

OFFICIAL STATEMENT

Dated: October 22, 2025

NEW ISSUE: BOOK-ENTRY-ONLY

In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Notes will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.

\$9,180,000

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Wichita County, Texas)
MAINTENANCE TAX NOTES, SERIES 2025

Dated Date: November 20, 2025

Due: as shown on page ii

Interest Accrues from Date of Delivery

The Wichita Falls Independent School District Maintenance Tax Notes, Series 2025 (the "Notes") are being issued pursuant to the Constitution and general laws of the State of Texas, including Chapter 1371, Texas Government Code, as amended and Section 45.108 of the Texas Education Code (together, the "Act"), as amended, and a resolution (the "Note Resolution") authorizing the issuance of the Notes adopted on October 20, 2025 by the Board of Trustees (the "Board") of the Wichita Falls Independent School District (the "District"). As permitted by the provisions of the Act, the Board, in the Note Resolution, delegated the authority to certain District officials (each, a "Pricing Officer") to execute a pricing certificate (the "Pricing Certificate") establishing the pricing terms for the Notes (the "Pricing Certificate" and together with the Note Resolution, are collectively referred to herein as the "Resolution"). The Pricing Certificate was executed by the Pricing Officer on October 22, 2025, which completed the sale of the Notes. The Notes are payable as to principal and interest from a continuing, direct annual ad valorem tax levied for maintenance purposes by the District against all taxable property located within the District, within the limit prescribed by law, as provided in the Resolution.

Interest on the Notes will accrue from the Date of Delivery and will be payable on February 1 and August 1 of each year, commencing August 1, 2026, until stated maturity or prior redemption. The Notes will be issued in fully registered form in principal denominations of \$5,000 or any integral multiple thereof. Principal of the Notes will be payable by the Paying Agent/Registrar, which initially is BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), upon presentation and surrender of the Notes for payment. Interest on the Notes is payable by check dated as of the interest payment date and mailed by the Paying Agent/Registrar to the registered owners as shown on the records of the Paying Agent/Registrar on the close of business as of the fifteenth day of the month next preceding each interest payment date. The District intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York ("DTC"). Such Book-Entry-Only System will affect the method and timing of payment and the method of transfer of the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Proceeds from the sale of the Notes will be used for (i) maintaining, repairing, remodeling, improving, renovating, and equipping existing school facilities in the District, and (ii) paying the costs of issuance of the Notes. See subcaption "PLAN OF FINANCING - Purpose" herein.

The Notes maturing on February 1, 2035, are subject to redemption at the option of the District in whole or in part in principal amounts of \$5,000 or any multiple thereof, on February 1, 2034, or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption. (See "THE NOTES – Optional Redemption").

MATURITY SCHEDULE

(On Page ii)

The Notes are offered for delivery when, as and if issued, and received by the Underwriter named below, subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Norton Rose Fulbright US LLP, Dallas, Texas. The Notes are expected to be available for initial delivery through the facilities of DTC on or about on or about November 20, 2025 (the "Date of Delivery").

HILLTOPSECURITIES

\$9,180,000
WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Wichita County, Texas)
MAINTENANCE TAX NOTES, SERIES 2025

MATURITY SCHEDULE
Base CUSIP No.: 967171 ⁽¹⁾

Maturity Date (2/1)	Principal Amount (\$)	Interest Rate (%)	Initial Yield (%)	CUSIP No. Suffix⁽¹⁾
2027	755,000	5.000	2.730	ST7
2028	885,000	5.000	2.650	SU4
2029	925,000	5.000	2.670	SV2
2030	975,000	5.000	2.680	SW0
2031	1,020,000	5.000	2.710	SX8
2032	1,075,000	5.000	2.780	SY6
2033	1,125,000	5.000	2.910	SZ3
2034	1,180,000	5.000	2.940	TA7
2035	1,240,000	5.000	3.040 ⁽²⁾	TB5

(Interest to accrue from the Date of Delivery)

Optional Redemption. The Notes maturing on February 1, 2035, are subject to redemption at the option of the District in whole or in part in principal amounts of \$5,000 or any multiple thereof, on February 1, 2034, or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption. (See "THE NOTES – Optional Redemption").

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⁽²⁾ Yield is shown to the first call date of February 1, 2034.

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
1104 Broad Street
Wichita Falls, Texas 76301

BOARD OF TRUSTEES

<u>Name</u>	<u>Position</u>	<u>Term Expiration</u>	<u>Occupation</u>
Mark Lukert	President	2026	Retired
Susan Grisel	Vice President	2026	Homemaker
Sandy Camp	Secretary	2026	Adjunct Professor – MSU
John Barnard	Member	2028	Sales
Jim Johnson	Member	2026	Banking
Katherine McGregor	Member	2028	Real Estate Broker
Diann Scroggins	Member	2028	Retired

ADMINISTRATION AND FINANCE

<u>Name</u>	<u>Position</u>
Dr. Donny Lee	Superintendent
Leah Horton	Chief Financial Officer

CONSULTANTS AND ADVISORS

McCall, Parkhurst & Horton L.L.P., Dallas, Texas	Bond Counsel
Sentry Management Inc., Wichita Falls, Texas	Municipal Advisor
Weaver and Tidwell, L.L.P., Dallas, Texas	Certified Public Accountants

For Additional Information Contact:

Leah Horton, Chief Financial Officer
Wichita Falls Independent School District
1104 Broad Street
Wichita Falls, Texas 76301
(940) 235-1015

Murphy Davis, Jr.
Sentry Management Inc.
5 Eureka Circle, Suite E
Wichita Falls, Texas 76308
(940) 696-2100

USE OF INFORMATION IN OFFICIAL STATEMENT

This Official Statement, 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 Official Statement, and, if given or made, such other information or representations must not be relied upon.

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

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

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the undertakings of the District, respectively to provide certain information on a continuing basis.

THE NOTES 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 NOTES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE NOTES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE NOTES 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 MUNICIPAL ADVISOR, OR THE UNDERWRITER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM DESCRIBED UNDER "BOOK-ENTRY-ONLY SYSTEM" AS SUCH INFORMATION WAS PROVIDED BY THE DTC.

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

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

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SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The District	The Wichita Falls Independent School District (the “District”) is a political subdivision located in Wichita 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.
The Notes	The Notes are being issued in the principal amount of \$9,180,000 pursuant to the Constitution and general laws of the State of Texas, including Chapter 1371, Texas Government Code, as amended and Section 45.108 of the Texas Education Code (together, the “Act”), as amended, and a resolution (the “Note Resolution”) adopted by the Board of Trustees on October 20, 2025. As permitted by the provisions of the Act, the Board, in the Note Resolution, delegated the authority to certain District officials, each a “Pricing Officer” to execute a pricing certificate (the “Pricing Certificate”) establishing the pricing terms for the Notes (the Pricing Certificate and the Note Resolution, are collectively referred to herein as the “Resolution”). The Pricing Certificate was executed by the Pricing Officer on October 22, 2025, which completed the sale of the Notes. Proceeds from the sale of the Notes will be used for (i) maintaining, repairing, remodeling, improving, renovating, and equipping existing school facilities in the District, and (ii) paying the costs of issuance of issuing the Notes.
Paying Agent/Registrar	The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. The District intends to use the Book-Entry-Only System of DTC. (See “BOOK-ENTRY-ONLY SYSTEM” herein).
Security	The Notes will constitute direct obligations of the District, payable as to principal and interest from a continuing, direct annual ad valorem tax levied for maintenance purposes by the District against all taxable property located within the District, within the limit prescribed by law, as provided in the Resolution. (See “THE NOTES – Security” and “STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS” herein).
Optional Redemption	The Notes maturing on February 1, 2035 are subject to redemption at the option of the District in whole or in part in principal amounts of \$5,000 or any multiple thereof, on February 1, 2034, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption. (See “THE NOTES – Optional Redemption”).
Ratings	The District’s rating, including for the Notes, is “AA-” (stable outlook) by S&P Global Ratings, a division of S&P Global Inc. (See “RATINGS” herein).
Tax Matters	In the opinion of Bond Counsel for the District, interest on the Notes is excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under “TAX MATTERS” herein, including the alternative minimum tax on certain corporations. (See “TAX MATTERS” and “APPENDIX C - FORM OF LEGAL OPINION OF BOND COUNSEL” herein).
Payment Record	The District has never defaulted on the payment of its bonded indebtedness.
Legal Opinion	Delivery of the Notes is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel.
Delivery	When issued, anticipated to occur on or about November 20, 2025 (the “Date of Delivery”).

INTRODUCTORY STATEMENT

This Official Statement (the "Official Statement"), which includes the cover page and the Appendices attached hereto, has been prepared by the Wichita Falls Independent School District (the "District"), a political subdivision of the State of Texas (the "State") located in Wichita County, Texas, in connection with the offering by the District of its Maintenance Tax Notes, Series 2025 (the "Notes") identified on page ii hereof.

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

There follows in this Official Statement descriptions of the Notes and the Resolution adopted by the Board of Trustees of the District (the "Board") on October 20, 2025 (the "Note Resolution"), as supplemented by a Pricing Certificate executed on October 22, 2025, by an authorized official (a "Pricing Officer") of the District (the "Pricing Certificate" and together with the Note Resolution, the "Resolution"), which authorized the issuance of the Notes 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 Wichita Falls Independent School District, 1104 Broad Street, Wichita Falls, Texas 76301 and, during the offering period, from the Municipal Advisor, Sentry Management Inc., 5 Eureka Circle, Suite E, Wichita Falls, Texas 76308, by electronic mail or upon payment of reasonable copying, mailing, and handling charges.

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

PLAN OF FINANCING

Purpose

Proceeds from the sale of the Notes will be used for (i) maintaining, repairing, remodeling, improving, renovating, and equipping existing school facilities in the District, and (ii) paying the costs of issuance of the Notes.

Sources and Uses of Funds

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

Sources

Par Amount of the Notes	\$	9,180,000.00
Reoffering Premium		968,932.65
Total Sources of Funds	\$	10,148,932.65

Uses

Deposit to Project Fund	\$	10,000,000.00
Costs of Issuance		92,625.87
Underwriter's Discount		56,306.78
Total Uses of Funds	\$	10,148,932.65

THE NOTES

Authorization

The Notes are being issued in the principal amount of \$9,180,000 pursuant to the Constitution and general laws of the State, including particularly Chapter 1371, Texas Government Code, as amended ("Chapter 1371") and Section 45.108 of the Texas Education Code (together with Chapter 1371, the "Act"), as amended, and the Resolution.

General Description

The Notes will be dated November 20, 2025 (the "Dated Date") and will bear interest from the Date of Delivery. The Notes will mature on the dates and in the principal amounts set forth on page ii of this Official Statement. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months, and is payable on August 1, 2026 and on each February 1 and August 1 thereafter until stated maturity or prior maturity.

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

Interest on the Notes is payable by check mailed on or before each interest payment date by the Paying Agent/Registrar, initially, 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 Notes will be payable only upon presentation of such Notes at the corporate trust office of the Paying Agent/Registrar at stated maturity or prior redemption. So long as the Notes 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 Notes will be made as described in "BOOK-ENTRY-ONLY SYSTEM" herein.

If the date for any payment on the Notes 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 Notes maturing on February 1, 2035, are subject to redemption at the option of the District in whole or in part in principal amounts of \$5,000 or any multiple thereof, on February 1, 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 Notes 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 Notes, or portions thereof, to be redeemed.

Notice of Redemption and DTC Notices

Not less than 30 days prior to a redemption date for the Notes, 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 Note to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. Any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the noteholder, and, subject to provision for payment of the redemption price having been made AND THE SATISFACTION OF ANY OTHER CONDITION SPECIFIED IN THE NOTICE, interest on the redeemed Notes shall cease to accrue from and after such redemption date notwithstanding that a Note has not been presented for payment.

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

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The Notes (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Notes to be payable only to the registered owners thereof, (ii) may and shall be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the District at least 45 days prior to any such redemption date), (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Notes, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Notes shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the District shall have certain duties and responsibilities with respect to the Notes, all as provided, and in the manner and to the effect as required or indicated, in the Resolution.

The Paying Agent/Registrar and the District, so long as a Book-Entry-Only System is used for the Notes, will send any notice of redemption, notice of proposed amendment to the Resolution or other notices with respect to the Notes 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 Notes called for redemption or any other action premised on any such notice. Redemption of portions of the Notes by the District will reduce the outstanding principal amount of such Notes held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Notes 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 Notes from the beneficial owners. Any such selection of Notes to be redeemed will not be governed by the Resolution 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 Notes or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Notes for redemption. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Security

The Notes are direct obligations of the District and are payable as to both principal and interest from a continuing, direct annual ad valorem tax levied for maintenance purposes by the District against all taxable property located within the District, within the limit prescribed by law, as provided in the Resolution. See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS", and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein.

Legality

The Notes are offered when, as and if issued, subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. See "LEGAL MATTERS" and "APPENDIX C – FORM OF LEGAL OPINION OF BOND COUNSEL" herein.

Payment Record

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

Amendments

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

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

Defeasance

The Note Resolution provides for the defeasance of the Notes when payment of the principal amount of the Notes plus interest accrued on the Notes to their due date (whether such due date be by reason of stated maturity or otherwise), is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) lawful money of the United States of America in an amount sufficient to make such payment, or (2) Defeasance Securities, that will mature as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to provide for such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Notes, 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 Notes, 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 Note Resolution provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, defease or otherwise discharge obligations such as the Notes. 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 Notes. Because the Resolution 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 Notes shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Notes have been made as described above, all rights of the District to initiate proceedings to take any other action amending the terms of the Notes are extinguished.

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REGISTERED OWNERS' REMEDIES

The Resolution establishes specific events of default with respect to the Notes, and provides that if the District defaults in the payment of principal or interest on the Notes when due, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Resolution and the continuation thereof for a period of 60 days after notice of default is given by the District by any owner, the registered owners may seek a writ of mandamus to compel District officials to carry out their legally imposed duties with respect to the Notes, if there is no other available remedy at law to compel performance of the Notes or the Resolution 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 Notes in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Resolution does not provide for the appointment of a trustee to represent the interest of the noteholders upon any failure of the District to perform in accordance with the terms of the Resolution, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, which pertains to the issuance of public securities by issuers such as the District, permits the District to waive sovereign immunity in the proceedings authorizing the issuance of the Notes. Notwithstanding its reliance upon the provisions of Chapter 1371 in connection with the issuance of the Notes (see "THE NOTES – Authorization" herein), the District has not waived the defense of sovereign immunity with respect thereto. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages outside of Chapter 1371, Noteholders may not be able to bring such a suit against the District for breach of the Notes or Resolution 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 Notes. 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 noteholders 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 creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Resolution and the Notes 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 Notes is to be transferred and how the principal of, premium, if any, and interest on the Notes are to be paid to and credited by DTC while the Notes are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Municipal Advisor and the Underwriter believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

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

DTC will act as securities depository for the Notes. The Notes 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 Note certificate will be issued for each maturity of the Notes, 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("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 Notes 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 Notes, except in the event that use of the Book-Entry-Only System for the Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes 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 Notes 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 Notes unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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All payments on the Notes 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 Notes 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 Notes 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 Note certificates are required to be printed and delivered to Noteholders.

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 Note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the District believes to be reliable, but none of the District, the Municipal Advisor, or the Underwriter take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Notes are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Direct or Indirect Participant acquires an interest in the Notes, 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 Resolution will be given only to DTC.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

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

Successor Paying Agent/Registrar

Provision is made in the Resolution 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 competent and legally qualified bank, trust company, financial institution or other agency authorized to serve and perform the duties of the Paying Agent/Registrar for the Notes. Upon any change in the Paying Agent/Registrar for the Notes, the District has agreed to promptly cause a written notice thereof to be sent to each registered owner of the Notes by United States mail, first-class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Initial Registration

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

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Future Registration

In the event the Book-Entry-Only System is discontinued, the Notes may be transferred, registered and assigned on the registration books only upon presentation and surrender of the Notes 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 Note may be assigned by the execution of an assignment form on the Notes or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Note or Notes will be delivered by the Paying Agent/Registrar in lieu of the Note or Notes 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 Notes issued in an exchange or transfer of Notes 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 Notes 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 Notes registered and delivered in an exchange or transfer shall be in authorized denominations and for a like aggregate principal amount as the Notes 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 Notes is payable on any interest payment date means the close of business on the fifteenth (15th) day of the month next preceding such date, regardless of whether such day is a business day. 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 (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 Note 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 Notes

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 Note or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

Replacement Notes

If any Note is mutilated, destroyed, stolen or lost, a new Note in the same principal amount as the Note so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Note, such new Note will be delivered only upon surrender and cancellation of such mutilated Note. In the case of any Note issued in lieu of and substitution for a Note which has been destroyed, stolen or lost, such new Note will be delivered only (a) upon filing with the District and the Paying Agent/Registrar a certificate to the effect that such Note 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 Note must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS

Litigation Relating to the Texas Public School Finance System

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

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

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

Possible Effects of Changes in Law on District Notes

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 Notes, 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 Notes, specifically, the District’s obligation to levy an annual M&O (as hereafter defined) tax to pay debt service on the Notes 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 Official Statement. Certain of the information provided below is contingent on voter approval of constitutional amendments that will be submitted to the voters at an election to be held on November 4, 2025. See “– 2025 Legislative Session,” below. 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 school district 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 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 “89th Regular Session”). The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor of Texas (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 (any such special sessions, together with the 89th Regular Session, are collectively referred to herein as the “2025 Legislative Sessions”).

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 authorizes roughly \$8.5 billion in funding for public schools and provides 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. The legislation became effective September 1, 2025, though families will not receive ESA funds until the 2026-2027 school year. The amount spent for purposes of the program for the 2025-2027 biennium may not exceed \$1 billion. Beginning on September 1, 2027, the legislation requires the Legislature to re-appropriate funds for the program for each subsequent State fiscal biennium. Such program could impact attendance in the District by incentivizing students to homeschool or attend private schools, which could negatively affect the District’s attendance based funding.

The Governor has called and the Legislature has concluded two special sessions during the 89th Texas Legislature. Additional special sessions may be called by the Governor. During such time, the Legislature may enact laws that materially change current law as it relates to funding public schools, including the District and its finances.

The District is still in the process of reviewing legislation passed during the 2025 Legislative Sessions. 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.

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. The 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 (the “SCP”) 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 SCP 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 SCP. For any year, the maximum SCP is 93%. For the State fiscal year ending in 2026, the SCP is set at 63.22%.

Maximum Compressed Tax Rate

The Maximum Compressed Tax Rate (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 current year SCP multiplied by \$1.00; 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 the 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. During the 2025 Legislative Sessions, the Legislature took action to reduce the MCR for the 2025-2026 school year. The MCR for the 2025-2026 school year is \$0.6322 and the floor is \$0.5689.

In calculating and making available school districts' MCRs for the 2025-2026 school year, the TEA shall calculate and make available the rates as if the increase in the residence homestead exemption under Section 1-b(c), Article VIII, Texas Constitution, as proposed by the 89th Legislature, Regular Session, 2025, took effect. Such calculation for the 2025-2026 school year expires September 1, 2026. Subject to voter approval at a Statewide election to be held on November 4, 2025, the residential homestead exemption under Section 1-b(c), Article VIII, Texas Constitution would increase (1) the State mandated general homestead exemption from \$100,000 to \$140,000, and (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. If adopted, the proposed constitutional amendment takes effect for the tax year beginning January 1, 2025.

If the increase in the residence homestead as proposed by the constitutional amendment does not take effect, beginning on September 1, 2025, and up until September 1, 2029, the Commissioner may adjust school districts' MCRs for the 2025-2026 school year accordingly. Before making an adjustment, the Commissioner shall notify and must receive approval from the Legislative Budget Board and the office of the Governor.

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.

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 to increase or decrease its Enrichment Tax Rate to supplement Tier One funding at a level of the school district's own choice. While Tier One funding may be used for the payment of debt service (except for school districts subject to the recapture provisions of Chapter 49 of the Texas Education Code, as 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.

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, other than students in average daily attendance who do not reside in the district and are enrolled in a full-time virtual program, 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 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 plus the guaranteed yield increment adjustment (the “GYIA”) for each student in ADA and is revised downward for school districts with a Tier One Tax Rate lower than the school district’s MCR. The GYIA is established by October 1 of each even-numbered year for the subsequent biennium. For the 2026-27 biennium, the GYIA is set at \$55. The Basic Allotment is then supplemented for all school districts by various weights to account for differences among school districts and their student populations. Such additional allotments include, but are not limited to, increased funds for students in ADA who: (i) attend a qualified special education program, (ii) are diagnosed with dyslexia or a related disorder, (iii) are economically disadvantaged, or (iv) have limited English language proficiency. Additional allotments to mitigate differences among school districts include, but are not limited to: (i) a transportation allotment for mileage associated with transporting students who reside two miles or more from their home campus, (ii) a fast growth allotment (for school districts in the top 25% of enrollment growth relative to other school districts), (iii) a college, career and military readiness allotment to further the State’s goal of increasing the number of students who attain a post-secondary education or workforce credential, and (iv) a teacher incentive allotment to increase teacher compensation and retention in disadvantaged or rural school districts. A school district’s total Tier One funding, divided by the district’s Basic Allotment 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 is limited to \$320 million for each year of the 2026-2027 state fiscal biennium.

