

**Note 7 - Defined Other Post-Employment Benefit Plans (continued)**

**Medicare Part D**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ending August 31, 2025, 2024, and 2023, the subsidy payments received by TRS-Care on-behalf of the District were \$2,754,569, \$2,184,055, and \$1,976,074, respectively. The information for the year ended August 31, 2025 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

**Note 8 - Deferred Compensation Plan**

Employees of the District may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plan with Respect to Service for State and Local Governments). An unrelated financial institution, TCG administers the Plan.

The deferred compensation plan is available to all employees of the District who are not covered under the State Retirement Plan. Under the plan, employees defer 7.5% of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, or death.

As part of its fiduciary role, the District has an obligation of due care in selecting the third-party administrator. In the opinion of the District's legal counsel, the District has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

As a result of legislative changes, all amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries and are not included in the financial statements of the District.

**LEWISVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (continued)**

**Exhibit F-1**

**Note 9 - Long-Term Liabilities**

The following is a summary of the changes in the District's outstanding debt as of August 31, 2025:

| Description                       | Issued<br>Amount | Interest<br>Rate<br>Payable | Amounts<br>Outstanding<br>9/1/2024 | Issued<br>Current<br>Year | Retired/<br>Refunded  | Amounts<br>Outstanding<br>8/31/2025 | Due<br>Within<br>One Year |
|-----------------------------------|------------------|-----------------------------|------------------------------------|---------------------------|-----------------------|-------------------------------------|---------------------------|
| 2010 Qualified Sch Const Bonds    | \$ 29,900,000    | 0.0688                      | \$ 29,900,000                      | \$ -                      | \$ -                  | \$ 29,900,000                       | \$ 29,900,000             |
| 2010B Build America Bonds         | 25,055,000       | 5.974 - 6.024%              | 25,055,000                         | -                         | -                     | 25,055,000                          | -                         |
| 2013D Unlimited Tax               | 78,560,000       | 2.00 - 4.00%                | 8,565,000                          | -                         | 4,085,000             | 4,480,000                           | 4,480,000                 |
| 2016A Unlimited Tax Refunding     | 250,350,000      | 1.00 - 5.00%                | 108,770,000                        | -                         | 8,130,000             | 100,640,000                         | 32,775,000                |
| 2016B Unlimited Tax Refunding     | 84,215,000       | 2.00 - 5.00%                | 64,420,000                         | -                         | 64,420,000            | -                                   | -                         |
| 2017 Unlimited Tax Refunding      | 68,850,000       | 2.00 - 5.00%                | 12,135,000                         | -                         | 3,850,000             | 8,285,000                           | 4,040,000                 |
| 2017 Unlimited Tax                | 193,950,000      | 2.00 - 5.00%                | 132,655,000                        | -                         | 8,160,000             | 124,495,000                         | 8,570,000                 |
| 2017A Unlimited Tax Refunding     | 61,165,000       | 2.00 - 5.00%                | 39,740,000                         | -                         | 2,630,000             | 37,110,000                          | 6,860,000                 |
| 2018 Unlimited Tax Refunding      | 8,905,000        | 5.00%                       | 4,490,000                          | -                         | 4,490,000             | -                                   | -                         |
| 2018 Unlimited Tax                | 117,210,000      | 3.00 - 5.00%                | 71,645,000                         | -                         | -                     | 71,645,000                          | -                         |
| 2019 Unlimited Tax                | 109,765,000      | 3.00 - 5.00%                | 72,475,000                         | -                         | -                     | 72,475,000                          | -                         |
| 2020 Unlimited Building/Refunding | 262,515,000      | 2.125 - 5.0%                | 227,330,000                        | -                         | 15,845,000            | 211,485,000                         | 12,435,000                |
| 2023 Unlimited Tax Refunding      | 73,220,000       | 5.00%                       | 42,090,000                         | -                         | 7,580,000             | 34,510,000                          | 7,960,000                 |
| 2024 Unlimited Tax Refunding      | 460,010,000      | 5.00%                       | 460,010,000                        | -                         | 10,200,000            | 449,810,000                         | 22,515,000                |
| 2024 Unlimited Building/Refunding | 112,635,000      | 5.00%                       | 112,635,000                        | -                         | 23,110,000            | 89,525,000                          | 5,510,000                 |
| 2025 Unlimited Building           | 283,465,000      | 5.00%                       | -                                  | 283,465,000               | -                     | 283,465,000                         | 14,015,000                |
| Bonded Indebtedness               |                  |                             | 1,411,915,000                      | 283,465,000               | 152,500,000           | 1,542,880,000                       | 149,060,000               |
| Arbitrage payable                 |                  |                             | -                                  | 2,865,651                 | -                     | 2,865,651                           | 2,865,651                 |
| Bond Premium                      |                  |                             | 139,979,316                        | 18,349,905                | 13,791,036            | 144,538,185                         | -                         |
| Leases payable                    |                  |                             | 7,582                              | -                         | 7,582                 | -                                   | -                         |
| SBITAs Payable                    |                  |                             | 2,069,080                          | 583,709                   | 2,001,301             | 651,488                             | 317,619                   |
| Accrued Compensated Absences*     |                  |                             | 2,152,565                          | 1,398,049                 | -                     | 3,550,614                           | 667,377                   |
| <b>Total Obligations</b>          |                  |                             | <b>\$ 1,556,123,543</b>            | <b>\$ 306,662,314</b>     | <b>\$ 168,299,919</b> | <b>\$ 1,694,485,938</b>             | <b>\$ 152,910,647</b>     |

