	$ 320,695	$ (34,573)
Operating Grants and Contributions	2,519,099	6,073,135	(3,554,036)
General Revenues:			
Maintenance and Operations Taxes	3,804,627	4,624,416	(819,789)
Debt Service Taxes	1,917,991	1,916,001	1,990
State Aid - Formula Grants	12,927,272	11,238,062	1,689,210
Investment Earnings	1,511,039	1,264,510	246,529
Miscellaneous Income	407,785	623,019	(215,234)
Total Revenues	23,373,935	26,059,838	(2,685,903)
Expenses:			
Instruction, Curriculum and Media Services	12,485,958	11,026,127	1,459,831
Instructional and School Leadership	1,089,454	1,072,569	16,885
Student Support Services	1,289,543	1,319,373	(29,830)
Food Services	1,397,796	1,459,927	(62,131)
Extracurricular Activities	1,807,970	1,770,965	37,005
General Administration	1,404,953	1,247,875	157,078
Plant Maintenance, Security, and Data Processing	3,093,433	2,716,721	376,712
Community Services	284,186	210,097	74,089
Facilities Acquisition & Construction	699,170	151,282	547,888
Debt Services - Interest and Bond Fees	1,070,822	793,328	277,494
Payments to Other Districts/Agencies	147,295	136,950	10,345
Total Expenses	24,770,580	21,905,214	2,865,366
Excess of Revenues Over Expenses	(1,396,645)	4,154,624	(5,551,269)
Change in Net Position	(1,396,645)	4,154,624	(5,551,269)
Net Position - Beginning	11,153,337	6,998,713	4,154,624
Net Position - Ending	$ 9,756,692	$ 11,153,337	$ (1,396,645)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District's total revenues decreased by approximately $ 2.7 million from the prior year. The District's cost of all programs and services increased from the prior year by approximately $ 2.9 million.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on pages 20-21) reported a combined fund balance of $ 18.1 million, which is $ 7.2 million less than last year's total of $ 25.3 million. This is due primarily to the decrease in federal revenues (ESSER III) in 2024.

The District's General Fund balance of $ 13.1 million reported on page 20 differs from the General Fund's budgeted fund balance of $ 12.6 million reported in the budgetary comparison schedule on page 57 due to expenditures being less than amounts budgeted in Functions 35,52 and 71.

In the 2023-24 school year, we made two amendments to the budget. Debt Service was amended due to receiving less revenue than estimated in local taxes. Child Nutrition was amended to cover the cost of increased participation and expanded offerings. In 2021-22, The Texas Department of Agriculture required the Child Nutrition fund balance to be spent down. The General Fund was amended for the following purposes:

- receiving more State Revenue than estimated,
- to cover Teacher Incentive Allotment (TIA) expenses and Retention Stipends,
- to cover Student Resource Officer (SRO) salaries due to new mandates requiring one SRO per campus and all salaries being paid with local funds,
- to cover unbudgeted, unexpected maintenance and safety issues such as HVAC units, fire alarm system, security locks, buses, track repairs, baseball field repairs, Cosmetology renovation, new Operations building, weight room equipment, football field speakers and bond associated expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2024, the District had $ 28.5 million, net of depreciation, invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

This year's major additions included:

Buildings and Improvements	$	58,439
Furniture and Equipment		175,160
Construction in progress		12,070,474
Total	$	12,304,073

Debt

At year-end, the District had $ 26.1 million in bonds and leases outstanding versus $ 20.9 million last year, an increase due to the issuance of the Series 2023 Adjustable Rate Unlimited Tax School Building Bonds. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements starting on page 38.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following factors were considered in establishing the District's budget for 2024-2025:

- The District's budgeted expenditures for the 2024-2025 school year total $ 18,883,929.

- The District's total tax rate for 2023-2024 was $ 1.0213 per $ 100 valuation. The rate adopted for the 2024-2025 school year is $ 1.019 per $ 100 valuation. The rates approved were $0.66690 for Maintenance and Operations and $ 0.35210 for Interest and Sinking.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Cameron Independent School District, P. O. Box 712, Cameron, Texas 76520.

BASIC FINANCIAL STATEMENTS

This page is left blank intentionally.

EXHIBIT A-1

CAMERON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2024

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and Cash Equivalents	$ 19,498,353
1220	Property Taxes Receivable (Delinquent)	380,546
1230	Allowance for Uncollectible Taxes	(3,807)
1240	Due from Other Governments	1,487,776
	Capital Assets:	
1510	Land	728,654
1520	Buildings, net	11,981,356
1530	Furniture and Equipment, net	1,921,733
1550	Right of Use Assets - Leased Equipment	242,624
1580	Construction in progress	13,625,634
1000	Total Assets	49,862,869
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred Outflow Related to TRS Pension	2,262,541
1706	Deferred Outflow Related to TRS OPEB	936,846
1700	Total Deferred Outflows of Resources	3,199,387
	LIABILITIES	
2110	Accounts Payable	2,149,454
2140	Interest Payable	37,727
2160	Accrued Wages Payable	674,188
2200	Accrued Expenditures	22,402
2300	Unearned Revenues	16,038
	Noncurrent Liabilities:	
2501	Due Within One Year	1,536,848
2502	Due in More Than One Year	25,703,285
2540	Net Pension Liability (District's Portion)	5,530,720
2545	Net OPEB Liability (District's Portion)	2,709,680
2000	Total Liabilities	38,380,342
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred Inflow Related to TRS Pension	378,426
2606	Deferred Inflow Related to TRS OPEB	4,546,796
2600	Total Deferred Inflows of Resources	4,925,222
	NET POSITION	
3200	Net Investment in Capital Assets	6,539,417
3820	Restricted for Federal and State Programs	247,296
3850	Restricted for Debt Service	1,371,765
3870	Restricted for Campus Activity	72,271
3900	Unrestricted	1,525,943
3000	Total Net Position	$ 9,756,692

The accompanying notes are an integral part of the financial statements.

This page is left blank intentionally.

EXHIBIT B-1

CAMERON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024

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
	Primary Government:				
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	$ 11,889,334	$ -	$ 1,228,133	$ (10,661,201)
12	Instructional Resources and Media Services	185,207	-	(2,309)	(187,516)
13	Curriculum and Instructional Staff Development	411,417	-	(2,552)	(413,969)
23	School Leadership	1,089,454	-	(18,072)	(1,107,526)
31	Guidance, Counseling and Evaluation Services	411,748	-	(7,687)	(419,435)
32	Social Work Services	48,650	-	(975)	(49,625)
33	Health Services	167,397	-	(2,029)	(169,426)
34	Student (Pupil) Transportation	661,748	-	(5,715)	(667,463)
35	Food Services	1,397,796	146,226	1,053,571	(197,999)
36	Extracurricular Activities	1,807,970	139,896	(9,675)	(1,677,749)
41	General Administration	1,404,953	-	(8,334)	(1,413,287)
51	Facilities Maintenance and Operations	1,900,039	-	(17,407)	(1,917,446)
52	Security and Monitoring Services	682,157	-	-	(682,157)
53	Data Processing Services	511,237	-	(5,210)	(516,447)
61	Community Services	284,186	-	(5,565)	(289,751)
81	Facilities Acquisition & Construction	699,170	-	-	(699,170)
72	Debt Service - Interest on Long-Term Debt	897,874	-	322,925	(574,949)
73	Debt Service - Bond Issuance Cost and Fees	172,948	-	-	(172,948)
93	Payments related to Shared Services Arrangements	147,295	-	-	(147,295)
[TP]	TOTAL PRIMARY GOVERNMENT:	$ 24,770,580	$ 286,122	$ 2,519,099	$ (21,965,359)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	$ 3,804,627
DT	Property Taxes, Levied for Debt Service	1,917,991
SF	State Aid - Formula Grants	12,927,272
IE	Investment Earnings	1,511,039
MI	Miscellaneous Local and Intermediate Revenue	407,785
TR	Total General Revenues	20,568,714
CN	Change in Net Position	(1,396,645)
NB	Net Position - Beginning	11,153,337
NE	Net Position - Ending	$ 9,756,692

The accompanying notes are an integral part of the financial statements.

CAMERON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2024

Data Control Codes		10 General Fund	Capital Projects
	ASSETS		
1110	Cash and Cash Equivalents	$ 12,343,053	$ 5,279,551
1220	Property Taxes - Delinquent	278,004	-
1230	Allowance for Uncollectible Taxes (Credit)	(2,780)	-
1240	Due from Other Governments	1,292,347	-
1260	Due from Other Funds	271,660	-
1000	Total Assets	$ 14,182,284	$ 5,279,551
	LIABILITIES		
2110	Accounts Payable	$ 86,401	$ 1,999,739
2160	Accrued Wages Payable	640,335	-
2170	Due to Other Funds	1,252	-
2200	Accrued Expenditures	13,416	-
2300	Unearned Revenues	16,038	-
2000	Total Liabilities	757,442	1,999,739
	DEFERRED INFLOWS OF RESOURCES		
2600	Unavailable Revenue - Property Taxes	275,226	-
	Total Deferred Inflows of Resources	275,226	-
	FUND BALANCES		
	Restricted Fund Balance:		
3450	Federal or State Funds Grant Restriction	-	-
3470	Capital Acquisitions	-	3,279,812
3480	Retirement of Long-Term Debt	-	-
	Committed Fund Balance:		
3490	Campus Activity		-
	Assigned Fund Balance:	-	
3590	Other Assigned Fund Balance	-	-
3600	Unassigned Fund Balance	13,149,616	-
3000	Total Fund Balances	13,149,616	3,279,812
4000	Total Liabilities, Deferred Inflows and Fund Balances	$ 14,182,284	$ 5,279,551

The accompanying notes are an integral part of the financial statements.

EXHIBIT C-1

Other Funds	Total Governmental Funds
$ 1,875,749	$ 19,498,353
102,542	380,546
(1,027)	(3,807)
195,429	1,487,776
1,252	272,912
$ 2,173,945	$ 21,635,780
$ 63,314	$ 2,149,454
33,853	674,188
271,660	272,912
8,986	22,402
-	16,038
377,813	3,134,994
101,516	376,742
101,516	376,742
247,296	247,296
-	3,279,812
1,371,765	1,371,765
72,271	72,271
3,284	3,284
-	13,149,616
1,694,616	18,124,044
$ 2,173,945	$ 21,635,780

EXHIBIT C-1R

CAMERON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AUGUST 31, 2024

	Total Fund Balances - Governmental Funds		$ 18,124,044
1	Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds. These assets consist of:		
	Land	$ 728,654	
	Buildings and improvements	42,335,341	
	Furniture and equipment	6,937,542	
	Right of Use Assets - leased equipment	276,028	
	Construction in progress	13,625,634	
	Accumulated depreciation/amortization	(35,403,198)	
	Total capital assets	$ 28,500,001	28,500,001
2	Deferred outflows of resources represent the consumption of net position that applies to future periods and will not be recognized as an expense until then:		
	Deferred outflows related to TRS Pension	$ 2,262,541	
	Deferred outflows related to TRS OPEB	936,846	
		$ 3,199,387	3,199,387
3	Some revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year end. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected.		376,742
4	Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet. Those liabilities consist of:		
	Accrued interest on debt	$ (37,727)	
	Bonds	(25,890,000)	
	Lease liabilities	(242,624)	
	Premiums/discounts	(1,107,509)	
	Net pension liability	(5,530,720)	
	Net OPEB liability	(2,709,680)	
		$ (35,518,260)	(35,518,260)
5	Deferred inflow of resources represent an acquisition of net position that applies to future periods and will not be recognized as revenue until then:		
	Deferred inflows related to TRS Pension	$ (378,426)	
	Deferred inflows related to TRS OPEB	(4,546,796)	
		$ (4,925,222)	(4,925,222)
19	**Net Position of Governmental Activities**		$ 9,756,692

The accompanying notes are an integral part of the financial statements.