Tier Two

Tier Two supplements Tier One funding and provides two levels of enrichment with different guaranteed yields (i.e., Golden Pennies and Copper Pennies) depending on the school district’s Enrichment Tax Rate. Golden Pennies generate a guaranteed yield equal to the Basic Allotment multiplied by 0.02084. For the 2026-2027 State fiscal biennium, school districts are guaranteed a yield on each Golden Penny levied of \$129.52 per student in WADA. Copper Pennies generate a guaranteed yield per student in WADA equal to the school district’s Basic Allotment multiplied by 0.008. For the 2026-2027 State fiscal biennium, school districts are guaranteed a yield on each Copper Penny levied of \$49.72 per student in WADA.

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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. A school district may use additional state aid received from an IFA award only to pay the principal of and interest on the bonds for which the district received the aid. 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 2026-2027 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 2026-2027 State fiscal biennium and debt service assistance on school district bonds that are not yet eligible for EDA is not available, debt service payments during the 2026-2027 State fiscal biennium on new bonds issued by school districts in the 2026-2027 State fiscal biennium to construct, acquire and improve facilities must be funded solely from local I&S taxes, except to the extent the bonds of a school district are eligible for hold harmless funding from the State for local tax revenue lost as a result of an increase in the mandatory homestead exemption. See "State Funding For School Districts – Tax Rate and Funding Equity" below.

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 or a renovated portion of an instructional facility to be used for the first time to provide high-cost and undersubscribed career and technology education programs, as determined by the Commissioner. In the 89th Regular Session, the Legislature appropriated funds in the amount of \$150,000,000 for each fiscal year of the 2026-2027 State fiscal biennium for NIFA allotments.

Tax Rate and Funding Equity

The 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, 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. A district that enters into an agreement to exercise an option to reduce the district's local revenue level in excess of entitlement under options (3), (4), or (5) for the 2025-2026 school year and that has not previously held an election to exercise said options may request and may receive approval from the Commissioner to delay the date of the election otherwise required to be ordered before September 1. The Commissioner shall set a date by which each district that receives approval to delay an election must order the election and requires the Commissioner, not later than the 2026-2027 school year, to order detachment and annexation of district property or consolidation as necessary to reduce the district's excess local revenue to the level established by law for a district that receives approval to delay an election and subsequently fails to hold the election or does not receive voter approval at the election. A district that receives approval of a request to delay the date of an election shall pay for credit purchased in equal monthly payments as determined by the Commissioner beginning March 15, 2026, and ending August 15, 2026. Alternatively, the district may pay for credit purchased with one lump sum payment made not later than August 15, 2026, provided that the district notifies the Commissioner of the district's election to pay through a lump sum not later than March 15, 2026.

Furthermore, a school district may not adopt a tax rate until its effective local revenue level is at or below the level that would produce its guaranteed entitlement under the Foundation School Program. If a school district fails to exercise a permitted option, the 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.

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CURRENT PUBLIC SCHOOL FINANCE SYSTEM AS APPLIED TO THE DISTRICT

For the 2024-2025 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 revenue less than the maximum permitted level, the District may benefit in the future by agreeing to accept taxable property or funding assistance from, or agreeing to consolidate with, a property-rich district to enable such district to reduce its wealth per student to the permitted level.

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

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

AD VALOREM TAX PROCEDURES

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

Valuation of Taxable Property

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

Unless extended by the Legislature, through December 31, 2026, an appraisal district is prohibited from increasing the appraised value of real property during the 2025 tax year on certain non-homestead properties (the “Subjected Property”) whose appraised values are not more than \$5.16 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. The maximum property value may be increased or decreased by the product of the preceding state fiscal year’s increase or decrease in the consumer price index, as applicable, to the maximum property value.

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

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

State Mandated Homestead Exemptions

State law grants, with respect to each school district in the State, (1) a \$100,000 exemption (as described below) of the appraised value of all homesteads, (2) a \$10,000 exemption of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled, and (3) various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

Contingent on voter approval at a Statewide election to be held on November 4, 2025, legislation passed by both houses of the Legislature during the 89th Regular Session would increase: (1) the State mandated general homestead exemption from \$100,000 to \$140,000, and (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. See “CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 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 clause (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 under current law, and effective January 1, 2026, no intangibles will be taxed. 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 Legislature and signed by the Governor during the 89th Regular Session would provide a person to 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 outside the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or outside the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as retail manufactured housing inventory, or a dealer's motor vehicle, vessel and outboard motor, 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. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. The Legislature amended Section 11.35, Tax Code, to clarify that "damage" for the purposes of such statute is limited to "physical damage." For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

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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 was not subject to a reduction in Tier One or Tier Two State funds as a result of lost M&O tax revenues due to entering into a tax limitation agreement (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts"). The 87th Texas Legislature did not take action to extend this program, which expired by its terms effective December 31, 2022.

During the regular session of the 88th Texas Legislature, House Bill 5 ("HB 5") was enacted into law. HB 5 is intended as a replacement of former Chapter 313, Texas Tax Code ("Chapter 313"), but it contains significantly different provisions than the prior program under Chapter 313. The effective date of HB 5 was January 1, 2024. Under HB 5, 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. HB 5 also provides a 100% abatement of maintenance and operations taxes for eligible property during a project's construction period. Taxable valuation for purposes of the debt services taxes securing the Notes cannot be abated under HB 5. Eligible projects must relate to manufacturing, provision of utility services, dispatchable electric generation (such as non-renewable energy), development of natural resources, critical infrastructure, or research and development for high-tech equipment or technology, and projects must create and maintain jobs and meet certain minimum investment requirements. The District is currently monitoring the State's implementation of this new economic program and cannot make any representations as to what impact, if any, HB 5 will have on its finances or operations.

For a discussion of how the various exemptions described above are applied by the District, see "THE PROPERTY TAX CODE AS APPLIED TO THE DISTRICT" 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 (being (i) commercial real and personal property, (ii) real and personal property of utilities, (iii) industrial and manufacturing real and personal property, and (iv) multifamily residential real property) with a taxable value in excess of the current year “minimum eligibility amount”, as determined by the State Comptroller, and situated in a county with a population of 1.2 million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$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 seven percent (7%) of the amount of the tax for the first calendar month it is delinquent, plus two percent (2%) 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 eighteen percent (18%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the District may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1. See “AD VALOREM TAX PROCEDURES – Temporary Exemption for Qualified Property Damaged by a Disaster” for further information related to a discussion of the applicability of this section of the Property Tax Code.

District's Rights in the Event of Tax Delinquencies

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

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

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

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

TAX RATE LIMITATIONS

M&O Tax Rate Limitations

A school district is authorized to levy M&O taxes subject to approval of a proposition submitted to district voters. The maximum M&O tax rate that may be levied by a district cannot exceed the voted maximum rate or the maximum rate described in the succeeding paragraphs. The District is authorized to levy an M&O Tax Rate pursuant to approval at an election held on November 25, 1958 in accordance with the provisions of Article 2784e-1, Texas Revised Civil Statutes Annotated, as amended.

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

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 NOTES – Security").

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

Public Hearing and Voter-Approval Tax Rate

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

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

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

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 the county. The Appraisal District is governed by a board of directors, members of which are both appointed by the governing bodies of various political subdivisions that participate in the Appraisal District and elected by voters within the county.

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

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

Split payments are not permitted. Discounts are not permitted.

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

The District does not tax Freeport Property.

The District has not granted any tax abatements.

The District does not tax non-business personal property.

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

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

The District has not granted a tax abatement under the Chapter 313 Property Value Limitations.

The District is not participating in any tax increment financing zones.

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.

EMPLOYEES' RETIREMENT PLAN AND OTHER POST-EMPLOYMENT BENEFITS

The 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") and 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. Detailed information about the TRS's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://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.

Contribution requirements are established or amended pursuant to Article XVI, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 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 2020 thru 2025. (For more detailed information concerning the District's funding policy and contributions in connection with TRS, see "Note 7" in the audited financial statements of the District for the year ended June 30, 2024, set forth in APPENDIX D hereto).

The District participates in the Texas Public School Retired Employees Group Insurance Program ("TRSCare"). It is a multiple-employer, cost-sharing defined Other Postemployment Benefit (OPEB) plan that has a special funding situation. TRSCare was established in 1986 by the Texas Legislature and is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees in accordance with the Texas Insurance Code, Chapter 1575. The Board may adopt rules, plans, procedures and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

Contribution rates for the TRSCare plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRSCare plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRSCare 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. (For more detailed information concerning the District's funding policy and contributions in connection with TRSCare, see "Note 8" in the audited financial statements of the District for the year ended June 30, 2024, set forth in APPENDIX D hereto).

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

RATINGS

The District's rating, including for the Notes, is "AA-" (stable outlook) by S&P Global Ratings, a division of S&P Global Inc. ("S&P").

An explanation of the significance of such rating may be obtained from S&P. The rating of the Notes reflects only the view of a respective rating 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 any rating will continue for any given period of time, or that any rating will not be revised downward or withdrawn entirely, if, in the judgment of such rating company, circumstances so warrant. Any such downward revision or withdrawal of the rating of the Notes may have an adverse effect on the market price or marketability of the Notes.

LEGAL MATTERS

The District will furnish to the Underwriter a complete transcript of proceedings incident to the authorization and issuance of the Notes, including the unqualified approving legal opinion of the Attorney General of the State of Texas to the effect that the Notes are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, with respect to the Notes being issued in compliance with the provisions of the Resolution and that, subject to the qualifications set forth herein under "TAX MATTERS", the interest on the Notes is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, published rulings, regulations, and court decisions. The form of Bond Counsel's opinion is attached hereto as APPENDIX C.

Bond Counsel was engaged by, and only represents, the District in connection with the issuance of the Notes. Except as noted below, Bond Counsel has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under the captions and subcaptions, "PLAN OF FINANCING" (exclusive of the subcaption "Sources and Uses of Funds"), "THE NOTES" (exclusive of the subcaption "Payment Record" and the third paragraph under "Notice of Redemption and DTC Notices", as to which no opinion is expressed), "REGISTRATION, TRANSFER AND EXCHANGE", "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS", "CURRENT PUBLIC SCHOOL FINANCE SYSTEM", "TAX RATE LIMITATIONS – M&O Tax Rate Limitations" (first paragraph only), "LEGAL MATTERS" (exclusive of the last sentence of the second paragraph), "TAX MATTERS", "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS", "REGISTRATION AND QUALIFICATION OF NOTES FOR SALE", and "CONTINUING DISCLOSURE OF INFORMATION" (exclusive of the subcaption "Compliance With Prior Undertakings") in the Official Statement and such firm is of the opinion that the information relating to the Notes and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Notes, such information conforms to the provisions of the Resolution. Certain legal matters will be passed upon for the Underwriter by their counsel, Norton Rose Fulbright US LLP, Dallas, Texas, whose legal fees are contingent upon the sale and delivery of the Notes.

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

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate and (b) covenants of the District contained in the Note documents relating to certain matters, including arbitrage and the use of the proceeds of the Notes and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Notes to become taxable retroactively to the date of issuance.

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Notes. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

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

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

Interest on the Notes will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by section 55 of the Code.

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

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

Future and Proposed Legislation

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

State, Local and Foreign Taxes

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

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 directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (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 (as defined herein), (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) (i) 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) certificates of deposit 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) of this paragraph of corporate bonds, as described below, which are pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less from date of issuance, will be liquidated in full at maturity, are eligible for collateral for borrowing from a Federal Reserve Bank, and, 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 from the date of issuance 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 (the "SEC") and provides the District with a prospectus required by the Securities Exchange Act of 1934 and complies with SEC Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the SEC that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the District is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract and is pledged to the District and deposited to the District or third party selected by the District; (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.

As a school district that qualifies as an "issuer" under Chapter 1371, Texas Government Code, as amended, the District is also authorized to purchase, sell, and invest its funds in corporate bonds. State law defines "corporate bonds" as senior secured debt obligations issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include a bond that is convertible into stocks or shares in the entity issuing the bond (or an affiliate or subsidiary thereof) or any unsecured debt. Corporate bonds must finally mature not later than 3 years from their date of purchase by the school district. A school district may not (1) invest more than 15% of its monthly average fund balance (excluding bond proceeds, reserves, and other funds held for the payment of debt service) in corporate bonds; or (2) invest more than 25% of the funds invested in corporate bonds in any one domestic business entity (including subsidiaries and affiliates thereof). Corporate bonds held by a school district must be sold if they are at any time downgraded below "AA-" (or the equivalent thereof) or, with respect to a corporate bond rated "AA-" (or the equivalent thereof), such corporate bond is placed on negative credit watch. Corporate bonds are not an eligible investment for a public funds investment pool. To invest in corporate bonds, an eligible school district must first (i) amend its investment policy to authorize corporate bonds as an eligible investment, (ii) adopt procedures for monitoring rating changes in corporate bonds and liquidating an investment in corporate bonds, and (iii) identify funds eligible to be invested in corporate bonds.

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 a written 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 (including fully accrued interest) and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. No person may invest District funds without express written authority from the Board.

Additional Provisions

Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the 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, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days after when agreement is delivered 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.

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REGISTRATION AND QUALIFICATION OF NOTES FOR SALE

No registration statement relating to the Notes has been filed with the SEC under the United States Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Notes have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. The Notes have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Notes been registered or qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Notes under the securities laws of any jurisdiction in which the Notes may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Notes shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

It is the obligation of the Underwriter to register or qualify the sale of the Notes under the securities laws of any jurisdiction which so requires. The District agrees to cooperate, at the Underwriter's written request and sole expense, in registering or qualifying the Notes 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

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

MUNICIPAL ADVISOR

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

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

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LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code) provides that the Notes are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Notes by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "PFIA"), requires that the Notes be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "RATINGS" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Notes are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital, and savings and loan associations. The Notes 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 Notes for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Notes for such purposes. The District has made no review of laws in other states to determine whether the Notes are legal investments for various institutions in those states.

CONTINUING DISCLOSURE OF INFORMATION

In the Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Notes. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Notes. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually and timely notice of specified events to the MSRB. The information provided to the MSRB will be available to the public free of charge via the EMMA system at www.emma.msrb.org.

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes financial information and operating data with respect to the District of the general type included in this Official Statement in APPENDIX A (excluding Table 6) (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 Rule 15c2-12.

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

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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 Notes 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 Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) Note calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Notes, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; 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 Notes nor the Resolution make any provision for a note trustee, debt service reserves, credit enhancement, or liquidity enhancement. In the Resolution, the District will adopt 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 a resolution 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 describe event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

Availability of Information

All information and documentation filing required to be made by the District in accordance with its undertaking made for the Notes 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 Notes 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 Notes 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 underwriter to purchase or sell Notes in the initial primary offering in compliance with Rule 15c2-12, taking into account any amendments or interpretations of Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders

of a majority in aggregate principal amount of the outstanding Notes 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 Notes. The District may also amend or repeal the provisions of this 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 Notes in the primary offering of the Notes. 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

Due to an administrative oversight, the District failed to timely file certain annual financial information and event notices with EMMA for the fiscal year ending in 2020. The District has made corrective filings, including a notice of late filing, and has implemented procedures to ensure timely filing of all future financial information and event notices.

LITIGATION

In the opinion of District officials, except as may be described in this Official Statement, the District is not a party to any litigation or other proceeding pending or to their knowledge threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the District, would have a material adverse effect on the financial condition of the District. Additionally, as of the date of this Official Statement, the District is not aware of any litigation pending or threatened with respect to issuance and delivery of the Notes.

AUTHENTICITY OF FINANCIAL INFORMATION

The financial data and other information contained herein have been obtained from the District’s records, audited financial statements and other sources, which are believed to be reliable. All of the summaries of the statutes, documents and orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Notes from the District, at a price equal to \$10,092,625.87 (which takes into account an Underwriter’s discount of \$56,306.78 and a premium of \$968,932.65), and no accrued interest. The Underwriter will be obligated to purchase all of the Notes if any Notes are purchased. The Notes to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Notes into investment trusts) at prices lower than the public offering prices of such Notes, and such public offering prices may be changed, from time to time, by the Underwriter.

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

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

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

The Underwriter and its affiliates also may communicate independent investment recommendations, market advice, or trading ideas and/or publish or express independent research views in respect of such assets, securities or other financial instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and other financial instruments.

FORWARD-LOOKING STATEMENTS

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

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

CONCLUDING STATEMENT

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

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

The Note Resolution authorized the Pricing Officer to approve the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorized its further use in the re-offering of the Notes by the Underwriter. This Official Statement was approved by the Pricing Officer of the District for distribution in accordance with the provisions of Rule 15c2-12.

/s/ Leah Horton

Pricing Officer

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

APPENDIX A

FINANCIAL INFORMATION OF THE DISTRICT

Table 1 – Valuation, Exemptions and Tax Supported Debt

2025/26 Market Valuation Established by the Wichita County Appraisal District		\$ 10,622,662,189
Less Exemptions/Reductions at 100% Market		
Value: Residential		
Homestead Exemptions ⁽¹⁾	\$ 1,577,888,383	
Over 65 Homestead Exemptions	62,758,005	
Disabled Person Exemption	1,932,736	
Disabled Veterans Exemption	166,286,618	
Member Armed Services Surviving Spouse Exemption	239,490	
Productivity Loss	43,215,016	
Freeport Loss	32,514,457	
Totally Exempt Property	2,313,234,254	
Solar Exemption	22,054,384	
Pollution Control	2,555,176	
Personal Property Vehicle Exemption	2,647,817	
Community Housing Development	7,047,000	
Leased Vehicle Exemption	15,666,528	
Homestead Cap Adjustment	68,966,976	
Circuit Breaker Limitation	55,992,980	\$4,372,999,820
2025/26 Certified Taxable Assessed Valuation		\$6,249,662,369
Debt Payable from Ad Valorem Taxes (as of 12/1/2024) ⁽²⁾		\$298,240,000
Interest and Sinking Fund Balance as of June 30, 2024		\$10,346,293
Ratio Tax Supported Debt to 2025/26 Certified Taxable Assessed Valuation ⁽¹⁾		4.77%

2025 Estimated Population - 84,691

Per Capita Taxable Assessed Valuation - \$73,793.70

Per Capita Debt Payable from Ad Valorem Taxes - \$3,521.51⁽¹⁾

(1) 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, 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, and an increased exemption for tangible personal property used in the "production of income" from \$2,499 to \$125,000.

(2) Excludes M&O secured debt, including the Notes.

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Table 2 – Taxable Assessed Valuation by Category

Category	Taxable Appraised Value for Fiscal Year Ended June 30,					
	2026		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$5,141,554,075	48.40%	\$ 5,028,129,252	48.75%	\$ 4,821,853,235	49.33%
Real, Residential, Multi-Family	398,479,089	3.75%	389,464,449	3.78%	371,115,767	3.80%
Real, Vacant Lots/Tracts	75,247,952	0.71%	61,450,393	0.60%	52,305,605	0.54%
Real, Acreage (Land Only)	46,006,650	0.43%	44,811,191	0.43%	41,991,313	0.43%
Real, Farm and Ranch Improvements	34,534,582	0.33%	31,683,119	0.31%	30,335,523	0.31%
Real, Commercial	1,394,720,902	13.13%	1,327,186,132	12.87%	1,226,532,200	12.55%
Real, Industrial	63,096,607	0.59%	59,342,072	0.58%	58,388,775	0.60%
Minerals, Oil and Gas	1,310,700	0.01%	1,526,260	0.01%	1,558,560	0.02%
Real and Tangible Personal, Utilities	310,295,025	2.92%	286,285,025	2.78%	270,233,164	2.76%
Tangible Personal, Commercial	576,827,170	5.43%	560,622,236	5.44%	547,166,560	5.60%
Tangible Personal, Industrial	181,913,167	1.71%	192,410,495	1.87%	193,137,253	1.98%
Tangible Personal, Mobile Homes	5,639,707	0.05%	5,565,619	0.05%	5,480,022	0.06%
Real Property, Inventory	11,953,387	0.11%	9,448,394	0.09%	11,214,952	0.11%
Totally Exempt Property	2,345,471,250	22.08%	2,279,052,290	22.10%	2,104,953,406	21.53%
Special Inventory	35,611,926	0.34%	36,368,609	0.35%	38,738,029	0.40%
Total Appraised Value Before Exemptions	\$ 10,622,662,189	100.00%	\$ 10,313,345,536	100.00%	\$ 9,775,004,364	100.00%
Less: Total Exemptions/Reductions	(4,372,999,820)		(4,319,833,713)		(4,159,737,466)	
Adjustments	-		-		(13,545,992)	
Taxable Assessed Value	<u>\$6,249,662,369</u>		<u>\$ 5,993,511,823</u>		<u>\$ 5,601,720,906⁽¹⁾</u>	

Category	Taxable Appraised Value for Fiscal Year Ended June 30,			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 4,439,418,319	50.78%	\$ 3,572,812,986	48.02%
Real, Residential, Multi-Family	341,410,112	3.91%	282,324,054	3.79%
Real, Vacant Lots/Tracts	45,213,871	0.52%	44,610,448	0.60%
Real, Acreage (Land Only)	37,790,233	0.43%	33,765,332	0.45%
Real, Farm and Ranch Improvements	24,915,242	0.28%	20,191,202	0.27%
Real, Commercial	1,115,496,864	12.76%	1,031,915,772	13.87%
Real, Industrial	49,025,186	0.56%	43,608,418	0.59%
Minerals, Oil and Gas	1,474,470	0.02%	678,660	0.01%
Real and Tangible Personal, Utilities	268,405,813	3.07%	229,730,097	3.09%
Tangible Personal, Commercial	507,583,576	5.81%	473,279,146	6.36%
Tangible Personal, Industrial	177,897,351	2.03%	165,200,779	2.22%
Tangible Personal, Mobile Homes	4,625,095	0.05%	3,003,119	0.04%
Real Property, Inventory	8,328,799	0.10%	8,169,729	0.11%
Totally Exempt Property	1,683,065,106	19.25%	1,499,055,178	20.15%
Special Inventory	37,727,380	0.43%	31,764,413	0.43%
Total Appraised Value Before Exemptions	\$ 8,742,377,417	100.00%	\$ 7,440,109,333	100.00%
Less: Total Exemptions/Reductions	(2,927,313,398)		(2,155,070,860)	
Adjustments	(600,000)		-	
Taxable Assessed Value	<u>\$5,814,464,019</u>		<u>\$ 5,285,038,473</u>	

⁽¹⁾ The Tax Year 2023 assessed value includes an increase from \$40,000 to \$100,000 in the State-mandated general residence homestead exemption for school districts pursuant to a constitutional amendment that was approved by voters at a statewide election on November 7, 2023.

