

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 ended August 31, 2024, 2021, and 2020, the subsidy payments received by TRS-Care on-behalf of the District were \$2,184,055, \$1,976,074, and \$1,552,079, respectively. The information for the year ended August 31, 2024 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.

Note 9 - Long-Term Liabilities

Long-term debt includes par bonds and capital appreciation (deep discount) 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.

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

Exhibit F-1

Note 9 - Long-Term Liabilities (continued)

Debt service requirements to maturity are summarized as follows:

Year Ended August 31	Principal	Interest *	Requirements
2025	\$ 106,300,000	\$ 74,176,034	\$ 180,476,034
2026	109,945,000	56,720,948	166,665,948
2027	116,795,000	51,024,948	167,819,948
2028	142,635,000	45,721,517	188,356,517
2029	79,635,000	39,311,450	118,946,450
2030-2034	315,035,000	149,111,375	464,146,375
2035-2039	316,665,000	80,204,950	396,869,950
2040-2044	224,905,000	25,463,813	250,368,813
	<u>\$ 1,411,915,000</u>	<u>\$ 521,735,035</u>	<u>\$ 1,933,650,035</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, 2024.

The following is a summary of the changes in the District's outstanding debt as of August 31, 2024:

Description	Issued Amount	Interest Rate Payable	Amounts Outstanding 9/1/2023	Issued Current Year	Retired/ Refunded	Amounts Outstanding 8/31/2024	Due Within One Year
2010 Qualified Sch Const Bonds	\$ 29,900,000	0.0688	\$ 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%	21,575,000	-	13,010,000	8,565,000	-
2014A Unlimited Tax Bonds	96,330,000	2.00 - 4.00%	9,710,000	-	9,710,000	-	-
2015 Unlimited Tax Refunding	64,232,167	2.00 - 5.00%	49,170,000	-	49,170,000	-	-
2016A Unlimited Tax Refunding	250,350,000	1.00 - 5.00%	116,545,000	-	7,775,000	108,770,000	8,130,000
2016B Unlimited Tax Refunding	84,215,000	2.00 - 5.00%	70,135,000	-	5,715,000	64,420,000	25,010,000
2017 Unlimited Tax Refunding	68,850,000	2.00 - 5.00%	25,155,000	-	13,020,000	12,135,000	3,850,000
2017 Unlimited Tax	193,950,000	2.00 - 5.00%	140,430,000	-	7,775,000	132,655,000	8,160,000
2017A Unlimited Tax Refunding	61,165,000	2.00 - 5.00%	42,245,000	-	2,505,000	39,740,000	2,630,000
2018 Unlimited Tax Refunding	8,905,000	5.00%	6,190,000	-	1,700,000	4,490,000	1,785,000
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%	95,025,000	-	22,550,000	72,475,000	-
2020 Unlimited Building/Refunding	262,515,000	2.125 - 5.0%	240,720,000	-	13,390,000	227,330,000	15,845,000
2020A Unlimited Refunding	39,270,000	0.265-3.0%	15,570,000	-	15,570,000	-	-
2023 Unlimited Tax Refunding	73,220,000	5.00%	73,220,000	-	31,130,000	42,090,000	7,580,000
2024 Unlimited Tax Refunding	460,010,000	5.00%	-	460,010,000	-	460,010,000	10,200,000
2024 Unlimited Building/Refunding	112,635,000	5.00%	-	112,635,000	-	112,635,000	23,110,000
Bonded Indebtedness			1,032,290,000	572,645,000	193,020,000	1,411,915,000	106,300,000
Bond Premium			86,379,571	71,061,631	17,461,886	139,979,316	-
Leases payable			930,010	-	922,428	7,582	7,582
SBITAs Payable			2,921,405	2,487,880	3,340,205	2,069,080	1,417,592
Accrued Compensated Absences			3,071,534	-	114,825	2,956,709	520,290
Total Obligations			<u>\$ 1,125,592,520</u>	<u>\$ 646,194,511</u>	<u>\$ 214,859,344</u>	<u>\$ 1,556,927,687</u>	<u>\$ 108,245,464</u>

Note 9 - Long-Term Liabilities (continued)

During fiscal year 2024, the District issued Unlimited Tax School Building and Refunding Bonds, Series 2024 in the amounts of \$112,635,000. The bonds were issued at a premium and have interest rates as shown on the table above. The refunding bonds refunded the District's 2019 Unlimited School Tax and Refunding Bonds. The difference between carrying value of the refunded debt and amount placed in escrow resulted in a deferred gain of \$2.8 million. The present value savings of the bonds were \$555,488. In addition the District issued Unlimited Tax School Building Bonds, Series 2024 in the amount of \$460,010,000. Proceeds from the sale of the Bonds will be used for (i) school facilities consisting of safety and security infrastructure and technology; campus and facility upgrades and renovations; replacement of the transportation center; and the purchase of school buses and vehicles; (ii) acquiring and updating instructional technology equipment and (iii) payment of costs related to the issuance of the Bonds.

During the year, the District had a cash defeasance of Unlimited Tax Refunding Bonds, Series 2014B in the amount of \$66,000,000, and a portion of the Unlimited Tax Bonds, Series 2018 in the amount of \$10,055,000 to redeem bonds on August 15, 2023. The District purchased securities from existing resources in the amount of \$12,751,078 in order to provide payment for the remaining debt service related to the Unlimited Tax Refunding Bonds, Series 2020. As a result, the refunded bonds, redeemed bonds and escrowed bonds are considered to be defeased and the related liability for the bonds has been removed from the District's liabilities. The refunding resulted in an economic gain (difference between present values of the old and new debt service payment) was a total of \$4,933,750.

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 \$235,660 in subsidy payments from the federal government during the fiscal year ended August 31, 2024, 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, 2024, the District has no outstanding balance considered as defeased bonds.