This page is left blank intentionally.

CAMERON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		10 General Fund	Capital Projects
	REVENUES:		
5700	Total Local and Intermediate Sources	$ 5,001,766	$ 567,814
5800	State Program Revenues	12,927,068	-
5900	Federal Program Revenues	29,818	-
5020	Total Revenues	17,958,652	567,814
	EXPENDITURES:		
	Current:		
0011	Instruction	10,565,980	-
0012	Instructional Resources and Media Services	137,540	-
0013	Curriculum and Instructional Staff Development	262,865	-
0023	School Leadership	1,098,817	-
0031	Guidance, Counseling and Evaluation Services	419,807	-
0032	Social Work Services	50,141	-
0033	Health Services	170,092	-
0034	Student (Pupil) Transportation	556,223	-
0035	Food Services	27,644	-
0036	Extracurricular Activities	1,208,238	-
0041	General Administration	1,450,862	-
0051	Facilities Maintenance and Operations	2,052,208	-
0052	Security and Monitoring Services	367,596	-
0053	Data Processing Services	519,605	-
0061	Community Services	292,675	-
0081	Facilities Acquisition & Construction	814,659	12,070,474
	Debt Service:		
0071	Principal on Long-Term Debt	56,774	-
0072	Interest on Long-Term Debt	11,628	-
0073	Bond Issuance Cost and Fees	3,360	167,838
	Intergovernmental:		
0093	Payments to Fiscal Agent/Member Districts of SSA	147,295	-
6030	Total Expenditures	20,214,009	12,238,312
1100	Deficiency of Revenues Under Expenditures	(2,255,357)	(11,670,498)
	OTHER FINANCING SOURCES (USES):		
7911	Issuance of debt	-	6,315,000
7913	Proceeds from right to use leased assets	276,028	-
7916	Premium or discount on issuance of bonds	-	252,838
7080	Total Other Financing Sources (Uses)	276,028	6,567,838
1200	Net Change in Fund Balances	(1,979,329)	(5,102,660)
0100	Fund Balance - September 1 (Beginning)	15,128,945	8,382,472
3000	Fund Balance - August 31 (Ending)	$ 13,149,616	$ 3,279,812

The accompanying notes are an integral part of the financial statements.

EXHIBIT C-2

Other Funds	Total Governmental Funds
$ 2,242,222	$ 7,811,802
825,243	13,752,311
1,916,275	1,946,093
4,983,740	23,510,206
881,421	11,447,401
-	137,540
163,160	426,025
-	1,098,817
-	419,807
-	50,141
-	170,092
-	556,223
1,292,510	1,320,154
73,927	1,282,165
-	1,450,862
-	2,052,208
326,851	694,447
-	519,605
535	293,210
-	12,885,133
1,360,000	1,416,774
991,327	1,002,955
1,750	172,948
-	147,295
5,091,481	37,543,802
(107,741)	(14,033,596)
-	6,315,000
-	276,028
-	252,838
-	6,843,866
(107,741)	(7,189,730)
1,802,357	25,313,774
$ 1,694,616	$ 18,124,044

CAMERON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024

Total Net Change in Fund Balances - Governmental Funds		$ (7,189,730)
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlay	$ 12,580,101	
Depreciation expense	(1,860,153)	
	$ 10,719,948	10,719,948
Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenues in the funds. These include recognizing deferred revenue as revenue and adjusting current year revenue to show the revenue earned from the current year's tax levy and to reflect the disposals of capital assets. The net effect these reclassifications and recognitions is to increase net position.		44,437
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt is an expenditure in the governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the government-wide statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Issuance of bonds	$ (6,315,000)	
Discount/(premium) on issuance	(252,838)	
Right of use lease liability	(276,028)	
Bond principal repayments	1,360,000	
Right of use lease principal repayments	84,302	
Amortization of bond issuance premiums	132,448	
Amortization of deferred amounts on refundings	(5,682)	
Net adjustment	$ (5,272,798)	(5,272,798)
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by $ 484,459. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling $ 413,981. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by $ 510,337. The net result is a decrease in the change in net position.		(439,859)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by $ 115,216. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net OPEB liability. This caused a decrease in net position totaling $ 106,177. Finally, the proportionate share of the TRS OPEB expense on the plan as a whole had to be recorded. The net OPEB expense increased the change in net position by $ 732,318. The net result is an increase to the change in net position.		741,357
Change in Net Position of Governmental Activities		$ (1,396,645)

The accompanying notes are an integral part of the financial statements.

EXHIBIT E-1

CAMERON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2024

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	$ 1,296,646
Total Assets	1,296,646
LIABILITIES	
Accounts Payable	576
Total Liabilities	576
NET POSITION	
Restricted for Student Groups and Scholarships	1,296,070
Total Net Position	$ 1,296,070

The accompanying notes are an integral part of the financial statements.

EXHIBIT E-2

CAMERON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES
IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED AUGUST 31, 2024

		Custodial Fund
ADDITIONS		
Collections from Student Groups	$	183,700
Interest income		62,224
Total Additions		245,924
DEDUCTIONS		
Payments On-behalf of Student Groups and Scholarships		181,014
Total Deductions		181,014
NET INCREASE IN FIDUCIARY NET POSITION		64,910
NET POSITION, BEGINNING		1,231,160
NET POSITION, ENDING	$	1,296,070

The accompanying notes are an integral part of the financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Board of Trustees (the “Board”), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the Cameron Independent School District (the “District”). Because members of the Board are elected by the public; have the authority to make decisions, appoint administrators, and significantly influence operations; and have the primary accountability for fiscal matters; the District is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board (“GASB”) Statement No. 61, “The Financial Reporting Entity-Omnibus” and GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units.” There are no component units included within the reporting entity.

The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”; and it complies with the requirements of the appropriate version of 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.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities. However, the District is not included in any other governmental reporting entity. The District is a governmental entity exempt from federal income taxation and reporting under Internal Revenue Code Section 115.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes, state funding revenue, and user service charges.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. All capital asset depreciation is reported as a direct expense of the functional program that benefits from the use of the capital assets. Indirect costs associated with grant activities are allocated to administrative and support services functions to cover the overhead cost of providing the program. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirement of a particular function, as well as, charges for services relating to the food service function. Taxes and other items are not properly included among program revenues and are reported instead as general revenues.

Separate financial statements are provided for governmental funds and agency funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This measurement focus means that only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present resources (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when the obligation has matured.

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

Grant funds are considered to be earned when all eligibility requirements have been met and to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received in advance, they are recorded as unearned revenue.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Project Fund* is used to account for capital projects funded by the issuance of bonds in fiscal years 2023 and 2024. These projects include the construction and renovation of several facilities throughout the District.

Additionally, the District reports the following non-major fund types:

Special revenue funds are used to account for resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federal and state financial assistance generally is accounted for in a *special revenue fund*. Generally, unused balances are returned to the grantor at the close of specified project periods. The food service funds are rolled over from year to year for use in the program(s).

The *Debt Service Fund* is used to account for revenues collected to pay interest and related costs and to retire long-term debt.

Custodial funds (a fiduciary fund type) report resources, not in a trust, that are held by the District for other parties outside of the District. Custodial funds are accounted for using the accrual basis of accounting. These funds are used to account for the District's student activity funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include operating grants and contributions, food service user charges, and capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. ASSETS, DEFERRED OUTFLOW OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

Transactions 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". Another type of interfund transaction is a transfer, which occurs when resources of one fund are transferred to another.

All property tax receivables are shown net of an allowance for uncollectible taxes. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based upon historical experience in collecting personal property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of donated food commodities are recorded at fair values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, the fair value is supplied by the Texas Department of Human Services and recorded as inventory and revenue when received. When requisitioned, inventory is depleted and expenditures are charged. Inventories also include facilities maintenance and operation supplies, as well as instructional supplies. Supplies inventory reported in the General Fund and Child Nutrition Fund is offset in the fund level financial statements by a fund balance reserve that indicates that it is "non-spendable resources".

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items reported in the General Fund are offset in the fund level financial statements by a fund balance reserve that indicates that it is "non-spendable resources".

Pensions

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

Other Post-Employment Benefits

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

Governmental Fund Balances

Certain resources of the governmental funds are set aside for the repayment or use of specific programs and are recorded to four categories of designations:

Non-spendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, amounts that are appropriated by the Board or Board designee that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as non-spendable, restricted or committed.

Unassigned fund balances are amounts that are available for any purpose; these amounts can be reported only in the District's General Fund. The District's unassigned fund balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund balance may only be appropriated by resolution of the Board. Amendments or modifications of the committed fund balance must also be approved by resolutions of the Board. When it is appropriate for fund balance to be assigned, the Board has delegated authority by resolution to the Superintendent. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted, committed, assigned and unassigned.

Capital Assets

Capital assets, which include land, buildings, furniture and equipment are reported in the governmental activities columns in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than $ 5,000 and an estimated life greater than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Assets	Years
Buildings	30-50
Building Improvements	10-30
Vehicles	5-10
Computer Equipment	3-5
Other Equipment	5-10

Compensated Absences

It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government. There are limitations on carryover and accumulation of benefits and as a result the liability for accrued but unused benefits is not significant and therefore not recorded.

Long-Term Obligations

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

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

Fund Equity/Net Position

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. In the fund financial statements, governmental funds report non-spendable, restrictions or commitments of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties or through action of the Board for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change and are neither restricted nor committed.

Deferred Outflows and Inflows of Resources

The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Estimates

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

Data Control Codes

The data control codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. The TEA requires school districts to display those codes in the financial statements filed with the Agency in order to ensure accuracy in building a stateside database for policy development and funding plans.

As of August 31, 2024, the District did not have any material items required to be reported as SBITAs as a result of implementing GASB 96.

Leases

The District is a lessee for noncancellable leases of copier equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. 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 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 uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Child Nutrition Program which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports appear in Exhibits J-2 and J-3.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.

3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end.

4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act.

At August 31, 2024, the District had no investments that meet these criteria.

Additional Contractual Provisions governing deposits and investments are as follows:

The funds of the District must be deposited and invested under the terms of a contract, the contents of which are set out in the Depository Contract Law. The depository bank places approved pledged 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 depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC') insurance.

At August 31, 2024, the carrying amount of the District's deposits was $ 19,653,581 and the bank balance was $ 21,091,822. The District's cash deposits at August 31, 2024 and during the year then ended, were covered by FDIC insurance or by a letter of credit issued by the Federal Home Loan Bank of Dallas. The letter of credit issued was for $ 35.2 million. The District did not suffer any losses due to the risk exposure.

Policies Governing Deposits and Investments

1. Foreign Currency Risk – The District’s deposits and investments are not exposed to foreign currency risk.
2. Custodial Credit Risk – The District’s policy is to be collateralized. The District was fully collateralized during the year.
3. Interest Rate Risk – The District has no debt securities which have interest rate risk.
4. Other Credit Risk Exposure – The District does not have investments which would expose the District to credit risk.
5. Concentration of Credit Risk – The District does not have investments which would expose the District to this risk.