Note: 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, 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, and an increased exemption for tangible personal property used in the "production of income" from \$2,499 to \$125,000.

Table 3 - Valuation and Tax Supported Debt History

Fiscal Year Ended	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	Tax Debt Outstanding at Fiscal Year End ⁽³⁾	Ratio of Tax Debt to Taxable Assessed Valuation	Tax Debt Per Capita
2021	89,657	\$4,952,215,675	\$ 55,235	\$334,720,000	6.76%	\$3,733
2022	86,976	5,285,038,473	60,764	324,670,000	6.14%	3,733
2023	84,710	5,814,464,019	68,640	313,205,000	5.39%	3,697
2024	81,830	5,601,720,906 ⁽⁴⁾	68,456	301,290,000	5.38%	3,682
2025	84,691	5,993,511,823	70,544	285,775,000	4.77%	3,374

(1) Source: Municipal Advisory Council of Texas.

(2) As reported by the Wichita County Appraisal District within the District's annual audit for fiscal years 2021 through 2024, and the Wichita County Appraisal District on the State Property Tax Report for fiscal year 2025. Such values are subject to change during the ensuing year.

(3) Excludes M&O secured debt, including the Notes.

(4) The Tax Year 2023 assessed value includes an increase from \$40,000 to \$100,000 in the State-mandated general residence homestead exemption for school districts pursuant to a constitutional amendment that was approved by voters at a statewide election on November 7, 2023.

Table 4 - Tax Rate, Levy & Collection History

Fiscal Year Ended	Tax Rate	Local Maintenance	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2021	\$ 1.14640	\$ 0.96640	\$ 0.18000	\$ 54,824,239	97.62%	99.53%
2022	1.36510	0.94010	0.42500	67,794,737	97.35%	98.31%
2023	1.29650	0.87150	0.42500	71,735,424	97.10%	98.24%
2024	1.14240	0.71740	0.42500	58,940,870	96.46%	98.08%
2025	1.11349	0.70110	0.41239	60,115,105	97.90%	97.90%

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Table 5 - Ten Largest Taxpayers

Name of Taxpayer	Nature of Property	2025/2026 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Oncor Electric Delivery Co. LLC	Utility	\$78,380,680	1.25%
Atmos Energy Mid TX Dist	Utility	\$63,000,480	1.01%
Valero Marketing & Supply Co	Retail Store	\$45,359,231	0.73%
Arbor Creek Apartments LLC	Real Estate	\$24,902,900	0.40%
Winfield Solutions LLC	Agriculture	\$21,713,293	0.35%
Kell West Regional Hospital LLC	Medical	\$17,091,419	0.27%
Quail Creek Crossing LTD	Real Estate	\$17,091,000	0.27%
Burlington Northern & Santa Fe Railroad Co	Transportation	\$16,910,354	0.27%
United Supermarkets LLC	Agriculture	\$16,637,773	0.27%
Sikes Senter Mall Realty Holding LLC	Retail Mall	\$16,497,903	0.26%
		\$317,585,033	5.08%

Table 6 – Estimated Overlapping Debt

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the District according to the Municipal Advisory Council of Texas.

Taxing Entity	Amount	Percent Overlapping	Amount Overlapping
Wichita Co	\$53,525,000	70.79%	\$37,890,348
Wichita Falls, City of	\$56,460,000	90.65%	\$51,180,990
Total Overlapping Debt:			\$89,071,338
Wichita Falls ISD ⁽¹⁾ :			\$285,775,000
Total Direct and Overlapping Debt:			\$374,846,338
Total Direct and Overlapping Debt % of A.V.:			6.25%
Total Direct and Overlapping Debt per Capita:			\$4,426

⁽¹⁾ Excludes M&O secured debt, including the Notes.

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Table 7 –Tax Notes Debt Service Requirements ⁽¹⁾

Fiscal Year Ending 6/30	Outstanding Maintenance Tax Notes Debt			Plus: The Notes			Combined Total
	Principal	Interest	Total	Principal	Interest	Total	
2026	\$1,080,000	\$21,600	\$1,101,600	\$ -	\$ -	\$ -	\$1,101,600
2027	-	-	-	755,000	549,525	1,304,525	1,304,525
2028	-	-	-	885,000	421,250	1,306,250	1,306,250
2029	-	-	-	925,000	377,000	1,302,000	1,302,000
2030	-	-	-	975,000	330,750	1,305,750	1,305,750
2031	-	-	-	1,020,000	282,000	1,302,000	1,302,000
2032	-	-	-	1,075,000	231,000	1,306,000	1,306,000
2033	-	-	-	1,125,000	177,250	1,302,250	1,302,250
2034	-	-	-	1,180,000	121,000	1,301,000	1,301,000
2035	-	-	-	1,240,000	62,000	1,302,000	1,302,000
	\$1,080,000	\$21,600	\$1,101,600	\$9,180,000	\$2,551,775	\$11,731,775	\$12,833,375

(1) See "NOTES TO THE FINANCIAL STATEMENTS" from the "Audited Financial Report Fiscal Year Ended June 30, 2024" in Appendix D for more information relative to the District's outstanding obligations.

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Unlimited I&S Tax Debt Service Requirements ⁽¹⁾

Fiscal Year Ending 6/30	Principal	Interest	Total
2026	\$12,605,000	\$ 8,714,966	21,319,966
2027	13,185,000	8,500,583	21,685,583
2028	9,360,000	7,903,683	17,263,683
2029	9,765,000	7,500,533	17,265,533
2030	10,195,000	7,079,733	17,274,733
2031	10,635,000	6,640,133	17,275,133
2032	11,100,000	6,181,333	17,281,333
2033	11,395,000	5,886,145	17,281,145
2034	11,715,000	5,574,625	17,289,625
2035	12,065,000	5,228,175	17,293,175
2036	8,670,000	4,789,075	13,459,075
2037	8,930,000	4,524,675	13,454,675
2038	9,200,000	4,256,775	13,456,775
2039	9,480,000	3,980,775	13,460,775
2040	9,765,000	3,696,375	13,461,375
2041	10,050,000	3,407,713	13,457,713
2042	10,350,000	3,110,588	13,460,588
2043	10,655,000	2,804,550	13,459,550
2044	10,970,000	2,489,450	13,459,450
2045	11,290,000	2,164,988	13,454,988
2046	11,630,000	1,831,013	13,461,013
2047	11,970,000	1,486,969	13,456,969
2048	12,255,000	1,203,388	13,458,388
2049	12,545,000	913,056	13,458,056
2050	12,845,000	615,850	13,460,850
2051	13,150,000	311,538	13,461,538
Total	\$ 285,775,000	\$110,796,681	\$ 396,571,681

(1) Excludes M&O secured debt, which is not voted unlimited tax debt.

Table 8 - Interest & Sinking Fund Budget Projection

Tax Supported Debt Service Requirements, Fiscal Year Ending 6/30/25		\$22,021,183
Interest and Sinking Fund Balance as of 6/30/24	\$10,346,293	
Budgeted Interest and Sinking Fund Tax Levy Collections	23,188,723	
		<u>33,535,016</u>
Estimated Fund Balance, Fiscal Year Ending 6/30/25		<u>\$11,513,83</u>

Table 9 – Authorized but Unissued General Obligation Debt

The District does not have any authorized but unissued general obligation debt. 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.

Table 10 - Other ObligationsMaintenance Tax Notes

On February 17, 2016, the district delivered \$9,000,000 Maintenance Tax Notes, Series 2016 ("2016 Notes"). The 2016 Notes are limited tax obligations payable from the District's maintenance and operations tax are privately held. The 2016 Notes are due and payable in accordance with the following schedule:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2026	\$ 1,080,000	\$ 21,600	\$ 1,101,600
Totals	<u>\$ 1,080,000</u>	<u>\$ 21,600</u>	<u>\$ 1,101,600</u>

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Table 11 – Schedule of Changes In Net Position

	Fiscal Year Ended June 30,				
	2024	2023	2022	2021	2020
<u>Program Revenues:</u>					
Charges for Services	\$ 2,568,939	\$ 2,300,996	\$ 1,705,656	\$ 1,341,604	\$ 2,185,284
Operating Grants and Contributions	49,748,818	67,201,489	54,933,208	43,465,846	46,059,464
<u>General Revenues:</u>					
Property Taxes	58,406,787	71,123,814	67,632,739	54,969,893	52,658,768
State Grants	82,881,236	68,467,856	68,278,762	69,552,116	69,408,590
Investment Earnings	8,395,813	7,502,578	1,115,737	97,922	611,552
Miscellaneous	4,171,881	465,861	284,776	448,994	198,681
Total Revenues	<u>\$ 206,173,474</u>	<u>\$ 217,062,594</u>	<u>\$ 193,950,878</u>	<u>\$ 169,876,375</u>	<u>\$ 171,122,339</u>
<u>Expenses:</u>					
Instruction	\$94,109,254	\$ 87,247,003	\$ 95,054,151	\$ 103,836,970	\$ 103,402,028
Instructional Resources and Media Services	1,564,214	1,555,915	1,697,792	1,693,780	1,946,384
Curriculum and Staff Development	1,837,539	1,587,057	2,266,997	2,066,032	2,479,783
Instructional Leadership	3,330,044	3,304,066	3,551,939	3,776,044	4,043,303
School Leadership	8,355,692	8,303,885	8,470,731	8,842,886	9,387,623
Guidance, Counseling and Evaluation Services	6,915,547	6,735,186	9,165,398	8,295,390	7,938,747
Social Work Services	661,064	559,395	590,836	639,464	674,971
Health Services	1,882,091	2,032,464	1,990,705	2,050,093	2,101,246
Student Transportation	3,392,598	3,279,445	2,945,214	2,230,387	2,706,241
Food Services	7,610,711	7,149,351	8,514,220	7,428,904	8,161,293
CoCurricular/Extracurricular Activities	4,131,773	4,008,407	4,017,734	3,944,725	4,320,617
General Administration	4,961,909	3,343,376	3,736,121	4,294,298	5,116,867
Plant Maintenance and Operations	13,273,991	11,909,170	12,192,895	12,291,681	12,245,914
Security and Monitoring Services	1,622,401	1,063,301	965,851	903,009	697,648
Data Processing Services	4,089,661	3,135,594	4,241,035	3,574,518	4,570,362
Community Services	730,158	603,612	554,061	503,356	501,743
Interest on Long-Term Debt	8,366,769	8,761,694	8,876,197	3,178,894	2,658,766
Note Issuance Costs and Fees	7,150	6,251	199,031	2,028,381	7,500
Payments related to shared services arrangements	99,432	195,171	232,271	203,485	188,993
Payments related to juvenile justice programs	29,627	20,210	49,364	10,449.00	20,124.00
Other intergovernmental charges	694,808	714,140	645,966	530,794	565,438
Total Expenses	<u>\$ 167,666,433</u>	<u>\$ 155,514,693</u>	<u>\$ 169,958,509</u>	<u>\$ 172,323,540</u>	<u>\$ 173,735,591</u>
Increase (decrease) in net position	\$ 38,507,041	\$ 61,547,901	\$ 23,992,369	\$ (2,447,165)	\$ (2,613,252)
Prior Period Adjustments	-	-	-	-	-
Beginning Net Position	77,258,422	15,710,521	(8,281,848)	(5,834,683)	(3,221,431)
Ending Net Position	<u>\$ 115,765,463</u>	<u>\$ 77,258,422</u>	<u>\$ 15,710,521</u>	<u>\$ (8,281,848)</u>	<u>\$ (5,834,683)</u>

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Table 11A – Schedule of General Fund Revenue & Expenditure History

	Fiscal Years Ended				
	2024	2023	2022	2021	2020
Revenues:					
Local and Intermediate Sources	\$ 44,339,346	\$ 50,610,424	\$ 47,476,387	\$ 47,414,402	\$ 46,143,956
State Sources	89,032,214	73,520,994	75,060,333	76,423,724	76,213,426
Federal Sources	4,253,662	6,097,761	7,231,973	4,014,250	4,081,190
Total Revenues	<u>\$ 137,625,222</u>	<u>\$ 130,229,179</u>	<u>\$ 129,768,693</u>	<u>\$ 127,852,376</u>	<u>\$ 126,438,572</u>
Expenditures:					
Instruction	\$ 72,813,991	\$ 54,610,590	\$ 73,317,999	\$ 81,698,029	\$ 76,078,784
Instructional Resource and Media Services	1,383,362	931,757	1,583,058	1,401,023	1,549,805
Curriculum & Instructional Staff Development	577,999	509,540	1,319,195	1,302,408	1,252,197
Instructional Leadership	1,756,305	1,791,173	2,716,533	2,712,209	2,680,683
School Leadership	7,243,008	6,507,432	8,070,532	7,347,715	7,559,906
Guidance, Counseling & Evaluation Services	3,985,636	2,876,403	5,801,183	4,941,522	4,645,045
Social Work Services	211,317	347,034	497,269	465,658	371,241
Health Services	1,750,867	1,223,362	1,934,561	1,774,746	1,738,862
Student (Pupil) Transportation	4,433,072	3,046,592	3,034,288	2,076,742	2,847,277
Extracurricular Activities	3,935,766	3,439,269	3,670,521	3,352,245	3,519,822
General Administration	4,900,396	2,522,069	4,333,812	4,226,834	4,624,358
Facilities Maintenance and Operations	14,843,064	10,742,796	11,886,265	12,142,944	11,098,621
Security & Monitoring Services	1,709,265	865,398	775,108	775,467	628,949
Data Processing Services	3,844,001	2,466,314	3,779,038	3,166,740	3,927,520
Community Services	20,680	13,236	10,392	7,049	3,506
Principal on Long Term Debt	1,040,000	1,099,579	1,217,956	1,253,021	1,227,982
Interest on Long Term Debt	63,600	84,482	107,304	131,847	156,086
Facilities Acquisition and Construction	6,693,538	-	1,277,474	3,468,983	965,380
Payments to Shared Service Arrangements	99,432	104,107	112,272	103,227	83,993
Payments to Alternative Education Programs	29,627	20,210	49,364	10,449	20,124
Other Intergovernmental Charges	<u>694,808</u>	<u>714,140</u>	<u>645,966</u>	<u>530,794</u>	<u>565,438</u>
Total Expenditures	\$ 132,029,734	\$ 93,915,483	\$ 126,140,090	\$ 132,889,652	\$ 125,545,579
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,595,488	\$ 36,313,696	\$ 3,628,603	\$ (5,037,276)	\$ 892,993
Other Resources and (Uses) & Special Items	71,601	(19,816,681)	(4,154,663)	(271,399)	472,332
Net Change in Fund Balances	<u>\$ 5,667,089</u>	<u>\$ 16,497,015</u>	<u>\$ (526,060)</u>	<u>\$ (5,308,675)</u>	<u>\$ 1,365,325</u>
Beginning Fund Balance	<u>\$ 42,274,255</u>	<u>\$ 25,777,240</u>	<u>\$ 26,303,300</u>	<u>\$ 31,611,975</u>	<u>\$ 30,246,650</u>
Ending Fund Balance	<u>\$ 47,941,344</u>	<u>\$ 42,274,255</u>	<u>\$ 25,777,240</u>	<u>\$ 26,303,300</u>	<u>\$ 31,611,975</u>

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Table 12 – Current Investments

The District's investments at June 30, 2024, are shown below:

Description of Investment	Percent	Market Value
Bank Accounts	13.74%	\$ 13,513,926
TexPool	84.94%	83,532,390
TexasTERM	1.31%	1,291,927
TOTAL	100.00%	\$ 98,338,243

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APPENDIX B

GENERAL INFORMATION REGARDING THE DISTRICT AND ITS ECONOMY

The District's administrative offices are located in the City of Wichita Falls, Texas (the "City"). The District encompasses approximately 82.11 square miles, which includes a major portion of the City. The City is located 15 miles south of the Red River/Oklahoma border at the intersection of Interstate 44 and U.S. Highway 287 and approximately equidistant (about 125 miles) from each Dallas, Texas and Oklahoma City, Oklahoma. The City is the county seat of Wichita County, Texas and a major population center in North Texas, serving a trade area that extends into southern Oklahoma. The City has a strong international presence, unique for a city of its size and location – Sheppard Air Force Base maintains the NATO jet pilot training program; there is considerable international investment in the area's manufacturing base; and Midwestern State University has significant foreign student representation. Principal employers within the City manufacture fiberglass reinforcements, glass, automotive parts, laundry equipment, hand tools, and pipe. Wichita Falls State Hospital, Midwestern State University, and Sheppard Air Force Base are also large employers located within the City.

Enrollment Statistics

<u>School Year Ending</u>	<u>Enrollment</u>
2020	14,069
2021	13,587
2022	13,371
2023	13,286
2024	12,857
2025	11,881

Source: The District.

District Staff

Teachers	803
Auxiliary Personnel	269
Administrators	69
Other Staff	434

Source: The District.

Campus Information

<u>Campus</u>	<u>Grades</u>	<u>Current Enrollment</u>	<u>Teachers</u>
Early Childhood Center	PK – 2nd	3,563	219
Elementary School	3rd – 5th	2,820	142
Junior High	6th – 8th	2,651	175
High School	9th – 12th	3,518	267

Source: The District.

Unemployment Rates

	<u>May 2023</u>	<u>May 2024</u>	<u>May 2025</u>
Wichita County	3.5%	3.5%	3.6%
State of Texas	4.0%	4.1%	4.1%
United States	3.6%	4.0%	4.2%

Source: United States Department of Labor.

APPENDIX C
FORM OF LEGAL OPINION OF BOND COUNSEL

Proposed Form of Opinion of Bond Counsel

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

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT
MAINTENANCE TAX NOTES, SERIES 2025
IN THE AGGREGATE PRINCIPAL AMOUNT OF \$9,180,000

AS BOND COUNSEL FOR THE ISSUER (the “Issuer”) of the Notes described above (the “Notes”), we have examined into the legality and validity of the Notes, which bear interest from the dates specified in the text of the Notes, at the rates and payable on the dates as stated in the text of the Notes, maturing, unless redeemed prior to maturity in accordance with the terms of the Notes, serially, all in accordance with the terms and conditions stated in the text of the Notes.

WE HAVE EXAMINED the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Notes, including one of the executed Notes (Note Number T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Notes have been authorized, issued and duly delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally, by general principles of equity which permit the exercise of judicial discretion and by governmental immunity, the Notes constitute valid and legally binding obligations of the Issuer; and that a continuing ad valorem maintenance tax of the Issuer sufficient to provide for the payment of the interest on and principal of the Notes has been levied and pledged for such purpose, within the limits prescribed by law, as provided in the resolution authorizing the issuance of the Notes.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Notes is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Notes are not “specified private activity bonds” and that, accordingly, interest on the Notes will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). In expressing the aforementioned opinions, we have relied on, and assume compliance by the Issuer with, certain covenants regarding the use and investment of the proceeds of the Notes. We call your attention to the fact that if such representations are determined to be inaccurate or



upon failure by the Issuer to comply with such covenants, interest on the Notes may become includable in gross income retroactively to the date of issuance of the Notes.