Long-term debt includes par bonds and serial bonds. Bond premiums and discounts are amortized using the effective interest method.

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

Debt service requirements to maturity are summarized as follows:

| Year Ended<br>August 31 | Principal               | Interest *            | Requirements            |
|-------------------------|-------------------------|-----------------------|-------------------------|
| 2026                    | \$ 149,060,000          | \$ 68,509,148         | \$ 217,569,148          |
| 2027                    | 130,675,000             | 62,688,898            | 193,363,898             |
| 2028                    | 126,075,000             | 56,691,467            | 182,766,467             |
| 2029                    | 88,925,000              | 51,109,400            | 140,034,400             |
| 2030                    | 84,055,000              | 47,122,050            | 131,177,050             |
| 2031-2035               | 361,750,000             | 183,757,150           | 545,507,150             |
| 2036-2040               | 373,105,000             | 100,253,237           | 473,358,237             |
| 2041-2045               | 229,235,000             | 30,990,100            | 260,225,100             |
|                         | <u>\$ 1,542,880,000</u> | <u>\$ 601,121,450</u> | <u>\$ 2,144,001,450</u> |

\* Interest on Build America Bonds (BABs) amounts are included.

Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2025.

**Note 9 - Long-Term Liabilities (continued)**

During fiscal year 2025, the District issued \$283,465,000 in Unlimited Tax School Building Bonds, Series 2025. The bonds were issued at a premium of \$18,349,905. The bonds were issued at an interest rate of 5 percent and will mature in fiscal year 2045. The proceeds of the bonds will be used for (i) constructing, improving, or renovating various school facilities throughout the District and purchasing instructional technology devices and (ii) paying costs related to the issuance of the bonds.

In addition, the District elected to redeem its Unlimited Tax Refunding Bonds, Series 2016B in the amount of \$39,410,000. The bonds had an outstanding premium of \$3.6 million which was written off as part of the redemption.

In addition, the District defeased its 2018 Unlimited Refunding of \$2,705,000, which completely exhausted the liability. The related premium of \$158,172 was also removed as part of the cash defeasance.

The District in 2010 issued bonds that are considered Build America Bonds (BABS), which provide for a direct reimbursement of up to 35 percent of the interest paid on the bonds. The District received \$752,628 in subsidy payments from the federal government during the fiscal year ended August 31, 2025, for the BABS.

**Qualified School Construction Bonds**

Qualified School Construction Bonds ("QSCB's") are tax-credit bonds authorized through the American Recovery and Reinvestment Act. The QSCB program provides school districts the opportunity to issue interest free or very low interest bonds to finance the construction, rehabilitation, or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed. Purchasers of QSCB's issued in 2009 receive a federal tax credit instead of interest payments. Purchasers of QSCB's issued in 2010 receive interest payments from the issuer, and the issuer can elect to receive subsidy payments from the federal government equal to the lesser of (i) the amount of interest payable under such bond on such date, or (ii) the amount of interest which would have been payable under such bond on such date if such interest were determined at the applicable credit rate determined under Section 54A(b)(3) of the Internal Revenue Code with respect to such bonds.

The District is scheduled to make annual deposits into trust accounts for the Qualified School Construction Bonds (QSCBs), Series 2010. These annual deposits plus the interest earned on the trust accounts will be used to pay off the debt upon maturity June 2026. The District accounts for these trust accounts as *Restricted Cash and Investments* on both the Statement of Net Position (Exhibit A-1) and in the Debt Service fund on the Governmental Funds Balance Sheet (Exhibit C-1). The investments are recorded at fair market value.

**Note 10 - Debt Issuances and Defeased Debt**

In prior years and in the current year, the District issued refunding bonds for the purpose of saving costs and decreasing the total debt service payments. Placing the proceeds of the refunding bonds in an irrevocable trust has provided for all future debt service payments on the original bonds. Accordingly, the escrow accounts to provide for all future debt service payments are not included in the District's financial statements. As of August 31, 2025, the District has no outstanding balance considered as defeased bonds.