B. PROPERTY TAXES

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. INTERFUND RECEIVABLES AND PAYABLES

The purpose of the interfund balance is mainly for cash flows concerns, and the amounts are anticipated to be repaid in the current year. Interfund balances at August 31, 2024 consisted of the following balances:

	General	Due To All Other Funds	Total
General	$ -	$ 271,660	$ 271,660
All Other Funds	1,252	-	1,252
Total	$ 1,252	$ 271,660	$ 272,912

D. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2024, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 728,654	$ -	$ -	$ 728,654
Construction in progress	1,555,160	12,070,474	-	13,625,634
Total capital assets not being depreciated	2,283,814	12,070,474	-	14,354,288
Capital assets being depreciated/amortized:				
Building and Improvements	42,276,902	58,439	-	42,335,341
Furniture and Equipment	6,762,382	175,160	-	6,937,542
Right to Use Leased Assets	180,002	276,028	(180,002)	276,028
Total capital assets being depreciated/amortized	49,219,286	509,627	(180,002)	49,548,911
Totals at Historic Cost	51,503,100	12,580,101	(180,002)	63,903,199
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(28,845,084)	(1,508,901)	-	(30,353,985)
Furniture and Equipment	(4,747,053)	(268,756)	-	(5,015,809)
Right of Use Assets - Leased Equipment	(130,910)	(82,496)	180,002	(33,404)
Total Accumulated Depreciation	(33,723,047)	(1,860,153)	180,002	(35,403,198)
Governmental Activities Capital Assets, Net	$ 17,780,053	$ 10,719,948	$ -	$ 28,500,001

Depreciation expense was charged to governmental activities functions as follows:

Instruction	$	805,568
Instructional Resources and Media Services		51,834
Curriculum Development		295
School Leadership		25,255
Guidance, Counseling and Evaluation Services		5,561
Health Services		2,207
Student Transportation		119,283
Food Services		104,322
Extracurricular Activities		546,824
General Administration		1,083
Facilities Maintenance and Operations		138,802
Security Monitoring		4,307
Data Processing Services		69
Facilities Acquisition and Construction		54,743
Total Depreciation Expense	$	1,860,153

E. LEASES

During the current fiscal year, the District leased copier equipment. The lease term is for five years. As of August 31, 2024, the value of the lease liability was $ 242,624. The value of the right-to-use assets as of the end of the current fiscal year was $ 276,028 and had accumulated amortization of $ 33,404.

F. BONDS

Bonded indebtedness of the District is reflected in the Statement of Net Position and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended August 31, 2024, were as follows:

General Long-Term Debt Description	Interest Rate	Amounts Outstanding 8/31/2023	Issued Current Year	(Retired/ Refunded) Current Year	Amounts Outstanding 8/31/2024	Due Within One Year
7/15/2014 Unlimited Tax School Building Bonds, Series 2014	2.0-4.0%	$ 3,885,000	$ -	$ (190,000)	$ 3,695,000	$ 410,000
11/1/2015 Unlimited Tax Refunding Bonds, Series 2015	2.0-3.0%	505,000	-	(505,000)	-	-
11/1/2018 Unlimited Tax Refunding Bonds, Series 2018	3.1-4.0%	7,045,000	-	(640,000)	6,405,000	690,000
9/1/2023 Unlimited Tax Building Bonds, Series 2023	4.0-5.0%	-	6,315,000	(25,000)	6,290,000	265,000
9/6/2022 Adjustable Rate Unlimited Tax School Building Bonds, Series 2022	3.5-4.0%	9,500,000	-	-	9,500,000	-
9/1/2021 Right of Use Assets -Leased Equipment	4.0%	50,898	-	(50,898)	-	-
1/1/2023 Right of Use Assets -Leased Equipment	4.4%	-	276,028	(33,404)	242,624	51,783
Total		$ 20,985,898	$ 6,591,028	$ (1,444,302)	$ 26,132,624	$ 1,416,783

Debt service requirements are as follows:

Bonds Payable

Year Ending August 31,	Principal	Interest	Total Requirements
2025	$ 1,365,000	$ 952,275	$ 2,317,275
2026	1,340,000	943,375	2,283,375
2027	1,360,000	887,550	2,247,550
2028	1,385,000	831,075	2,216,075
2029	1,400,000	777,813	2,177,813
2030-2034	6,775,000	4,744,623	11,519,623
2035-2039	7,200,000	6,388,750	13,588,750
2040-2042	5,065,000	3,569,300	8,634,300
	$ 25,890,000	$ 19,094,761	$ 44,984,761

Right of Use Assets Payable

Year Ending August 31,	Principal	Interest	Total Requirements
2025	$ 51,783	$ 9,579	$ 61,362
2026	54,103	7,259	61,362
2027	56,526	4,836	61,362
2028	59,058	2,304	61,362
2029	21,154	184	21,338
	$ 242,624	$ 24,162	$ 266,786

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2024.

G. CHANGES IN LONG-TERM LIABILITIES, DEFERRED AMOUNT ON REFUNDING

Long-term liability activity for the year ended August 31, 2024 was as follows:

	Beginning Balance	Additions	Reductions/ Amortization	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable	$ 20,935,000	$ 6,315,000	$ (1,360,000)	$ 25,890,000	$ 1,365,000
Right of Use Assets - Leased Equip	50,898	276,028	(84,302)	242,624	51,783
Bond Premium	987,119	252,838	(132,448)	1,107,509	120,065
Net Pension Liability	4,753,157	777,563	-	5,530,720	-
Net OPEB Liability	2,991,088	-	(281,408)	2,709,680	-
Total Governmental Activities Long-Term Liabilities	$ 29,717,262	$ 7,621,429	$ (1,858,158)	$ 35,480,533	$ 1,536,848

The following is a summary of deferred amounts on refunding for the year ended August 31, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Unlimited Tax Refunding Bonds	$ 5,682	$ -	$ (5,682)	$ -	$ -

H. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2024, are summarized below. Most federal grants shown below are passed through the TEA and all are reported on the statement of net position as Due from Other Governments.

Fund	State Entitlements	State & Federal Grants	Total
General	$ 1,292,347	$ -	$ 1,292,347
Nonmajor Governmental Funds	-	195,429	195,429
Total	$ 1,292,347	$ 195,429	$ 1,487,776

I. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources as shown on the statement of revenues, expenditures and changes in fund balances of governmental funds consisted of the following:

	General Fund	Capital Projects Fund	Nonmajor Special Revenue Funds	Total
Property Taxes	$ 3,640,589	$ -	$ 1,897,063	$ 5,537,652
Penalties, Interest and Other Tax-Related Income	48,276	-	20,928	69,204
Investment Income	842,635	567,814	109,562	1,520,011
Food Sales	-	-	146,226	146,226
Extracurricular Student Activities	71,454	-	68,443	139,897
Other	398,812	-	-	398,812
Total	$ 5,001,766	$ 567,814	$ 2,242,222	$ 7,811,802

J. DEFINED BENEFIT PENSION PLAN

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

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

Pension Plan Fiduciary Net Position. Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information.

That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications_.aspx; 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, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 thru 2025.

Contribution Rates

	2023	2024
Member	8.00%	8.25%
Non-Employer Contributing Entity (State)	8.00%	8.25%
Employers	8.00%	8.25%
Current fiscal year employer contributions		$ 484,459
Current fiscal year member contributions		1,021,766
2023 measurement year NECE on-behalf contributions		659,260

Contributions to the plan include members, employers and the State of Texas as the only non-employer contributing entity. 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, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public or charter school, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- All public schools, charter schools, and regional educational service centers must contribute 1.8% of the member's salary beginning in fiscal year 2023, gradually increasing to 2% in fiscal year 2025.

Actuarial Assumptions. The total pension liability in the August 31, 2022 actual valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2019	4.13% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions please see the actuarial valuation report dated November 22, 2022.

Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50% of payroll in fiscal year 2024 gradually increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2023 are summarized below:

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

Asset Class	Target Allocation **	Long-Term Expected Geometric Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U. S. A.	18.00%	4.00%	1.00%
Non-U.S. Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.70%
Private Equity*	14.00%	7.00%	1.50%
Stable Value			
Government Bonds	16.00%	2.50%	0.50%
Absolute Return*	0.00%	3.60%	0.00%
Stable Value Hedge Funds	5.00%	4.10%	0.20%
Real Return			
Real Estate	15.00%	4.90%	1.10%
Energy, Natural Resources, and Infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
Risk Parity			
Risk Parity	8.00%	4.50%	0.40%
Asset Allocation Leverage			
Cash	2.00%	3.70%	0.00%
Asset Allocation Leverage	-6.00%	3.60%	-0.10%
Inflation Expected			2.30%
Volatility Drag ****			-0.90%
Expected Return	100.00%		8.00%

** Absolute Return includes Credit Sensitive Investments.*
***Target allocations are based on the FY2023 policy model.*
**** Capital Market Assumptions come from Aon Hewitt (as of 06/30/2023).*
***** The volatility drag results from the conversion between arithmetic and geometric mean returns.*

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

A single discount rate of 4.13 percent was used to measure the total OPEB liability. This was an increase of 0.22 percent in the discount rate since the previous year.

Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2023, using the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
CISD's Proportionate Share of the Net Pension Liability:	$ 8,268,733	$ 5,530,720	$ 3,254,061

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At August 31, 2024, the District reported a net pension liability of $ 5,530,720 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective Net Pension Liability	$ 5,530,720
State's proportionate share that is associated with the District	8,809,868
Total	$ 14,340,588

The net pension liability was measured as of August 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 thru August 31, 2023.

At August 31, 2023, the employer's proportion of the collective net pension liability was 0.0080516701% which is an increase of 0.0000453327% from its proportion measured as of August 31, 2022.

Changes Since the Prior Actuarial Valuation

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net position liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

For the year ended August 31, 2023, the District recognized pension expense of $ 2,254,532 and revenue of $ 1,330,214 for support provided by the State.

On August 31, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources. The amounts shown below will be the cumulative layers for the current and prior years combined.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 197,061	$ 66,971
Changes in actuarial assumptions	523,098	128,014
Difference between projected and actual investment earnings	804,854	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	253,069	183,441
Total as of measurement date	1,778,082	378,426
Contributions paid to TRS subsequent to the measurement date	484,459	-
Total as of fiscal year end	$ 2,262,541	$ 378,426

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending August 31,	Pension Expense Amount
2025	$ 243,513
2026	173,874
2027	724,331
2028	235,026
2029	22,912
Thereafter	-
	$ 1,399,656

K. DEFINED OTHER POST EMPLOYMENT BENEFIT PLANS

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

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

OPEB Plan Fiduciary Net Position. Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information.

That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_archive_acfr.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational district 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 retired are reflected in the following table.

	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	2023	2024
Member	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%
Current fiscal year employer contributions		$ 115,216
Current fiscal year member contributions		80,504
2023 measurement year NECE on-behalf contributions		128,119

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

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

Actuarial Assumptions. The actuarial valuation was performed as of August 31, 2022. Updated procedures were used to roll forward the Total OPEB Liability to August 31, 2023. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actual 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 ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

Rates of Mortality	Rates of Disability
Rates of Retirement	General Inflation
Rates of Termination	Wage Inflation

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and females tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvements rates from mortality projection scale MP-2021.

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims cost.
Salary Increases	2.95% to 8.95% including inflation
Ad Hoc Post-Employment Benefit Changes	None

Discount Rate. A single discount rate of 4.13 percent was used to measure the total OPEB liability. This was an increase of 0.22 percent in the discount rate since the previous year.

Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2023, using the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.13%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (3.13%)	Current Single Discount Rate (4.13%)	1% Increase in Discount Rate (5.13%)
CISD's Proportionate Share of the Net OPEB Liability:	$ 3,191,439	$ 2,709,680	$ 2,316,553

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. On August 31, 2024, the District reported a liability of $2,709,680 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the Collective Net OPEB Liability	$ 2,709,680
State's proportionate share that is associated with the District	3,269,645
Total	$ 5,979,325

The Net OPEB Liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

On August 31, 2023 the employer's proportion of the collective Net OPEB Liability was 0.0122397800% which was a decrease of 0.0002522327% from its proportion measured as of August 31, 2022.

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

	1% Decrease in Healthcare Trend Rate	Current Single Healthcare Trend Rate	1% Increase in Healthcare Trend Rate
CISD's Proportionate Share of the Net OPEB Liability:	$ 2,231,286	$ 2,709,680	$ 3,325,135

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 (TOL) since the prior measurement period:

- The discount rate changed form 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023. Accompanied by revised demographic and economic assumption based on the TRS experience study.