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

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Notes is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

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

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

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of a result and are not binding on the Internal Revenue Service (the "Service"). Rather, our opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in



gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Notes. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, might result in the treatment of interest on the Notes as includable in gross income for federal income tax purposes.

Respectfully,

APPENDIX D
AUDITED FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2024



Annual Financial Report
For The Fiscal Year Ended
June 30, 2024

WICHITA FALLS INDEPENDENT SCHOOL DISTRICT

WICHITA FALLS, TEXAS

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Annual Financial Report

Wichita Falls Independent School District

Wichita Falls, Texas

For the Fiscal Year Ended June 30, 2024

**Prepared by
Wichita Falls ISD Finance Department**

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Wichita Falls Independent School District
Annual Financial Report
For the Fiscal Year Ended June 30, 2024
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Wichita Falls Independent School District

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Certificate of Board

Wichita Falls Independent School District
Name of School District

Wichita
County

243-905
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 fiscal year ended June 30, 2024 at a meeting of the Board of Trustees of such school district on the 12th day of November, 2024.



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):

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Financial Section

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Independent Auditor's Report

To the Board of Trustees
Wichita Falls Independent School District
Wichita Falls, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wichita Falls Independent School District (the District), as of and for the year ended June 30, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, 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.

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

CPAs AND ADVISORS | [WEAVER.COM](https://www.weaver.com)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

The Board of Trustees
Wichita Falls Independent School District

Supplementary Information

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

The Combining Statements and Schedules, and Schedule of Expenditures of Federal Awards 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 Statements and Schedules, and Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 31, 2024

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Management's Discussion and Analysis

Our discussion and analysis of Wichita Falls Independent School District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources of the District at the close of the most recent fiscal year by \$115.8 million (net position).
- During the year, the District expensed \$167.7 million, which was \$38.5 million less than the District's revenue of \$206.2 million. Of this, \$52.3 million was program revenue and \$153.9 million was general revenue.
- The fund balance of the General Fund was \$47.9 million, which was an increase of \$5.7 million. Unassigned fund balance of the general fund was \$46.5 million or 35 percent of the year's total general fund expenditures.
- The fund balance of the Child Nutrition Fund was \$8.1 million, which was an increase of \$814 thousand. The fund balance of the Debt Service Fund was \$10.3 million, which was an increase of \$3.5 million. The fund balance of the Capital Projects Fund was \$29.2 million, which was a decrease of \$99.9 million.

Overview of the Financial Statements

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

The basic financial statements include two kinds of statements that present different views of the District:

The first are government-wide financial statements, which provide both long-term and short-term information about the District's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

The governmental fund financial statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund financial statements offer short-term and long-term financial information about the activities the District operates like businesses, such as self-insurance. The District has internal service funds reflected in the proprietary fund financial statements.

Fiduciary fund financial statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Statements. The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's net position and how they have changed. Net position is one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base.

Most of the District's basic services are included in the governmental activities, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

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

Governmental Funds. Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the reconciliations that explain the relationship (or differences) between them.

Proprietary Funds. Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The District's proprietary funds are internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions.

Fiduciary Funds. The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the budgetary comparison of the general fund and child nutrition fund and the TRS pension and OPEB schedules.

Financial Analysis of the District as a Whole

Net position. The District's overall net position increased between fiscal year 2023 and the fiscal year ended June 30, 2024 – a net position of \$115,765,463. (See Table A-1).

Table A-1
Wichita Falls Independent School District's Net Position

	Governmental Activities			Percentage
	June 30, 2024	June 30, 2023	Increase (Decrease)	Change
Assets				
Current and other assets	\$ 138,866,321	\$ 227,451,185	\$ (88,584,864)	-39%
Capital assets, net	429,079,467	313,367,460	115,712,007	37%
Total assets	567,945,788	540,818,645	27,127,143	-2%
Total deferred outflows of resources	37,208,077	30,175,326	7,032,751	23%
Liabilities				
Long-term debt	393,810,865	394,668,072	(857,207)	0%
Other liabilities	52,791,331	51,343,685	1,447,646	3%
Total liabilities	446,602,196	446,011,757	590,439	3%
Total deferred inflows of resources	42,786,206	47,723,792	(4,937,586)	-10%
Net position				
Net investment in capital assets	129,902,254	85,617,079	44,285,175	52%
Restricted	15,018,574	10,384,918	4,633,656	45%
Unrestricted	(29,155,365)	(18,743,575)	(10,411,790)	56%
Total net position	\$ 115,765,463	\$ 77,258,422	\$ 38,507,041	152%

Changes in net position. The District's total revenues were \$206.2 million, a decrease of \$10.9 million or 5%. (See Table A-2.) General revenues decreased due to the decrease in the M&O tax rate which led to less tax collections combined with an increase in the State Aid allotment in the current year. Operating grants and contributions decreased due to the ESSER funding ending in the current year. Expenses increased \$12.2 million or 8%, staying fairly comparable to the prior year.

Governmental Activities. Table A-2 compares the District's operating and general revenues and functional expenses for both the prior year and the fiscal year ended June 30, 2024. Following the table, we provide explanations for the significant fluctuations between the two periods.

Table A-2
Changes in the Wichita Falls Independent School District's Net Position

	Governmental Activities			Percentage Change
	June 30, 2024	June 30, 2023	Increase (Decrease)	
Program revenues:				
Charges for services	\$ 2,568,939	\$ 2,300,996	\$ 267,943	12%
Operating grants and contributions	49,748,818	67,201,489	(17,452,671)	-26%
General revenues:				
Property taxes	58,406,787	71,123,814	(12,717,027)	-18%
Unrestricted operating grants (mostly state aid)	82,881,236	68,467,856	14,413,380	21%
Investment earnings	8,395,813	7,502,578	893,235	12%
Miscellaneous	4,171,881	465,861	3,706,020	796%
Total revenues	206,173,474	217,062,594	(10,889,120)	-5%
Expenses:				
Instruction	94,109,254	87,247,003	6,862,251	8%
Instructional resources and media services	1,564,214	1,555,915	8,299	1%
Curriculum and staff development	1,837,539	1,587,057	250,482	16%
Instructional leadership	3,330,044	3,304,066	25,978	1%
School leadership	8,355,692	8,303,885	51,807	1%
Guidance, counseling and evaluation services	6,915,547	6,735,186	180,361	3%
Social work services	661,064	559,395	101,669	18%
Health services	1,882,091	2,032,464	(150,373)	-7%
Student transportation	3,392,598	3,279,445	113,153	3%
Food services	7,610,711	7,149,351	461,360	6%
Extracurricular activities	4,131,773	4,008,407	123,366	3%
General administration	4,961,909	3,343,376	1,618,533	48%
Facilities maintenance and operations	13,273,991	11,909,170	1,364,821	11%
Security and monitoring services	1,622,401	1,063,301	559,100	53%
Data processing services	4,089,661	3,135,594	954,067	30%
Community services	730,158	603,612	126,546	21%
Debt service	8,366,769	8,761,694	(394,925)	-5%
Bond issuance costs and fees	7,150	6,251	899	14%
Payments for shared service arrangements	99,432	195,171	(95,739)	-49%
Payments related to juvenile justice programs	29,627	20,210	9,417	47%
Other intergovernmental charges	694,808	714,140	(19,332)	-3%
Total expenses	167,666,433	155,514,693	12,151,740	8%
Change in net position	\$ 38,507,041	\$ 61,547,901	\$ (23,040,860)	-37%

Sources of Revenues for Fiscal Year 2024

Graph A-1

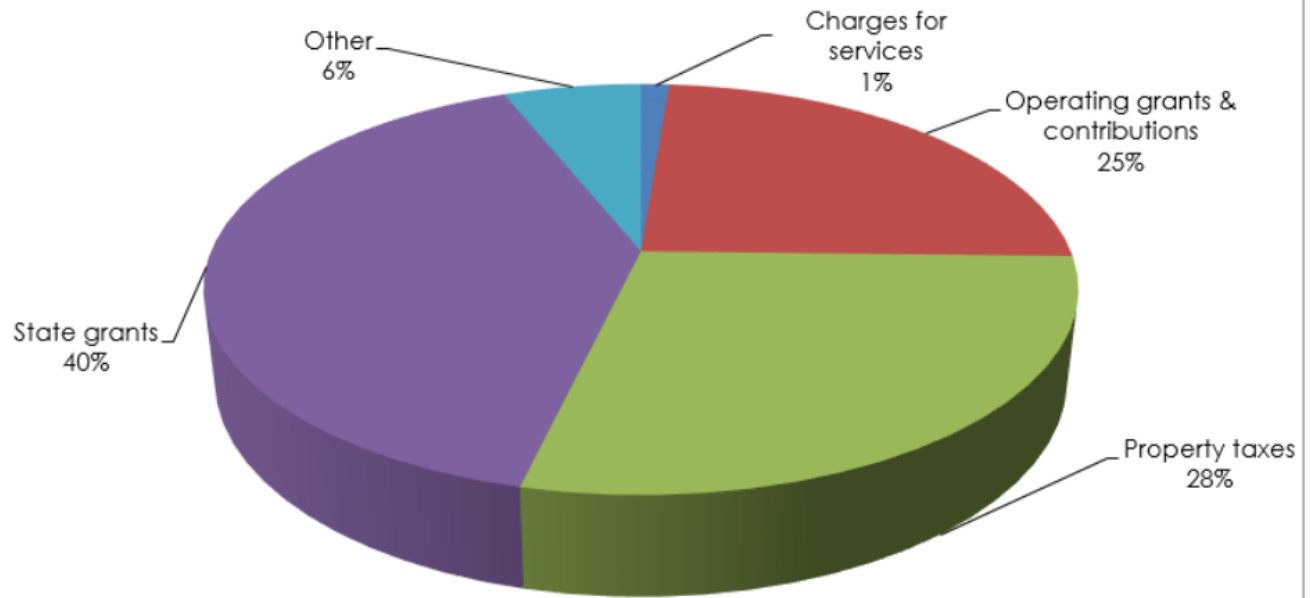


Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table A-3
Wichita Falls Independent School District
Net Cost of Selected District Functions

	Total Cost of Services			
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percentage Change
Instruction	\$ 94,109,254	\$ 87,247,003	\$ 6,862,251	7.9%
School leadership	8,355,692	8,303,885	51,807	0.6%
Guidance, counseling and evaluation services	6,915,547	6,735,186	180,361	2.7%
Food services	7,610,711	7,149,351	461,360	6.5%
Facilities maintenance and operations	13,273,991	11,909,170	1,364,821	11.5%
	Net Cost of Services			
	June 30, 2024	June 30, 2023	Increase (Decrease)	Percentage Change
Instruction	\$ 67,626,586	\$ 47,172,447	\$ 20,454,139	43.4%
School leadership	6,396,365	5,096,150	1,300,215	25.5%
Guidance, counseling and evaluation services	5,293,920	4,133,429	1,160,491	28.1%
Food services	(227,935)	(1,084,966)	857,031	-79.0%
Facilities maintenance and operations	10,043,368	7,225,066	2,818,302	39.0%

The cost of all governmental activities this year was \$167.7 million; however, the amount our taxpayers paid for these activities through property taxes was \$58.4 million. Some of the cost was paid by those who directly benefited from the programs, through charges for services - \$2.6 million, or by operating grants and contributions - \$49.7 million. The amount funded by the state was \$82.9 million in formula grants and state aid.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$96.0 million. Approximately \$46.0 million constitutes the unassigned fund balance. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been: 1) restricted for retirement of long-term debt or capital projects and 2) restricted, committed or assigned for other purposes, or nonspendable.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$46.5 million, while the total fund balance of all governmental funds was \$96.0 million.

The general fund reported an ending fund balance of \$47,941,344. The net change in fund balance resulted in an increase in the general fund balance from the prior year in the amount of \$5,667,089. Payroll costs increased in the general fund as it absorbed much of the Payroll costs previously paid for by ESSER funds. In addition, there was increased funding from the State Aid allotment, combined with less tax revenue resulting from the M&O tax rate decrease.

The child nutrition fund reported an ending fund balance of \$8,051,306, which represents an increase of \$814,827. This increase is due to maintaining the minimum price of meals while running an efficient food service program.

The debt service fund reported an ending fund balance of \$10,346,293, all of which is restricted for the payment of debt service. The net increase in fund balance during the period in the debt service fund was \$3,543,832. The increase is due to increased property tax collections from rising property values. The revenue increase was offset by increased debt payments.

The capital projects fund reported an ending fund balance of \$29,211,041, which represents a decrease of \$99,883,209. This decrease is the direct result of the continued construction of two new high schools.

General Fund Budgetary Highlights

Over the course of the year, the District recommended, and the Board approved several revisions to budgeted revenues and appropriations. The amendments fall into the following categories:

- Amendments throughout the year for transfers to and from other funds and federal indirect cost calculations.
- Amendments throughout the year for unexpected occurrences.
- Amendments throughout the year for resignations and employment of new personnel.

After appropriations were amended as described above, actual revenues for the general fund were increased. TEA calculated the district's state funding based on estimated ADA of 11,507 when actual ADA for 2023-24 was 11,480.

Capital Assets and Debt Administration

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2024, amounts to \$429.1 million (net of accumulated depreciation). This amount represents a net increase (including additions and deletions) of \$115.7 million or 37%. The investment in capital assets includes land, buildings and improvements, vehicles, equipment, and construction in progress.

Table A-4
Wichita Falls Independent School District's Capital Assets

	Governmental Activities			Percentage Change
	June 30, 2024	June 30, 2023	Increases (Decreases)	
Land	\$ 19,273,163	\$ 19,273,163	\$ -	0%
Bldgs and improvements	208,873,988	206,900,272	1,973,716	1%
Equipment	20,016,732	17,812,235	2,204,497	12%
Property under financed purchase	4,239,102	4,239,102	-	0%
Construction in progress	311,524,268	193,813,415	117,710,853	61%
Totals at historical cost	563,927,253	442,038,187	121,889,066	28%
Less accumulated depreciation	134,847,786	128,670,727	6,177,059	5%
Net capital assets	\$ 429,079,467	\$ 313,367,460	\$ 115,712,007	37%

Additional information on the District's capital assets can be found in the notes to the financial statements.

Long-term Debt. At June 30, 2024 the District had \$324.7 million in long term debt – a decrease of 4.3% over last year – as shown in Table A-5. This decrease was due to the annual payment on bonds.

Table A-5
Wichita Falls Independent School District's Long-term Debt

	Governmental Activities			Percentage Change
	June 30, 2024	June 30, 2023	Increase (Decrease)	
General obligation bonds	\$ 301,290,000	\$ 313,205,000	\$ (11,915,000)	-3.8%
Premium on bonds	20,101,106	21,833,993	(1,732,887)	-7.9%
Total bonds payable	321,391,106	335,038,993	(13,647,887)	-4.1%
Note payable	2,140,000	3,180,000	(1,040,000)	-32.7%
Compensated absences	1,175,684	1,149,745	25,939	2.3%
Total long-term obligations	\$ 324,706,790	\$ 339,368,738	\$ (14,661,948)	-4.3%

Economic Factors and Next Year's Budgets and Tax Rates

The District's certified property values for 2024 reflect a 5% increase in property values, from the prior year.

The maintenance and operating tax rate of \$0.6674 is now compressed down to \$0.6511 allowing for \$0.04 additional pennies based off the 2024-25 Maintenance and Operations adopted rate as well as an extra \$0.01 for a unanimous approval of the board of trustees in adoption of the tax rate. The 2024-25 Maintenance and Operations tax rate was set at \$0.7011. A total decrease of \$0.0163.

The District's 2024-25 refined average daily attendance was budgeted at 11,250.

The Administration is carefully monitoring future and outstanding debt, as well as fund balance, to maintain a tax rate not to exceed \$0.50 for debt service payments. The debt service tax rate was approved at \$0.412393 for the 2024-25 year.

The Board of Trustees adopted a 2024-2025 general fund budget reflecting revenues and transfers in of \$126,953,501 and expenditures and transfers out of \$126,953,501 resulting in a balanced budget. The district utilized the revised 2024-25 Teacher Pay Scale and all employees a pay raise.

The District will continue to review its priorities to maintain the level of service to its children and taxpayers for future budget years.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Chief Financial Officer or Director of Finance.

Basic Financial Statements

Wichita Falls Independent School District

Statement of Net Position

June 30, 2024

Exhibit A-1

1

Data Control Codes		Governmental Activities
ASSETS		
1110	Cash and cash equivalents	\$ 113,058,913
1120	Current investments	10,117,901
1220	Property taxes receivables (net)	1,314,815
1240	Due from other governments	13,532,649
1290	Other receivables	623,490
1300	Inventories	217,844
1410	Prepaid items	709
	Capital assets:	
1510	Land	19,273,163
1520	Buildings and improvements, net	93,995,994
1530	Furniture and equipment, net	1,836,611
1540	Financed purchases, net	2,449,431
1580	Construction in progress	311,524,268
1000	Total assets	567,945,788
DEFERRED OUTFLOWS OF RESOURCES		
1701	Deferred charges from refunding bonds	520,099
1705	Deferred outflows of resources - pensions	24,610,052
1706	Deferred outflows of resources - OPEB	12,077,926
1700	Total deferred outflows of resources	37,208,077
LIABILITIES		
2110	Accounts payable	21,069,283
2150	Payroll deductions and withholdings	2,300,628
2165	Accrued liabilities	10,636,797
2140	Interest payable	3,999,576
2180	Due to other governments	1,084
2300	Unearned revenue	911,674
	Noncurrent liabilities:	
2501	Due within one year	13,872,289
2502	Due in more than one year	310,834,501
2590	Claims and judgments	377,000
2540	Net pension liability (District's share)	57,039,787
2545	Net OPEB liability (District's share)	25,559,577
2000	Total liabilities	446,602,196
DEFERRED INFLOWS OF RESOURCES		
2602	Deferred inflows of resources - leases	175,000
2605	Deferred inflows of resources - pensions	3,357,549
2606	Deferred inflows of resources - OPEB	39,253,657
2600	Total deferred inflows of resources	42,786,206
NET POSITION		
3200	Net investment in capital assets	129,902,254
	Restricted for:	
3820	Retirement of long-term debt	6,908,248
3850	Grants	8,110,326
3900	Unrestricted	(29,155,365)
3000	TOTAL NET POSITION	\$ 115,765,463

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

Wichita Falls Independent School District

Statement of Activities

For the Fiscal Year ended June 30, 2024

Exhibit B-1

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues		Net (expense) Revenue and Changes in Net Position 6
			3 Charges for Services	4 Operating Grants and Contributions	
					Governmental Activities
	PRIMARY GOVERNMENT				
	Governmental activities:				
11	Instruction	\$ 94,109,254	\$ 59,254	\$ 26,423,414	\$ (67,626,586)
12	Instructional resources and media services	1,564,214	-	366,793	(1,197,421)
13	Curriculum and staff development	1,837,539	-	430,885	(1,406,654)
21	Instructional leadership	3,330,044	-	780,862	(2,549,182)
23	School leadership	8,355,692	-	1,959,327	(6,396,365)
31	Guidance, counseling, and evaluation services	6,915,547	-	1,621,627	(5,293,920)
32	Social work services	661,064	-	155,013	(506,051)
33	Health services	1,882,091	-	441,332	(1,440,759)
34	Student transportation	3,392,598	-	795,530	(2,597,068)
35	Food services	7,610,711	1,413,580	6,425,066	227,935
36	Cocurricular/extracurricular activities	4,131,773	978,101	968,860	(2,184,812)
41	General administration	4,961,909	-	1,163,518	(3,798,391)
51	Facilities maintenance and operations	13,273,991	118,004	3,112,619	(10,043,368)
52	Security and monitoring services	1,622,401	-	380,437	(1,241,964)
53	Data processing services	4,089,661	-	958,985	(3,130,676)
61	Community services	730,158	-	171,215	(558,943)
72	Interest on long-term debt	8,366,769	-	3,593,335	(4,773,434)
73	Bond issuance costs and fees	7,150	-	-	(7,150)
93	Payments related to shared services arrangements	99,432	-	-	(99,432)
95	Payments related to juvenile justice programs	29,627	-	-	(29,627)
99	Other intergovernmental charges	694,808	-	-	(694,808)
TG	Total governmental activities	167,666,433	2,568,939	49,748,818	(115,348,676)
	TOTAL PRIMARY GOVERNMENT	<u>\$ 167,666,433</u>	<u>\$ 2,568,939</u>	<u>\$ 49,748,818</u>	(115,348,676)
	General revenues:				
MT	Property taxes, levied for general purposes				36,929,843
DT	Property taxes, levied for debt service				21,476,944
GC	Grants and contributions not restricted to specific programs				82,881,236
IE	Investment earnings				8,395,813
MI	Miscellaneous				4,171,881
TR	Total general revenues				153,855,717
CN	Change in net position				38,507,041
NB	Net position - beginning				77,258,422
NE	NET POSITION, ending				<u>\$ 115,765,463</u>

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

Wichita Falls Independent School District

Balance Sheet – Governmental Funds

June 30, 2024

Data Control Codes		10	24
		General Fund	Child Nutrition Fund
ASSETS			
1110	Cash and cash equivalents	\$ 46,369,279	\$ 8,258,936
1120	Current investments	10,114,929	-
1220	Taxes receivable	1,498,113	-
1230	Allowance for uncollectible taxes (credit)	(760,473)	-
1240	Due from other governments	7,824,107	43,926
1260	Due from other funds	5,066,849	-
1290	Other receivables	55,784	3,706
1300	Inventories	208,971	-
1410	Prepays	709	-
1000	TOTAL ASSETS	\$ 70,378,268	\$ 8,306,568
LIABILITIES			
Current liabilities:			
2110	Accounts payable	\$ 3,654,751	\$ 130,727
2150	Payroll deductions and withholdings	2,212,779	21,684
2160	Accrued wages payable	9,847,730	56,585
2170	Due to other funds	5,918,136	46,266
2180	Due to other governments	-	-
2300	Unearned revenue	24,489	-
2000	Total liabilities	21,657,885	255,262
DEFERRED INFLOWS OF RESOURCES			
2601	Unavailable revenue - property taxes	604,039	-
2602	Deferred inflow - leases	175,000	-
2600	Total deferred inflows of resources	779,039	-
FUND BALANCES			
Nonspendable fund balances:			
3410	Inventories	208,971	-
3430	Prepaid items	709	-
Restricted fund balances:			
3450	Federal/state funds grant restrictions	-	8,051,306
3470	Capital projects	-	-
3480	Retirement of long-term debt	-	-
Committed fund balance:			
3540	Self-insurance	100,000	-
3545	Other committed fund balance	1,175,684	-
3600	Unassigned	46,455,980	-
3000	Total fund balances	47,941,344	8,051,306
4000	TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 70,378,268	\$ 8,306,568

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

Exhibit C-1

50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 8,489,780	\$ 45,803,838	\$ 3,487,194	\$ 112,409,027
-	2,972	-	10,117,901
642,908	-	-	2,141,021
(65,733)	-	-	(826,206)
1,840,797	-	3,823,819	13,532,649
72	100,000	150	5,167,071
-	564,000	-	623,490
-	-	8,873	217,844
-	-	-	709
<u>\$ 10,907,824</u>	<u>\$ 46,470,810</u>	<u>\$ 7,320,036</u>	<u>\$ 143,383,506</u>
\$ -	17,259,769	\$ 23,856	\$ 21,069,103
-	-	66,165	2,300,628
-	-	732,482	10,636,797
-	-	5,166,849	11,131,251
-	-	1,084	1,084
-	-	887,185	911,674
-	17,259,769	6,877,621	46,050,537
561,531	-	-	1,165,570
-	-	-	175,000
561,531	-	-	1,340,570
-	-	-	208,971
-	-	-	709
-	-	59,020	8,110,326
-	29,211,041	-	29,211,041
10,346,293	-	-	10,346,293
-	-	-	100,000
-	-	838,329	2,014,013
-	-	(454,934)	46,001,046
<u>10,346,293</u>	<u>29,211,041</u>	<u>442,415</u>	<u>95,992,399</u>
<u>\$ 10,907,824</u>	<u>\$ 46,470,810</u>	<u>\$ 7,320,036</u>	<u>\$ 143,383,506</u>

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Wichita Falls Independent School District**Exhibit C-1R**

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2024

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS, balance sheet \$ 95,992,399

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources;
therefore are not reported in the governmental fund financial statements. 563,927,253

Accumulated depreciation has not been included in the governmental fund financial statements. (134,847,786)

Long-term debt and other contractual liabilities have not been included in the governmental
fund financial statements:

Bonds and notes payable	\$ (303,430,000)	
Compensated absences	(1,175,684)	(304,605,684)

Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the
governmental fund financial statements, interest expenditures are reported when due. (3,999,576)

Premiums on the issuance of current interest bonds are capitalized, net of amortization, on the
government-wide financial statements. (20,101,106)

In the governmental fund financial statements, refunding losses are expensed when incurred, whereas
in the government-wide financial statements they are capitalized, net of amortization. 520,099

Revenue reported as a deferred inflow of resources in the governmental fund financial statements is
recorded as revenue in the government-wide financial statements. 1,165,570

Internal service funds are used by management to charge the costs of various services to the
individual funds. The assets and liabilities of the internal service funds are included in the
governmental activities. 6,236,886

The District's net pension liability and related deferred outflows and inflows related to its proportionate
share of the state Teacher Retirement System (TRS) pension are not due and payable in the current period
and are, therefore, not reported in the governmental funds financial statements. These items consist of:

Net pension liability	\$ (57,039,787)	
Deferred outflows - pension related items	24,610,052	
Deferred inflows - pension related items	(3,357,549)	(35,787,284)

The District's net OPEB liability and related deferred outflows and inflows related to its proportionate
share of TRS-Care are not due and payable in the current period and are, therefore, not reported in the
governmental funds financial statements. These items consist of:

Net OPEB liability	\$ (25,559,577)	
Deferred outflows - OPEB related items	12,077,926	
Deferred inflows - OPEB related items	(39,253,657)	(52,735,308)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES, statement of net position \$ 115,765,463

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

Wichita Falls Independent School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2024

Data Control Codes		10	24
		General Fund	Child Nutrition Fund
REVENUES			
5700	Local and intermediate sources	\$ 44,339,346	\$ 1,824,423
5800	State program revenues	89,032,214	43,628
5900	Federal program revenues	4,253,662	6,833,543
5020	Total revenues	137,625,222	8,701,594
EXPENDITURES			
	Current:		
0011	Instruction	72,813,991	-
0012	Instructional resources and media services	1,383,362	-
0013	Curriculum and staff development	577,999	-
0021	Instructional leadership	1,756,305	-
0023	School leadership	7,243,008	-
0031	Guidance, counseling, and evaluation services	3,985,636	-
0032	Social work services	211,317	-
0033	Health services	1,750,867	-
0034	Student transportation	4,433,072	-
0035	Food services	-	7,544,313
0036	Cocurricular/extracurricular activities	3,935,766	-
0041	General administration	4,900,396	-
0051	Facilities maintenance and operations	14,843,064	-
0052	Security and monitoring services	1,709,265	-
0053	Data processing services	3,844,001	-
0061	Community services	20,680	-
	Debt service:		
0071	Principal on long-term debt	1,040,000	-
0072	Interest on long-term debt	63,600	-
0073	Bond issuance costs and fees	-	-
	Capital outlay:		
0081	Facilities maintenance and operations	6,693,538	-
	Intergovernmental charges:		
0093	Payments to shared service arrangements	99,432	-
0095	Payments related to juvenile justice alternative education program	29,627	-
0099	Other intergovernmental charges	694,808	-
6030	Total expenditures	132,029,734	7,544,313
1100	Excess (deficiency) of revenues over (under) expenditures	5,595,488	1,157,281
OTHER FINANCING SOURCES (USES)			
7912	Sale of real or personal property	37,829	322
7915	Transfers in	342,776	-
8911	Transfers out	(309,004)	(342,776)
7080	Total other financing sources and (uses)	71,601	(342,454)
1200	Net change in fund balances	5,667,089	814,827
0100	Fund balances, beginning, July 1	42,274,255	7,236,479
3000	FUND BALANCES, ending, June 30	\$ 47,941,344	\$ 8,051,306

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

50	60	Other	98
Debt Service	Capital	Governmental	Total
Fund	Projects	Funds	Governmental
Fund	Fund	Funds	Funds
\$ 21,969,130	\$ 10,562,399	\$ 1,705,930	\$ 80,401,228
3,593,335	-	2,907,250	95,576,427
-	-	14,857,047	25,944,252
25,562,465	10,562,399	19,470,227	201,921,907
-	-	13,006,359	85,820,350
-	-	81,576	1,464,938
-	-	1,169,980	1,747,979
-	-	1,269,895	3,026,200
-	-	234,376	7,477,384
-	-	2,385,236	6,370,872
-	-	369,756	581,073
-	-	17,012	1,767,879
-	-	65,694	4,498,766
-	-	-	7,544,313
-	356,342	321,229	4,613,337
-	-	29,482	4,929,878
-	-	147	14,843,211
-	-	103,410	1,812,675
-	-	51,498	3,895,499
-	-	678,936	699,616
11,915,000	-	-	12,955,000
10,096,483	-	-	10,160,083
7,150	-	-	7,150
-	110,264,266	-	116,957,804
-	-	-	99,432
-	-	-	29,627
-	-	-	694,808
22,018,633	110,620,608	19,784,586	291,997,874
3,543,832	(100,058,209)	(314,359)	(90,075,967)
-	-	-	38,151
-	175,000	134,004	651,780
-	-	-	(651,780)
-	175,000	134,004	38,151
3,543,832	(99,883,209)	(180,355)	(90,037,816)
6,802,461	129,094,250	622,770	186,030,215
\$ 10,346,293	\$ 29,211,041	\$ 442,415	\$ 95,992,399

Wichita Falls Independent School District**Exhibit C-2R**

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund
Balances to the Government-Wide Statement of Activities
For the Fiscal Year Ended June 30, 2024

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (90,037,816)

Amounts reported for governmental activities in the statement of activities are different because:

Current year capital outlays are expenditures in the fund financial statements,
but they are shown as increases in capital assets in the government-wide financial statements. 122,106,661

The net effect of various miscellaneous transactions involving capital assets
(sales, trade-ins, and donations) is to decrease net position. (217,595)

Depreciation is not recognized as an expenditure in the governmental fund financial statements
since it does not use current financial resources. Current year depreciation is: (6,177,059)

Long-term debt principal payments are expenditures in the governmental fund financial statements,
but are reported as reductions of long-term debt in the government-wide financial statements.
Current year long-term debt principal payments are: 12,955,000

Interest is accrued on long-term debt in the government-wide financial statements, whereas interest
is reported when due in the governmental fund financial statements. Accrued interest decreased by: 233,792

Changes in liabilities for compensated absences are not reflected in the governmental fund
financial statements, but are reported as increases and decreases in long-term liabilities of the
government-wide financial statements. The liability for compensated absences increased by: (25,939)

Bond premiums are expended when incurred in the governmental fund financial statements, but
capitalized and amortized over the maturity of the debt for government-wide financial statements.
Current year bond premium amortization is: 1,732,887

Amortization of deferred losses on refundings is only reported in the government-wide financial
statements. Current year amortization is: (173,365)

Revenue from property taxes is deferred in the governmental fund financial statements until it is
considered available to finance current year expenditures, but is recognized when assessed, net
of an allowance for uncollectible accounts, in the government-wide financial statements. (104,151)

Internal service funds are used by management to charge the costs of various services to the
individual funds. The change in net position of the internal service funds is reported in the
governmental activities. 370,271

The net change in the net pension liability, deferred outflows and deferred inflows is reported in the
statement of activities but does not provide or require the use of current financial resources and
is not reported as revenues or expenditures in the governmental funds. The net change consists of:

Deferred outflows increase	\$	5,608,693	
Deferred inflows decrease		1,790,372	
Net pension liability increase		(14,775,707)	(7,376,642)

The net change in the net OPEB liability, deferred outflows and deferred inflows is reported in the
statement of activities but does not provide or require the use of current financial resources and
is not reported as revenues or expenditures in the governmental funds. The net change consists of:

Deferred outflows increase	\$	1,597,423	
Deferred inflows decrease		3,122,214	
Net OPEB liability decrease		501,360	5,220,997

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 38,507,041**

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

Wichita Falls Independent School District
Statement of Net Position – Proprietary Funds
June 30, 2024

Exhibit D-1

Data Control Codes		Insurance Fund
ASSETS		
	Current assets:	
1110	Cash and cash equivalents	\$ 649,886
	Receivables:	
1260	Due from other funds	5,964,180
	Total current assets	6,614,066
1000	Total assets	6,614,066
LIABILITIES		
	Current liabilities:	
2110	Accounts payable	180
	Total current liabilities	180
	Noncurrent liabilities:	
2590	Claims and judgments	377,000
	Total noncurrent liabilities	377,000
2000	Total liabilities	377,180
NET POSITION		
3900	Unrestricted	6,236,886
3000	TOTAL NET POSITION	\$ 6,236,886

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

Wichita Falls Independent School District
Statement of Revenues, Expenses, and Changes
in Fund Net Position – Proprietary Funds
For the Fiscal Year Ended June 30, 2024

Exhibit D-2

Data Control Codes		Insurance Fund
OPERATING REVENUES		
5700	Total local and intermediate sources	\$ 924,802
5020	Total operating revenues	924,802
OPERATING EXPENSES		
6100	Payroll costs	86,329
6200	Professional and contracted services	7,837
6300	Supplies and materials	2,304
6400	Other operating costs	489,945
6030	Total operating expenses	586,415
	Operating income	338,387
NONOPERATING REVENUES		
7955	Earnings from temporary deposits and investments	31,884
8030	Total non-operating revenues	31,884
1300	Change in net position	370,271
0100	Net position, beginning, September 1	5,866,615
3300	TOTAL NET POSITION, ending, June 30	\$ 6,236,886

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

Wichita Falls Independent School District

Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2024

Exhibit D-3

	Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts for quasi-external operating transactions with others	\$ 476,862
Cash payments to employees for services	(86,329)
Cash payments to other suppliers for goods and services	(384,055)
Net cash provided by operating activities	6,478
Cash Flows from Investing Activities:	
Purchase of investments	583,806
Interest and dividends on investments	31,884
Net cash provided by investing activities	615,690
Net increase in cash and cash equivalents	622,168
CASH AND CASH EQUIVALENTS, beginning of year	27,718
CASH AND CASH EQUIVALENTS, end of year	\$ 649,886
RECONCILIATION OF OPERATING INCOME TO NET CASH	
CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 338,387
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in due from other funds	(447,940)
Increase in accounts payable	31
Increase in claims liability	116,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 6,478

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

Wichita Falls Independent School District
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2024

Exhibit E-1

Data Control Codes		Custodial Funds
	ASSETS	
1110	Cash and cash equivalents	\$ 886,691
1290	Other receivables	71,837
1000	TOTAL ASSETS	958,528
	LIABILITIES	
2110	Accounts payable	828
2000	TOTAL LIABILITIES	828
	NET POSITION	
3000	Restricted for other purposes	957,700
	TOTAL NET POSITION	<u><u>\$ 957,700</u></u>

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

Wichita Falls Independent School District**Exhibit E-2**Statement of Changes in Fiduciary Net Position – Fiduciary Funds
For the Fiscal Year Ended June 30, 2024

	Custodial Funds
ADDITIONS	
Gifts and bequests	\$ 223,065
Miscellaneous revenue from student groups	335,929
Total additions	558,994
DEDUCTIONS	
Scholarship awards	247,500
Dues and fees	308,763
Total deductions	556,263
Change in net position	2,731
NET POSITION:	
Restricted for students and other organizations	
Net position, beginning	954,969
NET POSITION, ending	\$ 957,700

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

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Wichita Falls Independent School District

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

Wichita Falls Independent School District (the District) prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) 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.

A. Reporting Entity

The Board of School 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 District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity".

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District (primary government) and its component units. There are no component units of the District that are required to be presented in the financial statements.

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

B. Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed except for interfund services provided and used which are not eliminated. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues.

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 identified with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including taxes, are reported as *general revenues*.

The fund financial statements provide information on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The emphasis on fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

Wichita Falls Independent School District

Notes to the Financial Statements

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The proprietary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

Fund Accounting

The District reports the following major governmental funds:

The General Fund

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

Wichita Falls Independent School District

Notes to the Financial Statements

Child Nutrition Fund

This fund accounts for the child nutrition program's transactions. The child nutrition fund is considered a special revenue fund because it meets the following criteria: 1) user fees are charged to supplement the national school lunch program (NSLP), 2) the general fund subsidizes the child nutrition program for all expenditures in excess of NSLP, and 3) the District does not consider the child nutrition program completely self-supporting. Child nutrition fund balances are used exclusively for child nutrition program purposes.

Debt Service Fund

The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Capital Projects Funds

The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in the capital projects funds.

Additionally, the District reports the following fund types:

Governmental Funds

Special Revenue Funds

The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Fund

Internal Service Funds

This fund is used to account for revenues and expenses related to services provided to parties inside the District. This fund facilitates the distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "governmental activities" column of the government-wide financial statements.

Fiduciary Funds

Custodial Funds

The District accounts for resources held for others in a custodial capacity in custodial funds. The District's custodial funds include the student activity fund, as well as the Ryan Scholarship Fund and Renton Aviation Fund. The funds are used to account for assets held by the District as a custodian for student and other organizations.

Financial Statement Amounts

Cash and Cash Equivalents

For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

Wichita Falls Independent School District

Notes to the Financial Statements

Investments

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-bearing investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by an impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments, which have a remaining term of one year or less at time of purchase. The term nonparticipating means that the investment value does not vary with the market interest rate changes.

Inventory and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors, if any, reflect costs applicable to future accounting periods and are recorded as prepaid items.

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 they were imposed. On January 1 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.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the general and debt service funds are based on historical experience in collecting 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.

The tax rates assessed for the year ended June 30, 2024 to finance general fund operations and the payment of principal and interest on general obligation debt were \$0.717400 and \$0.424999 per \$100 valuation, respectively, for a total of \$1.142399 per \$100 valuation.

Capital Assets

Capital assets, which include land, construction in progress, buildings, furniture, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of 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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Wichita Falls Independent School District

Notes to the Financial Statements

Land improvements, buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	40
Building Improvements	20-40
Vehicles	5-10
Other Equipment	5-7
Financed Purchase Assets	7-10

Long-term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains or losses on refunding are deferred and amortized over the lesser of the remaining life of the old debt or the life of the new debt using the straight-line method and are presented as deferred inflows/outflows in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount.

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

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. School Board Policy contains a provision to compensate all employees in the District for accrued leave days upon retirement. This policy allows any employee who retires from the District through the Teacher Retirement System of Texas (TRS) to receive, following termination of employment, a lump sum payment for accrued leave days.

School Board Policy also contains a provision to compensate all twelve-month employees for accrued local and state leave days upon a resignation from the District up to a maximum of 90 days.

Fund Balances and Net Position

Government-Wide Financial Statements

Net position on the statement of net position includes the following:

Net investment in capital assets -- the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, net of premiums and discounts, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for debt service -- the component of net position that reports the difference between assets and liabilities with constraints placed on their use by the bond covenants.

Restricted for federal and state grants -- the component of net position that reports the difference between assets and liabilities with constraints placed on their use by the U.S. Department of Agriculture or other federal and state agencies.

Wichita Falls Independent School District

Notes to the Financial Statements

Unrestricted -- the difference between the assets and liabilities that is not reported in net position invested in capital assets, net of related debt, restricted for federal and state grants, net position restricted for food service or net position restricted for debt service.

Governmental Fund Financial Statements

The District classifies governmental fund balances as follows:

Nonspendable -- includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories and prepaid items.

Restricted -- includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long-term debt, construction programs and other federal and state grants.

Committed -- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision-making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees. At June 30, 2024, the Board has committed fund balances as follows:

	General Fund	Other Governmental Funds	Totals
Self-insurance	\$ 100,000	\$ -	\$ 100,000
Accumulated sick leave benefits obligations	1,175,684	-	1,175,684
Campus Activity Funds	-	838,329	838,329
Totals	\$ 1,275,684	\$ 838,329	\$ 2,114,013

Assigned -- includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District's Board, the Superintendent, or the Assistant Superintendent of Finance and Human Resources. This classification includes insurance deductibles, encumbrances, program start-up costs, projected budget deficit for subsequent years and other legal uses.

Unassigned -- includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The order of spending is to first use committed fund balance, then assigned fund balance, and last of all, unassigned fund balance. Restricted fund balance will be used before the unrestricted portion.

Wichita Falls Independent School District

Notes to the Financial Statements

Interfund Activities

Interfund activity results from loans, service provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single "transfer" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "internal balances" line on the government-wide statement of net position.

Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the Resource Guide. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

Account Code Reporting

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the state auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Resource Guide*. Mandatory codes are utilized in the form provided in that section.

Estimates

The preparation of financial statements in conformity with U.S. 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.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimates as of June 30, 2024 will change.

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

Other Postemployment 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 postemployment 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.

Wichita Falls Independent School District

Notes to the Financial Statements

Note 2. Cash, Cash Equivalents, and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. For the fiscal year ended June 30, 2024, the District invested in TexPool and TexasTERM, Certificates of Deposit, and through Hilltop Securities.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

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

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

The District's investments are in investment pools and are not subject to fair value measurements and are not required to be reported by levels.