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 August 31, 2024, the District recognized OPEB expense of ($ 1,325,122) and revenue of ($ 698,981) for support provided by the State.

On August 31, 2024, 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	$ 122,592	$ 2,279,682
Changes in actuarial assumptions	369,852	1,659,209
Difference between projected and actual investment earnings	1,170	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	328,016	607,905
Total as of measurement date	821,630	4,546,796
Contributions paid to TRS subsequent to the measurement date	115,216	-
Total as of fiscal year end	$ 936,846	$ 4,546,796

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending August 31,	OPEB Expense Amount
2025	$ (851,679)
2026	(727,401)
2027	(559,145)
2028	(562,312)
2029	(406,546)
Thereafter	(618,083)
	$ (3,725,166)

L. ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

The Medicare Prescription Drug, Improvement and Modernization Act of 2004, which was effective January 1, 2007, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended August 31, 2024, the contribution made on behalf of the District was $ 67,171.

M. COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2024 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 combined financial statements for such contingencies.

N. SHARED SERVICE ARRANGEMENTS

Cameron ISD is not a fiscal agent for any shared service arrangements.

The District participates in the BURLESON-MILAM SPECIAL SERVICES COOPERATIVE which is a shared services arrangement (SSA) for resource education services. This SSA includes nine participating independent school districts with the Rockdale ISD acting as fiscal agent for the SSA. Financial transactions of the SSA are accounted for in accordance with Model 3 of the SSA section of the Texas Education Agency Financial *Account System Resource Guide*. This SSA is funded partially through State and Local funds and partially through federal programs.

The individual programs and the Cameron ISD participation in each which were included in this SSA were as follows:

Program	CFDA Number	District Value
State and Local	--	$ 161,099
IDEA-B,	84.027	300,783
IDEA-B, Preschool	84.173	3,614
Total		$ 465,496

The expenditures under the above programs were classified as follows:

Classification	Amount
6100 - Payroll Costs	$ 330,951
6200 - Contracted Services	96,220
6300 - Supplies and Materials	28,528
6400 - Other Operating Costs	9,797
	$ 465,496

O. HEALTH CARE COVERAGE AND MAINTENANCE OF EFFORT

During the year ended August 31, 2024, employees of the District were covered by the state health insurance plan. The District contributed $ 250 per month per full time employee, the state paid $ 75 per month, and the employees authorized payroll deductions to cover the remaining premiums due for the desired coverage. Contributions were paid to TRS Active Care.

The total District premium paid for health care was approximately $ 780,993 for the 164 participating employees at August 31, 2023. There were 235 employees eligible for coverage at August 31, 2024.

P. UNEMPLOYMENT COMPENSATION POOL

During the year ended August 31, 2024, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2024, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The fund engages the services of an independent auditor to conduct a financial audit after the close of each year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2023, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

Q. TAX ABATEMENT

On March 12, 2022, the District's Board of Trustees approved an agreement Ben Milam Solar 2, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to Chapter 313 of the Texas Tax Code. Value limitation agreements are part of a State program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in a statute. The project(s) must be consistent with the State's goal to "encourage large scale capital investments in this State." Chapter 313 grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and Texas Priority projects. Ben Milam Solar 2, LLC's property qualified for a tax limitation agreement under Section §313.024(b)(5) of the Texas tax code, as a renewable energy electric generation. The agreement includes supplemental payments to the District in the amount of $ 159,300 annually through 2036.

R. EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated all subsequent events through November 27, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

This page is left blank intentionally.

EXHIBIT G-1

CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 5,456,765	$ 5,456,765	$ 5,001,766	$ (454,999)
5800	State Program Revenues	11,880,905	12,238,137	12,927,068	688,931
5900	Federal Program Revenues	550,000	550,000	29,818	(520,182)
5020	Total Revenues	17,887,670	18,244,902	17,958,652	(286,250)
	EXPENDITURES:				
	Current:				
0011	Instruction	9,585,335	10,667,097	10,565,980	101,117
0012	Instructional Resources and Media Services	150,735	151,481	137,540	13,941
0013	Curriculum and Instructional Staff Development	266,798	271,298	262,865	8,433
0023	School Leadership	1,116,609	1,111,609	1,098,817	12,792
0031	Guidance, Counseling and Evaluation Services	431,590	427,556	419,807	7,749
0032	Social Work Services	47,911	50,911	50,141	770
0033	Health Services	169,442	176,088	170,092	5,996
0034	Student (Pupil) Transportation	563,661	951,815	556,223	395,592
0035	Food Services	55,000	38,000	27,644	10,356
0036	Extracurricular Activities	1,172,901	1,228,355	1,208,238	20,117
0041	General Administration	1,345,286	1,471,281	1,450,862	20,419
0051	Facilities Maintenance and Operations	1,680,602	1,853,282	2,052,208	(198,926)
0052	Security and Monitoring Services	280,564	467,133	367,596	99,537
0053	Data Processing Services	517,505	536,505	519,605	16,900
0061	Community Services	280,781	294,281	292,675	1,606
0081	Facilities Acquisition and Construction	-	850,000	814,659	35,341
	Debt Service:				
0071	Principal on Long-Term Debt	66,500	66,500	56,774	9,726
0072	Interest on Long-Term Debt	12,500	12,500	11,628	872
0073	Bond Issuance Cost and Fees	6,000	6,000	3,360	2,640
	Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts	136,950	147,295	147,295	-
6030	Total Expenditures	17,886,670	20,778,987	20,214,009	564,978
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	(2,534,085)	(2,255,357)	278,728
	OTHER FINANCING SOURCES (USES):				
7913	Proceeds from Right of Use Leased Assets	-	-	276,028	(276,028)
7080	Total Other Financing Sources (Uses)	-	-	276,028	(276,028)
1200	Net Change in Fund Balances	1,000	(2,534,085)	(1,979,329)	2,700
0100	Fund Balance - September 1 (Beginning)	15,128,945	15,128,945	15,128,945	-
3000	Fund Balance - August 31 (Ending)	$ 15,129,945	$ 12,594,860	$ 13,149,616	$ 2,700

CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2024

Measurement period ended August 31,	2023	2022	2021	2020
District's Proportion of the Net Pension Liability (Asset)	0.0080516701%	0.0080063374%	0.0075814810%	0.0071105685%
District's Proportionate Share of Net Pension Liability (Asset)	$ 5,530,720	$ 4,753,157	$ 1,930,735	$ 3,808,275
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	8,809,868	7,503,832	3,646,619	8,448,305
Total	$ 14,340,588	$ 12,256,989	$ 5,577,354	$ 12,256,580
District's Covered Employee Payroll	$ 11,224,758	$ 10,527,116	$ 10,437,312	$ 10,709,066
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered Employee Payroll	49.27%	45.15%	18.50%	35.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.15%	75.62%	88.79%	75.54%

EXHIBIT G-2

2019	2018	2017	2016	2015	2014
0.0078514153%	0.0084037180%	0.0090069421%	0.0082656617%	0.0089964000%	0.0063936000%
$ 4,081,411	$ 4,625,610	$ 2,879,935	$ 3,123,471	$ 3,180,108	$ 1,707,819
8,122,086	8,860,664	4,955,912	5,613,014	5,414,269	4,516,526
$ 12,203,497	$ 13,486,274	$ 7,835,847	$ 8,736,485	$ 8,594,377	$ 6,224,345
$ 10,359,918	$ 10,016,716	$ 9,705,865	$ 8,990,042	$ 8,878,985	$ 8,609,608
39.40%	46.18%	29.67%	34.74%	35.82%	19.84%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2024

Fiscal year ended August 31,	2024	2023	2022	2021
Contractually Required Contribution	$ 484,459	$ 413,981	$ 373,599	$ 322,657
Contribution in Relation to the Contractually Required Contribution	(484,459)	(413,981)	(373,599)	(322,657)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered-Employee Payroll	$ 12,328,627	$ 11,224,758	$ 10,527,116	$ 10,437,312
Contributions as a Percentage of Covered Employee Payroll	3.93%	3.69%	3.55%	3.09%

EXHIBIT G-3

2020	2019	2018	2017	2016	2015
$ 276,669	$ 274,107	$ 283,418	$ 295,195	$ 261,991	$ 266,388
(276,669)	(274,107)	(283,418)	(295,195)	(261,991)	(266,388)
$ -	$ -	$ -	$ -	$ -	$ -
$ 10,709,066	$ 10,359,918	$ 10,016,716	$ 9,705,865	$ 8,990,042	$ 8,878,985
2.58%	2.65%	2.83%	3.04%	2.91%	3.00%

EXHIBIT G-4

CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2024

Measurement year ended August 31,	2023	2022	2021
District's Proportion of the Net OPEB Liability (Asset)	0.0122397800%	0.0124920127%	0.0120582092%
District's Proportionate Share of Net OPEB Liability (Asset)	$ 2,709,680	$ 2,991,088	$ 4,651,390
State's Proportionate Share of the Net OPEB Liability (Asset) associated with the District	3,269,645	3,648,658	6,231,826
Total	$ 5,979,325	$ 6,639,746	$ 10,883,216
District's Covered Employee Payroll *	$ 11,224,758	$ 10,527,116	$ 10,437,312
District's Proportionate Share of the Net OPEB Liability (Asset) as a percentage of its covered Employee Payroll	24.14%	28.41%	44.57%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.94%	11.52%	6.18%

* As of the measurement

Note: Only seven years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

2020	2019	2018	2017
0.0118923277%	0.0117286572%	0.0129087610%	0.0136564431%
$ 4,520,811	$ 5,546,624	$ 6,445,463	$ 5,938,675
6,074,886	7,370,225	8,756,472	7,356,237
$ 10,595,697	$ 12,916,849	$ 15,201,935	$ 13,294,912
$ 10,709,066	$ 10,359,918	$ 10,016,716	$ 9,705,865
42.21%	53.54%	64.35%	61.19%
4.99%	2.66%	1.57%	0.91%

EXHIBIT G-5

CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED AUGUST 31, 2024

Fiscal Year Ended August 31,	2024	2023	2022	2021
Contractually Required Contribution	$ 115,216	$ 106,177	$ 102,602	$ 94,179
Contribution in Relation to the Contractually Required Contribution	(115,216)	(106,177)	(102,602)	(94,179)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered-Employee Payroll	12,328,627	11,224,758	10,527,116	10,437,312
Contributions as a Percentage of Covered Employee Payroll	0.93%	0.95%	0.97%	0.90%

Note: Only seven years of data is presented in accordance with GASB #75, paragraph 245. "The information for all fiscal years for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

2020	2019	2018
$ 87,076	$ 83,241	$ 89,052
(87,076)	(83,241)	(89,052)
$ -	$ -	$ -
10,709,066	10,359,918	10,008,345
0.81%	0.80%	0.89%

CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2024

Budgetary Information

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund, and the National School Breakfast and Lunch Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenue and expenditures. The District presented the General Fund budgetary comparison schedule as required supplementary information, while the National School Breakfast and Lunch and Debt Service Funds budgetary comparison schedules are presented as required TEA schedules.

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

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least 10 days' public notice of the meeting must be given.

3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments, made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, amendments were necessary during the year.

4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.