TexasTERM Local Government Investment Pool (TexasTERM) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (PFIA). TexasTERM offers a series of professionally managed portfolios that are available to municipalities, counties, school districts, special districts and other governmental entities in the State of Texas. An Advisory Board is responsible for the overall management of TexasTERM. With respect to TexasTERM, the Advisory Board's responsibilities include the formulation and implementation of its investment and operating policies. TexasTERM complies with statutory investment restrictions for Texas local governments as provided in the PFIA. The Investment Advisor and Administrator for TexasTERM is PFM Asset Management LLC. Weighted average maturity for TexasTERM is 26 days.

Wichita Falls Independent School District

Notes to the Financial Statements

The District is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. Weighted average maturity for TexPool is 25 days.

Cash and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 113,058,913
Investments	10,117,901
Fiduciary funds:	
Cash and cash equivalents	886,691
Total cash and investments	\$ 124,063,505
Cash on hand	\$ 5,355
Deposits with financial institutions	6,495,718
Cash equivalents - investment pools	107,444,531
Investments	10,117,901
Total cash and investments	\$ 124,063,505

Credit Risk

For the fiscal year ended June 30, 2024, the District invested in TexasTERM and Texpool Investment Pool. The TexasTERM portfolio is a fixed rate, fixed term portfolio option rated AAAm by Standard & Poor's rating agency. TexPool is rated AAAm by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of the investments. The District monitors interest rate risk and at year end, was not exposed to interest rate risk.

Concentration of Credit Risk

The District's investment policy dictates that no individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2024, the District's bank balance of \$9,493,176, including fiduciary activity, was not exposed to custodial credit risk because it was insured and collateralized with securities held by the District's agent and in the District's name. With the exception of the date of highest balance, January 24, 2024, the District's cash deposits as of and during the year ended June 30, 2024 were covered by the FDIC and pledged securities.

Wichita Falls Independent School District

Notes to the Financial Statements

The following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: American National Bank.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$16,491,887.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$30,656,375 and occurred on January 29, 2024.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District is not exposed to custodial risk due to the investments are insured or registered, or securities held by the District or its agent in the District's name.

Note 3. Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2024 consisted of the following individual fund receivables and payables:

Payable Fund	Receivable Fund	Amount	Primary Purpose
Nonmajor Governmental Funds	Capital Projects Fund	\$ 100,000	Short-term borrowing
General Fund	Internal Service Fund	5,917,914	Short-term borrowing
Child Nutrition Fund	Internal Service Fund	46,266	Short-term borrowing
Nonmajor Governmental Funds	General Fund	5,066,849	Short-term borrowing
General Fund	Debt Service Fund	72	Short-term borrowing
General Fund	Nonmajor Governmental Funds	150	Short-term borrowing
		<u>\$ 11,131,251</u>	

All amounts due are scheduled to be repaid within one year.

The detail transfer schedule for the year ended June 30, 2024 includes the following:

Transferred From	Transferred To	Amount	Purpose
Child Nutrition Fund	General Fund	\$ 342,776	Supplement other funds
General Fund	Nonmajor Governmental Funds	134,004	Supplement other funds
General Fund	Capital Projects Fund	175,000	Supplement other funds
		<u>\$ 651,780</u>	

Wichita Falls Independent School District

Notes to the Financial Statements

Note 4. Capital Asset Activity

Capital asset activity for the District for the fiscal year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Adjustments/ Retirements	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,273,163	\$ -	\$ -	\$ 19,273,163
Construction in progress	193,813,415	117,710,853	-	311,524,268
Total capital assets not being depreciated	213,086,578	117,710,853	-	330,797,431
Capital assets being depreciated:				
Buildings and improvements	206,900,272	1,973,716	-	208,873,988
Furniture and equipment	17,812,235	2,422,092	(217,595)	20,016,732
Financed purchases	4,239,102	-	-	4,239,102
Total capital assets being depreciated	228,951,609	4,395,808	(217,595)	233,129,822
Less accumulated depreciation for:				
Buildings and improvements	109,523,599	5,354,395	-	114,877,994
Furniture and equipment	17,541,907	638,214	-	18,180,121
Financed purchases	1,605,221	184,450	-	1,789,671
Total accumulated depreciation	128,670,727	6,177,059	-	134,847,786
Total capital assets being depreciated, net	100,280,882	(1,781,251)	(217,595)	98,282,036
Governmental activities capital assets, net	\$ 313,367,460	\$ 115,929,602	\$ (217,595)	\$ 429,079,467

Depreciation expense was charged to governmental functions as follows:

Governmental Function	Depreciation
Instruction	\$ 3,461,233
Instructional resources and media services	56,461
Curriculum and staff development	71,039
Instructional leadership	122,986
School leadership	303,576
Guidance, counseling and evaluation services	253,539
Social work services	23,615
Health services	71,847
Student transportation	182,832
Food services	306,604
Co-curricular/ Extracurricular activities	176,728
General administration	285,888
Plant maintenance and operations	603,230
Security and monitoring services	73,668
Data processing services	155,380
Community services	28,433
Total depreciation expense	\$ 6,177,059

Wichita Falls Independent School District

Notes to the Financial Statements

Note 5. Long-term Debt

Long-term obligation activity

Long-term obligation activities during the fiscal year ended June 30, 2024, were as follows:

	Beginning Balance	Additions	Retired	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 313,205,000	\$ -	\$ (11,915,000)	\$ 301,290,000	\$ 12,465,000
Bond premium (discount)	21,833,993	-	(1,732,887)	20,101,106	-
Total bonds payable	335,038,993	-	(13,647,887)	321,391,106	12,465,000
Note payable	3,180,000	-	(1,040,000)	2,140,000	1,060,000
Compensated absences	1,149,745	1,844,087	(1,818,148)	1,175,684	347,289
Net pension liability	42,264,080	19,044,110	(4,268,403)	57,039,787	-
Net OPEB liability	26,060,937	3,356,670	(3,858,030)	25,559,577	-
Total long-term liabilities	\$ 407,693,755	\$ 24,244,867	\$ (24,632,468)	\$ 407,306,154	\$ 13,872,289

The District issues unlimited tax bonds for the governmental activities to provide funds for the acquisition and construction of major capital facilities. Unlimited tax bonds are direct obligations and pledge the full faith and credit of the District. Bonded indebtedness of the District is reflected in the statement of net position. The bonds issued require the District to levy an ad valorem tax annually to retire the current maturities.

Unlimited tax bonds and the maintenance tax note outstanding as of June 30, 2024 are as follows:

Purpose and Lawful Authority	Interest Rate	Amount	Amounts Outstanding 7/1/2023	Issued	Retired	Amounts Outstanding 6/30/2024
Unlimited Tax Refunding Bonds, Series 2015	2.125% to 5.00%	\$ 35,350,000	\$ 15,925,000	\$ -	\$ 3,695,000	\$ 12,230,000
Unlimited Tax School Building Bonds, Series 2015A	1.00% to 5.00%	53,645,000	37,365,000	-	2,425,000	34,940,000
Unlimited Tax School Building Bonds, Series 2021	1.625% to 4.00%	257,245,000	247,570,000	-	5,545,000	242,025,000
Unlimited Tax School Building Bonds, Series 2021A	2.125% to 5.00%	12,685,000	12,345,000	-	250,000	12,095,000
Maintenance Tax Notes, Series 2016	2.00%	9,000,000	3,180,000	-	1,040,000	2,140,000
			\$ 316,385,000	\$ -	\$ 12,955,000	\$ 303,430,000

Wichita Falls Independent School District

Notes to the Financial Statements

Debt service requirements are as follows:

Years Ending June 30,	Principal Requirements	Interest Requirements	Total Requirements
2025	\$ 13,525,000	\$ 9,598,983	\$ 23,123,983
2026	14,095,000	9,012,183	23,107,183
2027	13,510,000	8,452,933	21,962,933
2028	9,625,000	7,979,483	17,604,483
2029	10,035,000	7,573,182	17,608,182
2030 - 2034	56,485,000	31,645,816	88,130,816
2035 - 2039	48,680,000	22,796,225	71,476,225
2040 - 2044	51,790,000	15,508,674	67,298,674
2045 - 2049	59,690,000	7,599,410	67,289,410
2050 - 2054	25,995,000	927,387	26,922,387
	<u>\$ 303,430,000</u>	<u>\$ 121,094,276</u>	<u>\$ 424,524,276</u>

There are a number of limitations and restrictions contained in the unlimited tax school building and refunding bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2024.

Note 6. Revenue from Local and Intermediate Sources

During the fiscal year ended June 30, 2024, the District received revenues from local and intermediate sources consisting of the following:

	General Fund	Child Nutrition Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Property taxes-current	\$ 35,705,065	\$ -	\$ 21,152,239	\$ -	\$ -	\$ 56,857,304
Property taxes-delinquent	675,411	-	274,847	-	-	950,258
Penalties, interest, and other	507,692	-	195,684	-	-	703,376
Investment earnings	2,736,211	410,843	346,360	4,902,399	-	8,395,813
Rent	118,004	-	-	-	-	118,004
Food service income	-	1,413,580	-	-	-	1,413,580
Gifts and bequest	-	-	-	5,660,000	746,069	6,406,069
Campus activity	-	-	-	-	609,423	609,423
Cocurricular/extracurricular activities	350,505	-	-	-	-	350,505
Other	4,246,458	-	-	-	350,438	4,596,896
Total local revenue	<u>\$ 44,339,346</u>	<u>\$ 1,824,423</u>	<u>\$ 21,969,130</u>	<u>\$ 10,562,399</u>	<u>\$ 1,705,930</u>	<u>\$ 80,401,228</u>

Note 7. Employees' Retirement Plan

Plan Description

The 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) and 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.

Wichita Falls Independent School District

Notes to the Financial Statements

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 TRS's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://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 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 where 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 postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description above.

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

Contributions

Contribution requirements are established or amended pursuant to Article XVI, 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 2020 thru 2025.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2024	2023
Member	8.25%	8.00%
Non-employer contributing entity (state)	8.25%	8.00%
Employers	8.25%	8.00%

Wichita Falls Independent School District

Notes to the Financial Statements

The contribution amounts for the District's fiscal year 2024 are as follows:

2024 District contributions	\$ 3,134,958
2024 Member contributions	6,890,970
2024 NECE on-behalf contributions (State)	3,872,673

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during the fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

In addition to the employer contributions listed above, there are two 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.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.8% of the member's salary beginning in fiscal year 2023, gradually increasing to 2.0% in fiscal year 2025.

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

On June 30, 2024 the District reported a liability of \$57,039,787 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 are as follows:

District's proportionate share of the collective net pension liability	\$ 57,039,787
State's proportionate share that is associated with District	51,751,543
Total	\$ 108,791,330

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Notes to the Financial Statements

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 August 31, 2022 rolled forward to August 31, 2023. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At the measurement date of August 31, 2023, the District's proportion of the collective net pension liability was 0.0830390% which was an increase of 0.0118483% from its proportion measured as of August 31, 2022.

For the fiscal year ended June 30, 2024, the District recognized pension expense of \$18,325,635 and revenue of \$3,872,673 for support provided by the State.

On June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,032,347	\$ 690,689
Changes of assumptions	5,394,847	1,320,242
Difference between projected and actual earnings on pension plan investments	8,300,674	-
Changes in proportion and differences between District's contributions and the proportionate share of contributions	6,334,197	1,346,618
District contributions paid subsequent to the measurement date	2,547,987	-
Total	\$ 24,610,052	\$ 3,357,549

\$2,547,987 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Pension Expense (Income)
2025	\$ 3,503,474
2026	2,885,741
2027	8,215,386
2028	3,249,587
2029	850,328
Thereafter	-
Total	\$ 18,704,516

Wichita Falls Independent School District

Notes to the Financial Statements

Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2022. Update procedures were used to roll forward the total pension liability to August 31, 2023 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected rate of return	7.00%
Municipal bond rate as of August 2023	4.13%. 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 postemployment benefit changes	None
Mortality rates	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

The actuarial methods and assumptions are primarily based on a study of actual experience for the four-year period ending August 31, 2021 and adopted in July 2022.

Discount Rate and Long-Term Expected Rate of Return

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 pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the rates set by the legislature in the 2019 session. It is assumed that future employer and state contributions will be 9.50 percent of payroll in fiscal year 2024 gradually increasing to 9.56 percent in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

Wichita Falls Independent School District

Notes to the Financial Statements

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 weighing 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 TRS's target asset allocation as of August 31, 2023 are summarized below:

Asset Class	Target Allocation*	Long-term Expected Geometric Real Rate of Return**	Expected Contribution to Long-term Portfolio Returns
Global equity:			
U.S.	18.0%	4.0%	1.0%
Non-U.S. developed	13.0%	4.5%	0.9%
Emerging markets	9.0%	4.8%	0.7%
Private equity*	14.0%	7.0%	1.5%
Stable value:			
Government bonds	16.0%	2.5%	0.5%
Absolute return*	-	3.6%	-
Stable value hedge funds	5.0%	4.1%	0.2%
Real return:			
Real estate	15.0%	4.9%	1.1%
Energy, natural resources and infrastructure	6.0%	4.8%	0.4%
Commodities	-	4.4%	-
Risk parity:			
Risk parity	8.0%	4.5%	0.4%
Asset allocation leverage:			
Cash	2.0%	3.7%	0.0%
Asset allocation leverage	-6.0%	4.4%	-0.1%
Inflation expectation			2.3%
Volatility drag****			-0.9%
Total	100.0%		8.0%

* Absolute return includes credit sensitive investments.

** Target allocations are based on the FY 2023 policy model.

*** Capital market assumptions come from Aon Hewitt (as of 6/30/2023).

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

Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

1 % Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 85,277,641	\$ 57,039,787	\$ 33,559,997

Wichita Falls Independent School District

Notes to the Financial Statements

Change of Assumptions Since the Prior Measurement Date

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

Change of Benefit Terms Since the Prior Measurement Date

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

Note 8. Defined Other Postemployment Benefit Plan

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Postemployment Benefit (OPEB) plan that has a special funding situation. TRS-Care was established in 1986 by the Texas Legislature and is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees in accordance with the Texas Insurance Code, Chapter 1575. The Board may adopt rules, plans, procedures and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at http://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 districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

Wichita Falls Independent School District

Notes to the Financial Statements

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

TRS-Care Monthly Premium Rates

	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.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2024	2023
Active employee	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.25%
Employers/District	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

*Contributions paid from federal funds and private grants are remitted by the employer (District) and paid at the State rate.

The contribution amounts for the District's fiscal year 2024 are as follows:

2024 District contributions	\$ 758,602
2024 Member contributions	542,925
2024 NECE on-behalf contributions (state)	1,208,506

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

The State of Texas also contributed \$466,151, \$437,510, and \$305,482 in 2024, 2023, and 2022, respectively, for on-behalf payments for Medicare Part D.

Wichita Falls Independent School District

Notes to the Financial Statements

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of \$21 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.

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

On June 30, 2024, the District reported a liability of \$25,559,577 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided by 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 are as follows:

District's proportionate share of the net OPEB liability	\$ 25,559,577
State's proportionate share of the net OPEB liability associated with the District	30,841,558
	<u>\$ 56,401,135</u>

The net OPEB liability was measured as of August 31, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as August 31, 2022 rolled forward to August 31, 2023. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At the measurement date of August 31, 2023, the employer's proportion of the collective net OPEB liability was 0.1154541% which was an increase of 0.0066129% from its proportion measured as of August 31, 2022.

For the fiscal year ended June 30, 2024, the District recognized net OPEB revenue of \$11,055,669 due to recognition of deferred inflows in excess of deferred outflows and current year expense. OPEB revenue of \$1,208,506 was recognized for support provided by the State.

On June 30, 2024, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 1,156,377	\$ 21,503,542
Changes of assumptions	3,488,696	15,650,807
Net difference between projected and actual earnings on investments	11,044	-
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	6,808,193	2,099,308
District contributions after measurement date	613,616	-
	<u>\$ 12,077,926</u>	<u>\$ 39,253,657</u>

Wichita Falls Independent School District

Notes to the Financial Statements

\$613,616 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30,	OPEB Expense (Income)
2025	\$ (6,586,243)
2026	(5,413,947)
2027	(3,826,851)
2028	(4,246,715)
2029	(3,307,273)
Thereafter	(4,408,318)
	<u>\$ (27,789,347)</u>

Actuarial Methods and Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2022. Update procedures were used to roll forward the total OPEB liability to August 31, 2023.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023:

<u>Demographic Assumptions</u>	<u>Economic Assumptions</u>
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	
Rates of disability	

See Note 7 for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2021.

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

The initial medical trend rates were 7.75% for Medicare retirees and 7.00% for non-Medicare retirees. There was an initial prescription drug trend rate of 7.75% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.

Wichita Falls Independent School District

Notes to the Financial Statements

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Single discount rate	4.13%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 62% participation prior to age 65 and 25% after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc postemployment benefit changes	None

Discount Rate

A single discount rate of 4.13% was used to measure the total OPEB liability at August 31, 2023. This was an increase of 0.22% in the discount rate since the August 31, 2022 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current plan members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2023.

Sensitivity Analysis of Rates

Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (4.13%) in measuring the net OPEB liability.

Sensitivity of the Net OPEB Liability
to the Single Discount Rate Assumptions

1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
\$ 30,103,859	\$ 25,559,577	\$ 21,851,335

Wichita Falls Independent School District

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Healthcare Cost Trend Rates

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

Sensitivity of the Net OPEB Liability to
the Healthcare Cost Trend Rate Assumption

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 21,047,032	\$ 25,559,577	\$ 31,364,981

Change of Assumptions Since the Prior Measurement Date

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

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

Change of Benefit Terms Since the Prior Measurement Date

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

Note 9. Facilities Use Agreement

During fiscal year 2022, the District entered into a 10-year agreement with another entity for the use of one of the District's stadiums for the total amount of \$250,000. This agreement fell under GASB Statement No. 87, Leases. The District received the payment of \$250,000 at the start of the agreement in July 2021 and recorded a deferred inflow of resources for leases. This deferred inflow of resources will be amortized and recognized over the 10-year period. As of June 30, 2024, the remaining deferred inflow of resources for leases is \$175,000.

Note 10. Risk Management

Self-insured Worker's Compensation Plan

The District maintains a self-insured worker's compensation plan. The District has third party insurance coverage for any losses in excess of \$350,000 per claim and a maximum of \$1,000,000 per claim. The District is responsible for claims up to \$350,000 per claim.

Wichita Falls Independent School District

Notes to the Financial Statements

As of June 30, 2024, the worker's compensation benefit obligation consisted of \$377,000 in reported claims and estimated incurred but not reported claims. These amounts represent estimated ultimate costs to settle claims. A summary of the changes in the benefit obligation is as follows:

	2024	2023
Claims payable, beginning of year	\$ 261,000	\$ 247,000
Claims incurred	372,000	211,000
Claim payments	(256,000)	(198,000)
Excess coverage	-	1,000
Claims payable, end of year	\$ 377,000	\$ 261,000

Other Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ended June 30, 2024, the District purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Note 11. Commitments and Contingencies

The District is a party to various legal actions, none of which are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies. The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 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 financial statements for such contingencies.

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments that exceed bond issue stated interest rates. There is a complicated formula based on a five year history, therefore the exact amount of liability, if any, is not known until five years from the bond issuance date. There was no rebate liability as of June 30, 2024.

The District is in the construction phase of the two new high schools, with remaining construction commitments of approximately \$13,346,543 (East site) and \$10,762,727 (West site) at June 30, 2024.

Wichita Falls Independent School District

Notes to the Financial Statements

Note 12. Shared Service Arrangement

The District is the fiscal agent for a Shared Service Arrangement which provides a regional day school for the deaf to member districts. All services are provided by the District as a fiscal agent. The member districts provide funds to the fiscal agent for operations. According to TEA guidance, the District has accounted for the fiscal agent activities of the SSA in special revenue funds 315, 316, 317, and 435 and such activities have been accounted for using Module 3 in the SSA section of TEA's Resource Guide. These expenditures of the SSA are summarized as follows:

Member Districts	#315	#435	Totals
Big Four Special Education Coop	\$ 2,344	\$ 58,666	\$ 61,010
Burkburnett ISD	781	19,809	20,590
Clay-Jack Coop	3,907	83,748	87,655
Graham ISD	260	10,271	10,531
Greenbelt Coop	781	13,098	13,879
Montague County Coop	2,084	25,463	27,547
Vernon ISD	1,563	33,940	35,503
West Wichita County Coop	2,605	51,779	54,384
Wichita Falls ISD	10,170	394,069	404,239
Totals	\$ 24,495	\$ 690,843	\$ 715,338

Note 13. Nonmonetary Transactions

During the fiscal year ended June 30, 2024, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$1,909,605. The district receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$1,909,605 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

Note 14. Recent Accounting Pronouncements

GASB Statement No. 101, Compensated Absences (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the District's fiscal year 2025 financial statements and the impact has not yet been determined.

GASB Statement No. 102, Certain Risk Disclosures (GASB 102), establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. GASB 102 will be implemented in the District's fiscal year 2025 financial statements and the impact has not yet been determined.

Wichita Falls Independent School District

Notes to the Financial Statements

GASB 103 Statement No. 103, Financial Reporting Model Improvements (GASB 103), establishes new accounting and financial reporting requirements – or modifies existing requirements – related to the following:

- Management's discussion & analysis
- Unusual or infrequent items
- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position
- Information about major component units in basic financial statements
- Budgetary comparison information
- Financial trends information in the statistical section

GASB 103 will be implemented in the District's fiscal year 2026 financial statements and the impact has not yet been determined.

Wichita Falls Independent School District
 Budgetary Comparison Schedule – General Fund
 For the Fiscal Year Ended June 30, 2024

Exhibit G-1
 Page 1 of 2

Data Control Codes		1	2	3	Variance With
		Budgeted Amounts			Final Budget
		Original	Final	Actual	Positive (Negative)
REVENUES					
5700	Local and intermediate sources	\$ 49,782,000	\$ 45,278,576	\$ 44,339,346	\$ (939,230)
5800	State program revenues	70,588,815	87,610,091	89,032,214	1,422,123
5900	Federal program revenues	3,215,000	2,215,000	4,253,662	2,038,662
5020	Total revenues	123,585,815	135,103,667	137,625,222	2,521,555
EXPENDITURES					
Current:					
	Instruction & instructional related services:				
0011	Instruction	71,017,463	73,078,716	72,813,991	264,725
0012	Instructional resources and media services	1,513,133	1,517,295	1,383,362	133,933
0013	Curriculum and staff development	668,539	692,477	577,999	114,478
	Total instruction & inst. related services	73,199,135	75,288,488	74,775,352	513,136
	Instructional and school leadership:				
0021	Instructional leadership	2,157,646	2,173,121	1,756,305	416,816
0023	School leadership	7,171,822	7,287,134	7,243,008	44,126
	Total instructional & school leadership	9,329,468	9,460,255	8,999,313	460,942
	Support services - student (pupil) :				
0031	Guidance, counseling, and evaluation services	4,035,747	3,980,476	3,985,636	(5,160)
0032	Social work services	276,377	285,027	211,317	73,710
0033	Health services	1,906,697	1,943,756	1,750,867	192,889
0034	Student transportation	5,389,900	5,390,900	4,433,072	957,828
0036	Cocurricular/extracurricular activities	3,731,679	3,943,065	3,935,766	7,299
	Total support services - student (pupil)	15,340,400	15,543,224	14,316,658	1,226,566
	Administration support services:				
0041	General administration	3,564,272	4,902,289	4,900,396	1,893
	Total administrative support service	3,564,272	4,902,289	4,900,396	1,893
	Support services:				
0051	Facilities maintenance and operations	15,321,522	15,636,279	14,843,064	793,215
0052	Security and monitoring services	1,567,109	1,713,521	1,709,265	4,256
0053	Data processing services	3,379,524	3,849,520	3,844,001	5,519
	Total support services - nonstudent based	20,268,155	21,199,320	20,396,330	802,990
	Ancillary services:				
0061	Community services	12,650	21,278	20,680	598
	Total ancillary services	12,650	21,278	20,680	598
	Debt service:				
0071	Principal on long-term debt	1,040,000	1,040,000	1,040,000	-
0072	Interest on long-term debt	63,600	63,600	63,600	-
	Total debt services	1,103,600	1,103,600	1,103,600	-
	Capital outlay:				
0081	Capital outlay	-	6,784,461	6,693,538	90,923
	Total capital outlay	-	6,784,461	6,693,538	90,923
	Intergovernmental charges:				
0093	Payments to fiscal agent/member dist. - SSA	-	-	99,432	(99,432)
0095	Payments related to juvenile justice alternative education program	-	-	29,627	(29,627)
0099	Other intergovernmental charges	-	-	694,808	(694,808)
	Total intergovernmental charges	-	-	823,867	(823,867)
6030	Total expenditures	122,817,680	134,302,915	132,029,734	2,273,181

Wichita Falls Independent School District

Budgetary Comparison Schedule – General Fund – Continued
For the Fiscal Year Ended June 30, 2024

Exhibit G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance With Final Budget Positive (Negative)
		Budgeted Amounts Original	Final	Actual	
1100	Excess (deficiency) of revenues over (under) expenditures	768,135	800,752	5,595,488	4,794,736
	OTHER FINANCING SOURCES (USES)				
7912	Sale of real or personal property	10,000	10,000	37,829	27,829
7915	Transfers in	342,776	342,776	342,776	-
8911	Transfers out	(175,000)	(175,000)	(309,004)	(134,004)
7080	Total other financing sources (uses)	177,776	177,776	71,601	(106,175)
1200	Net change in fund balance	945,911	978,528	5,667,089	4,688,561
0100	Fund balances, beginning	42,274,255	42,274,255	42,274,255	-
3000	FUND BALANCES, ending	<u>\$ 43,220,166</u>	<u>\$ 43,252,783</u>	<u>\$ 47,941,344</u>	<u>\$ 4,688,561</u>

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

Wichita Falls Independent School District

Exhibit G-2

Budgetary Comparison Schedule – Child Nutrition Fund
For the Fiscal Year Ended June 30, 2024

Data Control Codes		1 Budgeted Amounts	2 Budgeted Amounts	3 Actual	Variance With Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Total local and intermediate sources	\$ 844,581	\$ 844,581	\$ 1,824,423	\$ 979,842
5800	State program revenues	36,000	36,000	43,628	7,628
5900	Federal program revenues	7,111,432	7,111,432	6,833,543	(277,889)
5020	Total revenues	7,992,013	7,992,013	8,701,594	709,581
EXPENDITURES					
0035	Food service	7,421,337	9,789,317	7,544,313	2,245,004
6030	Total expenditures	7,421,337	9,789,317	7,544,313	2,245,004
1100	Excess of revenues over expenditures	570,676	(1,797,304)	1,157,281	2,954,585
OTHER FINANCING SOURCES (USES)					
7912	Sale of real or personal property	-	-	322	322
8911	Transfers out	(342,776)	(342,776)	(342,776)	-
6030	Total other financing sources (uses)	(342,776)	(342,776)	(342,454)	322
1200	Net change in fund balances	227,900	(2,140,080)	814,827	2,954,907
0100	Fund balance, beginning	7,236,479	7,236,479	7,236,479	-
3000	FUND BALANCE, ending	\$ 7,464,379	\$ 5,096,399	\$ 8,051,306	\$ 2,954,907

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

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Wichita Falls Independent School District

Schedule of the District's Proportionate Share of the Net Pension Liability - TRS For the Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>
District's proportion of the net pension liability	0.0830390%	0.0711907%	0.0659294%
District's proportionate share of net pension liability	\$ 57,039,787	\$ 42,264,080	\$ 16,789,883
State's proportionate share of the net pension liability associated with the District	<u>51,751,543</u>	<u>69,266,656</u>	<u>34,282,912</u>
TOTAL	<u><u>\$ 108,791,330</u></u>	<u><u>\$ 111,530,736</u></u>	<u><u>\$ 51,072,795</u></u>
District's covered payroll	\$ 85,939,362	\$ 85,939,362	\$ 95,606,273
District's proportionate share of the net pension liability as a percentage of its covered payroll	66.37%	49.18%	17.56%
Plan fiduciary net position as a percentage of the total pension liability	73.15%	75.62%	88.79%

Note: The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, August 31, of the prior year.

Exhibit G-3

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0670845%	0.0646314%	0.0769752%	0.0787869%	0.0736353%	0.0768421%	0.0469081%
\$ 35,929,105	\$ 33,597,439	\$ 42,369,006	\$ 25,191,798	\$ 27,825,674	\$ 27,162,660	\$ 12,529,802
<u>71,626,487</u>	<u>64,367,245</u>	<u>64,754,864</u>	<u>39,446,573</u>	<u>48,749,401</u>	<u>46,921,674</u>	<u>41,778,062</u>
<u>\$ 107,555,592</u>	<u>\$ 97,964,684</u>	<u>\$ 107,123,870</u>	<u>\$ 64,638,371</u>	<u>\$ 76,575,075</u>	<u>\$ 74,084,334</u>	<u>\$ 54,307,864</u>
\$ 93,632,822	\$ 81,962,063	\$ 82,044,781	\$ 81,886,153	\$ 78,562,967	\$ 77,683,359	\$ 74,925,429
38.37%	40.99%	51.64%	30.76%	35.42%	34.97%	16.72%
75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Wichita Falls Independent School District

Schedule of the District's Contributions - TRS For the Last Ten Fiscal Years

	2024 *	2023 *	2022 *
Contractually required contribution	\$ 3,134,958	\$ 4,225,867	\$ 3,268,521
Contribution in relation to the contractually required contribution	(3,134,958)	(4,225,867)	(3,268,521)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -
District's covered payroll	\$ 83,526,915	\$ 83,526,915	\$ 96,047,196
Contributions as a percentage of covered payroll	3.75%	5.06%	3.40%

Note: GASB 68, Paragraph 81.2.b requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2022 - August 31, 2023.

* The amounts presented for the period was determined as of the District's fiscal period ended June 30.

** The amounts presented for the fiscal years was determined as of the District's fiscal year ended August 31.

Exhibit G-4

2021 *	2020 *	2019 *	2018 **	2017 **	2016 **	2015 **
\$ 2,763,780	\$ 2,706,170	\$ 1,897,605	\$ 2,559,998	\$ 2,687,750	\$ 2,445,845	\$ 2,258,375
(2,763,780)	(2,706,170)	(1,897,605)	(2,559,998)	(2,687,750)	(2,445,845)	(2,258,375)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 95,308,623	\$ 91,626,695	\$ 68,352,841	\$ 82,044,781	\$ 81,886,153	\$ 78,562,967	\$ 77,683,359
2.90%	2.95%	2.78%	3.12%	3.28%	3.11%	2.91%

Wichita Falls Independent School District

Schedule of the District's Proportionate Share of the Net OPEB
Liability of a Cost-Sharing Multiple-Employer OPEB Plan
Teacher Retirement System of Texas
Last Seven Fiscal Years*

	2024	2023	2022
District's proportion of the net OPEB liability	0.1154541%	0.1088412%	0.1050993%
District's proportionate share of net OPEB liability	\$ 25,559,577	\$ 26,060,937	\$ 40,541,485
State's proportionate share of the net OPEB liability associated with the District	30,841,558	31,790,248	54,316,555
TOTAL	\$ 56,401,135	\$ 57,851,185	\$ 94,858,040
District's covered payroll	\$ 85,939,362	\$ 85,939,362	\$ 95,606,273
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	29.74%	30.32%	42.40%
Plan fiduciary net position as a percentage of the total OPEB liability	14.94%	11.52%	6.18%

Note: The amounts presented for the fiscal year were determined as of the Plan's fiscal year end, August 31, of the prior year.

* Ten years of data is not available.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
0.1073316%	0.1022262%	0.1056270%	0.1067345%
\$ 40,801,580	\$ 48,344,019	\$ 52,740,505	\$ 46,414,842
<u>54,827,544</u>	<u>64,238,388</u>	<u>66,948,830</u>	<u>60,491,454</u>
<u>\$ 95,629,124</u>	<u>\$ 112,582,407</u>	<u>\$ 119,689,335</u>	<u>\$ 106,906,296</u>
\$ 93,632,822	\$ 81,962,063	\$ 82,044,781	\$ 81,886,153
43.58%	58.98%	64.28%	56.68%
4.99%	2.66%	1.57%	0.91%

Wichita Falls Independent School District

Schedule of the District's Contributions to the
Teacher Retirement System of Texas OPEB Plan
Last Seven Fiscal Years***

	<u>2024 *</u>	<u>2023 *</u>	<u>2022 *</u>
Contractually required contribution	\$ 758,602	\$ 998,409	\$ 889,948
Contribution in relation to the contractually required contribution	<u>(758,602)</u>	<u>(998,409)</u>	<u>(889,948)</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 83,526,915	\$ 83,526,915	\$ 96,047,196
Contributions as a percentage of covered payroll	0.91%	1.20%	0.93%

* The amounts presented for the fiscal period was determined as of the District's fiscal period ended June 30.

** The amounts presented for the fiscal year were determined as of the District's fiscal year ended August 31.

*** Ten years of data is not available.

<u>2021 *</u>	<u>2020 *</u>	<u>2019 *</u>	<u>2018 **</u>
\$ 817,581	\$ 799,787	\$ 607,232	\$ 729,149
<u>(817,581)</u>	<u>(799,787)</u>	<u>(607,232)</u>	<u>(729,149)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 95,308,623	\$ 91,626,695	\$ 68,352,841	\$ 82,044,781
0.86%	0.87%	0.89%	0.89%

Wichita Falls Independent School District

Notes to the Required Supplementary Information

Note 1. Budgetary Data

A. Budgetary Information

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

- 1.** Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1.
- 2.** A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
- 3.** Prior to July 1, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the functional level by personnel responsible for the organizational financial reporting.

Combining Statements and Schedules

Wichita Falls Independent School District

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024

		205	206	211
Data Control Codes		Head Start	ESEA Title X Part C Homeless	ESEA Title I Improving Basic Programs
	ASSETS			
1110	Cash and cash equivalents	\$ 137,242	\$ 3,846	\$ 36,740
1240	Due from other governments	590,401	1,774	577,301
1260	Due from other funds	-	-	-
1300	Inventories	-	-	-
1000	TOTAL ASSETS	727,643	5,620	614,041
	LIABILITIES			
	Current liabilities;			
2110	Accounts payable	2,304	-	8,364
2150	Payroll deductions & withholdings	47,638	123	25,512
2160	Accrued wages payable	303,671	986	221,801
2170	Due to other funds	373,974	4,511	357,818
2180	Due to other governments	-	-	546
2300	Unearned revenue	-	-	-
2000	Total liabilities	727,587	5,620	614,041
	FUND BALANCES			
	Restricted:			
3450	Federal/state funds grant restrictions	56	-	-
	Committed:			
3545	Other committed fund balance	-	-	-
3600	Unassigned	-	-	-
3000	Total fund balances	56	-	-
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 727,643</u>	<u>\$ 5,620</u>	<u>\$ 614,041</u>

213	215	224	225	226	244	255
ESEA Title I Part B - Even St. Family Literacy	ESEA Title I Part A Capital Expenses	IDEA-B Formula	IDEA-B Preschool Grant	IDEA-B High Cost	Career and Tech Basic Grant	ESEA Title II Training & Recruiting
\$ 2,705	\$ 20,966	\$ 162,150	\$ 2,047	\$ -	\$ 3,480	\$ -
-	18,879	440,733	6,528	1,722	15,235	5,359
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,705	39,845	602,883	8,575	1,722	18,715	5,359
-	-	-	-	-	3,020	-
-	1,746	28,905	745	-	-	-
(2,600)	9,405	40,488	8,574	-	-	(5,850)
5,305	28,694	533,490	(744)	1,722	15,275	11,209
-	-	-	-	-	420	-
-	-	-	-	-	-	-
2,705	39,845	602,883	8,575	1,722	18,715	5,359
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 2,705	\$ 39,845	\$ 602,883	\$ 8,575	\$ 1,722	\$ 18,715	\$ 5,359

Wichita Falls Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds – Continued
June 30, 2024

		263	272	279
Data Control Codes		Title III Part A Language	MAC Program	ESSER III - TCLAS
	ASSETS			
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1240	Due from other governments	2,663	3,640	58,320
1260	Due from other funds	-	-	-
1300	Inventories	-	-	-
1000	Total assets	2,663	3,640	58,320
	LIABILITIES			
	Current liabilities		-	
2110	Accounts payable	-	2,280	-
2150	Payroll deductions & withholdings	-	(70)	-
2160	Accrued wages payable	-	6,698	-
2170	Due to other funds	2,545	(5,268)	58,320
2180	Due to other governments	118	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	2,663	3,640	58,320
	FUND BALANCES			
	Restricted:			
3450	Federal/state funds grant restrictions	-	-	-
	Committed:			
3545	Other committed fund balance	-	-	-
3600	Unassigned	-	-	-
3000	Total fund balances	-	-	-
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,663	\$ 3,640	\$ 58,320

281	282	284	285	287/291	288	289
ESSER II	ESSER III	IDEA - Part B, Formula - ARP	IDEA - Part B, Preschool - ARP	Department of Defense Grant	HIPPY Grant	Summer School
\$ 1,188,440	\$ -	\$ -	\$ -	\$ 210	\$ 685	\$ 68,586
-	1,536,925	-	-	46,576	164,233	24,899
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,188,440	1,536,925	-	-	46,786	164,918	93,485
-	-	-	-	503	726	-
23,288	(81,340)	(966)	(90)	1,201	5,031	1,538
-	-	-	-	9,833	42,558	3,798
1,165,152	1,618,265	966	90	35,249	116,500	85,208
-	-	-	-	-	-	-
-	-	-	-	-	103	-
1,188,440	1,536,925	-	-	46,786	164,918	90,544
-	-	-	-	-	-	2,941
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2,941
\$ 1,188,440	\$ 1,536,925	\$ -	\$ -	\$ 46,786	\$ 164,918	\$ 93,485

Wichita Falls Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds – Continued
June 30, 2024

		315	316	397
Data Control Codes		IDEA-B Discretionary	IDEA-B Deaf	Advanced Placement Incentives
	ASSETS			
1110	Cash and cash equivalents	\$ 269	\$ 190	\$ 813
1240	Due from other governments	2,695	-	-
1260	Due from other funds	-	-	-
1300	Inventories	-	-	-
1000	TOTAL ASSETS	2,964	190	813
	LIABILITIES			
	Current liabilities			
2110	Accounts payable	2,355	-	-
2150	Payroll deductions & withholdings	-	-	-
2160	Accrued wages payable	-	-	-
2170	Due to other funds	609	-	-
2180	Due to other governments	-	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	2,964	-	-
	FUND BALANCES			
	Restricted:			
3450	Federal/state funds grant restrictions	-	190	813
	Committed:			
3545	Other committed fund balance	-	-	-
3600	Unassigned	-	-	-
3000	Total fund balances	-	190	813
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,964</u>	<u>\$ 190</u>	<u>\$ 813</u>

410	415	427	429	435	461	480
State Textbook Fund	Kindergarten and Pre-K Grant	HOPES Grant	State Funded Special Revenue Fund	Regional Day School for the Deaf	Campus Activity Funds	No Kid Hungry Grant
\$ 569,680	\$ -	\$ 30,812	\$ -	\$ -	\$ 839,190	\$ 16,636
-	50	31,203	20,858	273,825	-	-
-	-	-	-	-	150	-
-	-	-	-	-	-	-
569,680	50	62,015	20,858	273,825	839,340	16,636
-	-	123	948	-	1,002	-
-	-	1,070	-	11,834	-	-
-	-	5,508	-	87,612	-	-
-	2,653	32,717	15,732	606,848	9	-
-	-	-	-	-	-	-
537,257	-	-	19,649	-	-	16,636
537,257	2,653	39,418	36,329	706,294	1,011	16,636
32,423	-	22,597	-	-	-	-
-	-	-	-	-	838,329	-
-	(2,603)	-	(15,471)	(432,469)	-	-
32,423	(2,603)	22,597	(15,471)	(432,469)	838,329	-
\$ 569,680	\$ 50	\$ 62,015	\$ 20,858	\$ 273,825	\$ 839,340	\$ 16,636

Wichita Falls Independent School District
Combining Balance Sheet
Nonmajor Governmental Funds – Continued
June 30, 2024

Exhibit H-1
Page 4 of 4

		489	499	
Data Control Codes				
		West Foundation	Local Special Revenue	Total Nonmajor Governmental Funds
	ASSETS			
1110	Cash and cash equivalents	\$ 237,141	\$ 165,366	\$ 3,487,194
1240	Due from other governments	-	-	3,823,819
1260	Due from other funds	-	-	150
1300	Inventories	8,873	-	8,873
1000	TOTAL ASSETS	246,014	165,366	7,320,036
	LIABILITIES			
	Current liabilities			
2110	Accounts payable	12	2,219	23,856
2150	Payroll deductions & withholdings	-	-	66,165
2160	Accrued wages payable	-	-	732,482
2170	Due to other funds	100,000	-	5,166,849
2180	Due to other governments	-	-	1,084
2300	Unearned revenue	148,357	165,183	887,185
2000	Total liabilities	248,369	167,402	6,877,621
	FUND BALANCES			
	Restricted:			
3450	Federal/state funds grant restrictions	-	-	59,020
	Committed:			
3545	Other committed fund balance	-	-	838,329
3600	Unassigned	(2,355)	(2,036)	(454,934)
3000	Total fund balances	(2,355)	(2,036)	442,415
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 246,014</u>	<u>\$ 165,366</u>	<u>\$ 7,320,036</u>

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Wichita Falls Independent School District

Combining Statement of Revenues, Expenditures and Changes
In Fund Balance – Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2024