COMBINING SCHEDULES

CAMERON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2024

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Vocational Education Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III Bilingual/ESL Fund
	ASSETS					
1110	Cash and Cash Equivalents	$ 92,727	$ 248,679	$ 8,522	$ 1,439	$ 4,974
1220	Property Taxes - Delinquent	-	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-	-
1240	Due from Other Governments	5,791	73,519	3,324	17,000	2
1260	Due from Other Funds	-	-	-	-	-
1000	Total Assets	$ 98,518	$ 322,198	$ 11,846	$ 18,439	$ 4,976
	LIABILITIES AND FUND BALANCES					
	Liabilities:					
2110	Accounts Payable	$ -	$ 63,314	$ -	$ -	$ -
2160	Accrued Wages Payable	-	33,853	-	-	-
2170	Due to Other Funds	98,156	-	8,246	17,650	4,025
2200	Accrued Expenditures	362	8,569	-	55	-
2000	Total Liabilities	98,518	105,736	8,246	17,705	4,025
	Deferred Inflows of Resources:					
2600	Unavailable Revenue - Property Taxes	-	-	-	-	-
	Total Deferred Inflows of Resources	-	-	-	-	-
	Fund Balances:					
	Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	216,462	3,600	734	951
3480	Retirement of Long-Term Debt	-	-	-	-	-
3490	Campus Activity Fund Restriction	-	-	-	-	-
	Assigned Fund Balance:					
3590	Other Assigned Fund Balance	-	-	-	-	-
3000	Total Fund Balances	-	216,462	3,600	734	951
4000	Total Liabilities and Fund Balances	$ 98,518	$ 322,198	$ 11,846	$ 18,439	$ 4,976

EXHIBIT H-1

270 Title IV, B Rural & Low Inc Sch Prg	289 Rural Educ. Achievement Program	397 AP/IB Exam Fee Subsidy Fund	410 State Textbook Fund	427 School Safety	429 Ready to Read Grant	461 Campus Activity Fund	484 Centex Workforce Grant
$ -	$ 27,386	$ 441	$ 44,260	$ -	$ -	$ 72,271	$ 217
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
17,607	143	-	7,430	-	70,613	-	-
-	1,252	-	-	-	-	-	-
$ 17,607	$ 28,781	$ 441	$ 51,690	$ -	$ 70,613	$ 72,271	$ 217
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
8,132	13,848	-	51,690	-	69,913	-	-
-	-	-	-	-	-	-	-
8,132	13,848	-	51,690	-	69,913	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,475	14,933	441	-	-	700	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	72,271	-
-	-	-	-	-	-	-	217
9,475	14,933	441	-	-	700	72,271	217
$ 17,607	$ 28,781	$ 441	$ 51,690	$ -	$ 70,613	$ 72,271	$ 217

CAMERON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
AUGUST 31, 2024

Data Control Codes		486 Austin Food Bank Grant	599 Debt Service	Total Nonmajor Governmental Funds
	ASSETS			
1110	Cash and Cash Equivalents	$ 3,067	$ 1,371,766	$ 1,875,749
1220	Property Taxes - Delinquent	-	102,542	102,542
1230	Allowance for Uncollectible Taxes (Credit)	-	(1,027)	(1,027)
1240	Due from Other Governments	-	-	195,429
1260	Due from Other Funds	-	-	1,252
1000	Total Assets	$ 3,067	$ 1,473,281	$ 2,173,945
	LIABILITIES AND FUND BALANCES			
	Liabilities:			
2110	Accounts Payable	$ -	$ -	$ 63,314
2160	Accrued Wages Payable	-	-	33,853
2170	Due to Other Funds	-	-	271,660
2200	Accrued Expenditures	-	-	8,986
2000	Total Liabilities	-	-	377,813
	Deferred Inflows of Resources:			
2600	Unavailable Revenue - Property Taxes	-	101,516	101,516
	Total Deferred Inflows of Resources	-	101,516	101,516
	Fund Balances:			
	Restricted Fund Balance:			
3450	Federal or State Funds Grant Restriction	-	-	247,296
3480	Retirement of Long-Term Debt	-	1,371,765	1,371,765
3490	Campus Activity Fund Restriction	-	-	72,271
	Assigned Fund Balance:			
3590	Other Assigned Fund Balance	3,067	-	3,284
3000	Total Fund Balances	3,067	1,371,765	1,694,616
4000	Total Liabilities and Fund Balances	$ 3,067	$ 1,473,281	$ 2,173,945

This page is left blank intentionally.

EXHIBIT H-2

CAMERON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Vocational Education Basic Grant	255 ESEA II, A Training and Recruiting
	REVENUES:				
5700	Total Local and Intermediate Sources	$ -	$ 146,226	$ -	$ -
5800	State Program Revenues	-	4,213	-	-
5900	Federal Program Revenues	632,565	1,049,369	24,214	72,920
5020	Total Revenues	632,565	1,199,808	24,214	72,920
	EXPENDITURES:				
	Current:				
0011	Instruction	471,497	-	21,587	72,920
0013	Curriculum and Instructional Staff Development	160,533	-	2,627	-
0035	Food Services	-	1,292,510	-	-
0036	Extracurricular Activities	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	535	-	-	-
	Debt Service:				
0071	Debt Service - Principal on Long-Term Debt	-	-	-	-
0072	Debt Service - Interest on Long-Term Debt	-	-	-	-
0073	Debt Service - Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	632,565	1,292,510	24,214	72,920
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(92,702)	-	-
1200	Net Change in Fund Balance	-	(92,702)	-	-
0100	Fund Balance - September 1 (Beginning)	-	309,164	3,600	734
3000	Fund Balance - August 31 (Ending)	$ -	$ 216,462	$ 3,600	$ 734

263 Title III Bilingual/ESL Fund	270 Title IV, B Rural & Low Inc Sch Prg	289 Rural Educ. Achievement Program	397 AP/IB Exam Fee Subsidy Fund	410 State Textbook Fund	427 School Safety	429 Ready to Read Grant	461 Campus Activity Fund	484 Centex Workforce Grant
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 68,443	$ -
-	-	-	204	229,549	118,352	150,000	-	-
20,959	57,749	58,499	-	-	-	-	-	-
20,959	57,749	58,499	204	229,549	118,352	150,000	68,443	-
20,959	57,749	-	-	236,709	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	73,927	-
-	-	58,499	-	-	118,352	150,000	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
20,959	57,749	58,499	-	236,709	118,352	150,000	73,927	-
-	-	-	204	(7,160)	-	-	(5,484)	-
-	-	-	204	(7,160)	-	-	(5,484)	-
951	9,475	14,933	237	7,160	-	700	77,755	217
$ 951	$ 9,475	$ 14,933	$ 441	$ -	$ -	$ 700	$ 72,271	$ 217

EXHIBIT H-2

CAMERON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		486 Austin Food Bank Grant	599 Debt Service Fund	Total Nonmajor Governmental Funds
	REVENUES:			
5700	Total Local and Intermediate Sources	$ -	$ 2,027,553	$ 2,242,222
5800	State Program Revenues	-	322,925	825,243
5900	Federal Program Revenues	-	-	1,916,275
5020	Total Revenues	-	2,350,478	4,983,740
	EXPENDITURES:			
	Current:			
0011	Instruction	-	-	881,421
0013	Curriculum and Instructional Staff Development	-	-	163,160
0035	Food Services	-	-	1,292,510
0036	Extracurricular Activities	-	-	73,927
0052	Security and Monitoring Services	-	-	326,851
0061	Community Services	-	-	535
	Debt Service:			
0071	Debt Service - Principal on Long-Term Debt	-	1,360,000	1,360,000
0072	Debt Service - Interest on Long-Term Debt	-	991,327	991,327
0073	Debt Service - Bond Issuance Cost and Fees	-	1,750	1,750
6030	Total Expenditures	-	2,353,077	5,091,481
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(2,599)	(107,741)
1200	Net Change in Fund Balance	-	(2,599)	(107,741)
0100	Fund Balance - September 1 (Beginning)	3,067	1,374,364	1,802,357
3000	Fund Balance - August 31 (Ending)	$ 3,067	$ 1,371,765	$ 1,694,616

REQUIRED TEA SCHEDULES

CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2024

Last 10 Years Ended August 31,		(1) Tax Rates Maintenance	(2) Tax Rates Debt Service	(3) Assessed/Appraised Value for School Tax Purposes
2015	and prior years	various	various	various
2016		1.040000	0.280000	294,157,324
2017		1.040000	0.350000	266,013,936
2018		1.040000	0.350000	290,193,772
2019		1.040000	0.330000	346,851,721
2020		0.970000	0.349500	398,564,903
2021		0.961400	0.318600	407,114,844
2022		0.892700	0.327100	485,595,425
2023		0.854600	0.352100	534,078,042
2024	(School Year Under Audit)	0.669200	0.352100	590,359,152
100	TOTALS			

EXHIBIT J-1

(10) Beginning Balance 9/1/2023	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2024	(99) Total Taxes Refunded Under Section 26.1115(c)
$ 29,579	$ -	$ 1,012	$ 252	$ (2)	$ 28,313	
4,482	-	115	31	-	4,336	
4,685	-	300	101	(131)	4,153	
7,978	-	940	317	-	6,721	
21,294	-	1,946	618	-	18,730	
35,850	-	7,519	2,709	(66)	25,556	
42,770	-	9,658	3,201	(1,253)	28,658	
51,566	-	23,965	8,781	8,622	27,442	
115,557	-	35,106	14,464	(14,242)	51,745	
-	6,116,254	3,551,013	1,868,368	(511,981)	184,892	
$ 313,761	$ 6,116,254	$ 3,631,574	$ 1,898,842	$ (519,053)	$ 380,546	
						$ 153,649

EXHIBIT J-2

CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 171,000	$ 171,000	$ 146,226	$ (24,774)
5800	State Program Revenues	5,000	5,000	4,213	(787)
5900	Federal Program Revenues	1,031,155	1,031,155	1,049,369	18,214
5020	Total Revenues	1,207,155	1,207,155	1,199,808	(7,347)
	EXPENDITURES:				
0035	Food Services	1,307,155	1,307,155	1,292,510	14,645
6030	Total Expenditures	1,307,155	1,307,155	1,292,510	14,645
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(100,000)	(100,000)	(92,702)	(21,992)
1200	Net Change in Fund Balances	(100,000)	(100,000)	(92,702)	7,298
0100	Fund Balance - September 1 (Beginning)	309,164	309,164	309,164	-
3000	Fund Balance - August 31 (Ending)	$ 209,164	$ 209,164	$ 216,462	$ 7,298

EXHIBIT J-3

CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	REVENUES:				
5700	Total Local and Intermediate Sources	$ 1,884,084	$ 1,884,084	$ 2,027,553	$ 143,469
5800	State Program Revenues	370,000	370,000	322,925	(47,075)
5020	Total Revenues	2,254,084	2,254,084	2,350,478	96,394
	EXPENDITURES:				
	Debt Service:				
0071	Principal on Long-Term Debt	1,360,000	1,360,000	1,360,000	-
0072	Interest on Long-Term Debt	992,334	992,334	991,327	1,007
0073	Bond Issuance Cost and Fees	1,750	1,750	1,750	-
6030	Total Expenditures	2,354,084	2,354,084	2,353,077	1,007
	Excess (Deficiency) of Revenues				
1100	Over (Under) Expenditures	(100,000)	(100,000)	(2,599)	95,387
1200	Net Change in Fund Balances	(100,000)	(100,000)	(2,599)	95,387
0100	Fund Balance - September 1 (Beginning)	1,374,364	1,374,364	1,374,364	-
3000	Fund Balance - August 31 (Ending)	$ 1,274,364	$ 1,274,364	$ 1,371,765	$ 95,387

EXHIBIT J-4

CAMERON INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT – SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED AUGUST 31, 2024

Data Control Codes		Responses
	Section A: Compensatory Education Programs	
AP1	Did your District expend any state compensatory education state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the District's fiscal year.	$ 1,736,010
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)	$ 1,482,792
	Section B: Bilingual Education Programs	
AP5	Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the District's fiscal year.	$ 114,987
AP8	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	$ 118,324

FEDERAL AWARDS SECTION

This page is left blank intentionally.

BGFN
CERTIFIED PUBLIC
ACCOUNTANTS

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
Cameron Independent School District
Cameron, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cameron Independent School District (the District), as of and for the year ended August 31, 2024, 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 27, 2024.

Report on Internal Control over Financial Reporting

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

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

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

3520 SW H.K. DODGEN LOOP ■ TEMPLE, TEXAS 76504 ■ 254.773.9907 ■ FAX 254.773.1570

WWW.TEMPLECPA.COM

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*
(CONTINUED)

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.

Brockway, Gersbach, Franklin & Niemeier, P.C.

Temple, Texas
November 27, 2024

BGFN
CERTIFIED PUBLIC
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cameron 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 August 31, 2024. 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2024.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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.

3520 SW H.K. DODGEN LOOP ▪ TEMPLE, TEXAS 76504 ▪ 254.773.9907 ▪ FAX 254.773.1570

WWW.TEMPLECPA.COM

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED THE UNIFORM GUIDANCE (CONTINUED)

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 generally accepted auditing standards, *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 generally accepted auditing standards, *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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED THE UNIFORM GUIDANCE (CONTINUED)

Report on Internal Control over Compliance

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

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

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

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

Brockway, Gersbach, Franklin & Niemeier, P.C.

Temple, Texas
November 27, 2024

CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2024

I. Summary of Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
▪ Material weakness(es) identified?	___Yes	_X_No
▪ Significant deficiency(ies) identified that are not considered to be material weaknesses?	___Yes	_X_None reported
Noncompliance material to financial statements noted?	___Yes	_X_No

B. Federal Awards

Internal control over major programs:		
▪ Material weakness(es) identified?	___Yes	_X_No
▪ Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___Yes	_X_None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be Reported in accordance with the 2 CFR 200.516(a)?	___Yes	_X_No

Identification of Major Programs:

ALN	Name of Federal Program or Cluster
10.553	School Breakfast
10.555	National School Lunch

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000	
Auditee qualified as low risk auditee?	_X_Yes	___No

CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2024

II. Financial Statement Findings

None

III. Federal Award Findings and Questioned Costs

Program	Finding/ Noncompliance	Questioned Costs

NONE

CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2024

Prior Year Findings:

None

EXHIBIT K-1

CAMERON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2024

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(1) Assistance Listing Number	(2a) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U. S. DEPARTMENT OF EDUCATION			
Passed Through the Texas Education Agency			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	S010A220043	$ 632,565
Career and Technical Education - Basic Grants	84.048A	V048A220043	24,214
Rural Education Achievement Program	84.358B	S358B220043	57,749
English Language Acquisition	84.365A	S365A190043	20,959
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	S367A220041	72,920
ESEA Title IV, Part A	84.424A	S424A220045	58,499
Total Passed Through the Texas Education Agency			866,906
TOTAL U.S. DEPARTMENT OF EDUCATION			866,906
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Texas Education Agency			
School Breakfast Program	10.553	202222N109946	310,366
National School Lunch Program	10.555	202222N109946	649,258
Total Passed Through the Texas Education Agency			959,624
Passed Through the Texas Department of Agriculture			
NSLP - Commodities - Noncash Assistance	10.555		89,745
Total Passed Through the Texas Department of Agriculture			89,745
Total Child Nutrition Cluster			1,049,369
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,049,369
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,916,275

CAMERON INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2024

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Cameron Independent School District under programs of the federal government for the year ended August 31, 2023. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Cameron Independent School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cameron Independent School District.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87*, Cost Principles for State, Local, and Indian Tribal Governments Organizations,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Cameron Independent School District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Expenditures Reported:

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

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 the 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 and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

   Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. During the current year, the District received the following funds which are not included in the Schedule of Expenditures of Federal Awards.

Total expenditures of Federal Awards	$	1,916,275
Medicaid Reimbursement (SHARS)		29,818
Federal Revenues per Financial Statements	$	1,946,093

APPENDIX E

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

(this page intentionally left blank)

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

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

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

The regular session of the 89th Texas Legislature (the “Legislature”) convened on January 14, 2025, and is scheduled to conclude on June 2, 2025. As of the date of this disclosure, the regular session is underway. The Texas Governor may call one or more special sessions at the conclusion of the regular session. During this time, the Legislature may enact laws that materially change current law as it relates to the Guarantee Program, the TEA, the State Board of Education (the “SBOE”), the Permanent School Fund Corporation (the “PSF Corporation”), the Act, and Texas school finance generally. No representation is made regarding any actions the Legislature has taken or may take, but the TEA, SBOE, and PSF Corporation monitor and analyze legislation for any developments applicable thereto.

History and Purpose

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

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

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

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

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

Audited financial information for the PSF is provided annually through the PSF Corporation’s Annual Comprehensive Financial Report (the “Annual Report”), which is filed with the Municipal Securities Rulemaking Board (“MSRB”). The Texas School Land Board’s (the “SLB”) land and real assets investment operations, which are part of the PSF as described below, are also included in the annual financial report of the Texas General Land Office (the “GLO”) that is included in the annual comprehensive report of the State of Texas. The Annual Report includes the Message From the Chief Executive Officer of the PSF Corporation (the “Message”) and the Management’s Discussion and Analysis (“MD&A”). The Annual Report for the year ended August 31, 2024, as filed with the MSRB in accordance with the PSF undertaking and agreement made in accordance with Rule 15c2-12 (“Rule 15c2-12”) of the United States Securities and Exchange Commission (the “SEC”), as described below, is hereby incorporated by reference into this disclosure. Information included herein for the year ended August 31, 2024, is derived from the audited financial statements of the PSF, which are included in the Annual Report as it is filed and posted. Reference is made to the Annual Report for the complete Message and MD&A for the year ended August 31, 2024, and for a description of the financial results of the PSF for the year ended August 31, 2024, the most recent year for which audited financial information regarding the Fund is available. The 2024 Annual Report speaks only as of its date and the PSF Corporation has not obligated itself to update the 2024 Annual Report or any other Annual Report. The PSF Corporation posts (i) each Annual Report, which includes statistical data regarding the Fund as of the close of each fiscal year, (ii) the most recent disclosure for the Guarantee Program, (iii) the PSF Corporation's Investment Policy Statement (the "IPS"), and (iv) monthly updates with respect to the capacity of the Guarantee Program (collectively, the "Web Site Materials") on the PSF Corporation's web site at https://texaspsf.org and with the MSRB at www.emma.msrb.org. Such monthly updates regarding the Guarantee Program are also incorporated herein and made a part hereof for all purposes. In addition to the Web Site Materials, the Fund is required to make quarterly filings with the SEC under Section 13(f) of the Securities Exchange Act of 1934. Such filings, which consist of a list of the Fund's holdings of securities specified in Section 13(f), including exchange-traded (*e.g.*, NYSE) or NASDAQ-quoted stocks, equity options and warrants, shares of closed-end investment companies and certain convertible debt securities, are available from the SEC at www.sec.gov/edgar. A list of the Fund's equity and fixed income holdings as of August 31 of each year is posted to the PSF Corporation's web site and filed with the MSRB. Such list excludes holdings in the Fund's securities lending program. Such list, as filed, is incorporated herein and made a part hereof for all purposes.

Management and Administration of the Fund

The Texas Constitution and applicable statutes delegate to the SBOE and the PSF Corporation the authority and responsibility for investment of the PSF's financial assets. The SBOE consists of 15 members who are elected by territorial districts in the State to four-year terms of office. The PSF Corporation is a special-purpose governmental corporation and instrumentality of the State entitled to sovereign immunity, and is governed by a nine-member board of directors (the "PSFC Board"), which consists of five members of the SBOE, the Land Commissioner, and three appointed members who have substantial background and expertise in investments and asset management, with one member being appointed by the Land Commissioner and the other two appointed by the Governor with confirmation by the Senate.

The PSF's non-financial real assets, including land, mineral and royalty interests, and individual real estate holdings, are held by the GLO and managed by the SLB. The SLB is required to send PSF mineral and royalty revenues to the PSF Corporation for investment, less amounts specified by appropriation to be retained by the SLB.

The Texas Constitution provides that the Fund shall be managed through the exercise of the judgment and care under the circumstances then prevailing which persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital (the "Prudent Person Standard"). In accordance with the Texas Constitution, the SBOE views the PSF as a perpetual endowment, and the Fund is managed as an endowment fund with a long-term investment horizon. For a detailed description of the PSFC Board's investment objectives, as well as a description of the PSFC Boards's roles and responsibilities in managing and administering the Fund, see the IPS and Board meeting materials (available on the PSF Corporation's website).

As described below, the Total Return Constitutional Amendment restricts the annual pay-out from the Fund to both (i) 6% of the average of the market value of the Fund, excluding real property, on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium, and (ii) the total-return on all investment assets of the Fund over a rolling ten-year period.

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

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

The Act requires that the Education Commissioner prepare, and the SBOE approve, an annual status report on the Guarantee Program (which is included in the Annual Report). The State Auditor or a certified public accountant audits the financial statements of the PSF, which are separate from other financial statements of the State. Additionally, not less than once each year, the PSFC Board must submit an audit report to the Legislative Budget Board ("LBB") regarding the operations of the PSF Corporation. The PSF Corporation may contract with a certified public accountant or the State Auditor to conduct an independent audit of the operations of the PSF Corporation, but such authorization does not affect the State Auditor's authority to conduct an audit of the PSF Corporation in accordance with State laws.

For each biennium, beginning with the 2024-2025 State biennium, the PSF Corporation is required to submit a legislative appropriations request ("LAR") to the LBB and the Office of the Governor that details a request for appropriation of funds to enable the PSF Corporation to carry out its responsibilities for the investment management of the Fund. The requested funding, budget structure, and riders are sufficient to fully support all operations of the PSF Corporation in state fiscal years 2026 and 2027. As described therein, the LAR is designed to provide the PSF Corporation with the ability to operate as a stand-alone state entity in the State budget while retaining the flexibility to fulfill its fiduciary duty and provide oversight and transparency to the Legislature and Governor.

The Total Return Constitutional Amendment

The Total Return Constitutional Amendment requires that PSF distributions to the ASF be determined using a "total-return-based" approach that provides that the total amount distributed from the Fund to the ASF: (1) in each year of a State fiscal biennium must be an amount that is not more than 6% of the average of the market value of the Fund, excluding real property (the "Distribution Rate"), on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium, in accordance with the rate adopted by: (a) a vote of two-thirds of the total membership of the SBOE, taken before the Regular Session of the Legislature convenes or (b) the Legislature by general law or appropriation, if the SBOE does not adopt a rate as provided by clause (a); and (2) over the ten-year period consisting of the current State fiscal year and the nine preceding State fiscal years may not exceed the total return on all investment assets of the Fund over the same ten-year period (the "Ten Year Total Return"). In April

2009, the Attorney General issued a legal opinion, Op. Tex. Att'y Gen. No. GA-0707 (2009) ("GA-0707"), with regard to certain matters pertaining to the Distribution Rate and the determination of the Ten Year Total Return. In GA-0707 the Attorney General opined, among other advice, that (i) the Ten Year Total Return should be calculated on an annual basis, (ii) a contingency plan adopted by the SBOE, to permit monthly transfers equal in aggregate to the annual Distribution Rate to be halted and subsequently made up if such transfers temporarily exceed the Ten Year Total Return, is not prohibited by State law, provided that such contingency plan applies only within a fiscal year time basis, not on a biennium basis, and (iii) the amount distributed from the Fund in a fiscal year may not exceed 6% of the average of the market value of the Fund or the Ten Year Total Return. In accordance with GA-0707, in the event that the Ten Year Total Return is exceeded during a fiscal year, transfers to the ASF will be halted. However, if the Ten Year Total Return subsequently increases during that biennium, transfers may be resumed, if the SBOE has provided for that contingency, and made in full during the remaining period of the biennium, subject to the limit of 6% in any one fiscal year. Any shortfall in the transfer that results from such events from one biennium may not be paid over to the ASF in a subsequent biennium as the SBOE would make a separate payout determination for that subsequent biennium.

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

The Texas Constitution also provides authority to the GLO or another entity (described in statute as the SLB or the PSF Corporation) that has responsibility for the management of revenues derived from land or other properties of the PSF to determine whether to transfer an amount each year to the ASF from the revenue derived during the current year from such land or properties. The Texas Constitution limits the maximum transfer to the ASF to $600 million in each year from the revenue derived during that year from the PSF from the GLO, the SBOE or another entity to the extent such entity has the responsibility for the management of revenues derived from such land or other properties. Any amount transferred to the ASF pursuant to this constitutional provision is excluded from the 6% Distribution Rate limitation applicable to SBOE transfers.

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

Annual Distributions to the Available School Fund[1]

Fiscal Year Ending	2015	2016	2017	2018	2019	2020	2021	2022	2023[2]	2024
PSF(CORP) Distribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$2,076	$2,156
PSF(SBOE) Distribution	839	1,056	1,056	1,236	1,236	1,102	1,102	1,731	-	-
PSF(SLB) Distribution	-	-	-	-	300	600	600[3]	415	115	-
Per Student Distribution	173	215	212	247	306	347	341	432	440	430

[1] In millions of dollars. Source: Annual Report for year ended August 31, 2024.
[2] Reflects the first fiscal year in which distributions were made by the PSF Corporation.
[3] In September 2020, the SBOE approved a special, one-time transfer of $300 million from the portion of the PSF managed by the SBOE to the portion of the PSF managed by the SLB, which amount is to be transferred to the ASF by the SLB in fiscal year 2021. In approving the special transfer, the SBOE determined that the transfer was in the best interest of the PSF due to the historic nature of the public health and economic circumstances resulting from the COVID-19 pandemic and its impact on the school children of Texas.

In November 2024, the SBOE approved a $3.6 billion distribution to the ASF for State fiscal biennium 2026-2027. In making its determination of the 2026-2027 Distribution Rate, the SBOE took into account the planned distribution to the ASF by the PSF Corporation of $1.2 billion for the biennium.

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

State Fiscal Biennium	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21	2022-23	2024-25	2026-27
SBOE Distribution Rate[1]	2.5%	4.2%	3.3%	3.5%	3.7%	2.974%	4.18%	3.32%	3.45%

[1] Includes only distributions made to the ASF by the SBOE; see the immediately preceding table for amounts of direct SLB distributions to the ASF. In addition, the PSF Corp approved transfers of $600 million per year directly to the ASF for fiscal biennium 2026-27.

PSF Corporation Strategic Asset Allocation

The PSFC Board sets the asset allocation policy for the Fund, including determining the available asset classes for investment and approving target percentages and ranges for allocation to each asset class, with the goal of delivering a long-term risk adjusted return through all economic and market environments. The IPS includes a combined asset allocation for all Fund assets (consisting of assets transferred for management to the PSF Corporation from the SBOE and the SLB). The IPS provides that the Fund's investment objectives are as follows:

- Generate distributions for the benefit of public schools in Texas;
- Maintain the purchasing power of the Fund, after spending and inflation, in order to maintain intergenerational equity with respect to distributions from the Fund;

- Provide a maximum level of return consistent with prudent risk levels, while maintaining sufficient liquidity needed to support Fund obligations; and
- Maintain a AAA credit rating, as assigned by a nationally recognized securities rating organization.

The table below sets forth the current strategic asset allocation of the Fund that was adopted September 2024 (which is subject to change from time to time):

Asset Class	Strategic Asset Allocation	Range	
		Min	Max
Cash	2.0%	0.0%	n/a
Core Bonds	10.0%	5.0%	15.0%
High Yield	2.0%	0.0%	7.0%
Bank Loans	4.0%	0.0%	9.0%
Treasury Inflation Protected Securities	2.0%	0.0%	7.0%
Large Cap Equity	14.0%	9.0%	19.0%
Small/Mid-Cap Equity	6.0%	1.0%	11.0%
Non-US Developed Equity	7.0%	2.0%	12.0%
Absolute Return	3.0%	0.0%	8.0%
Real Estate	12.0%	7.0%	17.0%
Private Equity	20.0%	10.0%	30.0%
Private Credit	8.0%	3.0%	13.0%
Natural Resources	5.0%	0.0%	10.0%
Infrastructure	5.0%	0.0%	10.0%

The table below sets forth the comparative investments of the PSF for the fiscal years ending August 31, 2023 and 2024, as set forth in the Annual Report for the 2024 fiscal year. As of January 1, 2023, the assets of the PSF(SBOE) and the PSF(SLB) were generally combined (referred to herein as the PSF(CORP)) for investment management and accounting purposes.

Comparative Investment Schedule – PSF(CORP)

Fair Value (in millions) August 31, 2024 and 2023

ASSET CLASS	August 31, 2024	August 31, 2023	Amount of Increase (Decrease)	Percent Change
EQUITY				
Domestic Small Cap	$3,651.3	$ 2,975.1	$ 676.2	22.7%
Domestic Large Cap	8,084.6	7,896.5	188.1	2.4%
Total Domestic Equity	11,735.9	10,871.6	864.3	8.0%
International Equity	4,131.1	7,945.5	(3,814.4)	-48.0%
TOTAL EQUITY	15,867.0	18,817.1	(2,950.1)	-15.7%
FIXED INCOME				
Domestic Fixed Income	-	5,563.7	-	-
US Treasuries	-	937.5	-	-
Core Bonds	8,151.6	-	-	-
Bank Loans	2,564.1	-	-	-
High Yield Bonds	2,699.5	1,231.6	1,467.9	119.2%
Emerging Market Debt	-	869.7	-	-
TOTAL FIXED INCOME	13,415.2	8,602.5	4,812.7	55.9%
ALTERNATIVE INVESTMENTS				
Absolute Return	3,106.0	3,175.8	(69.8)	-2.2%
Real Estate	6,101.0	6,525.2	(424.2)	-6.5%
Private Equity	8,958.8	8,400.7	558.1	6.6%
Emerging Manager Program	-	134.5	-	-
Real Return	-	1,663.7	-	-
Private Credit	2,257.9	-	-	-
Real Assets	4,648.1	4,712.1	(64.0)	-1.4%
TOT ALT INVESTMENTS	25,071.8	24,612.0	459.8	1.9%

UNALLOCATED CASH	2,583.2	348.2	2,235	641.9%
TOTAL PSF(CORP) INVESTMENTS	56,937.2	$ 52,379.8	$ 4,557.4	8.7%

Source: Annual Report for year ended August 31, 2024.

The table below sets forth the investments of the PSF(SLB) for the year ended August 31, 2024.

Investment Schedule - PSF(SLB)[1]

Fair Value (in millions) August 31, 2024

	As of 8-31-24	
Investment Type		
Investments in Real Assets		
Sovereign Lands	$ 277.47	
Discretionary Internal Investments	457.01	
Other Lands	153.15	
Minerals [(2), (3)]	4,540.61	[(6)]
Total Investments[(4)]	5,428.23	
Cash in State Treasury [(5)]	0	
Total Investments & Cash in State Treasury	$ 5,428.23	

[1] Unaudited figures from Table 5 in the FY 2024 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.
[2] Historical Cost of investments at August 31, 2024 was: Sovereign Lands $838,730.24; Discretionary Internal Investments $318,902,420.97; Other Lands $37,290,818.76; and Minerals $13,437,063.73.
[3] Includes an estimated 1,000,000.00 acres in freshwater rivers.
[4] Includes an estimated 1,747,600.00 in excess acreage.
[5] Cash in State Treasury is managed by the Treasury Operations Division of the Comptroller of Public Accounts of the State of Texas.
[6] Future Net Revenues discounted at 10% and then adjusted for risk factors. A mineral reserve report is prepared annually by external third-party petroleum engineers.

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

The School District Bond Guarantee Program

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

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

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

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

Generally, the regulations that govern the School District Bond Guarantee Program (the "SDBGP Rules") limit guarantees to certain types of notes and bonds, including, with respect to refunding bonds issued by school districts, a requirement that the bonds produce debt service savings. The SDBGP Rules include certain accreditation criteria for districts applying for a guarantee of their bonds, and limit guarantees to districts that have less than the amount of annual debt service per average daily attendance that represents the 90th percentile of annual debt service per average daily attendance for all school districts, but such limitation will not apply to school districts that have enrollment growth of at least 25% over the previous five school years. The SDBGP Rules are codified in the Texas Administrative Code at 19 TAC section 33.6 and are available at https://tea.texas.gov/finance-and-grants/state-funding/facilities-funding-and-standards/bond-guarantee-program.

The Charter District Bond Guarantee Program

The Charter District Bond Guarantee Program became effective March 3, 2014. The SBOE published final regulations in the Texas Register that provide for the administration of the Charter District Bond Guarantee Program (the "CDBGP Rules"). The CDBGP Rules are codified at 19 TAC section 33.7 and are available at https://tea.texas.gov/finance-and-grants/state-funding/facilities-funding-and-standards/bond-guarantee-program.

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

Pursuant to the CDBGP Rules, the Education Commissioner annually determines the ratio of charter district students to total public school students, for the 2025 fiscal year, the ratio is 7.86%. At February 27, 2025, there were 188 active open-enrollment charter schools in the State and there were 1,222 charter school campuses authorized under such charters, though as of such date, 264 of such campuses are not currently serving students for various reasons; therefore, there are 958 charter school campuses actively serving students in Texas. Section 12.101, Texas Education Code, limits the number of charters that the Education Commissioner may grant to a total number of 305 charters. While legislation limits the number of charters that may be granted, it does not limit the number of campuses that may operate under a particular charter. For information regarding the capacity of the Guarantee Program, see "Capacity Limits for the Guarantee Program." The Act provides that the Education Commissioner may not approve the guarantee of refunding or refinanced bonds under the Charter District Bond Guarantee Program in a total amount that exceeds one-half of the total amount available for the guarantee of charter district bonds under the Charter District Bond Guarantee Program.

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

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

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

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

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

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

Capacity Limits for the Guarantee Program

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

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

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

Changes in SBOE-determined multiplier for State Capacity Limit

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

Since December 16, 2009, the IRS Limit was a static limit set at 500% of the total cost value of the assets held by the PSF as of December 16, 2009; however, on May 10, 2023, the IRS released Notice 2023-39 (the "IRS Notice"), stating that the IRS would issue regulations amending the existing regulations to amend the calculation of the IRS limit to 500% of the total cost value of assets held by the PSF as of the date of sale of new bonds, effective as of May 10, 2023.

The IRS Notice changed the IRS Limit from a static limit to a dynamic limit for the Guarantee Program based upon the cost value of Fund assets, multiplied by five. As of January 31, 2025 the cost value of the Guarantee Program was $48,560,433,760 (unaudited), thereby producing an IRS Limit of $242,802,168,800 in principal amount of guaranteed bonds outstanding.

As of January 31, 2025, the estimated State Capacity Limit is $169,961,518,160, which is lower than the IRS Limit, making the State Capacity Limit the current Capacity Limit for the Fund.

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

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

No representation is made as to how the capacity will remain available, and the capacity of the Guarantee Program is subject to change due to a number of factors, including changes in bond issuance volume throughout the State and some bonds receiving guarantee approvals may not close. If the amount of guaranteed bonds approaches the State Capacity Limit, the SBOE or Education Commissioner may increase the State Capacity Limit multiplier as discussed above.

2017 Legislative Changes to the Charter District Bond Guarantee Program

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

The percentage of the charter district scholastic population to the overall public school scholastic population has grown from 3.53% in September 2012 to 7.86% in February 2025. TEA is unable to predict how the ratio of charter district students to the total State scholastic population will change over time.

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

Since the initial authorization of the Charter District Bond Guarantee Program, the Act has established a bond guarantee reserve fund in the State treasury (the “Charter District Reserve Fund”). Formerly, the Act provided that each charter district that has a bond guaranteed must annually remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 10% of the savings to the charter district that is a result of the lower interest rate on its bonds due to the guarantee by the PSF. SB 1480 modified the Act insofar as it pertains to the Charter District Reserve Fund. Effective September 1, 2017, the Act provides that a charter district that has a bond guaranteed must remit to the Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 20% of the savings to the charter district that is a result of the lower interest rate on the bond due to the guarantee by the PSF. The amount due shall be paid on receipt by the charter district of the bond proceeds. However, the deposit requirement will not apply if the balance of the Charter District Reserve Fund is at least equal to 3.00% of the total amount of outstanding guaranteed bonds issued by charter districts. At January 31, 2025, the Charter District Reserve Fund contained $120,355,020, which represented approximately 2.44% of the guaranteed charter district bonds. The Reserve Fund is held and invested as a non-commingled fund under the administration of the PSF Corporation staff.

Charter District Risk Factors

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

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

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

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

Ratings of Bonds Guaranteed Under the Guarantee Program

Moody's Investors Service, Inc., S&P Global Ratings, and Fitch Ratings, Inc. rate bonds guaranteed by the PSF "Aaa," "AAA" and "AAA," respectively. Not all districts apply for multiple ratings on their bonds, however. See the applicable rating section within the offering document to which this is attached for information regarding a district's underlying rating and the enhanced rating applied to a given series of bonds.

Valuation of the PSF and Guaranteed Bonds

Permanent School Fund Valuations

Fiscal Year Ended 8/31	Book Value[1]	Market Value[1]
2020	$36,642,000,738	$46,764,059,745
2021	38,699,895,545	55,582,252,097
2022	42,511,350,050	56,754,515,757
2023	43,915,792,841	59,020,536,667
2024[2]	46,276,260,013	56,937,188,265

[1] SLB managed assets are included in the market value and book value of the Fund. In determining the market value of the PSF from time to time during a fiscal year, the current, unaudited values for PSF investment portfolios and cash held by the SLB are used. With respect to SLB managed assets shown in the table above, market values of land and mineral interests, internally managed real estate, investments in externally managed real estate funds and cash are based upon information reported to the PSF Corporation by the SLB. The SLB reports that information to the PSF Corporation on a quarterly basis. The valuation of such assets at any point in time is dependent upon a variety of factors, including economic conditions in the State and nation in general, and the values of these assets, and, in particular, the valuation of mineral holdings administered by the SLB, can be volatile and subject to material changes from period to period.

[2] At August 31, 2024, mineral assets, sovereign lands, other lands, and discretionary internal investments, had book values of approximately $13.4 million, $0.8 million, $37.2 million, and $318.9 million, respectively, and market values of approximately $4,540.6 million, $277.4 million, $153.1 million, and $457.0 million, respectively.

Permanent School Fund Guaranteed Bonds

At 8/31	Principal Amount[1]
2020	$90,336,680,245
2021	95,259,161,922
2022	103,239,495,929
2023	115,730,826,682
2024	125,815,981,603[2]

[1] Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program. The TEA does not maintain records of the accreted value of capital appreciation bonds that are guaranteed under the Guarantee Program.
[2] At August 31, 2024 (the most recent date for which such data is available), the TEA expected that the principal and interest to be paid by school districts and charter districts over the remaining life of the bonds guaranteed by the Guarantee Program was $196,294,405,488, of which $70,478,423,885 represents interest to be paid. As shown in the table above, at August 31, 2024, there were $125,815,981,603 in principal amount of bonds guaranteed under the Guarantee Program. Using the State Capacity Limit of $169,961,518,160 (the State Capacity Limit is currently the Capacity Limit), net of the Capacity Reserve, as of January 31, 2025, 7.69% of the Guarantee Program's capacity was available to the Charter District Bond Guarantee Program. As of January 31, 2025, the amount of outstanding bond guarantees represented 76.33% of the Capacity Limit (which is currently the State Capacity Limit). January 31, 2025 values are based on unaudited data, which is subject to adjustment.

Permanent School Fund Guaranteed Bonds by Category[1]

	School District Bonds		Charter District Bonds		Totals	
Fiscal Year Ended 8/31	No. of Issues	Principal Amount ($)	No. of Issues	Principal Amount ($)	No. of Issues	Principal Amount ($)
2020	3,296	87,800,478,245	64	2,536,202,000	3,360	90,336,680,245
2021	3,346	91,951,175,922	83	3,307,986,000	3,429	95,259,161,922
2022	3,348	99,528,099,929	94	3,711,396,000	3,442	103,239,495,929
2023	3,339	111,647,914,682	102	4,082,912,000	3,441	115,730,826,682
2024[2]	3,330	121,046,871,603	103	4,769,110,000	3,433	125,815,981,603

[1] Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program.
[2] At January 31, 2025 (based on unaudited data, which is subject to adjustment), there were $129,723,799,121 in principal amount of bonds guaranteed under the Guarantee Program, representing 3,437 school district issues, aggregating $124,794,149,121 in principal amount and 109 charter district issues, aggregating $4,929,650,000 in principal amount. At January 31, 2025 the projected guarantee capacity available was $39,780,221,830 (based on unaudited data, which is subject to adjustment).

Discussion and Analysis Pertaining to Fiscal Year Ended August 31, 2024

The following discussion is derived from the Annual Report for the year ended August 31, 2024, including the Message from the Chief Executive Officer of the Fund, the Management's Discussion and Analysis, and other schedules contained therein. Reference is made to the Annual Report, as filed with the MSRB, for the complete Message and MD&A. Investment assets managed by the PSF Corporation are referred to throughout this MD&A as the PSF(CORP). The Fund's non-financial real assets are managed by the SLB and these assets are referred to throughout as the PSF(SLB) assets.

At the end of fiscal year 2024, the PSF(CORP) net position was $57.3 billion. During the year, the PSF(CORP) continued implementing the long-term strategic asset allocation, diversifying the investment mix to strengthen the Fund. The asset allocation is projected to increase returns over the long run while reducing risk and portfolio return volatility. The PSF(CORP) is invested in global markets and liquid and illiquid assets experience volatility commensurate with the related indices. The PSF(CORP) is broadly diversified and benefits from the cost structure of its investment program. Changes continue to be researched, crafted, and implemented to make the cost structure more effective and efficient. The PSF(CORP) annual rates of return for the one-year, five-year, and ten-year periods ending August 31, 2024, net of fees, were 10.12%, 7.31%, and 6.32%, respectively (total return takes into consideration the change in the market value of the Fund during the year as well as the interest and dividend income generated by the Fund's investments). See "Comparative Investment Schedule - PSF(CORP)" for the PSF(CORP) holdings as of August 31, 2024.

Effective February 1, 2024, Texas PSF transitioned into a new strategic asset allocation. The new allocation of the PSF Corporation updated the strategic asset allocation among public equities, fixed income, and alternative assets, as discussed herein. Alternative assets now include private credit, absolute return, private equity, real estate, natural resources, and infrastructure. For a description of the accrual basis of accounting and more information about performance, including comparisons to established benchmarks for certain periods, please see the 2024 Annual Report which is included by reference herein.

PSF Returns Fiscal Year Ended 8-31-2024[1]

Portfolio	Return	Benchmark Return[2]
Total PSF(CORP) Portfolio	10.12	9.28
Domestic Large Cap Equities	27.30	27.14
Domestic Small/Mid Cap Equities	18.35	18.37
International Equities	18.82	18.08
Private Credit	1.41	0.93
Core Bonds	7.08	7.30
Absolute Return	11.50	8.87
Real Estate	(6.42)	(7.22)
Private Equity	4.62	4.23
High Yield	12.03	12.53
Natural Resources	12.36	6.42
Infrastructure	4.41	3.63
Bank Loans	3.02	3.23
Short Term Investment Portfolio	2.42	2.28

[1] Time weighted rates of return adjusted for cash flows for the PSF(CORP) investment assets. Does not include SLB managed real estate or real assets. Returns are net of fees. Source: Annual Report for year ended August 31, 2024.
[2] Benchmarks are as set forth in the Annual Report for year ended August 31, 2024.

The SLB is responsible for the investment of money in the Real Estate Special Fund Account (RESFA) of the PSF (also referred to herein as the PSF(SLB)). Pursuant to applicable law, money in the PSF(SLB) may be invested in land, mineral and royalty interest, and real property holdings. For more information regarding the investments of the PSF(SLB), please see the 2024 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.

The Fund directly supports the public school system in the State by distributing a predetermined percentage of its asset value to the ASF. In fiscal year 2024, $2.2 billion was distributed to the ASF, $600 million of which was distributed by the PSF(CORP) on behalf of the SLB.

Other Events and Disclosures

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

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

As of August 31, 2024, certain lawsuits were pending against the State and/or the GLO, which challenge the Fund's title to certain real property and/or past or future mineral income from that property, and other litigation arising in the normal course of the investment activities of the PSF. Reference is made to the Annual Report, when filed, for a description of such lawsuits that are pending, which may represent contingent liabilities of the Fund.

PSF Continuing Disclosure Undertaking

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

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

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

Annual Reports

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

The TEA and the PSF Corporation may provide updated information in full text or may incorporate by reference certain other publicly-available documents, as permitted by Rule 15c2-12. The updated information includes audited financial statements of, or relating to, the State or the PSF, when and if such audits are commissioned and available. In the event audits are not available by the filing deadline, unaudited financial statements will be provided by such deadline, and audited financial statements will be provided when available. Financial statements of the State will be prepared in accordance with generally accepted accounting principles as applied to state governments, as such principles may be changed from time to time, or such other accounting principles as the State Auditor is required to employ from time to time pursuant to State law or regulation. The financial statements of the Fund are required to be prepared to conform to U.S. Generally Accepted Accounting Principles as established by the Governmental Accounting Standards Board.

The Fund is composed of two primary segments: the financial assets (PSF(CORP)) managed by PSF Corporation, and the non-financial assets (PSF(SLB)) managed by the SLB. Each of these segments is reported separately und different bases of accounting.

The PSF Corporation reports as a special-purpose government engaged in business-type activities and reports to the State of Texas as a discretely presented component unit accounted for on an economic resources measurement focus and the accrual basis of accounting. Measurement focus refers to the definition of the resource flows measured. Under the accrual basis of accounting, all revenues reported are recognized in the period they are earned or when the PSF Corporation has a right to receive them. Expenses are recognized in the period they are incurred, and the subsequent amortization of any deferred outflows. Additionally, costs related to capital assets are capitalized and subsequently depreciated over the useful life of the assets. Both current and long-term assets and liabilities are presented in the statement of net position.

The SLB manages the Fund's non-financial assets (PSF(SLB)), is classified as a governmental permanent fund and accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, amounts are recognized as revenues in the period in which they are available to finance expenditures of the current period and are measurable. Amounts are considered measurable if they can be estimated or otherwise determined. Expenditures are recognized in the period in which the related liability is incurred, if measurable.

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

Event Notices

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

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

Availability of Information

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

Limitations and Amendments

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

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

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

Compliance with Prior Undertakings

Except as stated below, during the last five years, the TEA and the PSF Corporation have not failed to substantially comply with their previous continuing disclosure agreements in accordance with Rule 15c2-12. On April 28, 2022, TEA became aware that it had not timely filed its 2021 Annual Report with EMMA due to an administrative oversight. TEA took corrective action and filed the 2021 Annual Report with EMMA on April 28, 2022, followed by a notice of late filing made with EMMA on April 29, 2022. TEA notes that the 2021 Annual Report was timely filed on the TEA website by the required filing date and that website posting has been incorporated by reference into TEA's Bond Guarantee Program disclosures that are included in school district and charter district offering documents. On March 31, 2025, the TEA and the PSF Corporation became aware that the 2022 operating data was not timely filed with EMMA due to an administrative oversight. TEA and PSF Corporation took corrective action and filed a notice of late filing with EMMA on April 4, 2025. The annual operating data was previously posted to EMMA on March 31, 2023.

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.

(this page intentionally left blank)

Financial Advisory Services
Provided By:

SAMCO Capital