		205	206	211
Data Control Codes		Head Start	ESEA Title X Part C Homeless	ESEA Title I Improving Basic Programs
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	2,689,338	21,804	3,512,071
5020	Total revenues	2,689,338	21,804	3,512,071
EXPENDITURES				
Current:				
0011	Instruction	2,262,820	6,482	2,526,739
0012	Instructional resources and media services	-	-	-
0013	Curriculum and staff development	8,732	-	482,575
0021	Instructional leadership	-	-	349,359
0023	School leadership	166,788	-	26,436
0031	Guidance, counseling, and evaluation services	20,347	-	6,230
0032	Social work services	308,827	15,322	45,607
0033	Health services	4,688	-	12,324
0034	Student transportation	50,000	-	15,694
0036	Cocurricular/extracurricular activities	-	-	-
0041	General administration	-	-	14,410
0051	Facilities maintenance and operations	23	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	1,117	-	32,697
Intergovernmental:				
0093	Payments to shared service arrangements	-	-	-
6030	Total expenditures	2,823,342	21,804	3,512,071
1100	Excess (deficiency) of revenues over (under) expenditures	(134,004)	-	-
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	134,004	-	-
8911	Transfers out	-	-	-
7080	Total other financing sources (uses)	134,004	-	-
1200	Net change in fund balances	-	-	-
0100	Fund balances, beginning	56	-	-
3000	FUND BALANCES, ending	\$ 56	\$ -	\$ -

213	215	224	225	226	244	255
ESEA Title I Part B - Even St. Family Literacy	ESEA Title I Part A Capital Expenses	IDEA-B Formula	IDEA-B Preschool Grant	IDEA-B High Cost	Career and Tech Basic Grant	ESEA Title II Training & Recruiting
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
916	90,588	3,021,040	75,533	-	152,374	178,387
916	90,588	3,021,040	75,533	-	152,374	178,387
916	90,187	798,559	75,533	-	18,880	3,819
-	-	-	-	-	-	-
-	-	156,052	-	-	-	173,366
-	-	-	-	-	133,494	-
-	-	-	-	-	-	-
-	-	2,066,429	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	401	-	-	-	-	1,202
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
916	90,588	3,021,040	75,533	-	152,374	178,387
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Wichita Falls Independent School District

Combining Statement of Revenues, Expenditures and Changes
In Fund Balance – Nonmajor Governmental Funds – Continued
For the Fiscal Year Ended June 30, 2024

		263	272	279
Data Control Codes		Title III Part A Language	MAC Program	ESSER III - TCLAS
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	129,020	154,553	317,404
5020	Total revenues	129,020	154,553	317,404
EXPENDITURES				
Current:				
0011	Instruction	113,899	149	177,348
0012	Instructional resources and media services	5,780	-	-
0013	Curriculum and staff development	4,216	250	-
0021	Instructional leadership	749	51,114	140,056
0023	School leadership	-	-	-
0031	Guidance, counseling, and evaluation services	-	101,281	-
0032	Social work services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-
0041	General administration	401	1,759	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	3,975	-	-
Intergovernmental:				
0093	Payments to shared service arrangements	-	-	-
6030	Total expenditures	129,020	154,553	317,404
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	-
8911	Transfers out	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balances	-	-	-
0100	Fund balances, beginning	-	-	-
3000	FUND BALANCES, ending	\$ -	\$ -	\$ -

281	282	284	285	287/291	288	289
ESSER II	ESSER III	IDEA - Part B, Formula - ARP	IDEA - Part B, Preschool - ARP	Department of Defense Grant	HIPPY Grant	Summer School
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	3,394,499	47	-	153,196	541,319	400,463
-	3,394,499	47	-	153,196	541,319	400,463
-	3,252,933	-	-	62,811	-	83,208
-	-	-	-	-	-	-
-	141,566	-	-	7,372	-	144,731
-	-	-	-	82,572	15,309	-
-	-	-	-	441	-	-
-	-	47	-	-	-	99,194
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	10,908	401
-	-	-	-	-	-	-
-	-	-	-	-	-	69,988
-	-	-	-	-	-	-
-	-	-	-	-	515,102	-
-	-	-	-	-	-	-
-	3,394,499	47	-	153,196	541,319	397,522
-	-	-	-	-	-	2,941
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2,941
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,941

Wichita Falls Independent School District

Combining Statement of Revenues, Expenditures and Changes
In Fund Balance – Nonmajor Governmental Funds – Continued
For the Fiscal Year Ended June 30, 2024

		315	316	397
Data Control Codes		IDEA-B Discretionary	IDEA-B Deaf	Advanced Placement Incentives
REVENUES				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	24,495	-	-
5020	Total revenues	24,495	-	-
EXPENDITURES				
Current:				
0011	Instruction	21,950	-	-
0012	Instructional resources and media services	-	-	-
0013	Curriculum and staff development	2,545	-	-
0021	Instructional leadership	-	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-
0032	Social work services	-	-	-
0033	Health services	-	-	-
0034	Student transportation	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Facilities maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
Intergovernmental:				
0093	Payments to shared service arrangements	-	-	-
6030	Total expenditures	24,495	-	-
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	-
8911	Transfers out	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balances	-	-	-
0100	Fund balances, beginning	-	190	813
3000	FUND BALANCES, ending	\$ -	\$ 190	\$ 813

410	415	427	429	435	461	480
State Textbook Fund	Kindergarten and Pre-K Grant	HOPES Grant	State Funded Special Revenue Fund	Regional Day School for the Deaf	Campus Activity Funds	No Kid Hungry Grant
\$ -	\$ -	\$ -	\$ -	\$ 350,261	\$ 609,600	\$ -
1,909,605	-	126,045	637,970	233,630	-	-
-	-	-	-	-	-	-
1,909,605	-	126,045	637,970	583,891	609,600	-
1,909,606	-	-	12,565	689,520	215,738	-
-	-	-	-	-	74,482	-
-	-	-	8,575	-	-	-
-	-	-	497,242	-	-	-
-	-	-	-	-	40,711	-
-	-	-	88,490	1,323	1,895	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	291,370	-
-	-	-	-	-	-	-
-	-	-	-	-	124	-
-	-	-	33,422	-	-	-
-	-	-	-	-	51,498	-
-	-	126,045	-	-	-	-
-	-	-	-	-	-	-
1,909,606	-	126,045	640,294	690,843	675,818	-
(1)	-	-	(2,324)	(106,952)	(66,218)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1)	-	-	(2,324)	(106,952)	(66,218)	-
32,424	(2,603)	22,597	(13,147)	(325,517)	904,547	-
\$ 32,423	\$ (2,603)	\$ 22,597	\$ (15,471)	\$ (432,469)	\$ 838,329	\$ -

Wichita Falls Independent School District

Combining Statement of Revenues, Expenditures and Changes
In Fund Balance – Nonmajor Governmental Funds – Continued
For the Fiscal Year Ended June 30, 2024

Exhibit H-2

Page 4 of 4

		489	499	
Data Control Codes		West Foundation	Local Special Revenue	Total Nonmajor Governmental Funds
REVENUES				
5700	Local and intermediate sources	\$ 212,251	\$ 533,818	\$ 1,705,930
5800	State program revenues	-	-	2,907,250
5900	Federal program revenues	-	-	14,857,047
5020	Total revenues	212,251	533,818	19,470,227
EXPENDITURES				
Current:				
0011	Instruction	176,518	506,179	13,006,359
0012	Instructional resources and media services	1,314	-	81,576
0013	Curriculum and staff development	40,000	-	1,169,980
0021	Instructional leadership	-	-	1,269,895
0023	School leadership	-	-	234,376
0031	Guidance, counseling, and evaluation services	-	-	2,385,236
0032	Social work services	-	-	369,756
0033	Health services	-	-	17,012
0034	Student transportation	-	-	65,694
0036	Cocurricular/extracurricular activities	-	29,859	321,229
0041	General administration	-	-	29,482
0051	Facilities maintenance and operations	-	-	147
0052	Security and monitoring services	-	-	103,410
0053	Data processing services	-	-	51,498
0061	Community services	-	-	678,936
Intergovernmental:				
0093	Payments to shared service arrangements	-	-	-
6030	Total expenditures	217,832	536,038	19,784,586
1100	Excess (deficiency) of revenues over (under) expenditures	(5,581)	(2,220)	(314,359)
OTHER FINANCING SOURCES (USES)				
7915	Transfers in	-	-	134,004
8911	Transfers out	-	-	-
7080	Total other financing sources (uses)	-	-	134,004
1200	Net change in fund balances	(5,581)	(2,220)	(180,355)
0100	Fund balances, beginning	3,226	184	622,770
3000	FUND BALANCES, ending	\$ (2,355)	\$ (2,036)	\$ 442,415

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Wichita Falls Independent School District
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2024

Exhibit H-3

Data Control Codes		828 Ryan Scholarship Fund	829 Renton Aviation Fund	865 Student Activity Fund	Total Custodial Funds
	ASSETS				
1110	Cash and cash equivalents	\$ 641,109	\$ 3,000	\$ 242,582	\$ 886,691
1290	Other receivables	-	-	71,837	71,837
1000	TOTAL ASSETS	<u>\$ 641,109</u>	<u>\$ 3,000</u>	<u>\$ 314,419</u>	<u>\$ 958,528</u>
	LIABILITIES:				
2190	Accounts payable	\$ -	\$ -	828	\$ 828
2000	Total liabilities	-	-	828	828
	NET POSITION				
3800	Restricted for other purposes	641,109	3,000	313,591	957,700
3000	TOTAL NET POSITION	<u>\$ 641,109</u>	<u>\$ 3,000</u>	<u>\$ 313,591</u>	<u>\$ 957,700</u>

Wichita Falls Independent School District**Exhibit H-4**

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Fiscal Year Ended June 30, 2024

	828 Ryan Scholarship Fund	829 Renton Aviation Fund	865 Student Activity Fund	Total Custodial Funds
ADDITIONS				
Gifts and bequests	\$ 223,065	\$ -	\$ -	\$ 223,065
Miscellaneous revenue from student groups	-	-	335,929	335,929
Total additions	223,065	-	335,929	558,994
DEDUCTIONS				
Scholarship awards	247,500	-	-	247,500
Dues and fees	-	-	308,763	308,763
Total deductions	247,500	-	308,763	556,263
Changes in net position	(24,435)	-	27,166	2,731
NET POSITION:				
Net position, beginning	665,544	3,000	286,425	954,969
NET POSITION, end of year	<u>\$ 641,109</u>	<u>\$ 3,000</u>	<u>\$ 313,591</u>	<u>\$ 957,700</u>

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Required TEA Schedules

Wichita Falls Independent School District

Schedule of Delinquent Taxes Receivable

For the Fiscal Year Ended June 30, 2024

	1	2	3
	Tax Rates		Net Assessed/Appraised
Last Ten Years Ended	Maintenance	Debt Service	Value For School
June 30,			Tax Purposes
2014 and prior years	\$ Various	\$ Various	Various
2015	1.04	0.095	4,123,975,683
2016	1.04	0.190	4,257,991,182
2017	1.04	0.190	4,335,535,584
2018	1.04	0.190	4,429,361,935
2019	1.04	0.180	4,556,179,129
2020	0.97	0.180	4,766,677,223
2021	0.9664	0.180	4,952,215,675
2022	0.9401	0.425	5,285,038,473
2023	0.8715	0.425	5,814,464,019
2024	0.7174	0.425	5,601,720,906

1000 TOTALS

8000 - Taxes refunded under section 26.1115, tax code,
for owners who received an exemption as provided by section 11.42(f), tax code

9000 - Portion of row 1000 for taxes paid into tax increment zone under chapter 311, tax code

Exhibit J-1

10	20	31	32	40	50	99
Beginning Balance 7/1/2023	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance 6/30/2024	Total Taxes Refunded Under Section 26.1115(c)
\$ -	\$ -	\$ 14,461	\$ 2,294	\$ (21,616)	\$ (38,371)	
434,523	-	4,733	432	(1,287)	428,071	
124,405	-	3,526	644	(1,335)	118,900	
203,846	-	5,075	927	(1,109)	196,735	
192,211	-	10,725	1,959	(1,399)	178,128	
48,916	-	19,890	3,442	(2,786)	22,798	
(528,496)	-	30,637	5,686	(2,403)	(567,222)	
198,477	-	41,525	7,734	(2,844)	146,374	
287,483	-	37,152	16,795	(72,712)	160,824	
1,283,808	-	499,185	243,435	(367,778)	173,410	
-	58,940,870	35,705,064	21,152,239	(762,193)	1,321,374	
<u>\$ 2,245,173</u>	<u>\$ 58,940,870</u>	<u>\$ 36,371,973</u>	<u>\$ 21,435,587</u>	<u>\$ (1,237,462)</u>	<u>\$ 2,141,021</u>	
						\$ 836,734
		\$ -				

Wichita Falls Independent School District

Exhibit J-2

Budgetary Comparison Schedule – Debt Service Fund
For the Fiscal Year Ended June 30, 2024

Data Control Codes		Budgeted Amounts		Actual	Variance
		Original	Final		Final Budget Positive or (Negative)
REVENUES					
5700	Local and intermediate sources	\$ 23,614,035	\$ 23,614,035	\$ 21,969,130	\$ (1,644,905)
5800	State program revenues	-	-	3,593,335	3,593,335
5020	Total revenues	23,614,035	23,614,035	25,562,465	1,948,430
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	11,915,000	11,915,000	11,915,000	-
0072	Interest on long-term debt	10,096,484	10,096,484	10,096,483	1
0073	Bond issuance costs and fees	-	8,000	7,150	850
	Total debt service	22,011,484	22,019,484	22,018,633	851
6030	Total expenditures	22,011,484	22,019,484	22,018,633	851
	Net change in fund balance	1,602,551	1,594,551	3,543,832	1,947,579
0100	Fund balances, beginning	6,802,461	6,802,461	6,802,461	-
3000	FUND BALANCES, ending	\$ 8,405,012	\$ 8,397,012	\$ 10,346,293	\$ 1,947,579

Wichita Falls Independent School District

Use of Funds Report – Select State Allotment

June 30, 2024

Exhibit J-4

Data Codes		Responses
Section A: Compensatory Education Programs		
AP1	Did your District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the District's fiscal year.	\$ 13,719,860
AP4	Actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 9,370,118
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	Total state allotment funds received for bilingual education programs during the District's fiscal year.	\$ 840,987
AP8	Actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25)	\$ 470,112

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Overall Compliance and Internal Controls Section

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**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
Wichita Falls Independent School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wichita Falls Independent School District (the District) as of and for the year ended June 30, 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 October 31, 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 procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

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

CPAs AND ADVISORS | [WEAVER.COM](https://www.weaver.com)

The Board of Trustees
Wichita Falls Independent School District

Purpose of this Report

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

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 31, 2024

**Independent Auditor's Report on Compliance for Each Major
Federal Program and Report on Internal Control over Compliance
Required by the Uniform Guidance**

To the Board of Trustees
Wichita Falls Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wichita Falls Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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

CPAs AND ADVISORS | WEAVER.COM

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

The Board of Trustees
Wichita Falls Independent School District

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
October 31, 2024

Wichita Falls Independent School District

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section 1. Summary of the Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified that are not considered a material weakness?	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to financial statements noted	<u> </u> Yes	<u> X </u> No

Major Programs

Internal control over major programs:

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

An unmodified opinion was issued on compliance for major programs.

Any audit findings disclosed that were required to be reported in accordance with section 2 CFR 200.516(a)?	<u> </u> Yes	<u> X </u> No
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Identification of major federal programs:

10.553, 10.555, & 10.559 – Child Nutrition Cluster
93.600 – Head Start

The dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>	
Auditee qualified as a low-risk auditee?	<u> X </u> Yes	<u> </u> No

Wichita Falls Independent School District

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section 2. Findings Relating To the Financial Statements

None

Section 3. Findings and Questioned Costs

None

Section 4. Prior Year Findings and Questioned Costs

Finding 2023-01 – Compliance with FSP Allotment spending

Corrective Action

The District continually monitored spending as required by TEA to ensure that all allotments are expended during the year. All allotments met the spending requirement in fiscal year 2024.

Status - Corrected

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Wichita Falls Independent School District

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Region IX Education Service Center:			
Head Start	93.600	06CH011086-06-00	\$ 2,103,272
Head Start	93.600	06CH011086	586,066
Total Assistance Listing # 93.600			2,689,338
Passed Through North Texas Area United Way:			
Maternal, Infant, and Early Childhood Home Visiting Program	93.505	529-14-0109-00001	591,373
Passed Through Texas Health and Human Services Commission:			
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900146	154,553
Total U.S. Department of Health and Human Services			3,435,264
U.S. DEPARTMENT OF EDUCATION			
Direct Programs:			
Impact Aid - P.L.	84.041	N/A	362,087
Passed Through Region 10:			
Texas McKinney-Vento Program 2	84.196A	236400057110083	282
Texas McKinney-Vento Program 2	84.196A	244600057110090	22,571
Total Assistance Listing # 84.196A			22,853
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs	84.010A	236101010243905	272,495
ESEA Title I Part A - Improving Basic Programs	84.010A	246101010243905	3,403,418
ESEA Title I - School Improvement Program	84.010A	23610141243905	916
ESEA Title I Part D, Subpart 2 - Delinquent Programs	84.010A	23610103243905	2,977
ESEA Title I Part D, Subpart 2 - Delinquent Programs	84.010A	24610103243905	91,225
Total Assistance Listing # 84.010A			3,771,031
Special Education Cluster:			
IDEA-B Formula	84.027A	236600012439056000	63,871
IDEA-B Formula	84.027A	246600012439056000	3,089,462
IDEA-B Formula - ARP	84.027A	225350022439055000	47
SSA IDEA-B Discretionary Deaf	84.027A	246600112439056673	24,495
IDEA-B Preschool	84.173A	236610012439056610	1,494
IDEA-B Preschool	84.173A	246610012439056610	74,039
Total Special Education Cluster			3,253,408
Vocational Education - Basic Grant	84.048A	23420006243905	17,005
Vocational Education - Basic Grant	84.048A	24420006243905	142,345
Total Assistance Listing # 84.048A			159,350
ESEA Title III-LEP	84.365A	23671001243905	16,533
ESEA Title III-LEP	84.365A	24671001243905	118,396
Total Assistance Listing # 84.365A			134,929
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	23694501243905	45,968
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	24694501243905	142,378
Total Assistance Listing # 84.367A			188,346
ESEA Title IV Part A - Subpart 1	84.424A	23680101243905	111,965
ESEA Title IV Part A - Subpart 1	84.424A	24680101243905	236,229
Total Assistance Listing # 84.424A			348,194
COVID-19 ARP ESSER III	84.425U	21528001243905	3,394,499
COVID-19 TCLAS ESSER III	84.425U	21528042243905	317,404
Total Assistance Listing # 84.425U			3,711,903
Total Passed Through State Department of Education			11,567,161
Total U.S. Department of Education			11,952,101

Exhibit K-1

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster:			
Passed Through State Department of Agriculture:			
Food Distribution - SBP - Noncash Assistance	10.553	806780706	11,416
Food Distribution - NSLP - Noncash Assistance	10.555	806780706	31,141
Total Passed Through State Department of Agriculture			42,557
Passed Through State Department of Education:			
School Breakfast Program	10.553	7140901	1,866,731
National School Lunch Program	10.555	7130901	4,440,454
Total Passed Through State Department of Education			6,307,185
Passed Through State Department of Human Services:			
Summer Feeding Program	10.559	TX-24310055U	75,324
Total Passed Through State Department of Human Services			75,324
Total Child Nutrition Cluster			6,425,066
Passed Through State Department of Agriculture:			
Supply Chain Assistance (SCA)	10.558	01138	170,878
Child and Adult Care Food Program (SCA)	10.558	01138	237,599
Total Passed Through State Department of Agriculture			408,477
Total U.S. Department of Agriculture			6,833,543
U. S. DEPARTMENT OF JUSTICE			
Direct programs:			
COPS Office School Violence Prevention Program	16.710	2020\$VW X0027	67,538
Total U.S. Department of Justice			67,538
U.S. DEPARTMENT OF DEFENSE			
Direct programs:			
ROTC (Instructional Reimbursement)	12.000	243-905	203,065
Military-Connected Academic and Support Programs	12.556	HE12541510030	72,100
Military-Connected Academic and Support Programs	12.556	HE12542210016	81,096
Total U.S. Department of Defense			356,261
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 22,644,707

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

Wichita Falls Independent School District

Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Basis of Presentation

The modified accrual basis of accounting is used for the governmental funds. Accordingly, the schedule of expenditures of federal awards was prepared under this basis of accounting, which requires that revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

The following table reconciles total expenditures per the schedule of expenditures of federal awards (Exhibit K-1) to the federal program revenues per Exhibit C-2:

Total expenditures of federal awards per Exhibit K-1	\$	22,644,707
E-Rate program		23,230
SHARS revenue		3,276,315
Total federal program revenues per Exhibit C-2	\$	25,944,252

Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate.