

OFFICIAL NOTICE OF SALE, BID FORM
and
PRELIMINARY OFFICIAL STATEMENT

\$8,000,000*

GREENVILLE INDEPENDENT SCHOOL DISTRICT
(Hunt County, Texas)

Maintenance Tax Notes
Series 2023

Bids Due
May 30, 2023
at 11:00 a.m., Central Time

*Preliminary, subject to change. See "THE NOTES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE NOTES" herein.

This Official Notice of Sale does not alone constitute an invitation for bids but is merely notice of sale of the Notes defined and described herein. The invitation for bids on the Notes is being made by means of this Official Notice of Sale, the Official Bid Form, and the Preliminary Official Statement.

OFFICIAL NOTICE OF SALE

\$8,000,000*

GREENVILLE INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Hunt County, Texas)

MAINTENANCE TAX NOTES, SERIES 2023

THE SALE

NOTES OFFERED FOR SALE AT COMPETITIVE BID: The Board of Trustees (the "Board") of the Greenville Independent School District (the "District" or the "Issuer") is offering for sale at competitive bid its \$8,000,000* Maintenance Tax Notes, Series 2023 (the "Notes"). Bidders may submit bids for the Notes by either of the following methods:

- (1) Submit bids electronically as described below in "BIDS BY INTERNET;" or
- (2) Submit bids by facsimile as described below in "BIDS BY FACSIMILE."

BIDS BY INTERNET: Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 11:00 A.M., Central time, on May 30, 2023. Bidders submitting a bid by internet **shall not** be required to submit signed Official Bid Forms prior to the award. Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System ("PARITY") and should, as a courtesy, register with PARITY by 10:00 A.M., Central time, on May 30, 2023 indicating their intent to submit a bid by internet.

In the event of a malfunction in the electronic bidding process, bidders may submit their bids by facsimile, as described below. Any bid received after the scheduled time for their receipt will not be accepted.

The official time for the receipt of bids shall be the time maintained by PARITY. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale, the Official Bid Form, and the Preliminary Official Statement. To the extent that any instructions or directions set forth in PARITY conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about the PARITY System, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone 212-849-5021.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Notes on the terms provided in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the Issuer. The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of PARITY, the use of such facilities being the sole risk of the prospective bidder.

BIDS BY FACSIMILE: Interested bidders may, at their option and risk, submit their bid by facsimile to the District's Financial Advisor, SAMCO Capital Markets, Inc. Attention: Mr. Doug Whitt at (214) 279-8683 by 11:00 A.M., Central time, on May 30, 2023. Bidders submitting a bid by facsimile **shall not** be required to submit signed Official Bid Forms prior to the award. Any prospective bidder that intends to submit a bid by facsimile should, as a courtesy, submit an email message to dwhitt@samcocapital.com by 10:00 A.M., Central time, on May 30, 2023 indicating their intent to submit a bid by facsimile.

Neither the District nor SAMCO Capital Markets, Inc. is responsible for any failure of either of the Financial Advisor's or the bidder's fax machine. Bids received by facsimile after the bid deadline will not be accepted. Bidders who fax bids do so at their own risk. All such bids are binding on the bidder.

PLACE AND TIME OF BID OPENING: The bids for the Notes will be opened at the District's offices at 11:00 A.M. Central time, on May 30, 2023.

AWARD OF THE NOTES: The Board will take action to award the Notes (or reject all bids) at a meeting to commence at 12:00 P.M., Central time, on May 30, 2023.

THE NOTES

DESCRIPTION: The Notes will be dated June 1, 2023, (the "Dated Date") but interest will accrue from the date of initial delivery. Interest on the Notes will be due on December 15, 2023, and each June 15 and December 15 thereafter until stated maturity or prior redemption. The Notes will be issued as fully registered obligations in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Notes will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of the Notes ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Notes purchased. So long as DTC or its nominee is the registered owner of the Notes, the principal of and interest on the Notes will be payable by U.S. Bank Trust National Association, Dallas, Texas as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Notes. (See "BOOK-ENTRY-ONLY SYSTEM" in the Preliminary Official Statement.)

**Preliminary, subject to change. See "THE NOTES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE NOTES" herein.*

MATURITY SCHEDULE: The Notes will be stated to mature on June 15 in each of the following years in the following amounts:

Maturity	Principal Amount*	Maturity	Principal Amount*
2026	\$580,000	2030	\$1,020,000
2027	890,000	2031	1,150,000
2028	935,000	2032	1,195,000
2029	985,000	2033	1,245,000

ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE NOTES: After selecting the winning bid, the aggregate principal amount of the Notes and the principal amortization schedule may be adjusted as determined by the District and its Financial Advisor in \$5,000 increments to reflect the actual interest rates and to create a substantially level debt service schedule for the District. Such adjustments will not change the aggregate principal amount of the Notes by more than 15% from the amount set forth herein or change the principal amount due on the Notes in any year by more than 20%. The dollar amount bid for the Notes by the winning bidder will be adjusted proportionately to reflect any increase or decrease in the aggregate principal amount of the Notes finally determined to be issued. The District will use its best efforts to communicate to the winning bidder any such adjustment within four (4) hours after the opening of the bids. Purchaser's compensation will be based upon the final par amount after any adjustment thereto, subsequent to the receipt and tabulation of the winning bid, within the aforementioned parameters.

In the event of any adjustment of the maturity schedule for the Notes as described above, no rebidding or recalculation of the proposals submitted will be required or permitted. Any such adjustment of the aggregate principal amount of the Notes and/or the maturity schedule for the Notes made by the District or its Financial Advisor shall be subsequent to the award of the Notes to the winning bidder as determined pursuant to "CONDITIONS OF THE SALE – BASIS OF AWARD" herein and shall not affect such determination. The winning bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

SERIAL NOTES AND/OR TERM NOTES: Bidders may provide that all of the Notes be issued as serial maturities or may provide that maturities 2030 through 2033 be combined into term Notes (the "Term Notes").

MANDATORY SINKING FUND REDEMPTION: If the successful bidder designates principal amounts of the Notes to be combined into one or more Term Notes, each such Term Note will be subject to mandatory sinking fund redemption commencing on June 15 of the first year which has been combined to form such Term Note and continuing on June 15 in each year thereafter until the stated maturity date of that Term Note. The amount redeemed in any year will be equal to the principal amount for such year set forth in the table above under the caption "MATURITY SCHEDULE" (subject to adjustment, as provided in "ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE NOTES"). Term Notes to be redeemed in any year by mandatory sinking fund redemption will be redeemed at par and will be selected by lot from among the Term Notes then subject to redemption. The District, at its option, may credit against any mandatory sinking fund redemption requirement Term Notes of the maturity then subject to redemption which have been purchased and canceled by the District and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

OPTIONAL REDEMPTION: The Notes maturing on or after June 15, 2030 are subject to redemption at the option of the District in whole or in part on June 15, 2029 or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption.

QUALIFIED TAX-EXEMPT OBLIGATIONS: The District will designate the Notes as "qualified tax-exempt obligations" for financial institutions. (See "TAX MATTERS – Qualified Tax-Exempt Obligations" in the Preliminary Official Statement.)

AUTHORITY FOR ISSUANCE AND SECURITY FOR PAYMENT: The Notes are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Section 45.108 of the Texas Education Code, as amended, and a note resolution to be adopted by the District's Board on May 30, 2023 (the "Resolution"). The Notes are direct obligations of the District and are payable as to both principal and interest from the District's Maintenance and Operations tax, a limited annual ad valorem tax to be levied on all taxable property within the District, within the limitations prescribed by law as provided in the Resolution. (See "THE NOTES – Security" in the Preliminary Official Statement).

PAYING AGENT/REGISTRAR: The initial Paying Agent/Registrar is U.S. Bank Trust National Association, Dallas, Texas. In the Resolution, the District covenants to provide a Paying Agent/Registrar at all times while the Notes are outstanding, and any Paying Agent/Registrar selected by the District shall be a commercial bank or trust company organized under the laws of the United States and any state and duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Notes. The Paying Agent/Registrar will maintain the Security Register containing the names and addresses of the registered owners of the Notes.

In the Resolution the District retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, such Paying Agent/Registrar, promptly upon the appointment of a successor, is required to deliver the Security Register to the successor Paying Agent/Registrar.

In the event there is a change in the Paying Agent/Registrar, the District has agreed to notify each registered owner of the Notes by United States mail, first-class postage prepaid, at the address in the Security Register, stating the effective date of the change and the mailing address of the successor Paying Agent/Registrar.

BOOK-ENTRY-ONLY SYSTEM: The District intends to utilize the Book-Entry-Only System of DTC with respect to the issuance of the Notes. See "BOOK-ENTRY-ONLY SYSTEM" in the Preliminary Official Statement.

MUNICIPAL BOND RATING AND INSURANCE: In connection with the sale of the Notes, the District has made application to Moody's Investors Service, Inc. ("Moody's") for a municipal bond rating. The District has a current unenhanced, underlying rating of "Aa3" by Moody's. In addition, the District has made applications for a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Notes with a municipal bond insurance company. The purchase of such insurance, if available, and the payment of all associated costs will be at the option and expense of the Initial Purchaser (defined herein). IF THE BIDDER/PURCHASER CHOOSES TO SUBMIT A BID UTILIZING MUNICIPAL BOND INSURANCE, ANY DOWNGRADING OR PUBLISHED NEGATIVE CREDIT WATCH OR SIMILAR PUBLISHED INFORMATION FROM A RATING AGENCY REFLECTING A CHANGE OR POSSIBLE CHANGE IN THE RATING OF THE MUNICIPAL BOND INSURER THAT MAY OCCUR PRIOR TO THE

*Preliminary, subject to change. See "THE NOTES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE NOTES" herein.

CLOSING OF THE NOTES WILL NOT CONSTITUTE A RIGHT TO TERMINATE THE BIDDER/PURCHASER'S CONTRACT TO PURCHASE THE NOTES AT THE PRICE AND TERMS OF ITS BID. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" in the Preliminary Official Statement.)

OFFICIAL STATEMENT AND OTHER TERMS AND COVENANTS IN THE RESOLUTION: Further details regarding the Notes and certain covenants of the District contained in the Resolution are set forth in the Preliminary Official Statement, to which reference is made for all purposes.

CONDITIONS OF THE SALE

TYPES OF BIDS AND INTEREST RATES: The Notes will be sold in one block, on an "All or None" basis, and at a price of not less than their par value, and no accrued interest. **No bid producing a cash premium on the Notes that results in a dollar price of less than \$101.75 nor greater than \$110.00 will be considered; provided, however, that any bid is subject to adjustment as described under the caption "THE NOTES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE NOTES."** Bidders are invited to name the rate(s) of interest to be borne by the Notes, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest rate for the Notes (calculated in the manner required by Chapter 1204, as amended, Texas Government Code) must not exceed 15%. **The highest rate bid may not exceed the lowest rate bid by more than 200 basis points (or 2.00% in rate). No limitation is imposed upon bidders as to the number of rates or changes which may be used.** All Notes of one stated maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

BASIS OF AWARD: The sale of the Notes will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the **lowest True Interest Cost (defined herein) rate on the Notes to the District.** The "True Interest Cost" rate is that rate which, when used to compute the total present value as of the **date of Initial Delivery (defined herein) of the Notes** of all debt service payments on the Notes on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Notes plus the premium bid. In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium set forth in the Official Bid Form will be considered as the intended bid.

In order to provide the District with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended (the "Code") relating to the exclusion of interest on the Notes from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the District (on or before the date of Initial Delivery of the Notes) a certification as to their "issue price" (the "Issue Price Certificate") in the form and to the effect attached hereto or accompanying this Official Notice of Sale, subject to the conditions set forth in "ESTABLISHMENT OF ISSUE PRICE" below.

ESTABLISHMENT OF ISSUE PRICE: In order to provide the Issuer with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended relating to the excludability of interest on the Notes from the gross income for federal income tax purposes, the winning bidder will be required to complete, execute, and deliver to the Issuer or to the Issuer's municipal advisor, SAMCO Capital Markets, Inc. (the "Issuer's Municipal Advisor") at least five business days from the Delivery Date a certification as to the Notes' "issue price" (the "Issue Price Certificate") substantially one of the forms and to the effect attached hereto or accompanying this Notice of Sale. In the event the winning bidder will not reoffer any maturity of the Notes for sale to the Public (as defined herein) by the Delivery Date, the Issue Price Certificate may be modified in a manner approved by the Issuer and Bond Counsel (identified in the Preliminary Official Statement). Each bidder, by submitting its bid, agrees to complete, execute, and timely deliver the Issue Price Certificate, if its bid is accepted by the Issuer. It will be the responsibility of the winning bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain such facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel (identified in the Preliminary Official Statement).

For purposes of this section of this Notice of Sale:

- (i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party,
- (ii) "Underwriter" means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public),
- (iii) "Related Party" means any two or more persons (including an individual, trust, estate, partnership, association, company, or corporation) that are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "Sale Date" means the date that the Notes are awarded by the Issuer to the winning bidder.

All actions to be taken by the Issuer under this Notice of Sale to establish the issue price of the Notes may be taken on behalf of the Issuer by the Issuer's Municipal Advisor, and any notice or report to be provided to the Issuer may be provided to the Issuer's Municipal Advisor.

The Issuer will consider any bid submitted pursuant to this Notice of Sale to be a firm offer for the purchase of the Notes, as specified in the bid and, if so stated, in the Official Bid Form.

The District intends to rely on Treasury Regulation section 1.148-1(f)(3)(i) for purposes of establishing the issue price of municipal bonds, which requires, among other things, that the District receives bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds (the "Three Bid Requirement"). In the event that the Three Bid Requirement is not satisfied, Treasury Regulations permit the issue price for any maturity of the Notes to be determined based upon either (i) the first price at which 10% of such maturity is sold to the Public (the "10% Test") or (ii) if the

requirements of the "Hold-the-Offering-Price Rule" described below are met, the initial offering price to the Public as of the Sale Date. For purposes hereof, if different interest rates apply within a maturity, each separate CUSIP number will be treated separately.

In the event that the Three Bid Requirement is satisfied, the sale of the Notes will be awarded to the bidder making a bid that conforms to the specifications herein. In the event that the Three Bid Requirement is not satisfied, the District will notify the prospective winning bidder to that effect, and the prospective winning bidder will advise the District any maturity of the Notes that satisfies the 10% Test. For any maturity of the Notes that does not meet the 10% Test, it is the District's intention to apply the "Hold-the-Offering-Price Rule" to any maturity of the Notes, as described below.

If the "Hold-the-Offering-Price Rule" is applied to any maturity of the Notes (each, a "Held Maturity"), the winning bidder agrees, on behalf of each Underwriter participating in the purchase of the Notes, that each Underwriter will neither offer nor sell any Held Maturity to any person at a price that is higher than the initial offering price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth business day after the Sale Date; or
- (2) the date on which the Underwriters have satisfied the 10% Test with respect to that Held Maturity at a price that is no higher than the initial offering price to the Public.

The winning bidder shall promptly advise the District when the Underwriters have satisfied the 10% Test with respect to each Held Maturity at a price that is no higher than the initial offering price to the Public, if that occurs prior to the close of the fifth business day after the Sale Date. On or after the sixth business day after the Sale Date, if requested by the District, the winning bidder will confirm that the Underwriters have complied with the Hold-the-Offering-Price-Rule. If at any time the winning bidder becomes aware of any noncompliance by an Underwriter with respect to the Hold-the-Offering Price Rule, the winning bidder will promptly report such noncompliance to the District.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Notes to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Notes to the Public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the Public the unsold Notes of each maturity allotted to it until it is notified by the winning bidder or such Underwriter that either the 10% Test has been satisfied as to the Notes of that maturity or all Notes of that maturity have been sold to the Public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such Underwriter and as set forth in the related pricing wires.

ADDITIONAL CONDITION OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM:

Obligation of the District to receive information from winning bidder. In accordance with Texas Government Code, Section 2252.908, (the "Interested Party Disclosure Act") the District may not award the Notes to a bidder unless the winning bidder either:

(i) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the District as prescribed by the Texas Ethics Commission ("TEC"),

or

(ii) certifies in the Official Bid Form that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

In the event that the bidder's bid for the Notes is the best bid received, the District, acting through its financial advisor, will promptly notify the winning bidder. That notification will serve as the District's conditional verbal acceptance of the bid, and, unless the bidder is exempt from filing a Disclosure Form, such notification will obligate the winning bidder to promptly file a completed Disclosure Form, as described below, in order to allow the District to complete the award. The District reserves the right to reject any bid that does not comply with the requirements prescribed herein.

Process for completing the Disclosure Form. For purposes of illustration, the Disclosure Form is attached hereto, and reference should be made to such form for the following information needed to complete it: (a) item 2 – name of the governmental entity (*Greenville Independent School District*) and (b) item 3 – the identification number assigned to this contract by the District (*0001*) and description of the goods or services (*Purchase of the Greenville Independent School District Maintenance Tax Notes, Series 2023*). **The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require certain business entities contracting with the District to complete the Disclosure Form electronically at <https://www.ethics.state.tx.us/main/file.htm>, print, complete the unsworn declaration, sign, and deliver the certified Disclosure Form that is generated by the TEC's "electronic portal" to the District. The completed and signed Disclosure Form must be sent by email, to the District's financial advisor at dwhitt@samcocapital.com as soon as possible following the notification of conditional verbal acceptance and prior to the final written award.** Upon receipt of the final written award, the winning bidder must submit the Disclosure Form with original signatures by email to Bond Counsel as follows: robert.collins@bracewell.com.

Preparations for completion, and the significance of, the reported information. To the extent that the bidder is not exempt from filing a Disclosure Form and therefor makes such filing with the District, the Interested Party Disclosure Act and the Disclosure Form provide that such declaration is made "under penalty of perjury." Consequently, a bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form. **Time will be of the essence in submitting the form to the District, and no final award will be made by the District regarding the sale of the Notes until a completed Disclosure Form is received. The District reserves the right to reject any bid that does not satisfy the requirement of a completed Disclosure Form, as described herein.** Neither the

District nor its consultants have the ability to verify the information included in a Disclosure Form, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Notes should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the District that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm.

IMPACT OF BIDDING SYNDICATE ON AWARD: For purposes of contracting for the sale of the Notes, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Notes. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the District is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

NO BOYCOTT OF ISRAEL: By submission of a bid for the Notes, the bidder represents and verifies that to the extent a bid for the Notes constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code that the bidder and any syndicate member listed on the Official Bid Form and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the bidder or any syndicate member listed on the Official Bid Form, if any, do not boycott Israel and will not boycott Israel through the end of the underwriting period. The foregoing verification is made solely to enable the District to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, "boycott Israel," a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. As used in the foregoing verification, the bidder and any syndicate member listed on the Official Bid Form understand "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

SANCTIONED COUNTRIES REPRESENTATION: By submission of a bid for the Notes, the bidder represents and verifies that neither the bidder nor any syndicate member listed on the Official Bid Form nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the bidder or any syndicate member listed on the Official Bid Form, if any, is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to enable the District to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal or Texas law and excludes the bidder and any syndicate member listed on the Official Bid Form and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the bidder and any syndicate member listed on the Official Bid Form, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. As used in the foregoing verification, the bidder and any syndicate member listed on the Official Bid Form understand "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

COMPLIANCE WITH LAWS PROHIBITING CONTRACTS WITH COMPANIES THAT BOYCOTT ENERGY COMPANIES: By submission of a bid for the Notes, the bidder represents and verifies that to the extent a bid for the Notes constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session ("SB 13")), as amended, the bidder and any syndicate member listed on the Official Bid Form, and the parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, of the bidder or any syndicate member listed on the Official Bid Form do not boycott energy companies and, such entities will not boycott energy companies through the end of the underwriting period. The foregoing verification is made solely to enable the District to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, "boycott energy companies," a term defined in Section 2274.001(1), Texas Government Code (as enacted by SB 13) by reference to Section 809.001, Texas Government Code (also as enacted by SB 13), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above. As used in the foregoing verification, the bidder and any syndicate member listed on the Official Bid Form understand "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

COMPLIANCE WITH LAWS PROHIBITING CONTRACTS WITH COMPANIES THAT DISCRIMINATE AGAINST A FIREARM ENTITY OR TRADE ASSOCIATION: By submission of a bid for the Notes, the bidder represents and verifies that to the extent a bid for the Notes constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, ("SB 19")), as amended, the neither bidder nor any syndicate member listed on the Official Bid Form, nor the parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, of the bidder or any syndicate member listed on the Official Bid Form have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and such entities will not through the end of the underwriting period discriminate against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the District to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law.

As used in the foregoing verification and the following definitions, (a) "discriminate against a firearm entity or firearm trade association," a term defined in Section 2274.001(3), Texas Government Code (as enacted by SB 19), (A) means, with respect to the

firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association, (b) "firearm entity," a term defined in Section 2274.001(6), Texas Government Code (as enacted by SB 19), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by SB 19, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by SB 19, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by SB 19, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and (c) "firearm trade association," a term defined in Section 2274.001(7), Texas Government Code (as enacted by SB 19), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code. As used in the foregoing verification, the bidder and any syndicate member listed on the Official Bid Form understand "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

REPRESENTATION REGARDING TEXAS ATTORNEY GENERAL STANDING LETTER: By submission of a bid for the Notes, the bidder represents and verifies that the bidder and any syndicate member listed on the Official Bid Form, has on file with the Texas Office of the Attorney General a standing letter (the "Existing Standing Letter") addressing the verifications contained in the Bid Form in a form acceptable to the Texas Office of the Attorney General and further verifies that the Texas Office of the Attorney General has not notified the bidder that its Existing Standing Letter is under review by the Texas Office of the Attorney General. In addition, upon request of the District, the bidder and any syndicate member listed on the Official Bid Form shall provide additional written certification to the District that the Texas Office of the Attorney General may rely on the Existing Standing Letter prior to the Closing Date (the Existing Standing Letter and the written certifications described in this paragraph are collectively referred to herein as the "Standing Letter"). The District reserves the right to provide such written certifications to the Texas Office of the Attorney General. To the extent the Initial Purchaser and each syndicate member listed on the Official Bid Form is unable to provide a Standing Letter in a form satisfactory to the Texas Office of the Attorney General, the District reserves the right to cash and accept the Good Faith Deposit as full and complete liquidated damages. See "Good Faith Deposit."

GOOD FAITH DEPOSIT: A good faith deposit, payable to the "Greenville Independent School District, Texas", in the amount of \$160,000 (the "Good Faith Deposit") is required. Such Good Faith Deposit shall be a bank cashier's check or certified check, which is to be retained uncashed by the District pending the Initial Purchaser's compliance with the terms of the bid and the Notice of Sale and Bidding Instructions. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it must be made available to the District prior to the opening of the bids and accompanied by instructions from the bank on which drawn that authorize its use as a Good Faith Deposit by the Initial Purchaser who shall be named in such instructions. The Good Faith Deposit of the Initial Purchaser will be returned to the Initial Purchaser upon payment for the Notes. No interest will be allowed on the Good Faith Deposit. In the event the Initial Purchaser should fail or refuse to take up and pay for the Notes in accordance with the bid, including without limitation due to the unwillingness or inability of the Initial Purchaser to provide the Standing Letter (as defined herein) in a form acceptable to the Texas Office of the Attorney General for the delivery of their approving opinion at closing, then said check will be cashed and accepted by the District as full and complete liquidated damages. The checks accompanying bids other than the winning bid will be returned immediately after the bids are opened and an award of the Notes has been made.

BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINNING BIDDER, TO COOPERATE WITH THE DISTRICT AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW.

OFFICIAL STATEMENT

To assist the winning bidder (the "Purchaser" or Initial Purchaser") in complying with Rule 15c2-12, as amended (the "Rule"), of the United Securities and Exchange Commission ("SEC"), the Issuer and the Initial Purchaser contract and agree, by the submission and acceptance of the winning bid, as follows:

THE PRELIMINARY OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15C2-12: The District will approve and authorize the accompanying Preliminary Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12 (the "Rule"), will deem such Preliminary Official Statement to be final as of its date within the meaning of the Rule for the purpose of review prior to bidding. To the best knowledge and belief of the District, the Preliminary Official Statement contains information, including financial information operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Notes. Representations made and to be made by the District concerning the absence of material misstatements and omissions in the Preliminary Official Statement are addressed elsewhere in this Notice of Sale and Bidding

Instructions and in the Preliminary Official Statement. The District will furnish to the Purchaser, acting through a designated senior representative, in accordance with instructions received from the Purchaser, within seven (7) business days from the sale date, copies of the final Official Statement in such quantity and in the formats as the Purchaser shall reasonably request in order for the Purchaser to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board; provided, however, that the cost of any Official Statements in excess of 50 shall be prepared and distributed at the cost of the Purchaser. The Purchaser shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the District assumes no responsibility or obligation for the distribution or delivery of any copies of the Preliminary Official Statement or the Official Statement in connection with the offering or reoffering of the Notes.

CHANGES TO OFFICIAL STATEMENT: If, subsequent to the date of the Official Statement, the Issuer learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser of any adverse event which causes the Official Statement to be incomplete or materially misleading, and unless the Initial Purchaser elects to terminate its obligation to purchase the Notes, as described below under "DELIVERY AND ACCOMPANYING DOCUMENTS – CONDITIONS TO DELIVERY," the Issuer will promptly prepare and supply to the Initial Purchaser an appropriate amendment or supplement to the Official Statement, in a "designated electronic format" satisfactory to the Initial Purchaser.

CERTIFICATION OF OFFICIAL STATEMENT: At the time of payment for and initial delivery of the Notes, the District will execute and deliver to the Purchaser a certificate in the form set forth in the Official Statement under "CERTIFICATION OF THE OFFICIAL STATEMENT."

CONTINUING DISCLOSURE AGREEMENT: The District has agreed in the Resolution to provide certain periodic information and notices of certain events in accordance with the Rule, as described in the Official Statement under "CONTINUING DISCLOSURE OF INFORMATION". The Purchaser's obligation to accept and pay for the Notes is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Resolution containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS: During the past five years, to the best of its knowledge, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL NOTE: Initial Delivery will be accomplished by the issuance of one or more fully registered Notes in the aggregate principal amount of the Notes payable to the Purchaser (the "Initial Note" or "Initial Notes"), signed by the duly appointed officers of the Board, by their manual or facsimile signatures, approved by the Texas Attorney General, and registered and manually signed by the Texas Comptroller of Public Accounts. Initial Delivery will be at the corporate trust office of the Paying Agent/Registrar. Upon delivery of the Initial Notes, they shall be immediately canceled and one definitive Note for each maturity of the Notes payable to Cede & Co. will be delivered to DTC in connection with DTC's Book-Entry-Only System. Payment for the Notes must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Purchaser will be given six business days' notice of the time fixed for delivery of the Notes. It is anticipated that the delivery of the Initial Note can be made on or about June 22, 2023, but if for any reason the District is unable to make delivery by July 20, 2023, then the District shall immediately contact the Purchaser and offer to allow the Purchaser to extend its obligation to take up and pay for the Notes an additional thirty days. If the Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the District and the Purchaser shall be relieved of any further obligation. In no event shall the District be liable for any damages by reason of its failure to deliver the Notes, provided that such failure is due to circumstances beyond the District's reasonable control.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the Notes, but neither the failure to print such number on any Note nor any error with respect thereto shall constitute cause for a failure or refusal by the Initial Purchaser to accept delivery of and pay for the Notes in accordance with the terms of the Official Bid Form and this Official Notice of Sale. All expenses in relation to the printing of CUSIP numbers on the Notes shall be paid by the Issuer; however, the CUSIP Service Bureau's charge for the assignment of the numbers shall be paid by the Initial Purchaser.

CONDITIONS TO DELIVERY: The obligation to take up and pay for the Notes is subject to the following conditions: the issuance of an approving opinion of the Attorney General of the State of Texas, the Initial Purchaser's receipt of the legal opinion of Bond Counsel and the certificate regarding the Official Statement, and the non-occurrence of the events described below under the caption "NO MATERIAL ADVERSE CHANGE". In addition, if the Issuer fails to comply with its obligations described under "OFFICIAL STATEMENT" above, the Initial Purchaser may terminate its contract to purchase the Notes by delivering written notice to the Issuer within five (5) days thereafter.

NO MATERIAL ADVERSE CHANGE: The obligations of the Initial Purchaser to take up and pay for the Notes, and of the Issuer to deliver the Initial Notes, are subject to the condition that, up to the time of delivery of and receipt of payment for the Initial Notes, there shall have been no material adverse change in the affairs of the Issuer subsequent to the date of sale from that set forth in the Official Statement, as it may have been finalized, supplemented or amended through the date of Initial Delivery.

LEGAL OPINIONS: The District will furnish the Purchaser 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 as to the Notes, 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 Bond Counsel, regarding the legality and validity of the Notes issued in compliance with the provisions of the Resolution. (See "LITIGATION" and "LEGAL MATTERS" in the Official Statement and "Appendix C – Form of Legal Opinion of Bond Counsel" attached to the Official Statement.)

CHANGE IN TAX-EXEMPT STATUS: At any time before the Notes are tendered for initial delivery to the Initial Purchaser, the Initial Purchaser may withdraw its bid if the interest on obligations such as the Notes shall be declared to be includable in the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, either by Treasury regulations, by ruling or administrative guidance of the Internal Revenue Service, by a decision of any federal court, or by the terms of any federal income tax legislation enacted subsequent to the date of this Official Notice of Sale.

GENERAL CONSIDERATIONS

RATING: In connection with the sale of the Notes, the District has made application to Moody’s for a municipal bond rating. The District’s current unenhanced, underlying rating is “Aa3” by Moody’s. If the Purchaser chooses to submit a bid utilizing municipal bond insurance, the enhanced long-term rating on the Notes will be dependent upon the rating of the provider of such policy. See “BOND INSURANCE” and “BOND INSURANCE GENERAL RISKS” in the Preliminary Official Statement. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of said rating company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes. Neither the District, except as described in the Preliminary Official Statement under the subcaption “CONTINUING DISCLOSURE OF INFORMATION – Notice of Certain Events,” nor the Purchaser has undertaken any responsibility to advise owners of the Notes of any lowering or withdrawal of such ratings.

REGISTRATION AND QUALIFICATION OF NOTES FOR SALE: No registration statement relating to the Notes has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act. 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. Any representation to the contrary is a criminal offense. The Notes have not been registered or qualified under the Securities Act of Texas in reliance upon exemptions contained therein, nor have the Notes been registered or qualified under the securities acts of any other jurisdiction. The Issuer 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 Purchaser to register or qualify the sale of the Notes under the securities laws of any jurisdiction which so requires. The Issuer agrees to cooperate, at the Purchaser’s written request and expense and within reasonable limits, in registering or qualifying the Notes, or in obtaining an exemption from registration or qualification in any state where such action is necessary, but the District will in no instance execute a general consent to service of process in any state in which the Notes are offered for sale.

ADDITIONAL COPIES: Subject to the limitations described herein, additional copies of this Official Notice of Sale, the Official Bid Form, and the Official Statement may be obtained from SAMCO Capital Markets, Inc., 5800 Granite Parkway, Suite 210, Plano, Texas 75024.

On the date of the sale, the Board will, in the Resolution, approve the form and content of the Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Notes by the Purchaser.

GREENVILLE INDEPENDENT SCHOOL DISTRICT

/s/ Aletha Kruse

President, Board of Trustees

ATTEST:

/s/ Tish Woodruff

Secretary, Board of Trustees

Dated: May 24, 2023

OFFICIAL BID FORM

President and Board of Trustees
 Greenville Independent School District
 4004 Moulton Street
 Greenville, Texas 75401

May 30, 2023

Ladies & Gentlemen:

Reference is made to your Official Notice of Sale and Preliminary Official Statement dated May 24, 2023 of \$8,000,000* GREENVILLE INDEPENDENT SCHOOL DISTRICT MAINTENANCE TAX NOTES, SERIES 2023 (the "Notes"), both of which constitute a part hereof.

For your legally issued Notes, as described in said Official Notice of Sale and Preliminary Official Statement, we will pay you a price of par value thereof plus a cash premium of \$ _____ **(no bid producing a cash premium that results in a dollar price of less than \$101.75 nor greater than \$110.00 will be considered)** for Notes maturing and bearing interest as follows:

Maturity (6/15)	Principal Amount*	Interest Rate	Maturity (6/15)	Principal Amount*	Interest Rate
2026	\$580,000	_____	2030	\$1,020,000	_____
2027	890,000	_____	2031	1,150,000	_____
2028	935,000	_____	2032	1,195,000	_____
2029	985,000	_____	2033	1,245,000	_____

(Interest to Accrue from the Delivery Date)

Of the principal maturities set forth in the table above, we have created term notes for stated maturities ____ through ____ (the "Term Notes") as indicated in the following table (which may include multiple Term Notes, one Term Note or no Term Note if none is indicated). For those years which have been combined into a Term Note, the principal amount shown in the table above will be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the Term Note maturity date will mature in such year. The Term Notes created are as follows:

Term Note Maturity Date	Year of First Mandatory Redemption	Principal Amount of Term Note	Interest Rate
June 15	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Our calculation (which is not a part of this bid) of the interest cost in accordance with the above bid is:

TRUE INTEREST COST _____ %

By accepting this bid, we understand the District will provide the copies of the Official Statement and of any amendments or supplements thereto in accordance with the Official Notice of Sale.

The Initial Note(s) shall be registered in the name of _____ (Purchaser). We will advise DTC of registration instructions at least five business days prior to the date set for Initial Delivery. It is the obligation of the Purchaser of the Notes to complete the DTC Eligibility Questionnaire.

Cashier's Check of the _____ (bank), _____ (location), in the amount of \$160,000 which represents our Good Faith Deposit is attached hereto or has been made available to you prior to the opening of the bid, in accordance with the terms set forth in the Official Notice of Sale and the Preliminary Official Statement. The Good Faith Deposit of the Purchaser will be returned to the Purchaser on the date of Initial Delivery upon completion of the closing.

We agree to accept delivery of the Initial Note through DTC and make payment for the Initial Note in immediately available funds at U.S. Bank Trust National Association, Dallas, Texas, no later than 10:00 A.M., Central time, on June 22, 2023 or thereafter on the date the Initial Note is tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale.

The Issuer will consider any bid submitted pursuant to the Notice of Sale relating to the Notes to be a firm offer for the purchase of the Notes.

The undersigned agrees to complete, execute and deliver to the District by the date of delivery of the Notes, a certificate relating to the "issue price" of the Notes in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to the District.

For purposes of contracting for the sale of the Notes, the entity signing the bid form as Purchaser shall be solely responsible for the payment of the purchase price of the Notes. The Purchaser may serve as a syndicate manager and contract under a separate agreement with other syndicate members. However, the District is not a party to that agreement and any information provided regarding syndicate managers would be for informational purposes only.

The Initial Purchaser represents and verifies that to the extent a bid for the Notes constitutes a contract for goods or services for which a written verification is required under Section 2271.002, Texas Government Code that the Initial Purchaser and any syndicate member listed on the Official Bid Form and any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Initial Purchaser or any syndicate member listed on the Official Bid Form, if any, do not boycott Israel and will not boycott Israel through the end of the underwriting period. The foregoing verification is made solely to enable the District to comply with such Section and to the extent such Section does not

contravene applicable Federal or Texas law. As used in the foregoing verification, "boycott Israel," a term defined in Section 2271.001, Texas Government Code, by reference to Section 808.001(1), Texas Government Code, means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

The Initial Purchaser represents and verifies that neither the Initial Purchaser nor any syndicate member listed on the Official Bid Form nor any parent company, wholly- or majority-owned subsidiaries, and other affiliates of the Initial Purchaser or any syndicate member listed on the Official Bid Form, if any, is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to enable the District to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal or Texas law and excludes the Initial Purchaser and any syndicate member listed on the Official Bid Form and each parent company, wholly- or majority-owned subsidiaries, and other affiliates of the bidder and any syndicate member listed on the Official Bid Form, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

The Initial Purchaser represents and verifies that to the extent a bid for the Notes constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session ("SB 13")), as amended, the Initial Purchaser and any syndicate member listed on the Official Bid Form, and the parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, of the Initial Purchaser or any syndicate member listed on the Official Bid Form do not boycott energy companies and, such entities will not boycott energy companies through the end of the underwriting period. The foregoing verification is made solely to enable the District to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law. As used in the foregoing verification, "boycott energy companies," a term defined in Section 2274.001(1), Texas Government Code (as enacted by SB 13) by reference to Section 809.001, Texas Government Code (also as enacted by SB 13), shall mean, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described by (A) above.

The Initial Purchaser represents and verifies that to the extent a bid for the Notes constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, ("SB 19")), as amended, the neither Initial Purchaser nor any syndicate member listed on the Official Bid Form, nor the parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, of the bidder or any syndicate member listed on the Official Bid Form have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and such entities will not through the end of the underwriting period discriminate against a firearm entity or firearm trade association. The foregoing verification is made solely to enable the District to comply with such Section and to the extent such Section does not contravene applicable Federal or Texas law.

As used in the foregoing verification and the following definitions, (a) "discriminate against a firearm entity or firearm trade association," a term defined in Section 2274.001(3), Texas Government Code (as enacted by SB 19), (A) means, with respect to the firearm entity or firearm trade association, to (i) refuse to engage in the trade of any goods or services with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, (ii) refrain from continuing an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association, or (iii) terminate an existing business relationship with the firearm entity or firearm trade association based solely on its status as a firearm entity or firearm trade association and (B) does not include (i) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories and (ii) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship (aa) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency or (bb) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association, (b) "firearm entity," a term defined in Section 2274.001(6), Texas Government Code (as enacted by SB 19), means a manufacturer, distributor, wholesaler, supplier, or retailer of firearms (defined in Section 2274.001(4), Texas Government Code, as enacted by SB 19, as weapons that expel projectiles by the action of explosive or expanding gases), firearm accessories (defined in Section 2274.001(5), Texas Government Code, as enacted by SB 19, as devices specifically designed or adapted to enable an individual to wear, carry, store, or mount a firearm on the individual or on a conveyance and items used in conjunction with or mounted on a firearm that are not essential to the basic function of the firearm, including detachable firearm magazines), or ammunition (defined in Section 2274.001(1), Texas Government Code, as enacted by SB 19, as a loaded cartridge case, primer, bullet, or propellant powder with or without a projectile) or a sport shooting range (defined in Section 250.001, Texas Local Government Code, as a business establishment, private club, or association that operates an area for the discharge or other use of firearms for silhouette, skeet, trap, black powder, target, self-defense, or similar recreational shooting), and (c) "firearm trade association," a term defined in Section 2274.001(7), Texas Government Code (as enacted by SB 19), means any person, corporation, unincorporated association, federation, business league, or business organization that (i) is not organized or operated for profit (and none of the net earnings of which inures to the benefit of any private shareholder or individual), (ii) has two or more firearm entities as members, and (iii) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c) of that code.

As used in the verifications contained in this Bid Form, the Initial Purchaser and any syndicate member listed on the Official Bid Form understand "affiliate" to mean an entity that controls, is controlled by, or is under common control with the bidder and any syndicate member listed on the Official Bid Form within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit.

BY SUBMITTING A BID, EACH BIDDER AGREES, SHOULD IT BE THE WINNING BIDDER, TO COOPERATE WITH THE DISTRICT AND TAKE ANY ACTION NECESSARY TO FURTHER VERIFY AND CONFIRM COMPLIANCE WITH STATE LAW.

Submission or Exemption of filing Form 1295: In accordance with Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the District may not award the Notes to a bidder unless the winning bidder either:

(i) submits a Certificate of Interested Parties Form 1295 (the "Disclosure Form") to the District as prescribed by the Texas Ethics Commission ("TEC"),

or

(ii) certifies below that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity.

Unless the bidder certifies that it is exempt from filing a Disclosure Form with the District, upon notification of conditional verbal acceptance and if required, the undersigned will complete an electronic form of the Disclosure Form through the TEC's electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed and sent by email to the District's financial advisor at dwhitt@samcocapital.com. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the District from providing final written award of the enclosed bid.

The Purchaser (mark one):

(i) Agrees to timely make a filing of a completed Disclosure Form with the District

or

(ii) Hereby certifies that it is exempt from filing the Disclosure Form by virtue of being a publicly traded business entity or a wholly owned subsidiary of a publicly traded business entity .

Respectfully submitted,

(Purchaser)

(Signature - Title)

(Telephone)

[District signature page follows.]

ACCEPTANCE CLAUSE

THE FOREGOING BID IS IN ALL THINGS HEREBY ACCEPTED this May 30, 2023 by Resolution of the Board of Trustees of the Greenville Independent School District.

President, Board of Trustees

ATTEST:

Secretary, Board of Trustees

CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
 Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

**OFFICE USE ONLY
 CERTIFICATION OF FILING**

1 Name of business entity filing form, and the city, state and country of the business entity's place of business.

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

Greenville Independent School District

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

0001

Purchase of the Greenville Independent School District Maintenance Tax Notes, Series 2023

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary

5 Check only if there is NO Interested Party.

6 UNSWORN DECLARATION

My name is _____, and my date of birth is _____.

My address is _____, _____, _____, _____, _____.
(street) (city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in _____ County, State of _____, on the _____ day of _____, 20____.
(month) (year)

 Signature of authorized agent of contracting business entity
 (Declarant)

ISSUE PRICE CERTIFICATE

[THREE BID REQUIREMENT SATISFIED]

I, the undersigned officer of _____ (the “Purchaser”), acting on behalf of itself and any underwriting syndicate, make this certification in connection with the Greenville Independent School District Maintenance Tax Notes, Series 2023 (the “Notes”) issued by the Greenville Independent School District (the “District”).

1. I hereby certify as follows in good faith as of the date hereof:

(a) I am the duly chosen, qualified and acting officer of the Purchaser for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Purchaser and any underwriting syndicate. I am the officer of the Purchaser charged, along with other officers of the Purchaser and any underwriting syndicate, with responsibility for the Notes.

(b) The reasonably expected initial offering prices of the Notes to the Public by the Purchaser as of the Sale Date are the prices set forth on the inside cover of the Official Statement prepared in connection with the Notes (the “Initial Offering Prices”). The Initial Offering Prices are the applicable prices for the Notes used by the Purchaser in formulating its bid to purchase the Notes. Attached hereto as Attachment I is a true and correct copy of the bid provided by the Purchaser to purchase the Notes.

(c) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(d) The bid submitted by the Purchaser constituted a firm offer to purchase the Notes.

(e) The aggregate of the Initial Offering Prices of all maturities of the Notes is \$ _____. The Notes were sold with pre-issuance accrued interest in the amount of \$ _____. The sum of these two amounts is \$ _____.

(f) Please choose the appropriate statement:

The Purchaser will not purchase bond insurance for the Notes.

The Purchaser will purchase bond insurance from _____ (the “Insurer”) for a fee/premium of \$ _____ (the “Fee”). The Fee is a reasonable amount payable solely for the transfer of credit risk for the payment of debt service on the Notes and does not include any amount payable for a cost other than such guarantee, e.g., a credit rating or legal fees. The Purchaser represents that the present value of the Fee for each obligation constituting the Notes to which such Fee is properly allocated and which are insured thereby is less than the present value of the interest reasonably expected to be saved as a result of the insurance on each obligation constituting the Notes. The Fee has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Notes. In determining present value for this purpose, the yield of the Notes (determined with regard to the payment of the guarantee fee) has been used as the discount rate. No portion of the Fee is refundable upon redemption of any of the Notes in an amount which would exceed the portion of such Fee that has not been earned. The Purchaser will also be responsible for payment of any rating fees on the Notes, if and as required by the Insurer to be obtained in connection with the purchase of insurance.

2. For purposes of this Issue Price Certificate, the following definitions apply:

(a) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(b) “Related Party” means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(c) "Sale Date" means the first day on which there is a binding contract in writing for the sale or exchange of the Notes. The Sale Date of the Notes is _____, 2023.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Bracewell LLP in connection with rendering its opinion that the interest on the Notes is excludable from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the District from time to time relating to the Notes.

EXECUTED as of this _____ day of _____, 2023.

[NAME OF PURCHASER OR MANAGER OF PURCHASING SYNDICATE]

By: _____

Name: _____

Title: _____

ATTACHMENT I TO ISSUE PRICE CERTIFICATE

COPY OF WINNING BID FORM

[See Attached]

ISSUE PRICE CERTIFICATE

[THREE BID REQUIREMENT NOT SATISFIED – HOLD-THE-OFFERING-PRICE RULE]

I, the undersigned officer of _____ (the “Purchaser”), acting on behalf of itself and any underwriting syndicate, make this certification in connection with the Greenville Independent School District Maintenance Tax Notes, Series 2023 (the “Notes”) issued by the Greenville Independent School District (the “District”).

1. I hereby certify as follows in good faith as of the date hereof:

(a) I am the duly chosen, qualified and acting officer of the Purchaser for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Purchaser and any underwriting syndicate. I am the officer of the Purchaser charged, along with other officers of the Purchaser and any underwriting syndicate, with responsibility for the Notes.

(b) For the Notes maturing in _____, the first price at which at least 10% of each maturity was sold to the Public is the price for each such maturity set forth on the inside cover of the Official Statement prepared in connection with the Notes (each, an “Actual Sales Price”).

(c) For the Notes maturing in _____ (each, a “Held Maturity”), the Purchaser on or before the Sale Date offered for purchase each such maturity to the Public at the applicable initial offering price set forth on the inside cover of the Official Statement prepared in connection with the Notes (each, an “Initial Offering Price”). A copy of the pricing wire evidencing the Initial Offering Prices is attached hereto as Attachment I. In connection with the offering of the Notes, the Purchaser and each member of any underwriting syndicate agreed in writing that (i) during the Hold Period, it would neither offer nor sell any Held Maturity to any person at a price higher than the applicable Initial Offering Price (the “Hold-the-Offering-Price Rule”) and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement would contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, that, during the Hold Period, such party would comply with the Hold-the-Offering-Price Rule. In accordance with such agreements, no Underwriter offered or sold any of the Held Maturities at a price higher than the applicable Initial Offering Price for such Held Maturity during the Hold Period.

(d) The aggregate of the Actual Sales Prices and the Initial Offering Prices is \$ _____. The Notes were sold with pre-issuance accrued interest in the amount of \$ _____. The sum of these two amounts is \$ _____.

(e) Please choose the appropriate statement:

The Purchaser will not purchase bond insurance for the Notes.

The Purchaser will purchase bond insurance from _____ (the “Insurer”) for a fee/premium of \$ _____ (the “Fee”). The Fee is a reasonable amount payable solely for the transfer of credit risk for the payment of debt service on the Notes and does not include any amount payable for a cost other than such guarantee, e.g., a credit rating or legal fees. The Purchaser represents that the present value of the Fee for each obligation constituting the Notes to which such Fee is properly allocated and which are insured thereby is less than the present value of the interest reasonably expected to be saved as a result of the insurance on each obligation constituting the Notes. The Fee has been paid to a person who is not exempt from federal income taxation and who is not a user or related to the user of any proceeds of the Notes. In determining present value for this purpose, the yield of the Notes (determined with regard to the payment of the guarantee fee) has been used as the discount rate. No portion of the Fee is refundable upon redemption of any of the Notes in an amount which would exceed the portion of such Fee that has not been earned. The Purchaser will also be responsible for payment of any rating fees on the Notes, if and as required by the Insurer to be obtained in connection with the purchase of insurance.

2. For purposes of this Issue Price Certificate, the following definitions apply:

(a) “Hold Period” means, with respect to a Held Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the Underwriters have sold at least 10% of such Held Maturity to the Public at a price no higher than the applicable Initial Offering Price.

(b) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

(c) "Related Party" means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(d) "Sale Date" means the first day on which there is a binding contract in writing for the sale or exchange of the Notes. The Sale Date of the Notes is _____, 2023.

(e) "Underwriter" means (i) any person that agrees pursuant to a written contract with the District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Federal Tax Certificate and with respect to compliance with the federal income tax rules affecting the Notes, and by Bracewell LLP in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the District from time to time relating to the Notes.

EXECUTED as of this _____ day of _____, 2023.

[NAME OF PURCHASER OR MANAGER OF PURCHASING SYNDICATE]

By: _____

Name: _____

Title: _____

ATTACHMENT I TO ISSUE PRICE CERTIFICATE

FINAL PRICING WIRE

[See Attached]

BOND YEARS

\$8,000,000*

GREENVILLE INDEPENDENT SCHOOL DISTRICT

(Hunt County, Texas)

MAINTENANCE TAX NOTES, SERIES 2023

Dated: June 1, 2023

Due: June 15

Year	Amount*	Bond Years*	
		Bond Years	Cumulative Bond Years
2026	\$ 580,000	1,728.7219	1,728.7219
2027	890,000	3,542.6940	5,271.4159
2028	935,000	4,656.8189	9,928.2348
2029	985,000	5,890.8467	15,819.0815
2030	1,020,000	7,120.1661	22,939.2476
2031	1,150,000	9,177.6383	32,116.8858
2032	1,195,000	10,731.7632	42,848.6490
2033	1,245,000	12,425.7910	55,274.4400

Average Maturity = 6.909

*Preliminary, subject to change. See "THE NOTES - ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE NOTES" in the Official Notice of Sale and Bidding Instructions.

PRELIMINARY OFFICIAL STATEMENT
Dated: May 24, 2023

NEW ISSUE: BOOK-ENTRY-ONLY

In the opinion of Bond Counsel, under existing law, interest on the Notes (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, including information regarding potential alternative minimum tax consequences for corporations.

The NOTES WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

\$8,000,000*
GREENVILLE INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Hunt County, Texas)
Maintenance Tax Notes, Series 2023

Interest Accrual Date: Initial Delivery
Dated Date: June 1, 2023

Due: June 15, as shown on the inside cover page

The Greenville Independent School District Maintenance Tax Notes, Series 2023 (the "Notes") are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Section 45.108 of the Texas Education Code, as amended, and a note resolution (the "Resolution") authorizing the issuance of the Notes to be adopted on May 30, 2023 by the Board of Trustees (the "Board") of the Greenville Independent School District (the "District"). The Notes constitute direct obligations of the District, secured by and payable 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 "TAX RATE LIMITATIONS").

Interest on the Notes will accrue from the date of initial delivery to the Purchaser (defined below), anticipated to occur on or about June 22, 2023 (the "Initial Delivery") and will be payable on June 15 and December 15 of each year, commencing December 15, 2023, 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 U.S. Bank Trust National Association, 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 last business day of the month next preceding each interest payment date.

The District intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York ("DTC"). Such Book-Entry-Only System will affect the method and timing of payment and the method of transfer of the Notes. (See "BOOK-ENTRY-ONLY SYSTEM").

Proceeds from the sale of the Notes will be used for the purpose of paying all or a portion of the District's costs to be incurred in connection with the (i) the maintenance, repair, rehabilitation or renovation of existing school properties throughout the District, (ii) acquisition of portable classroom facilities initially to be located at Greenville Middle School and LP Waters Elementary School, (iii) acquisition of equipment for the District, including school buses and vehicles, and (iv) cost of issuance of the Notes. (See "THE NOTES – Authorization and Purpose").

The Notes maturing on or after June 15, 2030 are subject to redemption at the option of the District in whole or in part on June 15, 2029 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").

The District has made application to municipal bond insurance companies to have the payment of the principal of and interest on the Notes insured by a municipal bond guaranty policy. The purchase of such insurance, if available, and the payment of all associated costs will be at the option and expense of the initial Purchasers. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS.")

MATURITY SCHEDULE
(On Inside Cover)

The Notes are offered for delivery when, as and if issued, and received by the initial purchaser (the "Purchaser") subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by Bracewell LLP, Dallas, Texas, Bond Counsel. The Notes are expected to be available for initial delivery through the facilities of DTC on or about June 22, 2023.

BIDS DUE TUESDAY, MAY 30, 2023 BY 11:00 A.M., CENTRAL TIME

*Preliminary, subject to change.

\$8,000,000*
GREENVILLE INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Hunt County, Texas)
MAINTENANCE TAX NOTES, SERIES 2023

MATURITY SCHEDULE
Base CUSIP No.: 396730 ⁽¹⁾

Maturity Date <u>6/15</u>	Principal Amount*	Interest Rate	Initial Yield	CUSIP No. Suffix⁽¹⁾
2026	\$580,000			
2027	890,000			
2028	935,000			
2029	985,000			
2030	1,020,000			
2031	1,150,000			
2032	1,195,000			
2033	1,245,000			

(Interest to accrue from the Delivery Date)

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

*Preliminary, subject to change.

GREENVILLE INDEPENDENT SCHOOL DISTRICT

BOARD OF TRUSTEES

<u>Name</u>	<u>Date Initially Elected</u>	<u>Current Term Expires</u>	<u>Occupation</u>
Aletha Kruse, President	2019	2025	Business Owner
Roger Livingston, Vice President	2018	2024	Retired Military
Tish Woodruff, Secretary	2018	2026	Business Owner
Anne Haynes, Member	2000	2025	Retired
Mike Rackley, Member	2020	2024	Retired
Bonnie-Jean Stewart, Member	2021	2026	Program Manager
Anji Taylor, Member	2023	2026	Children and Family Services

APPOINTED OFFICIALS

<u>Name</u>	<u>Position</u>	<u>Length of Education Service</u>	<u>Length of Service with the District</u>
Sharon Boothe	Superintendent	20 Years	6 Years
Jim Schiele	Interim Assistant Superintendent of Business	23 Years	NA

CONSULTANTS AND ADVISORS

Bracewell LLP, Dallas, Texas	Bond Counsel
SAMCO Capital Markets, Inc., Plano, Texas	Financial Advisor
Rutherford, Taylor & Company, P.C., Greenville, Texas	Certified Public Accountants

For additional information, contact:

Sharon Boothe
 Superintendent
 Greenville ISD
 4004 Moulton Street
 Greenville, Texas 75401
 (903) 408-4416

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

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended (“Rule 15c2-12”), and in effect on the date of this Preliminary Official Statement, this document constitutes an “official statement” of the District with respect to the Notes that has been “deemed final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

This Official Statement, which includes the cover page 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 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 Purchaser or the Financial Advisor. 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.

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.

NONE OF THE DISTRICT, ITS FINANCIAL ADVISOR, OR THE PURCHASER 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, AS SUCH INFORMATION WAS PROVIDED BY DTC AND OR THE BOND INSURER, IF ANY, AND ITS MUNICIPAL BOND INSURANCE POLICY DESCRIBED HEREIN UNDER THE HEADING “BOND INSURANCE”, AS SUCH INFORMATION WAS PROVIDED BY DTC AND THE BOND INSURER, RESPECTIVELY.

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 purchasers of the Notes. INVESTORS SHOULD READ THIS 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 this entire Official Statement.

The District	The Greenville Independent School District (the "District") is a political subdivision of the State of Texas located in Hunt 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 pursuant to the Constitution and general laws of the State of Texas, particularly Section 45.108 of the Texas Education Code, as amended, and a note resolution (the "Resolution") authorizing the issuance of the Notes to be adopted on May 30, 2023 by the Board. The Notes constitute direct obligations of the District, secured by and payable 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 "TAX RATE LIMITATIONS"). Proceeds from the sale of the Notes will be used for the purpose of paying all or a portion of the District's costs to be incurred in connection with the (i) the maintenance, repair, rehabilitation or renovation of existing school properties throughout the District, (ii) acquisition of portable classroom facilities initially to be located at Greenville Middle School and LP Waters Elementary School, (iii) acquisition of equipment for the District, including school buses and vehicles, and (iv) cost of issuance of the Notes. (See "THE NOTES – Authorization and Purpose").
Paying Agent/Registrar	The initial Paying Agent/Registrar is U.S. Bank Trust National Association, Dallas, Texas. The District intends to use the Book-Entry-Only System of The Depository Trust Company. (See "BOOK-ENTRY-ONLY SYSTEM" herein).
Security	The Notes are direct obligations of the District payable as to principal and interest from and secured by the proceeds of 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" herein.) See "TAX RATE LIMITATIONS" herein for a discussion of applicable tax limitations pertaining to the District's limited maintenance tax.
Redemption*	The Notes maturing on or after June 15, 2030 are subject to redemption at the option of the District in whole or in part on June 15, 2029 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").
Rating and Note Insurance	In connection with the sale of the Notes, the District has made application to Moody's Investors Service ("Moody's") for a municipal bond rating. The District's current unenhanced, underlying rating is "Aa3" by Moody's. In addition, the District has made an application for an insurance policy insuring the timely payment of the principal of and interest on the Notes. The purchase of such insurance, if available and the payment of all associated costs will be at the option and expense of the initial Purchaser. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)
Tax Matters	In the opinion of Bond Counsel, under existing law, interest on the Notes (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended, and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals. See "TAX MATTERS" herein, including information regarding potential alternative minimum tax consequences for corporations.
Qualified Tax-Exempt Obligations	The District will designate the Notes as "Qualified Tax-Exempt Obligations" for financial institutions. (See "TAX MATTERS – Purchase of Tax-Exempt Obligations by Financial Institutions").
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 Bracewell LLP, Dallas, Texas, Bond Counsel.
Delivery	When issued, anticipated to be on or about June 22, 2023.

**Preliminary, subject to change.*

INTRODUCTORY STATEMENT

This Official Statement (the "Official Statement"), which includes the cover page and Appendices attached hereto, has been prepared by the Greenville Independent School District (the "District"), a political subdivision of the State of Texas (the "State") located in Hunt County, Texas, in connection with the offering by the District of its Maintenance Tax Notes, Series 2023 (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 (defined below) to be adopted by the Board of Trustees of the District (the "Board") on May 30, 2023 authorizing 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 Greenville Independent School District, 4004 Moulton Street, Greenville, Texas 75401 and, during the offering period, from the Financial Advisor, SAMCO Capital Markets, Inc., 5800 Granite Parkway, Suite 210, Plano, Texas 75024 by electronic mail or upon payment of reasonable copying, mailing, and handling charges.

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

THE NOTES

Authorization and Purpose

The Notes are being issued in the principal amount of \$8,000,000 (preliminary, subject to change) pursuant to the Constitution and general laws of the State of Texas, particularly Section 45.108 of the Texas Education Code, as amended, and a note resolution (the "Resolution") authorizing the issuance of the Notes to be adopted on May 30, 2023 by the Board. Proceeds from the sale of the Notes will be used for the purpose of paying all or a portion of the District's costs to be incurred in connection with the (i) the maintenance, repair, rehabilitation or renovation of existing school properties throughout the District, (ii) acquisition of portable classroom facilities initially to be located at Greenville Middle School and LP Waters Elementary School, (iii) acquisition of equipment for the District, including school buses and vehicles, and (iv) cost of issuance of the Notes. (See "THE NOTES – Authorization and Purpose").

General Description

The Notes will be dated June 1, 2023 (the "Dated Date") but interest will accrue from the Initial 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 December 15, 2023 and on each June 15 and December 15 thereafter until stated maturity or prior redemption.

The Notes will be issued only as fully registered Notes. 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, U.S. Bank Trust National Association, 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 resolution 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 or after June 15, 2030, are subject to redemption, at the option of the District, in whole or in part, on June 15, 2029, 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. 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.

Notice of Redemption and DTC Notices

Not less than 30 days prior to an optional redemption date for the Notes, a notice of redemption shall be sent by United States mail, first class postage prepaid, in the name of the District and at the District's expense, by the Paying Agent/Registrar 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 Security Register 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 ANY PRECONDITIONS STATED IN THE NOTICE OF REDEMPTION HAVING BEEN SATISFIED 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 moneys sufficient to pay the principal of and premium, if any, and interest on the Notes to be redeemed shall have 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 receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received or such prerequisites are not satisfied, such notice shall be of no force and effect, the District shall not redeem such Notes and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Notes have not been redeemed.

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 and secured by the proceeds of 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 "TAX RATE LIMITATIONS" herein for a discussion of applicable tax limitations pertaining to the maintenance tax. See also "AD VALOREM TAX PROCEDURES" and "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" 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 Bracewell LLP, Dallas, Texas, Bond Counsel. (See "LEGAL MATTERS" and "Appendix C - Form of Legal Opinion of Bond Counsel").

Payment Record

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

Amendments

In the Resolution, the District has reserved the right to amend the Resolution without the consent of any holder for the purpose of amending or supplementing the 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 Resolution that do not materially adversely affect the interests of the holders, (iv) qualify the 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 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.

The 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 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, payable on any outstanding Notes; (iv) modifying the terms of payment of principal or interest on outstanding Notes or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Notes necessary for consent to such amendment. Reference is made to the Resolution for further provisions relating to the amendment thereof.

Defeasance

The Resolution provides that the District may discharge its obligations to the registered owners in any manner permitted by law. Under current Texas laws, such discharge may be accomplished by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment, (2) Government Securities (defined below) to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Notes, or (3) a combination of money and Government Securities together so certified sufficient to make such payment. The sufficiency of deposits as hereinbefore described shall be certified by an independent certified accountant, the District's Financial Advisor, the Paying Agent/Registrar, or some other qualified financial institution as specified in the Resolution. The District has additionally reserved the right in the Resolution, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested money on deposit for such defeasance and to withdraw for the benefit of the District money in excess of the amount required for such defeasance. The Resolution provides that "Government Securities" means (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, (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, or (d) any additional securities and obligations hereafter authorized by Texas law as eligible for use to accomplish the discharge of obligations such as the Notes. District officials are authorized to limit these eligible securities, as deemed necessary, in connection with the sale of the Notes. There is no assurance that the ratings for United States Treasury securities acquired to defease any Notes, or those for any

other Government Securities, will be maintained at any particular rating category. Further, there is no assurance that current State law will not be amended in a manner that expands or contracts the list of permissible defeasance securities (such list consisting of those securities identified in clauses (a) through (c) above), or any rating requirement thereon, that may be purchased with defeasance proceeds relating to the Notes ("Defeasance Proceeds"), though the District has reserved the right to utilize any additional securities for such purpose in the event the aforementioned list is expanded. Because the Resolution does not contractually limit such permissible defeasance securities and expressly recognizes the ability of the District to use lawfully available Defeasance Proceeds to defease all or any portion of the Notes, registered owners of Notes are deemed to have consented to the use of Defeasance Proceeds to purchase such other defeasance securities, notwithstanding the fact that such defeasance securities may not be of the same investment quality as those currently identified under State law as permissible defeasance securities.

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 call the Notes for redemption or take any other action amending the terms of the Notes are extinguished; provided, however, the District has reserved the option, to be exercised at the time of the defeasance of the Notes, to call for redemption at an earlier date those Notes which have been defeased to their maturity date, if the District (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Notes for redemption, (ii) gives notice of the reservation of that right to the owners of the Notes immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

REGISTERED OWNERS' REMEDIES

The Resolution does not specify specific events of default with respect to the Notes. If the District defaults in the payment of principal or interest on the Notes when due, or if it fails to make payments into any fund or funds created in the Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Resolution, 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 bondholders 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. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the District for breach of the 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 bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. 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 and by governmental immunity.

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 Financial Advisor and the Purchaser 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 redemption or any other notices, to Direct Participants, (2) Direct Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Notes) or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this 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, redemption, 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).

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.

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 Financial Advisor, nor the Purchaser 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 U.S. Bank Trust National Association, 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 commercial bank or trust company organized under the laws of the United States or any state or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the 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.

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

BOND INSURANCE

If a commitment from a bond insurance company (the "Insurer") to provide a municipal bond insurance policy relating to the Notes (the "Policy") is obtained and purchased at the option of the Purchaser, the following risk factors described under "BOND INSURANCE GENERAL RISKS" generally apply.

BOND INSURANCE GENERAL RISKS

General

In the event of default of the payment of principal or interest with respect to the Notes when all or some becomes due, any owner of the Notes shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy will not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Notes by the District which is recovered by the District from the note owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absent such prepayment by the District unless the Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Insurer without appropriate consent. The Insurer may reserve the right to direct and to consent to any remedies available to the holders of the Notes and the Insurer's consent may be required in connection with amendments to the Resolution.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Notes are payable solely as described in the Resolution. In the event the Insurer becomes obligated to make payments with respect to the Notes, no assurance is given that such event will not adversely affect the market price of the Notes or the marketability (liquidity) for the Notes.

The long-term ratings on the Notes are dependent in part on the financial strength of the Insurer and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Notes insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Notes or the marketability (liquidity) for the Notes. See "BOND INSURANCE" herein.

The obligations of the Insurer are general obligations of the Insurer and in an event of default by the Insurer, the remedies available to the Paying Agent/Registrar may be limited by applicable bankruptcy law or other similar laws related to insolvency.

None of the District, the Financial Advisor, or the Purchaser have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay the principal of and interest on the Notes and the claims paying ability of the Insurer, particularly over the life of the investment. See “BOND INSURANCE” herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

Moody’s Investors Services, Inc., S&P Global Ratings (“S&P”) and Fitch Ratings, Inc. (collectively, the “Rating Agencies”) have, since 2008, downgraded the claims-paying ability and financial strength of providers of municipal bond insurance on multiple occasions. Additional downgrades or negative change in the rating outlook for these bond insurers is possible. In addition, recent events in the credit markets have had substantial negative effect on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims paying ability of such bond insurers, including the Insurer of the Notes. Thus, when making an investment decision, potential investors should carefully consider the ability of the Insurer to pay principal and interest on the Notes and the claims paying ability of the Insurer, particularly over the life of the investment.

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 tax rate to pay the debt service requirements 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 public school finance system as it is currently structured. For a more complete description of school finance and fiscal management in the State, reference is made to Chapters 43 through 49 of the Texas Education Code, as amended.

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

Prior to the 2019 Legislative Session, a school district’s maximum M&O tax rate for a given tax year was determined by multiplying that school district’s 2005 M&O tax rate levy by an amount equal a compression percentage set by legislative appropriation or, in

the absence of legislative appropriation, by the Commissioner of Education (the “Commissioner”). This compression percentage was historically set at 66.67%, effectively setting the maximum compressed M&O tax rate for most school districts at \$1.00 per \$100 of taxable value, since most school districts in the State had a voted maximum M&O tax rate of \$1.50 per \$100 of taxable value (though certain school districts located in Harris County had special M&O tax rate authorizations allowing a higher M&O tax rate). School districts were permitted, however, to generate additional local funds by raising their M&O tax rate up to \$0.04 above the compressed tax rate or, with voter-approval at a valid election in the school district, up to \$0.17 above the compressed tax rate (for most school districts, this equated to an M&O tax rate between \$1.04 and \$1.17 per \$100 of taxable value). School districts received additional State funds in proportion to such taxing effort.

2021 Regular and Special Legislative Sessions

The Texas Legislature meets in regular session in odd-numbered years, for 140 days. The 87th Texas Legislature convened on January 12, 2021 and concluded on May 31, 2021 (“87th Regular Session”). During the 87th Regular Session, the Legislature did not make significant changes to the school finance system, State funding of school districts, nor ad valorem taxation procedures affecting school districts.

When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor’s direction, each lasting no more than 30 days, and for which the Governor sets the agenda. Following the conclusion of the 87th Regular Session, the Texas Governor has called three special sessions of the Legislature. No significant changes were made to the Texas school finance system or property tax systems during the First and Second Special Sessions. Senate Joint Resolution 2, passed during the Third Special Session, proposed a constitutional amendment increasing the mandatory homestead exemption for school districts from \$25,000 to \$40,000, which was approved by voters at an election held May 7, 2022. The amendment to the Constitution is effective beginning January 1, 2022. As a result of the increased exemption, additional changes to the education finance system were implemented, including “hold harmless” allotments, to provide funding to school districts who have less revenue (including revenues specifically for debt service and maintenance and operations) due to the implementation of the increased homestead exemption. At this time, the District cannot ascertain the financial impact, if any, the change in homestead exemption will have on the District’s finances in the future.

2023 Regular and Any Special Legislative Sessions

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

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

Local Funding for School Districts

A school district’s M&O tax rate is composed of two distinct parts: the “Tier One Tax Rate”, which is the local M&O tax rate required for a school district to receive any part of the basic level of State funding (referred to herein as “Tier One”) under the Foundation School Program, as further described below, and the “Enrichment Tax Rate”, which is any local M&O tax effort in excess of its Tier One Tax Rate. Formulas for the State Compression Percentage and Maximum Compressed Tax Rate (each as described below) are designed to compress M&O tax rates in response to year-over-year increases in property values across the State and within a school district, respectively. The discussion in this subcaption “Local Funding For School Districts” is generally intended to describe funding provisions applicable to all school districts; however, there are distinctions in the funding formulas for school districts that generate local M&O tax revenues in excess of the school districts’ funding entitlements, as further discussed under the subcaption “CURRENT PUBLIC SCHOOL FINANCE SYSTEM – Local Revenue Level In Excess of Entitlement” herein.

State Compression Percentage

The State Compression Percentage is a statutorily-defined percentage of the rate of \$1.00 per \$100 that is used to determine a school district’s Maximum Compressed Tax Rate (described below). The State Compression Percentage is the lesser of three alternative calculations: (1) 93% or a lower percentage set by appropriation for a school year; (2) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the State Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (3) the prior year State Compression Percentage. For any year, the maximum State Compression Percentage is 93%.

Maximum Compressed Tax Rate

The Maximum Compressed Tax Rate (the “MCR”) is the tax rate per \$100 of valuation of taxable property at which a school district must levy its Tier One Tax Rate to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of three alternative calculations: (1) the school district’s prior year MCR; (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5%; or (3) the product of the State Compression Percentage for the current year multiplied by \$1.00. However, each year the TEA shall evaluate the MCR for each school district in the State, and for any given year, if a school district’s MCR is calculated to be less than 90% of any other school district’s MCR for the current year, then the school district’s MCR is instead equal to the school district’s prior year MCR, until TEA determines that the difference between the school district’s MCR and any other school district’s MCR is not more than 10%. These compression formulas are intended to more closely equalize local generation of Tier One funding among districts with disparate tax bases and generally reduce the Tier One Tax Rates of school districts as property values increase. During the 2021 Legislative Session, a provision of the general appropriations act reduced the maximum MCR for the 2022-2023 school year. It established \$0.8941 as the maximum rate and \$0.8046 as the floor.

Tier One Tax Rate

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

Enrichment Tax Rate

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

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

State Funding for School Districts

State funding for school districts is provided through the two-tiered Foundation School Program, which guarantees certain levels of funding for school districts in the State. School districts are entitled to a legislatively appropriated guaranteed yield on their Tier One Tax Rate and Enrichment Tax Rate. When a school district’s Tier One Tax Rate and Enrichment Tax Rate generate tax revenues at a level below the respective entitlement, the State will provide “Tier One” funding or “Tier Two” funding, respectively, to fund the difference between the school district’s entitlements and the actual M&O revenues generated by the school district’s respective M&O tax rates.

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

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

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

Tier One

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

The Basic Allotment for school districts with a Tier One Tax Rate equal to \$0.93, is \$6,160 for each student in ADA and is revised downward for school districts with a Tier One Tax Rate lower than \$0.93. For the State fiscal year ending in 2021 and subsequent State fiscal years, the Basic Allotment for a school district with a Tier One Tax Rate equal to the school district’s MCR, is \$6,160 (or a greater amount as may be provided by appropriation) for each student in ADA and is revised downward for a school district with a Tier One Tax Rate lower than the school district’s MCR. The Basic Allotment is then supplemented for all school districts by various weights to account for differences among school districts and their student populations. Such additional allotments include, but are not limited to, increased funds for students in ADA who: (i) attend a qualified special education program, (ii) are diagnosed with dyslexia or a related disorder, (iii) are economically disadvantaged, or (iv) have limited English language proficiency. Additional allotments to mitigate differences among school districts include, but are not limited to: (i) a transportation allotment for mileage associated with transporting students who reside two miles or more from their home campus, (ii) a fast growth allotment (for school districts in the top 25% of enrollment growth relative to other school districts), (iii) a college, career and military readiness allotment to further Texas’ goal of increasing the number of students who attain a post-secondary education or workforce credential, and (iv) a teacher incentive allotment to increase teacher compensation retention in disadvantaged or rural school districts. A school district’s total Tier One funding, divided by \$6,160, is a school district’s measure of students in “Weighted Average Daily Attendance” (“WADA”), which serves to calculate Tier Two funding.

For the 2022-2023 school year, the fast growth allotment weights change to 0.48 for districts in the top 40% of school districts for growth, 0.33 for districts in the middle 30% of school districts for growth and 0.18 for districts in the bottom 30% of school districts for growth. The fast growth allotment is limited to \$310 million for the 2022-2023 school year and \$315 million for the 2023-2024 school year.

Tier Two

Tier Two supplements Tier One funding and provides two levels of enrichment with different guaranteed yields (i.e., Golden Pennies and Copper Pennies) depending on the school district’s Enrichment Tax Rate. Golden Pennies generate a guaranteed yield equal to the greater of (i) the local revenue per student in WADA per cent of tax effort available to a school district at the ninety-sixth (96th) percentile of wealth per student in WADA, or (ii) the Basic Allotment (or a greater amount as may be provided by appropriation) multiplied by 0.016. For the 2022-2023 State fiscal biennium, school districts are guaranteed a yield of \$98.56 per student in WADA for each Golden Penny levied. Copper Pennies generate a guaranteed yield per student in WADA equal to the school district’s Basic Allotment (or a greater amount as may be provided by appropriation) multiplied by 0.008. For the 2022-2023 State fiscal biennium, school districts are guaranteed a yield of \$49.28 per student in WADA for each Copper Penny levied. For any school year in which the guaranteed yield of Copper Pennies per student in WADA exceeds the guaranteed yield of Copper Pennies per student in WADA for the preceding school year, a school district is required to reduce its Copper Pennies levied so as to generate no more revenue per student in WADA than was available to the school district for the preceding year.

Existing Debt Allotment, Instruction Facilities Allotment, and New Instructional Facilities Allotment

The Foundation School Program also includes facilities funding components consisting of the IFA and the EDA, subject to legislative appropriation each State fiscal biennium. To the extent funded for a biennium, these programs assist school districts in funding facilities by, generally, equalizing a school district’s I&S tax effort. The IFA guarantees each awarded school district a

specified amount per student (the "IFA Yield") in State and local funds for each cent of I&S tax levied to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate or improve instructional facilities. The IFA Yield has been \$35 since this program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the State Legislature. To receive an IFA award, in years where new IFA awards are available, a school district must apply to the Commissioner in accordance with rules adopted by the TEA before issuing the bonds to be paid with IFA State assistance. The total amount of debt service assistance over a biennium for which a school district may be awarded is limited to the lesser of (1) the actual debt service payments made by the school district in the biennium in which the bonds are issued; or (2) the greater of (a) \$100,000 or (b) \$250 multiplied by the number of students in ADA. The IFA is also available for lease-purchase agreements and refunding bonds meeting certain prescribed conditions. Once a school district receives an IFA award for bonds, it is entitled to continue receiving State assistance for such bonds without reapplying to the Commissioner. The guaranteed level of State and local funds per student per cent of local tax effort applicable to the bonds may not be reduced below the level provided for the year in which the bonds were issued. For the 2022-2023 State fiscal biennium, the State Legislature did not appropriate any funds for new IFA awards; however, awards previously granted in years the State Legislature did appropriate funds for new IFA awards will continue to be funded.

State financial assistance is provided for certain existing eligible debt issued by school districts through the EDA program. The EDA guaranteed yield (the "EDA Yield") is the lesser of (i) \$40 per student in ADA or a greater amount for any year provided by appropriation; or (ii) the amount that would result in a total additional EDA of \$60 million more than the EDA to which school districts would have been entitled to if the EDA Yield were \$35. The portion of a school district's local debt service rate that qualifies for EDA assistance is limited to the first \$0.29 of its I&S tax rate (or a greater amount for any year provided by appropriation by the State Legislature). In general, a school district's bonds are eligible for EDA assistance if (i) the school district made payments on the bonds during the final fiscal year of the preceding State fiscal biennium, or (ii) the school district levied taxes to pay the principal of and interest on the bonds for that fiscal year. Each biennium, access to EDA funding is determined by the debt service taxes collected in the final year of the preceding biennium. A school district may not receive EDA funding for the principal and interest on a series of otherwise eligible bonds for which the school district receives IFA funding.

Since future-year IFA awards were not funded by the State Legislature for the 2022-2023 State fiscal biennium and debt service assistance on school district bonds that are not yet eligible for EDA is not available, debt service payments during the 2022-2023 State fiscal biennium on new bonds issued by school districts in the 2022-2023 State fiscal biennium to construct, acquire and improve facilities must be funded solely from local I&S taxes.

A school district may also qualify for a NIFA allotment, which provides assistance to school districts for operational expenses associated with opening new instructional facilities. In the 2021 Legislative Session, the State Legislature appropriated funds in the amount of \$70,000,000 for each fiscal year of the 2022-2023 State fiscal biennium for NIFA allotments.

Tax Rate and Funding Equity

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

Furthermore, "property-wealthy" school districts that received additional State funds under the public school finance system prior to the enactment of the 2019 Legislation are entitled to an equalized wealth transition grant on an annual basis through the 2023-2024 school year in an amount equal to the amount of additional revenue such school district would have received under former Texas Education Code Sections 41.002(e) through (g), as those sections existed on January 1, 2019. This grant is phased out through the 2023-2024 school year as follows: (1) 20% reduction for the 2020-2021 school year, (2) 40% reduction for the 2021-2022 school year, (3) 60% reduction for the 2022-2023 school year, and (4) 80% reduction for the 2023-2024 school year. Additionally, school districts (through the fiscal year ending in 2025) and open-enrollment charter schools (through the fiscal year ending in 2024) are entitled to receive an allotment in the form of a formula transition grant meant to ensure a smooth transition into the funding formulas enacted by the 86th State Legislature. Beginning with the 2021-2022 school year, if the total amount of allotments to which school districts and open enrollment charter schools are entitled for a school year exceeds \$400 million, the Commissioner shall proportionately reduce each district's or school's allotment. The reduction in the amount to which a district or school is entitled may not result in an amount that is less than zero.

Local Revenue Level in Excess of Entitlement

A school district that has sufficient property wealth per student in ADA to generate local revenues on the school district's Tier One Tax Rate and Copper Pennies in excess of the school district's respective funding entitlements (a "Chapter 49 school district"), is subject to the local revenue reduction provisions contained in Chapter 49 of Texas Education Code, as amended ("Chapter 49"). Additionally, in years in which the amount of State funds appropriated specifically excludes the amount necessary to provide the guaranteed yield for Golden Pennies, local revenues generated on a school district's Golden Pennies in excess of the school district's respective funding entitlement are subject to the local revenue reduction provisions of Chapter 49. To reduce local revenue, Chapter 49 school districts are generally subject to a process known as "recapture", which requires a Chapter 49 school district to exercise certain options to remit local M&O tax revenues collected in excess of the Chapter 49 school district's funding entitlements to the State (for redistribution to other school districts) or otherwise expending the respective M&O tax revenues for the benefit of students in school districts that are not Chapter 49 school districts, as described in the subcaption "Options for Local Revenue Levels in Excess of Entitlement". Chapter 49 school districts receive their allocable share of funds distributed from the constitutionally-prescribed Available School Fund, but are generally not eligible to receive State aid under the Foundation School Program, although they may continue to receive State funds for certain competitive grants and certain programs that remain outside the Foundation School Program.

Recapture is measured by the "local revenue level" (being the M&O tax revenues generated in a school district) in excess of the entitlements appropriated by the State Legislature each fiscal biennium. Therefore, school districts are now guaranteed that recapture will not reduce revenue below their statutory entitlement.

Options for Local Revenue Levels in Excess of Entitlement

Under Chapter 49, a school district has six options to reduce local revenues to a level that does not exceed the school district's respective entitlements: (1) a school district may consolidate by agreement with one or more school districts to form a consolidated school district; all property and debt of the consolidating school districts vest in the consolidated school district; (2) a school district may detach property from its territory for annexation by a property-poor school district; (3) a school district may purchase attendance credits from the State; (4) a school district may contract to educate nonresident students from a property-poor school district by sending money directly to one or more property-poor school districts; (5) a school district may execute an agreement to provide students of one or more other school districts with career and technology education through a program designated as an

area program for career and technology education; or (6) a school district may consolidate by agreement with one or more school districts to form a consolidated taxing school district solely to levy and distribute either M&O taxes or both M&O taxes and I&S taxes. A Chapter 49 school district may also exercise any combination of these remedies. Options (3), (4) and (6) require prior approval by the Chapter 49 school district's voters.

Furthermore, a school district may not adopt a tax rate until its effective local revenue level is at or below the level that would produce its guaranteed entitlement under the Foundation School Program. If a school district fails to exercise a permitted option, the Commissioner must reduce the school district's local revenue level to the level that would produce the school district's guaranteed entitlement, by detaching certain types of property from the school district and annexing the property to a property-poor school district or, if necessary, consolidate the school district with a property-poor school district. Provisions governing detachment and annexation of taxable property by the Commissioner do not provide for assumption of any of the transferring school district's existing debt.

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

For the 2022-2023 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 ration of taxable property to debt could become diluted. If the District were to detach property voluntarily, a portion of its outstanding debt (including the 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. Reference is made to Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Valuation of Taxable Property

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

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

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

State Mandated Homestead Exemptions

State law grants, with respect to each school district in the State, (1) a \$40,000 exemption (as described below) of the appraised value of all homesteads, (2) a \$10,000 exemption of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled, and (3) various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty. On November 2, 2021, the Texas Constitution was amended to provide that the surviving spouse of an individual who received a limitation on the school district property taxes on the person's residence homestead on the basis of disability continued to receive that limitation while the property remained the spouse's residence homestead if the spouse was at least 55 years old. See "Appendix A – Financial Information of the District – Assessed Valuation" for the reduction in taxable valuation attributable to state-mandated homestead exemptions. Senate Joint Resolution 2, passed during the Third Special Session of the 87th Texas Legislature and approved by voters on May 7, 2022 authorized a constitutional amendment increasing the mandatory homestead exemption for school districts from \$25,000 to \$40,000 beginning January 1, 2022. Senate Bill 1, which was also passed during the Third Special Session of the 87th Texas Legislature makes provisions for additional state aid to hold school districts harmless for tax revenue losses resulting from the increased homestead exemption.

Local Option Homestead Exemptions

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

State Mandated Freeze on School District Taxes

Except for increases attributable to certain improvements, a school district is prohibited from increasing the total ad valorem tax on the homestead of persons sixty-five (65) years of age or older or of disabled persons above the amount of tax imposed in the year such homestead qualified for such exemption. This freeze is transferable to a different homestead if a qualifying taxpayer moves and, under certain circumstances, is also transferable to the surviving spouse of persons sixty-five (65) years of age or older, but not the disabled. See "Appendix A – Financial Information of the District – Assessed Valuation" for the reduction in taxable valuation attributable to the freeze on taxes for the elderly and disabled.

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport and Goods-In-Transit Exemptions

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

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

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property. See "Appendix A – Financial Information of the District – Assessed Valuation" for the reduction in taxable valuation, if any, attributable to Goods-in-Transit or Freeport Property exemptions.

Other Exempt Property

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. 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 Texas Legislature recently amended Section 11.35, Tax Code to clarify that "damage" for 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.

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"). The 87th Texas Legislature did not vote to extend this program, which expired by its terms effective December 31, 2022.

Tax Limitation Agreements

The Texas Economic Development Act (Chapter 313, Texas Tax Code, as amended), allowed school districts to grant limitations on appraised property values to certain corporations and limited liability companies to encourage economic development within the school district. Generally, during the last eight (8) years of the ten-year term of a tax limitation agreement, a school district could only levy and collect M&O taxes on the agreed-to limited appraised property value. For the purposes of calculating its Tier One and Tier Two entitlements, the portion of a school district's property that is not fully taxable is excluded from the school district's taxable property values. Therefore, a school district will not be subject to a reduction in Tier One or Tier Two State funds as a result of lost M&O tax revenues due to entering into a tax limitation agreement (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts"). The 87th Texas Legislature did not vote to extend this program, which expired by its terms effective December 31, 2022.

For a discussion of how the various exemptions described above are applied by the District, see "AD VALOREM TAX PROCEDURES – The Property Tax Code as Applied to the District" herein.

District and Taxpayer Remedies

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$50 million for the 2020 tax year, \$50.6 million for the 2021 tax year, \$52,978,200 for the 2022 tax year, \$57,216,456 for the 2023 tax year and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

Levy and Collection of Taxes

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

District's Rights in the Event of Tax Delinquencies

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

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

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

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

TAX RATE LIMITATIONS

M&O Tax Rate Limitations

The District is authorized to levy an M&O tax rate pursuant to the approval of the voters of the District at an election held on February 12, 1960 pursuant to Article 2784e-1, Texas Revised Civil Statutes Annotated, as amended.

The maximum maintenance tax rate per \$100 of taxable value that may be adopted by an independent school district is the sum of \$0.17 and the school district's MCR. The District's MCR is, generally, inversely proportional to the change in taxable property values both within the District and the State, and is subject to recalculation annually. For any year, highest possible MCR for an independent school district is \$0.93.

Furthermore, a school district cannot annually increase its tax rate in excess of the school district's Voter-Approval Tax Rate without submitting such tax rate to an election and a majority of the voters voting at such election approving the adopted rate. See "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate" herein.

I&S Tax Rate Limitations

A school district is also authorized to issue bonds and levy taxes for payment of bonds subject to voter approval of one or more propositions submitted to the voters under Section 45.003(b)(1), Texas Education Code, as amended, which provides a tax unlimited as to rate or amount for the support of school district bonded indebtedness (see "THE 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. The Notes are issued as "new money bonds" and are subject to the \$0.50 threshold tax rate test. The District has not utilized projected property values or State assistance to satisfy the \$0.50 test.

Public Hearing and Voter-Approval Tax Rate

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

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. However, for only the 2020 tax year, if the governing body of the school district does not adopt by unanimous vote an M&O tax rate at least equal to the sum of the school district's MCR plus \$0.05, then \$0.04 is substituted for \$0.05 in the calculation for such school district's Voter-Approval Tax Rate for the 2020 tax year. For the 2020 tax year, and subsequent years, a school district's M&O tax rate may not exceed the rate equal to the sum of (i) \$0.17 and (ii) the school district's MCR (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein, for more information regarding the State Compression Percentage, MCR, and the Enrichment Tax Rate).

The governing body of a school district generally cannot adopt a tax rate exceeding the school district's Voter-Approval Tax Rate without approval by a majority of the voters approving the higher rate at an election to be held on the next uniform election date.

Further, subject to certain exceptions for areas declared disaster areas, State law requires the board of trustees of a school district to conduct an efficiency audit before seeking voter approval to adopt a tax rate exceeding the Voter-Approval Tax Rate and sets certain parameters for conducting and disclosing the results of such efficiency audit. An election is not required for a tax increase to address increased expenditures resulting from certain natural disasters in the year following the year in which such disaster occurs; however, the amount by which the increased tax rate exceeds the school district's Voter-Approval Tax Rate for such year may not be considered by the school district in the calculation of its subsequent Voter-Approval Tax Rate.

The calculation of the Voter-Approval Tax Rate does not limit or impact the District's ability to set an I&S tax rate in each year sufficient to pay debt service on all of the District's tax-supported debt obligations, including the Notes.

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.

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 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 Districts have the responsibility for appraising property in the District as well as other taxing units in Hunt County, Texas. The Appraisal Districts are governed by a board of directors appointed by members of the governing bodies of various political subdivisions within Hunt County, Texas.

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

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

The District does not collect an additional 20% penalty to defray attorney costs in the collection of delinquent taxes over and above the penalty automatically assessed under the Tax Code.

The District's taxes are collected by the Hunt County Tax Assessor.

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

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

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

The District grants a State mandated \$25,000 general residence homestead exemption.

The District grants a State mandated \$10,000 residence homestead exemption for persons 65 years of age or older and the disabled.

The District grants a State mandated residence homestead exemption for disabled veterans, as well as various exemption afforded to surviving spouses of veterans and member of the armed forces.

The District has granted a local option, additional exemption for persons who are 65 years of age or older and disabled persons above the amount of the State mandated exemption.

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

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

EMPLOYEE BENEFIT PLANS AND OTHER POST-EMPLOYMENT BENEFITS

The District's employees participate in a retirement plan (the "Plan") with the State of Texas. The Plan is administered by the Teacher Retirement System of Texas ("TRS"). State contributions are made to cover costs of the TRS retirement plan up to certain statutory limits. The District is obligated for a portion of TRS costs relating to employee salaries that exceed the statutory limit. Aside from the District's contribution to TRS, the District has no pension fund expenditures or liabilities. For fiscal year ended June 30, 2022, the District made a contribution to TRS on a portion of their employee's salaries that exceeded the statutory minimum. For a discussion of the TRS retirement plan, see "Note F – Defined Benefits Pension Plan" to the audited financial statements of the District that are attached hereto as Appendix D (the "Financial Statements").

In addition to its participation in the TRS, the District contributes to the Texas Public School Retired Employees Group Insurance Program (the "TRS-Care Retired Plan"), a cost-sharing multiple-employer defined benefit post-employment health care plan. The TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the TRS. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. For more detailed information concerning the District's funding policy and contributions in connection with the TRS-Care Retired Plan, see "Note G – Other Post-Employment Benefit Plan" to the Financial Statements.

As a result of its participation in the Plan and the TRS-Care Retired Plan and having no other post-retirement benefit plans, the District has no obligations for other post-employment benefits within the meaning of Governmental Accounting Standards Board Statement 45.

During the year ended June 30, 2022, employees of the District were covered by a fully-insured health insurance plan (the "Health Care Plan"). The District paid premiums per month per employee to the Health Care Plan. Employees, at their option, authorize payroll withholdings to pay premiums for dependents. See "Note I. RISK MANAGEMENT – Health Care" of the Financial Statements.

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

RATING

In connection with the sale of the Notes, the District has made an application to Moody's Investors Service ("Moody's") for a municipal bond rating. The District's current unenhanced, underlying rating is "Aa3" by Moody's. In addition, the District has made an application for an insurance policy insuring the timely payment of the principal of and interest on the Notes. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS"). The purchase of such insurance, if available and the payment of all associated costs will be at the option and expense of the initial Purchaser.

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

The above rating is not a recommendation to buy, sell or hold the Notes, and such rating may be subject to revision or withdrawal at any time by Moody's. Any downward revision or withdrawal of the rating may have an adverse effect on the market price of the Notes.

LEGAL MATTERS

The delivery of the Notes is subject to the approval of the Attorney General of Texas to the effect that the Notes are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, within the limit prescribed by law, upon all taxable property in the District, and the approving legal opinion of Bracewell LLP, Dallas, Texas, Bond Counsel to the District ("Bond Counsel"), to like effect and to the effect that the interest on the Notes will be excludable from gross income for federal income tax purposes under section 103(a) of the Internal Revenue Code, subject to the matters described under "TAX MATTERS" herein. The form of Bond Counsel's opinion is attached hereto as Appendix C. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Notes is contingent upon the sale and delivery of the Notes.

The District will furnish to the Initial Purchaser 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 Texas approving the initial Note and to the effect that the Notes are valid and legally binding obligations of the District and, based upon examination of such transcripts of proceedings, the approving legal opinions of Bond Counsel, to like effect and to the effect that the interest on the Notes will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The customary closing papers, including a certificate of the District as described under "CERTIFICATION OF THE OFFICIAL STATEMENT" will also be furnished to the Initial Purchaser. Though it represents the Financial Advisor and investment banking firms such as the Initial Purchaser from time to time in matters unrelated to the issuance of the Notes, Bond Counsel has been engaged by and only represents the District in connection with the issuance of the Notes. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Notices of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Notes in the Official Statement to verify that such description conforms to the provisions of the Resolution.

The various 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

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Notes should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Notes.

Tax Exemption

In the opinion of Bracewell LLP, Bond Counsel, under existing law, interest on the Notes (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Notes, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Resolution pertaining to those sections of the Code that affect the excludability of interest on the Notes from gross income for federal income tax purposes and, in addition, will rely on representations by the District and other parties involved with the issuance of the Notes with respect to matters solely within the knowledge of the District and such parties, which Bond Counsel has not independently verified. If the District fails to comply with the covenants in the Resolution or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Notes could become includable in gross income from the date of delivery of the Notes, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, Bond Counsel will express no opinion as to the amount of interest on the Notes or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Notes. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Resolution upon the advice or with the

approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Notes from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems 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 District as the taxpayer, and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Notes could adversely affect the value and liquidity of the Notes, regardless of the ultimate outcome of the audit.

Purchase of Tax-Exempt Obligations by Financial Institutions

Section 265(a) of the Code provides, in general, that a deduction for interest on indebtedness incurred to acquire or carry tax-exempt obligations is disallowed. Section 265(b) of the Code provides a specific complete disallowance of any deduction by a financial institution of its pro rata interest expense to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. Section 265(b) of the Code also provides an exception for financial institutions for tax-exempt obligations that are properly designated or deemed designated by an issuer as "qualified tax-exempt obligations."

The Notes have been designated as "qualified tax-exempt obligations" based, in part, on the District's representation that the amount of the Notes, when added to the amount of all other tax-exempt obligations (not including private activity bonds other than "qualified 501(c)(3) bonds" or any obligations issued to currently refund any obligation to the extent the amount of the refunding obligation did not exceed the outstanding amount of the refunded obligation) issued or reasonably anticipated to be issued by or on behalf of the District during calendar year 2023, is not expected to exceed \$10,000,000. Further, the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Notes) during calendar year 2023.

Notwithstanding the designation of the Notes as "qualified tax-exempt obligations" under this exception, financial institutions acquiring the Notes will be subject to a 20% disallowance of allocable interest expense.

Additional Federal Income Tax Considerations

Collateral Tax Consequences

Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Notes should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Notes.

For tax years beginning after December 31, 2022, an "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15% alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Notes, is included in a corporation's "adjusted financial statement income," ownership of the Notes could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Notes.

Prospective purchasers of the Notes should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Notes, received or accrued during the year.

Tax Accounting Treatment of Original Issue Premium

The issue price of all or a portion of the Notes may exceed the stated redemption price payable at maturity of such Notes. Such Notes (the "Premium Notes") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Note in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Note in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Note by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Note that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Note) is determined using the yield to maturity on the Premium Note based on the initial offering price of such Premium Note.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Notes that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Notes should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Note and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Notes.

Tax Accounting Treatment of Original Issue Discount

The issue price of all or a portion of the Notes may be less than the stated redemption price payable at maturity of such Notes (the "OID Notes"). In such case, the difference between (i) the amount payable at the maturity of each OID Note, and (ii) the initial offering price to the public of such OID Note constitutes original issue discount with respect to such OID Note in the hands of any owner who has purchased such OID Note in the initial public offering of the Notes. Generally, such initial owner is entitled

to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such OID Note equal to that portion of the amount of such original issue discount allocable to the period that such OID Note continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Notes under the captions "TAX MATTERS – Tax Exemption" and "TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences" and "—Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Initial Purchaser has purchased the Notes for contemporaneous sale to the public and (ii) all of the OID Notes have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the District nor Bond Counsel has made any investigation or offers any comfort that the OID Notes will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each OID Note accrues 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 OID 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 (i) 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 (ii) the amounts payable as current interest during such accrual period on such Note.

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

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Notes from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Notes. Prospective purchasers of the Notes should consult with their own tax advisors with respect to any recently-enacted, proposed, pending or future legislation.

INVESTMENT POLICIES

Investments

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

Legal Investments

Under State law, the District is authorized to invest in: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the District in compliance with the PFIA, (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the District's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the District appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for District deposits, or (ii) where (a) the funds are invested by the District through a broker or institution that has a main office or branch office in the State and selected by the District in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the District appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clauses (1) or (12), which are pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency

if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the District is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party designated by the District, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

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

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

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

Investment Policies

Under State law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for District funds, maximum allowable stated maturity of any individual investment owned by the District and the maximum average dollar-weighted maturity allowed for pooled fund groups. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

State law also requires that District investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived". At least quarterly the investment officers of the District shall submit an investment report detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. No person may invest District funds without express written authority from the Board

Current Investments

As of June 30, 2022, the District had \$14,244,005 invested in government investment pools that generally have the characteristics of a money-market mutual fund, \$1,186,956 invested in Municipal Bonds, \$14,794,912 (unaudited) invested at a local bank, and \$250,000 (unaudited) invested in Certificates of Deposit at a local bank. The market value of such investments (as determined by the District by reference to published quotations, dealer bids, and comparable information) is approximately 100% of the book value. No funds of the District are invested in derivative securities; i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

REGISTRATION AND QUALIFICATION OF 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 Purchaser to register or qualify the sale of the Notes under the securities laws of any jurisdiction which so requires. The District has agreed to cooperate, at the Purchaser'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 RISK MANAGEMENT

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

INFECTIOUS DISEASE OUTBREAK – COVID-19

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

On March 13, 2020, the Governor declared a state of disaster for all counties in the State in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting State business or any order or rule of a State agency (including TEA) that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. Under executive orders of the Governor in effect as of the date of this Official Statement, there are no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

During the 2021-2022 school year, District funding generally returned to ADA-based funding. Pursuant to Texas Education Code, §25.081(b), the State Commissioner of Education approved a reduction in the minimum number of required minutes of operation for all school districts during the first through fourth six-week attendance reporting periods of the 2021–2022 school year. This adjustment ensured stabilized percentage attendance rates comparable to a more typical school year, rather than the low percentage attendance rates caused by the ongoing COVID-19 pandemic. This was a one-time adjustment for 2021-2022 school year offered solely for funding purposes. The funding adjustment did not relieve districts from the statutory operational minutes requirement to operate schools and make schools available for students to attend in person. This adjustment did not hold a district harmless for losses of ADA due to enrollment declines. The return to funding based on actual attendance as districts transition back from Pandemic operations may have a negative impact on revenues available to districts for operations and maintenance.

The Pandemic negatively affected travel, commerce, and financial markets globally, and may continue to negatively affect economic growth and financial markets worldwide. While the District has experienced growth in its taxable assessed valuation during the Pandemic, a continuation of the Pandemic and the economic impact of the Pandemic could reduce or negatively affect property values within the District in future years. Additionally, the Pandemic and other demographic and economic conditions could impact student enrollment. With the changes made to the Finance System in HB3, school funding is increasingly tied to ADA. As a result, student enrollment will be an important factor for M&O funding for the District going forward. A continuation of the Pandemic could negatively affect enrollment. See "APPENDIX A – FINANCIAL INFORMATION REGARDING THE DISTRICT." The Notes are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Notes as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Additionally, State funding of District operations and maintenance in future fiscal years could be adversely impacted by the negative effects on economic growth and financial markets resulting from the Pandemic as well as ongoing disruptions in the global oil markets. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM."

FINANCIAL ADVISOR

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

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

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, 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 "RATING" 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 Municipal Securities Rulemaking Board ("MSRB"). The information provided to the MSRB will be available to the public free of charge via the Electronic Municipal Markets Access ("EMMA") system at www.emma.msrb.org.

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes financial information and operating data with respect to the District of the general type included in this Official Statement in Appendix A (such information being the "Annual Operating Report"). The District will additionally provide financial statements of the District (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in Appendix D or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in Appendix D and (ii) audited, if the District commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The District will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2023. The District may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within 12 months after any such fiscal year end, then the District shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12.

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

Notice of Certain Events

The District will also provide 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 Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (7) modifications to rights of holders of the Notes, if material; (8) Bond 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 paying agent/registrars or the change of name of a paying agent/registrars, 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 bond trustee, debt service reserves, credit enhancement, or liquidity enhancement. In the Resolution, the District adopted policies and procedures to ensure timely compliance of its continuing disclosure undertakings.

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

Availability of Information

All information and documentation filing required to be made by the District in accordance with its undertaking made for the 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 underwriters to purchase or sell Notes in the initial primary offering in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding 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 the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling 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

During the past five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

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.

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.

WINNING BIDDER

After requesting competitive bids for the Notes, the District accepted the bid of _____ (the "Purchaser" or the "Initial Purchaser") to purchase the Notes at the interest rates shown on page ii of this Official Statement at a price of par, plus a cash premium of _____. The District can give no assurance that any trading market will be developed for the Notes after their sale by the District to the Purchaser. The District has no control over the price at which the Notes are subsequently sold and the initial yield at which the Notes will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Initial Bond, the Purchaser will be furnished a certificate, executed by proper officials of the District, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Notes, on the date of such Official Statement, on the date of sale of said Notes and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the District, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the District believes to be reliable and the District has no reason to believe that they are untrue in any material respect; (d) except as may be otherwise described in the Official Statement, there has been no material adverse change in the financial condition of the District, since June 30, 2022, the date of the last financial statements of the District appearing in the Official Statement; and (e) no litigation of any nature has been filed or is pending, as of the date hereof, to restrain or enjoin the issuance or delivery of the Notes or which would affect the provisions made for their payment or security or in any manner question the validity of the Notes.

CONCLUDING STATEMENT

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy in any state in which

such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer of solicitation.

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which the District considers to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and the Resolution contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Resolution. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects. All information contained in this Official Statement is subject, in all respects, to the complete body of information contained in the original sources thereof. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumption, whether or not expressly identified as such, should not be considered statements of fact.

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, SEC Rule 15c2-12.

The Resolution will approve the form and content of this Official Statement and any addenda, supplement or amendment thereto and will authorize its further use in the re-offering of the Notes by the Purchaser.

/s/

President, Board of Trustees

ATTEST:

/s/

Secretary, Board of Trustees

APPENDIX A
FINANCIAL INFORMATION OF THE DISTRICT

GREENVILLE INDEPENDENT SCHOOL DISTRICT

Financial Information

ASSESSED VALUATION ⁽¹⁾

2022/23 Total Valuation.....		\$ 4,871,503,549
Less Exemptions & Deductions ⁽²⁾ :		
State Homestead Exemption	\$ 242,162,639	
State Over-65 Exemption	25,834,102	
Disabled Homestead Exemption Loss	21,487,372	
Veterans Exemption Loss	2,860,534	
Surviving Spouse Disabled Veteran Exemption	2,430,849	
Freeport Exemption	83,064,043	
Pollution Control Exemption Loss	2,081,253	
Productivity Loss	561,525,482	
Solar & Wind Power Exemption	754,626	
Homestead Cap Loss	215,027,414	
	<u>\$ 1,157,228,314</u>	
2022/23 Net Taxable Valuation		\$ 3,714,275,235
2023/24 Preliminary Net Taxable Valuation ⁽³⁾		\$ 4,525,975,043

(1) Source: Comptroller of Public Accounts - Property Tax Division. The passage of a Texas Constitutional Amendment on May 7, 2022 increased the homestead exemption from \$25,000 to \$40,000.
 (2) Excludes the values on which property taxes are frozen for persons 65 years of age or older and disabled taxpayers, which totaled \$129,004,216 in 2022/23.
 (3) Source: Preliminary Values from the Hunt County Appraisal District as of April 2023.

OUTSTANDING OBLIGATIONS

Voted Unlimited Tax Bonds Outstanding ⁽¹⁾		\$ 69,675,000
Non-Voted General Fund Maintenance Tax Notes Outstanding ⁽¹⁾		806,992
Non-Voted General Fund Bus Loans Outstanding ⁽¹⁾		815,000
Plus: The Maintenance Tax Notes ^{(1) (2)}		<u>8,000,000</u>
Total Obligations ^{(1) (2)}		79,296,992
Less: Interest & Sinking Fund Balance (As of June 30, 2022) ⁽³⁾		<u>(5,614,205)</u>
Net Obligations ⁽²⁾		\$ 73,682,787
Ratio of Net G.O. Debt to Net Taxable Valuation ⁽⁴⁾	1.63%	
2023 Population Estimate ⁽⁵⁾	37,323	
Per Capita Net Taxable Valuation	\$121,265	
Per Capita Net G.O. Debt	\$1,974	

(1) The Bonds are illustrated as of fiscal year ending June 30th.
 (2) Preliminary, subject to change.
 (3) Source: Greenville ISD Audited Financial Statement.
 (4) See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the Official Statement and "DEBT SERVICE REQUIREMENTS" in this appendix and see the "Audited Financial Report Fiscal Year Ended June 30, 2022" in Appendix D for more information relative to the District's outstanding obligations.
 (5) Source: Municipal Advisory Council of Texas.

PROPERTY TAX RATES AND COLLECTIONS

Fiscal Year	Net Taxable		% Collections ⁽⁵⁾	
	Valuation	Tax Rate	Current ⁽⁶⁾	Total ⁽⁶⁾
2006/07	\$ 1,197,523,067 ⁽¹⁾	\$ 1.5144 ⁽⁷⁾	97.51%	99.13%
2007/08	1,275,071,117 ⁽¹⁾	1.1884 ⁽⁷⁾	97.27%	99.99%
2008/09	1,460,425,630 ⁽¹⁾	1.1925	97.00%	99.44%
2009/10	1,528,537,925 ⁽¹⁾	1.1844	96.96%	99.49%
2010/11	1,613,376,565 ⁽¹⁾	1.1948	97.39%	99.77%
2011/12	1,622,807,580 ⁽¹⁾	1.1816	97.50%	100.11%
2012/13	1,701,161,582 ⁽¹⁾	1.1737	97.87%	99.98%
2013/14	1,631,811,852 ⁽¹⁾	1.1804	97.92%	99.92%
2014/15	1,800,863,150 ⁽¹⁾	1.3550	98.37%	99.94%
2015/16	1,830,251,019 ^{(1) (2)}	1.3482	97.99%	99.50%
2016/17	1,983,160,275 ^{(1) (2)}	1.3092	97.98%	99.59%
2017/18	2,138,707,366 ^{(1) (2)}	1.3085	98.30%	99.83%
2018/19	2,331,905,891 ^{(1) (2)}	1.2985	97.69% ⁽⁹⁾	99.04% ⁽⁹⁾
2019/20	2,546,390,249 ^{(1) (2)}	1.2285 ⁽⁸⁾	97.32%	99.53%
2020/21	2,818,304,241 ^{(1) (2)}	1.1687	97.23%	99.83%
2021/22	3,126,319,046 ^{(1) (2)}	1.1205	97.11%	99.66%
2022/23	3,714,275,235 ^{(1) (3)}	1.1031	(In Process of Collection)	
2023/24	4,525,975,043 ^{(3) (4)}			

(1) Source: Comptroller of Public Accounts - Property Tax Division.
 (2) The passage of a Texas Constitutional Amendment on November 3, 2015 increased the homestead exemption from \$15,000 to \$25,000.
 (3) The passage of a Texas Constitutional Amendment on May 7, 2022 increased the homestead exemption from \$25,000 to \$40,000.
 (4) Source: Preliminary Values from the Hunt County Appraisal District as of April 2023.
 (5) Source: Greenville ISD Audited Financial Statements.
 (6) Excludes penalties and interest.
 (7) The declines in the District's Maintenance & Operation Tax for the 2006/07 and 2007/08 fiscal years are a function of House Bill 1 adopted by the Texas Legislature in May 2006. See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in this Official Statement.
 (8) The decline in the District's Maintenance & Operation Tax from the 2018/19 fiscal year to the 2019/20 fiscal year is a function of House Bill 3 adopted by the Texas Legislature in June 2019. See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in this Official Statement.
 (9) For the Ten Months ending June 30, 2019. The District elected to change its fiscal year end from August 31st to June 30th effective June 30, 2019.

TAX RATE DISTRIBUTION ⁽¹⁾

	2018/19	2019/20 ⁽²⁾	2020/21	2021/22	2022/23
Maintenance & Operations	\$1.0600	\$0.9900	\$0.9302	\$0.8820	\$0.8646
Debt Service	\$0.2385	\$0.2385	\$0.2385	\$0.2385	\$0.2385
Total Tax Rate	\$1.2985	\$1.2285	\$1.1687	\$1.1205	\$1.1031

(1) On November 6, 2018, the voters of the District approved a maintenance and operations tax rate of \$1.06 at a tax ratification election.

(2) The decline in the District's Maintenance & Operations Tax from the 2018/19 fiscal year to the 2019/20 fiscal year is a function of House Bill 3 adopted by the Texas Legislature in June 2019.

VALUATION AND FUNDED DEBT HISTORY

Fiscal Year	Net Taxable Valuation	Bond Debt Outstanding ⁽¹⁾	Ratio Debt to A.V. ⁽²⁾
2006/07	\$ 1,197,523,067	\$ 25,544,998	2.13%
2007/08	1,275,071,117	24,214,998	1.90%
2008/09	1,460,425,630	22,839,998	1.56%
2009/10	1,528,537,925	21,690,923	1.42%
2010/11	1,613,376,565	21,415,000	1.33%
2011/12	1,622,807,580	21,170,000	1.30%
2012/13	1,701,161,582	20,010,000	1.18%
2013/14	1,631,811,852	83,120,000	5.09%
2014/15	1,800,863,150	81,790,000	4.54%
2015/16	1,830,251,019	78,105,000	4.27%
2016/17	1,983,160,275	76,690,000	3.87%
2017/18	2,138,707,366	75,165,000	3.51%
2018/19	2,331,905,891	74,780,000	3.21%
2019/20	2,546,390,249	72,150,000	2.83%
2020/21	2,818,304,241	69,925,000	2.48%
2021/22	3,126,319,046	68,255,000	2.18%
2022/23	3,714,275,235 ⁽³⁾	66,635,000 ⁽⁵⁾	1.79%
2023/24	4,525,975,043 ⁽⁴⁾	64,120,000 ⁽⁵⁾	1.42%

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

(2) See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the Official Statement, "DEBT SERVICE REQUIREMENTS" in this Appendix and see the "Audited Financial Report Fiscal Year Ended June 30, 2022" in Appendix D for more information.

(3) The passage of a Texas Constitutional Amendment on May 7, 2022 increased the homestead exemption from \$25,000 to \$40,000.

(4) Source: Preliminary Values from the Hunt County Appraisal District as of April 2022.

(5) Excludes the General Fund Obligations, which are not voted unlimited tax debt.

ESTIMATED OVERLAPPING DEBT STATEMENT

Taxing Body	Amount	Percent Overlapping	Amount Overlapping
City of Campbell	\$ 395,000	9.74%	\$ 38,473
City of Greenville	145,699,849	99.96%	145,641,569
Hunt County	10,190,000	37.05%	3,775,395
Hunt Memorial Hospital District	34,490,000	37.05%	12,778,545
Total Overlapping Debt ⁽¹⁾			\$ 162,233,982
Greenville Independent School District ⁽²⁾			73,682,787
Total Direct & Overlapping Debt			\$ 235,916,769
Ratio of Net Direct & Overlapping Debt to Net Taxable Valuation		6.35%	
Per Capita Direct & Overlapping Debt		\$6,321	

(1) Equals gross debt less self-supporting debt.

(2) Includes the General Fund Obligations, which are not voted unlimited tax debt.

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

PRINCIPAL TAXPAYERS ⁽¹⁾**2022/23 Top Ten Taxpayers**

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
L-3 Communications Integrated Sys. LP	Industrial Manufacturing	\$ 210,333,060	5.66%
Cytec Engineered Materials Inc.	Industrial Manufacturing	68,077,818	1.83%
Weatherford Artificial Lift/US LP	Industrial Manufacturing	36,606,750	0.99%
STN Realty Texas LLC	Industrial Manufacturing	33,647,680	0.91%
Overkill Properties Ltd.	Industrial Manufacturing	31,524,593	0.85%
Rock-Tenn Converting Co. #2433	Retail	24,324,186	0.65%
Shelby 7121 Partnership LLC	Industrial Manufacturing	23,507,370	0.63%
Sabert	Industrial Manufacturing	23,224,830	0.63%
Majors Place LP	Apartments	20,885,480	0.56%
Wal-Mart Real Estate Business Trust	Retail	18,891,890	0.51%
		<u>\$ 491,023,657</u>	<u>13.22%</u>

2021/22 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
L-3 Communications Integrated Sys. LP	Industrial Manufacturing	\$ 200,695,080	6.42%
Cytec Engineered Materials Inc.	Industrial Manufacturing	86,642,336	2.77%
Overkill Properties Ltd.	Industrial Manufacturing	47,201,200	1.51%
Weatherford Artificial Lift/US LP	Industrial Manufacturing	33,400,000	1.07%
STN Realty Texas LLC	Industrial Manufacturing	28,153,000	0.90%
Shelby 7121 Partnership LLC	Industrial Manufacturing	23,027,190	0.74%
Sabert	Industrial Manufacturing	19,714,180	0.63%
Majors Place LP	Apartments	17,961,970	0.57%
Wal-Mart Real Estate Business Trust	Retail	17,038,680	0.55%
Masonite Corp.	Industrial Manufacturing	16,310,103	0.52%
		<u>\$ 490,143,739</u>	<u>15.68%</u>

2020/21 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
L-3 Communications Integrated Sys. LP	Industrial Manufacturing	\$ 190,826,710	6.77%
Cytec Engineered Materials Inc.	Industrial Manufacturing	74,981,683	2.66%
Weatherford Artificial Lift/US LP	Industrial Manufacturing	56,357,215	2.00%
Overkill Properties Ltd.	Industrial Manufacturing	26,527,201	0.94%
Fritz Industries Inc.	Industrial Manufacturing	24,975,909	0.89%
Majors Place LP	Apartments	18,561,970	0.66%
Wal-Mart Real Estate Business Trust	Retail	17,187,130	0.61%
Masonite Corp.	Industrial Manufacturing	16,735,807	0.59%
Rock-Tenn Converting Co. #2433	Retail	15,311,660	0.54%
Case Corp.	Wholesale Supplier	13,647,676	0.48%
		<u>\$ 455,112,961</u>	<u>16.15%</u>

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

Note: As shown in the table above, the top ten taxpayers in the District account for in excess of 13% of the District's tax base. Adverse developments in economic conditions, especially in a particular industry in which any one of these large taxpayers participates, could adversely impact these businesses and, consequently, the tax values in the District, resulting in less local tax revenue. If any major taxpayer, or a combination of top taxpayers, were to default in the payment of taxes, the ability of the District to make timely payment of debt service on the Bonds may be dependent on its ability to enforce and liquidate its tax lien, which is a time consuming process that may only occur annually. See "REGISTERED OWNERS' REMEDIES" and "AD VALOREM TAX PROCEDURES – District's Rights in the Event of Tax Delinquencies" in this Official Statement.

CLASSIFICATION OF ASSESSED VALUATION BY USE CATEGORY ⁽¹⁾

<u>Category</u>	<u>2022/23</u>	<u>% of Total</u>	<u>2021/22</u>	<u>% of Total</u>	<u>2020/21</u>	<u>% of Total</u>
Real, Residential, Single-Family	\$ 1,785,408,699	36.65%	\$ 1,359,533,284	35.84%	\$ 1,178,017,093	33.79%
Real, Residential, Multi-Family	231,149,522	4.74%	167,957,064	4.43%	161,199,686	4.62%
Real, Vacant Lots/Tracts	108,649,202	2.23%	78,909,547	2.08%	63,302,403	1.82%
Real, Qualified Land & Improvements	583,816,180	11.98%	329,825,647	8.70%	295,395,663	8.47%
Real, Non-Qualified Land & Improvements	535,329,961	10.99%	419,988,028	11.07%	371,196,926	10.65%
Real, Commercial & Industrial	793,154,972	16.28%	642,701,171	16.94%	618,021,869	17.73%
Oil & Gas	-	0.00%	-	0.00%	-	0.00%
Utilities	64,595,983	1.33%	58,939,120	1.55%	57,451,200	1.65%
Tangible Personal, Commercial	269,546,129	5.53%	240,457,693	6.34%	212,419,049	6.09%
Tangible Personal, Industrial	455,669,070	9.35%	460,873,370	12.15%	491,725,430	14.11%
Tangible Personal, Mobile Homes & Other	14,752,691	0.30%	11,632,258	0.31%	11,415,041	0.33%
Tangible Personal, Residential Inventory	4,120,980	0.08%	447,010	0.01%	355,150	0.01%
Tangible Personal, Special Inventory	<u>25,310,160</u>	<u>0.52%</u>	<u>21,680,810</u>	<u>0.57%</u>	<u>25,404,710</u>	<u>0.73%</u>
Total Appraised Value	\$ 4,871,503,549	100.00%	\$ 3,792,945,002	100.00%	\$ 3,485,904,220	100.00%
Less:						
Homestead Cap Adjustment	\$ 215,027,414		\$ 91,859,632		\$ 82,256,286	
Productivity Loss	561,525,482		313,922,687		280,615,397	
Exemptions	<u>380,675,418</u> ⁽²⁾		<u>260,843,637</u> ⁽³⁾		<u>304,728,296</u> ⁽³⁾	
Total Exemptions/Deductions ⁽⁴⁾	\$ 1,157,228,314		\$ 666,625,956		\$ 667,599,979	
Net Taxable Assessed Valuation	\$ 3,714,275,235		\$ 3,126,319,046		\$ 2,818,304,241	

<u>Category</u>	<u>2019/20</u>	<u>% of Total</u>	<u>2018/19</u>	<u>% of Total</u>	<u>2017/18</u>	<u>% of Total</u>
Real, Residential, Single-Family	\$ 1,053,535,937	33.53%	\$ 877,507,202	30.84%	\$ 769,326,133	29.51%
Real, Residential, Multi-Family	130,923,599	4.17%	122,790,569	4.31%	100,871,971	3.87%
Real, Vacant Lots/Tracts	53,936,999	1.72%	47,442,611	1.67%	47,136,123	1.81%
Real, Qualified Land & Improvements	256,111,975	8.15%	228,452,171	8.03%	206,636,375	7.93%
Real, Non-Qualified Land & Improvements	331,630,903	10.55%	295,494,436	10.38%	261,403,239	10.03%
Real, Commercial & Industrial	581,097,226	18.49%	575,572,441	20.23%	527,196,116	20.22%
Oil & Gas	-	0.00%	-	0.00%	-	0.00%
Utilities	55,642,390	1.77%	49,974,090	1.76%	48,617,420	1.86%
Tangible Personal, Commercial	205,543,447	6.54%	185,856,143	6.53%	202,543,620	7.77%
Tangible Personal, Industrial	445,057,490	14.16%	434,264,782	15.26%	418,677,774	16.06%
Tangible Personal, Mobile Homes & Other	7,763,159	0.25%	7,866,800	0.28%	3,705,770	0.14%
Tangible Personal, Residential Inventory	435,640	0.01%	603,090	0.02%	634,911	0.02%
Tangible Personal, Special Inventory	<u>20,590,340</u>	<u>0.66%</u>	<u>19,920,730</u>	<u>0.70%</u>	<u>20,376,530</u>	<u>0.78%</u>
Total Appraised Value	\$ 3,142,269,105	100.00%	\$ 2,845,745,065	100.00%	\$ 2,607,125,982	100.00%
Less:						
Homestead Cap Adjustment	\$ 77,414,918		\$ 36,426,730		\$ 23,410,789	
Productivity Loss	241,311,105		213,747,263		192,893,121	
Exemptions	<u>277,152,833</u> ⁽³⁾		<u>263,665,181</u> ⁽³⁾		<u>252,114,706</u> ⁽³⁾	
Total Exemptions/Deductions ⁽⁴⁾	\$ 595,878,856		\$ 513,839,174		\$ 468,418,616	
Net Taxable Assessed Valuation	\$ 2,546,390,249		\$ 2,331,905,891		\$ 2,138,707,366	

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

(2) The passage of a Texas Constitutional Amendment on May 7, 2022 increased the homestead exemption from \$25,000 to \$40,000.

(3) The passage of a Texas Constitutional Amendment on November 3, 2015 increased the homestead exemption from \$15,000 to \$25,000.

(4) Excludes values on which property taxes are frozen for persons 65 years of age or older and disabled taxpayers.

NON-VOTED GENERAL FUND MAINTENANCE TAX NOTES PRINCIPAL REPAYMENT SCHEDULE

Fiscal Year Ending 6/30	Outstanding Maintenance Tax Notes	Plus:		Principal Unpaid At Year End	Percent of Principal Retired
		The Maintenance Tax Notes ⁽¹⁾	Total ⁽¹⁾		
2023	\$ 210,000.00	\$ -	\$ 210,000.00	\$ 8,605,000.00	2.38%
2024	205,000.00	-	205,000.00	8,400,000.00	4.71%
2025	200,000.00	-	200,000.00	8,200,000.00	6.98%
2026	200,000.00	580,000.00	780,000.00	7,420,000.00	15.83%
2027		890,000.00	890,000.00	6,530,000.00	25.92%
2028		935,000.00	935,000.00	5,595,000.00	36.53%
2029		985,000.00	985,000.00	4,610,000.00	47.70%
2030		1,020,000.00	1,020,000.00	3,590,000.00	59.27%
2031		1,150,000.00	1,150,000.00	2,440,000.00	72.32%
2032		1,195,000.00	1,195,000.00	1,245,000.00	85.88%
2033		1,245,000.00	1,245,000.00	-	100.00%
Total	\$ 815,000.00	\$ 8,000,000.00	\$ 8,815,000.00		

(1) Preliminary, subject to change.

NON-VOTED GENERAL FUND MAINTENANCE TAX NOTES DEBT SERVICE REQUIREMENTS ⁽¹⁾

Fiscal Year Ending 6/30	Outstanding Maintenance Tax Notes Debt Service	Less: QSCB Direct Pay Subsidy ⁽²⁾	Plus: The Maintenance Tax Notes ⁽³⁾			Combined Total ^{(2) (3)}
			Principal	Interest	Total	
2023	\$ 251,632.50	\$ 39,259.45	\$ -	\$ -	\$ -	\$ 212,373.05
2024	235,166.50	28,447.01	-	337,360.14	337,360.14	544,079.63
2025	219,110.00	18,020.73	-	344,050.00	344,050.00	545,139.27
2026	208,190.00	7,723.17	580,000.00	344,050.00	924,050.00	1,124,516.83
2027			890,000.00	315,050.00	1,205,050.00	1,205,050.00
2028			935,000.00	270,550.00	1,205,550.00	1,205,550.00
2029			985,000.00	223,800.00	1,208,800.00	1,208,800.00
2030			1,020,000.00	184,400.00	1,204,400.00	1,204,400.00
2031			1,150,000.00	143,600.00	1,293,600.00	1,293,600.00
2032			1,195,000.00	97,600.00	1,292,600.00	1,292,600.00
2033			1,245,000.00	49,800.00	1,294,800.00	1,294,800.00
	\$ 914,099.00	\$ 93,450.36	\$ 8,000,000.00	\$ 2,310,260.14	\$ 10,310,260.14	\$ 11,130,908.78

(1) General Fund Obligations are payable solely from the limited maintenance and operations tax or other lawfully available funds of the District. See "NOTE E TO THE FINANCIAL STATEMENTS" from the "Audited Financial Report Fiscal Year Ended June 30, 2022" in Appendix D for more information relative to the District's outstanding obligations.

(2) The Direct Pay Subsidy represents 94.3% of the interest cost on the Qualified School Construction Maintenance Tax Notes, Taxable Series 2010. The sequester reduction percentage for fiscal year 2020 was 5.9% and has been lowered to 5.7% in 2021. This percentage is assumed for illustration purposes to carry forward through maturity of the outstanding Qualified School Construction Bonds.

(3) Preliminary, subject to change.

NON-VOTED GENERAL FUND BUS LOANS DEBT SERVICE REQUIREMENTS ⁽¹⁾

Fiscal Year Ending 6/30	ANB Bus Loan			ANB Bus Loan 2		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 76,692.05	\$ 11,181.53	\$ 87,873.58	\$ -	\$ -	\$ -
2024	79,376.27	8,497.31	87,873.58	69,645.71	17,264.51	86,910.22
2025	82,154.44	5,719.14	87,873.58	69,645.71	17,264.51	86,910.22
2026	81,249.65	2,843.74	84,093.39	69,645.71	17,264.51	86,910.22
2027				69,645.71	17,264.51	86,910.22
2028				69,645.71	17,264.51	86,910.22
2029				69,645.71	17,264.51	86,910.22
2030				69,645.71	17,264.51	86,910.22
Total	\$ 319,472.41	\$ 28,241.72	\$ 347,714.13	\$ 487,520.00	\$ 120,851.54	\$ 608,371.54

(1) General Fund Obligations are payable solely from the limited maintenance and operations tax or other lawfully available funds of the District. See "NOTE E TO THE FINANCIAL STATEMENTS" from the "Audited Financial Report Fiscal Year Ended June 30, 2022" in Appendix D for more information relative to the District's outstanding obligations.

VOTED UNLIMITED TAX BOND PRINCIPAL REPAYMENT & DEBT SERVICE REQUIREMENTS ⁽¹⁾

Fiscal Year Ending 8/31	Outstanding Voted Unlimited Tax Bonds ⁽²⁾			Voted Unlimited Tax	Percent of
	Principal	Interest	Total	Bonds Unpaid At Year End	Principal Retired
2023	\$ 1,620,000.00	\$ 4,917,319.90	\$ 6,537,319.90	\$ 66,635,000.00	2.37%
2024	2,515,000.00	1,457,058.90	3,972,058.90	64,120,000.00	6.06%
2025	2,600,000.00	1,370,904.03	3,970,904.03	61,520,000.00	9.87%
2026	2,690,000.00	1,281,160.16	3,971,160.16	58,830,000.00	13.81%
2027	2,795,000.00	1,176,137.66	3,971,137.66	56,035,000.00	17.90%
2028	2,830,000.00	1,141,846.61	3,971,846.61	53,205,000.00	22.05%
2029	2,870,000.00	1,102,307.11	3,972,307.11	50,335,000.00	26.25%
2030	2,915,000.00	1,059,284.38	3,974,284.38	47,420,000.00	30.53%
2031	2,960,000.00	1,012,655.00	3,972,655.00	44,460,000.00	34.86%
2032	3,010,000.00	963,188.55	3,973,188.55	41,450,000.00	39.27%
2033	3,060,000.00	910,608.60	3,970,608.60	38,390,000.00	43.76%
2034	3,120,000.00	853,830.30	3,973,830.30	35,270,000.00	48.33%
2035	3,180,000.00	792,799.80	3,972,799.80	32,090,000.00	52.99%
2036	3,245,000.00	727,344.93	3,972,344.93	28,845,000.00	57.74%
2037	3,315,000.00	657,233.83	3,972,233.83	25,530,000.00	62.60%
2038	3,390,000.00	583,067.15	3,973,067.15	22,140,000.00	67.56%
2039	3,470,000.00	504,464.25	3,974,464.25	18,670,000.00	72.65%
2040	3,550,000.00	421,267.25	3,971,267.25	15,120,000.00	77.85%
2041	3,640,000.00	333,165.00	3,973,165.00	11,480,000.00	83.18%
2042	3,730,000.00	240,855.75	3,970,855.75	7,750,000.00	88.65%
2043	3,825,000.00	146,229.38	3,971,229.38	3,925,000.00	94.25%
2044	3,925,000.00	49,160.63	3,974,160.63	11,195,000.00	83.60%
	<u>\$ 68,255,000.00</u>	<u>\$ 21,701,889.17</u>	<u>\$ 89,956,889.17</u>		

(1) Debt service for the Bonds is illustrated on the State of Texas fiscal year end of August 31st, although the District's fiscal year ends on June 30th. Excludes the General Fund Obligations, which are not voted unlimited tax bonds.

(2) Includes the accreted value of outstanding capital appreciation bonds. Based on its wealth per student, the District does not expect to receive Instructional Facilities Allotment nor Existing Debt Allotment state financial assistance for the payment of debt service for the fiscal year 2022/23. The amount of state financial assistance for debt service, if any, may differ substantially each year depending on a variety of factors, including the amount, if any, appropriated for that purpose by the state legislature and a school district's wealth per student. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in this Official Statement.

TAX ADEQUACY WITH RESPECT TO THE DISTRICT'S VOTED UNLIMITED TAX BONDS

Projected Maximum Debt Service Requirement ⁽¹⁾	\$ 6,537,319.90
Projected State Financial Assistance for Hold Harmless of Increased Homestead Exemption ⁽²⁾	<u>225,000.00</u>
Projected Net Debt Service Requirement	\$ 6,312,319.90
 \$0.14088 Tax Rate @ 99% Collections Produces	 \$ 6,312,319.90
 2023/24 Preliminary Net Taxable Valuation ⁽³⁾	 \$ 4,525,975,043

(1) Excludes the General Fund Obligations, which are not voted unlimited tax bonds.

(2) The amount of state financial assistance for debt service, if any, may differ substantially each year depending on a variety of factors, including the amount, if any, appropriated for that purpose by the state legislature and a school district's wealth per student. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in this Official Statement. The District will not receive any Instructional Facilities Allotment nor Existing Debt Allotment state aid in 2022/23, but will receive additional state aid for the increase in the homestead exemption which took effect in 2022/23.

(3) Source: Preliminary Values from the Hunt County Appraisal District as of April 2023.

AUTHORIZED BUT UNISSUED BONDS

The District has no authorized but unissued ad valorem tax bonds. The District may incur other financial obligations payable from its collection of taxes and other sources of revenue, including maintenance tax notes payable from its collection of maintenance taxes, public property finance contractual obligations, delinquent tax notes, and leases for various purposes payable from State appropriations and surplus maintenance taxes.

COMPARATIVE STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES ⁽¹⁾

	Fiscal Year Ended June 30				
	2018	2019 ⁽²⁾	2020	2021	2022
Beginning Fund Balance	\$ 7,475,999	\$ 9,134,272	\$ 17,395,717	\$ 17,843,426	\$ 23,748,476
Revenues:					
Local and Intermediate Sources	\$ 22,194,629	\$ 24,149,776	\$ 24,644,383	\$ 26,291,859	\$ 26,891,443
State Program Revenues	23,083,144	20,498,838	24,885,844	25,772,235	24,405,380
Federal Sources & Other	1,128,353	1,081,058	812,433	1,043,098	1,122,292
Total Revenues	\$ 46,406,126	\$ 45,729,672	\$ 50,342,660	\$ 53,107,192	\$ 52,419,115
Expenditures:					
Instruction	\$ 24,515,221	\$ 20,475,278	\$ 25,664,193	\$ 24,453,620	\$ 24,377,050
Instructional Resources & Media Services	273,845	187,060	198,315	143,009	45,545
Curriculum & Instructional Staff Development	1,207,070	922,621	1,321,548	1,278,611	954,120
Instructional Leadership	715,692	538,463	577,260	721,760	693,803
School Leadership	3,126,516	2,543,725	3,228,206	3,130,230	3,381,093
Guidance, Counseling & Evaluation Services	1,525,755	1,231,963	1,508,388	1,735,835	1,500,573
Social Work Services	-	-	60,000	72,783	69,648
Health Services	482,890	381,287	432,158	469,910	461,533
Student (Pupil) Transportation	1,219,809	1,525,434	1,969,390	1,718,673	2,299,707
Cocurricular/Extracurricular Activities	1,457,260	1,406,247	1,380,600	1,515,807	1,918,098
General Administration	2,345,478	1,750,758	2,250,711	2,167,921	2,297,297
Plant Maintenance and Operations	4,694,182	3,988,799	4,846,309	5,201,321	6,326,501
Security and Monitoring Services	395,133	383,288	409,317	354,020	630,529
Data Processing Services	1,406,817	1,341,261	1,455,832	2,046,219	2,858,458
Community Services	116,691	8,787	2,554	5,349	3,268
Principal on Long-Term Debt	315,758	105,000	319,511	323,387	283,591
Interest on Long-Term Debt	104,893	42,315	83,941	67,770	67,381
Debt Issuance Costs and Fees	806	806	806	1,056	806
Payments to Shared Service Agreements	54,162	69,509	90,032	58,937	87,178
Other Intergovernmental Charges	529,375	565,626	595,280	603,722	663,217
Total Expenditures	\$ 44,487,353	\$ 37,468,227	\$ 46,394,351	\$ 46,069,940	\$ 48,919,396
Excess (Deficiency) of Revenues					
over Expenditures	\$ 1,918,773	\$ 8,261,445	\$ 3,948,309	\$ 7,037,252	\$ 3,499,719
Other Resources and (Uses):					
Issuance of Non-Current Debt	\$ -	\$ -	\$ -	\$ 393,571	\$ -
Right of Use Lease Proceeds	-	-	-	-	644,050
Transfers In	-	-	-	298,387	-
Transfers Out	(260,500)	-	(3,500,600)	(1,824,160)	(3,350,000)
Total Other Resources (Uses)	\$ (260,500)	\$ -	\$ (3,500,600)	\$ (1,132,202)	\$ (2,705,950)
Excess (Deficiency) of					
Revenues and Other Sources					
over Expenditures and Other Uses	\$ 1,658,273	\$ 8,261,445	\$ 447,709	\$ 5,905,050	\$ 793,769
Ending Fund Balance	\$ 9,134,272	\$ 17,395,717	\$ 17,843,426	\$ 23,748,476	\$ 24,542,245

(1) See "MANAGEMENT'S DISCUSSION AND ANALYSIS - Economic Factors and Next Year's Budget and Rates" in Appendix D hereto for a discussion of the 2022/23 budget and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - Possible Effects of Wealth Transfer Provisions on the District's Financial Condition" in this Official Statement.
(2) For the Ten Months ending June 30, 2019. The District changed its fiscal year end from August 31st to June 30th in 2019.

CHANGE IN NET ASSETS ⁽¹⁾

	Fiscal Year Ended June 30				
	2018	2019 ⁽²⁾	2020	2021	2022
Revenues:					
Program Revenues:					
Charges for Services	\$ 940,362	\$ 899,815	\$ 739,634	\$ 571,597	\$ 861,871
Operating Grants and Contributions	3,878,978	14,436,010	15,963,881	13,167,548	19,393,942
General Revenues:					
Property Taxes Levied for General Purposes	21,682,554	23,782,903	24,146,049	25,150,829	26,370,863
Property Taxes Levied for Debt Service	5,583,390	5,334,701	5,805,395	6,434,413	7,087,144
Grants and Contributions Not Restricted	20,705,268	18,884,932	22,557,054	23,538,072	22,159,977
Investment Earnings	258,656	417,593	434,190	171,237	79,935
Miscellaneous	73,398	9,596	38,735	794,014	269,176
	<u>\$ 53,122,606</u>	<u>\$ 63,765,550</u>	<u>\$ 69,684,938</u>	<u>\$ 69,827,710</u>	<u>\$ 76,222,908</u>
Expenses:					
Instruction	\$ 21,747,882	\$ 29,999,045	\$ 35,493,840	\$ 31,707,334	\$ 32,406,101
Instruction Resources & Media Services	245,133	392,841	410,501	310,673	222,310
Curriculum & Staff Development	1,967,649	2,233,651	2,776,865	2,927,720	3,741,909
Instructional Leadership	481,858	589,800	638,132	744,175	710,752
School Leadership	2,236,086	3,333,561	4,028,085	3,458,071	3,179,843
Guidance, Counseling & Evaluation Services	1,158,426	1,654,774	2,238,353	2,413,875	2,093,519
Social Work Services	127	132	61,319	74,342	241,188
Health Services	362,560	457,595	500,958	551,699	498,821
Student Transportation	992,586	1,553,036	1,832,272	1,526,356	1,933,261
Food Service	2,879,397	2,842,529	2,604,027	1,731,017	3,099,233
Cocurricular/Extracurricular Activities	1,963,264	2,103,904	2,088,294	2,044,137	2,314,604
General Administration	1,757,314	1,845,697	2,410,420	2,326,401	2,111,257
Plant Maintenance & Operations	4,101,647	4,370,303	4,991,768	5,251,479	6,521,030
Security and Monitoring Services	399,659	503,701	587,442	571,582	615,357
Data Processing Services	1,228,028	1,499,210	1,617,794	2,137,654	2,753,442
Community Services	97,616	261,693	308,981	177,758	190,007
Debt Service - Interest on Long-Term Debt	3,333,275	2,638,835	3,206,572	1,704,228	1,657,067
Debt Service - Bond Issuance Cost and Fees	5,581	4,306	4,581	550,670	5,080
Capital Outlay	161,749	21,181	87,404	436,241	1,498,178
Payments to Shared Service Agreements	328,174	270,192	429,373	269,135	477,443
Other Intergovernmental Charges	529,375	565,626	595,280	603,722	663,217
Total Expenditures	<u>\$ 45,977,386</u>	<u>\$ 57,141,612</u>	<u>\$ 66,912,261</u>	<u>\$ 61,518,269</u>	<u>\$ 66,933,619</u>
Change in Net Assets	\$ 7,145,220	\$ 6,623,938	\$ 2,772,677	\$ 8,309,441	\$ 9,289,289
Beginning Net Assets	\$ 18,040,854	\$ (8,346,911)	\$ (1,722,973)	\$ 1,049,704	\$ 9,359,145
Prior Period Adjustment	\$ (33,532,985) ⁽³⁾	\$ -	\$ -	\$ -	\$ 598
Ending Net Assets	<u>\$ (8,346,911)</u>	<u>\$ (1,722,973)</u>	<u>\$ 1,049,704</u>	<u>\$ 9,359,145</u>	<u>\$ 18,649,032</u>

(1) The foregoing information represents government-wide financial information provided in accordance with GASB 34, which the District adopted in the 2002 fiscal year.

(2) For the Ten Months ending June 30, 2019. The District changed its fiscal year end from August 31st to June 30th in 2019.

(3) In fiscal year 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension. As a result, the beginning net position has been restated to reflect the net OPEB liability and deferred outflow of resources relating to TRS-Care contributions made after the prior measurement date.

APPENDIX B

**GENERAL INFORMATION REGARDING THE DISTRICT
AND ITS ECONOMY**

GREENVILLE INDEPENDENT SCHOOL DISTRICT

General and Economic Information

Greenville Independent School District (the "District") is located in central Hunt County and includes the City of Greenville, located at the intersection of U.S. Highways 69 and 380, 45 miles northeast of downtown Dallas.

Hunt County is a northeast Texas county traversed by Interstate 30, U.S. Highways 67, 69 and 380. The County seat is Greenville.

Source: *Texas Municipal Report for Greenville ISD and Hunt County.*

Enrollment Statistics

<u>Year Ending 8/31</u>	<u>Enrollment</u>
2010	4,934
2011	4,810
2012	4,735
2013	4,642
2014	4,804
2015	4,742
2016	5,218
2017	5,360
2018	5,477
2019	5,492
2020	5,364
2021	5,277
2022	5,325
Current	5,512

District Staff

Teachers	389
Teachers' Aides & Secretaries	124
Auxiliary Personnel	146
Administrators	33
Other	133
	<hr/>
	825

Facilities

<u>Campus</u>	<u>Grades</u>	<u>Current Enrollment</u>	<u>Capacity</u>	<u>Year Built</u>	<u>Year of Addition/ Renovation</u>
LP Water Early Childhood	PK	431	475	1951	
Bowie Elementary	K-5	627	745	2015	
Carver Elementary	K-5	532	732	2002	
Lamar Elementary	K-5	571	773	2002	
Crockett/Stem	K-5	362	608	1954	1995/2015
Travis / 6 th Grade Center	K-6	674	358/486	1968	1971/2015
Greenville Middle School	7-8	735	801	1951	1967/2003
New Horizons High School	9-12	89	264	1963	
Greenville High School	9-12	1,491	1,826	1982	2002/2015

Principal Employers within the District

<u>Name of Company</u>	<u>Type of Business</u>	<u>Number of Employees</u>
L-3 Communications	Aircraft Systems Integration	6,500
Greenville Independent School District	Public Education	825
McKesson	Medical Backoffice Support	500
Solvay	Specialty Composite Materials	350
Masonite Int'l Corp	Wood Doors Manufacturer	250
Weatherford International	Oil Production Systems	225
Innovation First	Electronics & Robotics Systems	225
Raytheon	Backoffice Support	200

Source: *Greenville Economic Development Website*

Unemployment Rates

	March <u>2021</u>	March <u>2022</u>	March <u>2023</u>
Hunt County	5.8%	3.8%	4.3%
State of Texas	6.4%	3.8%	4.2%

Source: *Texas Workforce Commission.*

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

June __, 2023

\$ _____
GREENVILLE INDEPENDENT SCHOOL DISTRICT
MAINTENANCE TAX NOTES,
SERIES 2023

WE HAVE ACTED as bond counsel for Greenville Independent School District (the "District"), in connection with the maintenance tax notes hereinafter described (the "Notes"):

GREENVILLE INDEPENDENT SCHOOL DISTRICT MAINTENANCE TAX NOTES, SERIES 2023, dated June 1, 2023, in the aggregate principal amount of \$ _____ .

The Notes mature, bear interest, are subject to redemption prior to stated maturity, and may be transferred and exchanged as set out in the Notes and in the resolution adopted by the Board of Trustees of the District authorizing their issuance (the "Resolution").

WE HAVE ACTED as bond counsel for the sole purpose of rendering our 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 excludability of interest on the Notes from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Notes. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Notes has been limited as described therein. Capitalized terms used herein, unless otherwise defined, have the meanings set forth in the Resolution.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of proceedings pertaining to the Notes on which we have relied in giving our opinion. The transcript contains certified copies of certain proceedings of the District; customary certificates of officers, agents and representatives of the District and other public officials; and other certified showings relating to the authorization and issuance of the Notes. We have also analyzed such laws, regulations, guidance, documents and other materials as we have deemed necessary to render the opinions herein. Moreover, we have also examined executed Note No. T-1 of this issue.

June __, 2023

Page 2

In providing the opinions set forth herein, we have relied on representations and certifications of the District and other parties involved with the issuance of the Notes with respect to matters solely within the knowledge of the District and such parties, which we have not independently verified. In addition, we have assumed for purposes of this opinion continuing compliance with the covenants in the Resolution, including, but not limited to, covenants relating to the tax-exempt status of the Notes.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION THAT:

- (1) The transcript of proceedings evidences complete legal authority for the issuance of the Notes in full compliance with the Constitution and laws of the State of Texas presently effective, and therefore, the Notes constitute valid and legally binding obligations of the District;
- (2) A continuing ad valorem maintenance tax, levied within the limits prescribed by law, has been levied on all taxable property in the District and pledged irrevocably to the payment of the principal of and interest on the Notes; and
- (3) Interest on the Notes is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended. In addition, interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax on individuals, but we observe that such interest is taken into account in computing the alternative minimum tax on certain corporations for tax years beginning after December 31, 2022.

THE RIGHTS OF THE OWNERS of the Notes are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

Except as stated above, we express no opinion as to the amount of interest on the Notes or any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or the acquisition, ownership or disposition of, the Notes. This opinion is specifically limited to the laws of the State of Texas and, to the extent applicable, the laws of the United States of America. Further, in the event that the representations of the District and other parties upon which we have relied are determined to be inaccurate or incomplete or the District fails to comply with the covenants of the Resolution, interest on the Notes could become includable in gross income for federal income tax purposes from the date of the original delivery of the Notes, regardless of the date on which the event causing such inclusion occurs.

Our opinions are based on existing law and our knowledge of facts as of the date hereof and may be affected by certain actions that may be taken or omitted on a later date. We assume no duty to update or supplement our opinions, and this opinion letter may not be relied upon in connection with any changes to the law or facts, or actions taken or omitted, after the date hereof.

APPENDIX D

**AUDITED FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2022**

**GREENVILLE INDEPENDENT
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2022

RUTHERFORD, TAYLOR & COMPANY, P.C.
Certified Public Accountants
3500 Joe Ramsey Blvd.
Greenville, Texas 75401
(903) 455-6252

GREENVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022

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CERTIFICATE OF BOARD

Greenville Independent School District
Name of School District

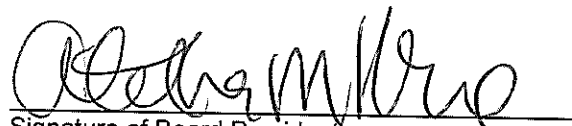
Hunt
County

116-905
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's report of the above-named school district was reviewed and approved/ disapproved for the year ended June 30, 2022, at a meeting of the board of school trustees of such school district on November 7, 2022



Signature of Board Secretary



Signature of Board President

If the auditor's report was checked above as disapproved, the reasons(s) therefore is/are (attach list if necessary):

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Greenville Independent School District

Report on the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Independent School District as of June 30, 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note R to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 including 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 judgement, 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 charges with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



November 2, 2022
Greenville, Texas

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*

Members of the Board
Greenville Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Independent School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 2, 2022.

Report on Internal Control over Financial Reporting

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

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

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

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.

Rutherford, Taylor & Company PC

November 2, 2022
Greenville, Texas

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

Members of the Board
Greenville Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud, or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, 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 judgement 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.

Internal Control over Compliance with the Uniform Guidance – Continued

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

- Exercise professional judgement 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of This Report

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.



November 2, 2022
Greenville, Texas

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COST
 YEAR ENDED JUNE 30, 2022

Summary of Auditor's Results

Financial Statements –

Type of auditor's report issued	Unmodified Opinion
Internal Control over Financial Reporting: Material weaknesses identified	No
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to the financial statements noted	None

Federal Awards –

Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of Auditor's report issued on compliance for major programs	Unmodified opinion
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	No
Identification of major programs	Education Stabilization Fund Cluster: ESSER – II (84.425d) ESSER – III (84.425a) ESSER – TCLAS (84.425u) ESSA Title I, Part A (84.101)
Dollar threshold used to distinguish between Type A and Type B programs	\$ 750,000
Entity qualified as a low risk auditee	Yes
Pass-through Entities	Texas Education Agency

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Financial Statement Findings (Section II)

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Federal Award Findings and Questioned Costs (Section III)

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Prior Year Findings (Section IV)

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Corrective Action Plans (Section V)

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

This section of Greenville Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2022. Please read it in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

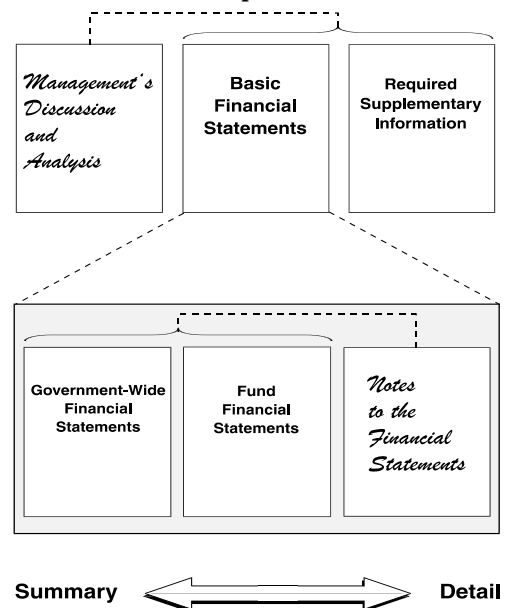
- The District's total combined net position was \$ 18,640,968 at June 30, 2022.
- During the year, the District's expenses were \$ 9,289,289 less than the \$ 76,222,908 generated in local property taxes and other revenues for governmental activities.
- The District experienced disruption in traditional educational services due to state and national responses to the COVID-19 pandemic during the year.
- The General Fund reported a fund balance this year of \$ 25,542,245.
- The District completed the lease of chromebooks for student use in the classrooms.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that 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 funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as a print shop.
- Fiduciary fund 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 in question belong.

Figure A-1, Required Components of the District's Annual Financial Report



The basic financial statements also include notes that explain some of the information in the basic 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 basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

**GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Figure A-2 summarizes the major features of the District's basic financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

<i>Type of Statements</i>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

GOVERNMENT-WIDE 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 government's assets and liabilities. 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—the difference between the District's assets and liabilities—is one way to measure the District's financial health or position.

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

The government-wide financial statements of the District include the governmental activities. Most of the District's basic services are included here, 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. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of 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 subsequent page that explain the relationship (or differences) between them.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

- 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. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities.
- Fiduciary funds—The District is the trustee, or fiduciary, for certain funds. 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. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$ 18,640,968 at June 30, 2022.

Greenville Independent School District's Net Position			Table A-1
	Governmental Activities		Total Percentage Change
	2022	2021	2021-2022
Assets:			
Cash and Investments	\$ 32,851,577	\$ 32,586,714	0.81%
Other Assets	12,930,214	9,621,125	34.39%
Capital Assets less Accumulated Depreciation	<u>88,536,663</u>	<u>88,250,462</u>	0.32%
Total Assets	\$ 134,318,454	\$ 130,458,301	2.96%
Total Deferred Outflows of Resources	\$ 16,644,043	\$ 17,339,054	-4.01%
Liabilities:			
Current Liabilities	\$ 7,400,045	\$ 6,017,539	22.97%
Long-term Liabilities	<u>104,130,619</u>	<u>116,575,985</u>	-10.68%
Total Liabilities	\$ 111,530,664	\$ 122,593,524	-9.02%
Total Deferred Inflows of Resources	\$ 20,790,865	\$ 15,844,686	31.22%
Net Position:			
Net Investment in Capital Assets	\$ 9,800,043	\$ 7,801,068	25.62%
Restricted	8,569,893	9,853,327	-13.03%
Unrestricted	<u>271,032</u>	<u>(8,295,250)</u>	-103.27%
Total Net Position	\$ 18,640,968	\$ 9,359,145	-99.17%

Approximately \$ 5,381,739 of the District's restricted net position represent funds for debt retirement. Unrestricted net position represents resources available to fund the programs of the District next year.

CHANGES IN NET POSITION

The District's total revenues were \$ 76,222,908. 44% of the District's revenue comes from property taxes (See Table A-3). 55% comes from state aid and federal grants, while only 1% relates to charges for services and other miscellaneous revenues, including investment earnings.

The total cost of all programs and services was \$ 66,933,619. 54% of these costs are for instruction and instructional related staff and student services.

The District's base tax collection percentage rate (current and delinquent – base tax only) was 98.49%. The total tax collection percentage rate (base tax and penalty and interest) was 99.90%

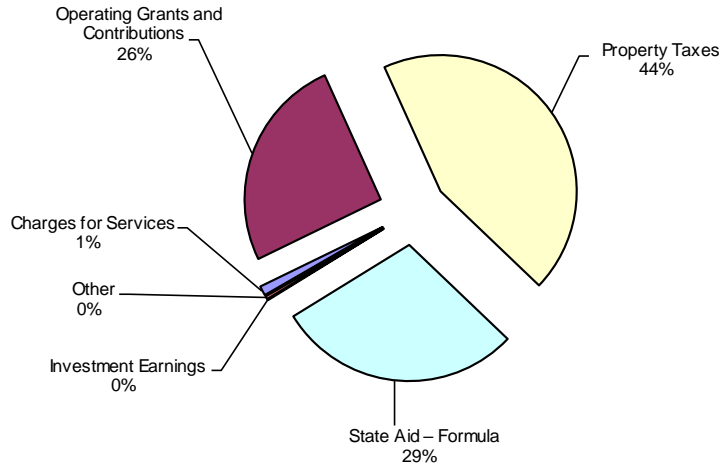
GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

GOVERNMENTAL ACTIVITIES

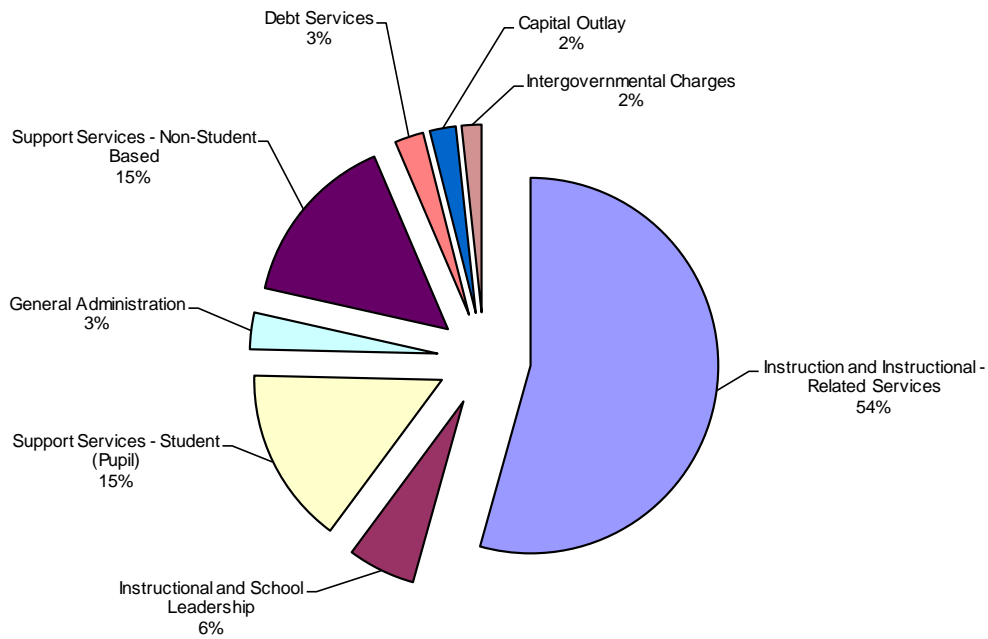
Changes in Greenville Independent School District's Net Position			Table A-2
	Governmental Activities		Total Percentage Change
	2022	2021	2021-2022
Program Revenues:			
Charges for Services	\$ 861,871	\$ 571,597	50.78%
Operating Grants and Contributions	19,393,942	13,167,548	47.29%
General Revenues:			
Property Taxes	33,458,007	31,585,242	5.93%
State Aid – Formula	22,159,977	23,538,072	-5.85%
Investment Earnings	79,935	171,237	-53.32%
Other	269,176	794,014	-66.10%
Total Revenues	<u>\$ 76,222,908</u>	<u>\$ 69,827,710</u>	9.16%
Expenses:			
Instruction	\$ 32,406,101	\$ 31,707,334	2.20%
Instructional Resources and Media Services	222,310	310,673	-28.44%
Curriculum and Staff Development	3,741,909	2,927,720	27.81%
Instructional Leadership	710,752	744,175	-4.49%
School Leadership	3,179,843	3,458,071	-8.05%
Guidance, Counseling and Evaluation Services	2,093,519	2,413,875	-13.27%
Social Work Services	241,188	74,342	224.43%
Health Services	498,821	551,699	-9.58%
Student (Pupil) Transportation	1,933,261	1,526,356	26.66%
Food Services	3,099,233	1,731,017	79.04%
Cocurricular/Extracurricular Activities	2,314,604	2,044,137	13.23%
General Administration	2,111,257	2,326,401	-9.25%
Plant Maintenance and Operations	6,521,030	5,251,479	24.18%
Security and Monitoring Services	615,357	571,582	7.66%
Data Processing Services	2,753,442	2,137,654	28.81%
Community Services	190,007	177,758	6.89%
Debt Service	1,662,147	2,254,898	-26.29%
Capital Outlay	1,498,178	436,241	243.43%
Payments for Shared Service Arrangements	477,443	269,135	77.40%
Other Intergovernmental Charges	663,217	603,722	9.85%
Total Expenses	<u>\$ 66,933,619</u>	<u>\$ 61,518,269</u>	8.80%
Excess (Deficiency) Before Other Resources, Uses and Transfers	<u>\$ 9,289,289</u>	<u>\$ 8,309,441</u>	11.79%
Increase (Decrease) in Net Position	<u>\$ 9,289,289</u>	<u>\$ 8,309,441</u>	11.79%
Net Position - Beginning (July 1)	\$ 9,359,145	\$ 1,049,704	791.60%
Prior Period Adjustment	598	-	100.00%
Net Position, Beginning, restated	<u>\$ 9,359,743</u>	<u>\$ 1,049,704</u>	-791.66%
Net Position - Ending (June 30)	<u>\$ 18,649,032</u>	<u>\$ 9,359,145</u>	99.26%

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED JUNE 30, 2022

Sources of Revenue for Fiscal Year 2022 - See Table A-2



Functional Expenses for Fiscal Year 2022 - See Table A-2



GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

- Table A-3 presents the cost of selected functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.
- The cost of all governmental activities this year was \$ 66,933,619.
- However, the amount that our taxpayers paid for these activities through property taxes was \$ 33,458,007.
- Some of the cost was paid by those who directly benefited from the programs, \$ 861,871 or
- By grants and contributions, \$ 19,393,942.

Greenville Independent School District Net Cost of Selected District Functions						Table A-3
	<u>Total Cost of Services</u>		% Change Change	<u>Net Cost of Services</u>		% Change Change
	2022	2021		2022	2021	
Instruction	\$ 32,406,101	\$ 31,707,334	2.20%	\$ 21,833,390	\$ 24,515,032	-10.94%
School Leadership	3,179,843	3,458,071	-8.05%	3,091,473	3,009,148	2.74%
General Administration	2,111,257	2,326,401	-9.25%	2,147,282	2,091,225	2.68%
Plant Maintenance and Operations	6,521,030	5,251,479	24.18%	6,238,634	5,150,873	21.12%
Debt Service	1,662,147	2,254,898	-26.29%	1,554,416	2,151,752	-27.76%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues in the governmental funds totaled \$ 79,137,039. This represents an increase of \$ 9,876,216 from the prior year revenues of \$ 69,260,823. The change represents an increase in local and state revenues mostly due to changes in state funding procedures along with additional federal funding for pandemic related learning loss.

Expenditures in the governmental funds totaled \$ 77,912,993. This represents an increase of \$ 14,283,376 from the prior year expenditures of \$ 63,629,617. This increase includes generic operating cost increase as well as major facility maintenance costs and improvements. Federal program expansion related to learning loss due to the pandemic also contributed to the increase.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised its General Fund budget several times. With these adjustments, actual expenditures were \$ 2,460,647 below final budget amounts. The most significant positive variance resulted from reduced expenditures in the instruction functional category as well as less than anticipated costs for professional development and maintenance and operations.

Resources available were \$ 1,824,221 above the final General Fund budgeted amount. The favorable variance was the result of better than anticipated local revenues including property tax collections and state aid related to enrollment and attendance.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At year-end, the District had invested \$ 157,760,335 in a broad range of capital assets, including land, equipment, buildings and vehicles (See Table A-4).

Greenville Independent School District's Capital Assets			Table A-4
	Governmental Activities		Total Percentage Change
	2022	2021	2021-2022
Land	\$ 1,607,652	\$ 1,607,652	0.00%
Construction in Progress	4,152,620	1,487,876	179.10%
Buildings and Improvements	140,723,115	140,661,862	0.04%
Vehicles	5,652,265	5,127,277	10.24%
Equipment	4,718,288	4,356,671	8.30%
Right of Use Lease Assets	906,395		
Totals at Historical Cost	\$ 157,760,335	\$ 153,241,338	2.95%
Less Accumulated Depreciation	(69,223,672)	(64,990,876)	6.51%
Net Capital Assets	<u>\$ 88,536,663</u>	<u>\$ 88,250,462</u>	0.32%

DEBT

At year-end the District had \$ 82,091,834 in debt outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the basic financial statements.

Bond Ratings -

The District's bonds presently carry "AAA" ratings.

Greenville Independent School District's Debt			Table A-5
	2022	2021	Total Percentage Change
	2022	2021	2021-2022
Bonds Payable	\$ 69,675,000	\$ 71,275,000	-2.24%
Direct Borrowings Payable	1,137,380	1,418,571	-19.82%
Right of Use Lease Payable	657,496	-	100.00%
Other Debt Payable	10,621,958	14,372,591	-26.10%
Total Debt Payable	<u>\$ 82,091,834</u>	<u>\$ 87,066,162</u>	-5.71%

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's property valuation has stabilized and reflects an upward trend based on overall economic conditions and commercial development in the District. Local property tax rates are restricted by state statute, without local elections, to \$ 0.97 for maintenance and operations. The State Legislature passed HB3 which included various changes to the property tax rate setting process thus limiting school district's opportunities for tax modifications and compressing the rates charged to taxpayers. The additional changes required under HB3 could impact the District's financial operations, including cash flow.

Student population has remained at a steady historical growth rate in the District. The economic outlook for the area is for growth to at an historical growth rate as indicated by steady property valuation changes over the previous few years. Housing has not expanded at the rate of other north central Texas communities. These economic conditions should allow the District to maintain constant funding and staffing levels.

The State has increased funding levels for the 2020-2022 biennium, which will affect the revenue levels of the District. The level of funding per attendance credits increased significantly. With these increases, the state imposed requirements to spend at least 30% of the new funding on salaries to personnel with at least 75% of the 30% to be for teachers and other designated classes of employees. With these increases in funding, the District anticipates monitoring expenditure levels to ensure financial stability remains strong.

The global outbreak of coronavirus disease 2019 ("COVID-19") presents various global risks. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management of the District is actively monitoring the global situation on its financial condition, liquidity, operations, supplies, vendors, and industry. Given the evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects, if any, of the COVID-19 outbreak on its results of operations and financial condition.

The State, attempting to assist school district's financial stability, utilized additional federal funding received due to impact of the coronavirus pandemic. This additional funding source allocated to school districts was used to offset the attendance loss to the district's state funding. As such district expenditures have been reclassified as federal expenditures and fund balance can be affected.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Sherry Dodson, Chief Financial Officer, PO Box 1022, Greenville, TX 75401.

BASIC FINANCIAL STATEMENTS

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

Data Control Codes	1 Governmental Activities
ASSETS	
1110 Cash and Investments	\$ 32,851,577
1225 Property Taxes Receivable, Net	2,111,711
1240 Due from Other Governments	10,739,405
1290 Other Receivables, Net	57,389
1300 Inventories	21,709
Capital Assets:	
1510 Land	1,607,652
1520 Buildings and Improvements, Net	79,391,843
1530 Furniture and Equipment, Net	2,521,589
1550 Right of Use Assets, Net	862,959
1580 Construction in Progress	4,152,620
1000 Total Assets	\$ 134,318,454
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Outflows - Refunding	\$ 9,613,344
1705 Deferred Outflows - Pensions	4,205,705
1706 Deferred Outflows - OPEB	2,824,994
1700 Total Deferred Outflows of Resources	\$ 16,644,043
LIABILITIES	
2110 Accounts Payable	\$ 2,671,601
2140 Interest Payable	631,393
2165 Accrued Liabilities	3,967,902
2300 Unearned Revenue	129,149
Noncurrent Liabilities:	
2501 Due within one year	2,055,514
2502 Due in more than one year	80,036,320
2540 Net Pension Liability	6,955,812
2545 Net OPEB Liability	15,082,973
2000 Total Liabilities	\$ 111,530,664
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflows - Pensions	\$ 7,987,477
2606 Deferred Inflows - OPEB	12,803,388
2600 Total Deferred Inflows of Resources	\$ 20,790,865
NET POSITION	
3200 Net Investments in Capital Assets	\$ 9,800,043
Restricted For:	
3820 Federal and State Programs	2,576,196
3850 Debt Service	5,381,739
3890 Other Programs	611,958
3900 Unrestricted	271,032
3000 Total Net Position	\$ 18,640,968

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
Governmental Activities:						
11	Instruction	\$ 32,406,101	\$ 262,143	\$ 10,310,568	\$ (21,833,390)	
12	Instructional Resources and Media Services	222,310	-	120,398	(101,912)	
13	Curriculum and Staff Development	3,741,909	-	3,206,740	(535,169)	
21	Instructional Leadership	710,752	-	85,214	(625,538)	
23	School Leadership	3,179,843	-	88,370	(3,091,473)	
31	Guidance, Counseling and Evaluation Services	2,093,519	-	728,050	(1,365,469)	
32	Social Work Services	241,188	-	179,178	(62,010)	
33	Health Services	498,821	-	16,416	(482,405)	
34	Student (Pupil) Transportation	1,933,261	-	(34,087)	(1,967,348)	
35	Food Services	3,099,233	156,118	3,781,776	838,661	
36	Cocurricular/Extracurricular Activities	2,314,604	421,843	40,214	(1,852,547)	
41	General Administration	2,111,257	-	(36,025)	(2,147,282)	
51	Plant Maintenance and Operations	6,521,030	21,767	260,629	(6,238,634)	
52	Security and Monitoring Services	615,357	-	1,434	(613,923)	
53	Data Processing Services	2,753,442	-	(23,414)	(2,776,856)	
61	Community Services	190,007	-	170,499	(19,508)	
72	Interest on Long-term Debt	1,657,067	-	107,731	(1,549,336)	
73	Debt Issuance Costs and Fees	5,080	-	-	(5,080)	
81	Capital Outlay	1,498,178	-	-	(1,498,178)	
93	Payments for Shared Service Arrangements	477,443	-	390,251	(87,192)	
99	Other Intergovernmental Charges	663,217	-	-	(663,217)	
TG	Total Governmental Activities	\$ 66,933,619	\$ 861,871	\$ 19,393,942	\$ (46,677,806)	
TP	Total Primary Government	\$ 66,933,619	\$ 861,871	\$ 19,393,942	\$ (46,677,806)	
General Revenues:						
MT	Property Taxes, Levied for General Purpose				\$ 26,370,863	
DT	Property Taxes, Levied for Debt Service				7,087,144	
IE	Investment Earnings				79,935	
GC	Grant and Contributions Not Restricted to Specific Programs				22,159,977	
MI	Miscellaneous				269,176	
TR	Total General Revenues				\$ 55,967,095	
CN	Change in Net Position				\$ 9,289,289	
NB	Net Position - Beginning (July 1)				\$ 9,359,145	
PA	Prior Period Adjustment				598	
	Net Position - Beginning, as Restated				\$ 9,359,743	
NE	Net Position - Ending (June 30)				\$ 18,649,032	

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects Funds	Other Governmental Funds	98 Total Governmental Funds
ASSETS					
1110 Cash and Investments	\$ 23,205,240	\$ 5,610,988	\$ 4,059,265	\$ -	\$ 32,875,493
1225 Property Taxes Receivable, Net	1,712,784	398,927	-	-	2,111,711
1240 Due from Other Governments	4,266,126	-	-	6,473,279	10,739,405
1290 Other Receivables	45,737	11,652	-	-	57,389
1300 Inventories	21,709	-	-	-	21,709
1000 Total Assets	<u>\$ 29,251,596</u>	<u>\$ 6,021,567</u>	<u>\$ 4,059,265</u>	<u>\$ 6,473,279</u>	<u>\$ 45,805,707</u>
LIABILITIES					
Current Liabilities:					
2110 Accounts Payable	\$ 165,614	\$ -	\$ 1,616,067	\$ 1,617,020	\$ 3,398,701
2150 Payroll Deductions & Withholdings	(7,053)	-	-	-	(7,053)
2160 Accrued Wages Payable	2,838,006	-	-	1,128,885	3,966,891
2300 Unearned Revenues	-	8,435	-	120,714	129,149
2000 Total Liabilities	<u>\$ 2,996,567</u>	<u>\$ 8,435</u>	<u>\$ 1,616,067</u>	<u>\$ 2,866,619</u>	<u>\$ 7,487,688</u>
DEFERRED INFLOWS OF RESOURCES					
2610 Deferred Property Taxes	\$ 1,712,784	\$ 398,927	\$ -	\$ -	\$ 2,111,711
2600 Total Deferred Inflows of Resources	<u>\$ 1,712,784</u>	<u>\$ 398,927</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,111,711</u>
FUND BALANCES					
Nonspendable Fund Balances:					
3410 Inventories	\$ 21,709	\$ -	\$ -	\$ -	\$ 21,709
Restricted Fund Balances:					
3450 Federal/State Funds Grants	-	-	-	2,897,298	2,897,298
3480 Retirement of Long-Term Debt	-	5,614,205	-	-	5,614,205
3490 Other Restrictions of Fund Balance	-	-	2,443,198	408,228	2,851,426
Committed Fund Balance:					
3545 Other Committed Fund Balance	-	-	-	301,134	301,134
Assigned Fund Balances:					
3590 Other Assigned Fund Balance	2,000,000	-	-	-	2,000,000
3600 Unassigned	22,520,536	-	-	-	22,520,536
3000 Total Fund Balances	<u>\$ 24,542,245</u>	<u>\$ 5,614,205</u>	<u>\$ 2,443,198</u>	<u>\$ 3,606,660</u>	<u>\$ 36,206,308</u>
4000 Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 29,251,596</u>	<u>\$ 6,021,567</u>	<u>\$ 4,059,265</u>	<u>\$ 6,473,279</u>	<u>\$ 45,805,707</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET (GOVERNMENTAL FUNDS)
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2022

Total fund balances - Balance Sheet (governmental funds)	\$	36,206,308
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not reported in the funds.		88,536,663
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		2,111,711
The assets and liabilities of internal service fund are included in governmental activities in the SNP.		703,184
Payables for bond principal which are not due in the current period are not reported in the funds.		(69,675,000)
Payables for right of use leases which are not due in the current period are not reported in the funds.		(657,496)
Payables for bond interest which are not due in the current period are not reported in the funds.		(631,393)
Payable for direct borrowings which are not due in the current period are not reported in the funds.		(1,137,380)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.		9,613,344
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.		(6,955,812)
Deferred Resource Inflows related to the pension plan are not reported in the funds.		(7,987,477)
Deferred Resource Outflows related to the pension plan are not reported in the funds.		4,205,705
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.		(3,355,214)
Bond premiums are amortized in the SNA but not in the funds.		(7,266,744)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.		(15,082,973)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.		(12,803,388)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.		<u>2,824,994</u>
Net position of governmental activities - Statement of Net Position	\$	<u>18,649,032</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

Data	10	50	60		98	
Control	General	Debt	Capital	Other	Total	
Codes	Fund	Service	Projects	Governmental	Governmental	
	Fund	Fund	Funds	Funds	Funds	
REVENUES						
5700	Local and Intermediate Sources	\$ 26,891,443	\$ 7,071,771	\$ 8,928	\$ 746,025	\$ 34,718,167
5800	State Program Revenues	24,405,380	107,731	-	608,618	25,121,729
5900	Federal Program Revenues	1,122,292	-	-	18,174,851	19,297,143
5020	Total Revenues	\$ 52,419,115	\$ 7,179,502	\$ 8,928	\$ 19,529,494	\$ 79,137,039
EXPENDITURES						
Current:						
0011	Instruction	\$ 24,377,050	\$ -	\$ -	\$ 9,417,119	\$ 33,794,169
0012	Instructional Resources and Media Services	45,545	-	-	121,131	166,676
0013	Curriculum and Staff Development	954,120	-	-	3,086,588	4,040,708
0021	Instructional Leadership	693,803	-	-	101,344	795,147
0023	School Leadership	3,381,093	-	-	159,022	3,540,115
0031	Guidance, Counseling and Evaluation Services	1,500,573	-	-	830,818	2,331,391
0032	Social Work Services	69,648	-	-	181,122	250,770
0033	Health Services	461,533	-	-	73,400	534,933
0034	Student (Pupil) Transportation	2,299,707	-	-	887	2,300,594
0035	Food Services	-	-	-	2,992,652	2,992,652
0036	Cocurricular/Extracurricular Activities	1,918,098	-	-	325,238	2,243,336
0041	General Administration	2,297,297	-	-	2,726	2,300,023
0051	Plant Maintenance and Operations	6,326,501	-	-	293,023	6,619,524
0052	Security and Monitoring Services	630,529	-	-	39,418	669,947
0053	Data Processing Services	2,858,458	-	-	-	2,858,458
0061	Community Services	3,268	-	-	200,436	203,704
0071	Principal on Long-term Debt	283,591	1,600,000	-	12,063	1,895,654
0072	Interest on Long-term Debt	67,381	4,899,670	-	2,320	4,969,371
0073	Debt Issuance Cost and Fees	806	4,275	-	-	5,081
0081	Capital Outlay	-	-	4,208,235	51,845	4,260,080
0093	Payments for Shared Service Arrangements	87,178	-	-	390,265	477,443
0099	Other Intergovernmental Charges	663,217	-	-	-	663,217
6030	Total Expenditures	\$ 48,919,396	\$ 6,503,945	\$ 4,208,235	\$ 18,281,417	\$ 77,912,993
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ 3,499,719	\$ 675,557	\$ (4,199,307)	\$ 1,248,077	\$ 1,224,046
OTHER FINANCING SOURCES (USES)						
7913	Right of Use Lease Proceeds	644,050	-	-	-	644,050
7915	Transfers In	-	-	3,350,000	-	3,350,000
8911	Transfers Out	(3,350,000)	-	-	-	(3,350,000)
7080	Net Other Financing Sources (Uses)	\$ (2,705,950)	\$ -	\$ 3,350,000	\$ -	\$ 644,050
1200	Net Changes in Fund Balances	\$ 793,769	\$ 675,557	\$ (849,307)	\$ 1,248,077	\$ 1,868,096
0100	Fund Balances - Beginning (July 1)	23,748,476	4,938,648	3,292,505	2,358,583	34,338,212
3000	Fund Balances - Ending (June 30)	\$ 24,542,245	\$ 5,614,205	\$ 2,443,198	\$ 3,606,660	\$ 36,206,308

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds	\$ 1,868,096
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
Capital outlays are not reported as expenses in the SOA.	4,479,069
The depreciation of capital assets used in governmental activities is not reported in the funds.	(4,218,975)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this period.	100,238
Expenses not requiring the use of current financial resources are not reported as expenditures on the funds.	71,667
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,600,000
Repayment of right of use lease principal is an expenditure in the funds but is not an expense in the SOA.	12,064
Repayment of direct borrowings principal is an expenditure in the funds but is not an expense in the SOA.	283,591
The accretion of interest on capital appreciation bonds is not reported to end of period.	3,209,723
(Increase) decrease in accrued interest expense from beginning of period to end of period.	28,514
The net revenue (expense) of internal service funds is reported with governmental activities.	200,261
Proceeds of right of use leases do not provide revenue in the SOA, But are reported as current resources in the funds.	(644,050)
OPEB Expense is recorded in the SOA but not in the funds.	1,148,254
OPEB contributions in the CY are de-expended and recorded as deferred resource outflows.	339,415
OPEB contributions deferred in the PY are expended in the CY.	(248,267)
Pension Expense is recorded in the SOA but not in the funds,	558,540
Pension contributions in the CY are de-expended and recorded as deferred resources outflows.	1,357,200
Pension contributions deferred in the PY are expended in the CY.	<u>(856,051)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 9,289,289</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2022

<u>Data Control Codes</u>	<u>Nonmajor Internal Service Fund Insurance Fund</u>
ASSETS	
Current Assets:	
1110 Cash and Investments	\$ 1,265,769
Total Current Assets	\$ 1,265,769
1000 Total Assets	\$ 1,265,769
LIABILITIES	
Current Liabilities:	
2110 Accounts Payable	\$ 562,585
Total Current Liabilities	\$ 562,585
2000 Total Liabilities	\$ 562,585
NET POSITION	
3900 Unrestricted Net Position	\$ 703,184
3000 Total Net Position	\$ 703,184

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

<u>Data Control Codes</u>		<u>Nonmajor Internal Service Fund Insurance Fund</u>
	OPERATING REVENUES	
5700	Local and Intermediate Sources	<u>\$ 489,320</u>
5020	Total Revenues	<u>\$ 489,320</u>
	OPERATING EXPENSES	
6400	Other Operating Costs	<u>\$ 289,058</u>
6030	Total Expenses	<u>\$ 289,058</u>
1300	Change in Net Position	\$ 200,262
0100	Net Position - Beginning (July 1)	<u>502,922</u>
3000	Net Position - Ending (June 30)	<u><u>\$ 703,184</u></u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Nonmajor Internal Service Fund</u> <u>Insurance Fund</u>
Cash Flows from Operating Activities:	
Cash Receipts from Quasi External Interfund Trasfers	\$ 489,320
Cash Payments for Reinsurance and Administration	(71,221)
Cash Payments for Claims	<u>(82,681)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 335,418</u>
Cash Flows from Capital and Other Related Financing Activities:	
NONE	
Cash Flows from Noncapital Financing Activities:	
NONE	
Cash Flows from Investing Activities:	
NONE	
Net Increase (Decrease) in Cash and Investments	\$ 335,418
Cash and Investments - Beginning (July 1)	<u>930,351</u>
Cash and Investments - Ending (June 30)	<u>\$ 1,265,769</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ 200,262
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase (Decrease) in Claims Payable	<u>135,156</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 335,418</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2022

Data Control Codes		Private-Purpose Trust Funds	Custodial Funds
		Scholarship Funds	Student Activity
ASSETS			
1110	Cash and Investments	\$ 92,033	\$ 93,218
1800	Restricted Assets	165,898	-
1000	Total Assets	\$ 257,931	\$ 93,218
LIABILITIES			
Current Liabilities:			
2110	Accounts Payable	\$ -	\$ 21
2000	Total Liabilities	\$ -	\$ 21
NET POSITION			
3800	Held in Trust	\$ 257,931	\$ -
Restricted for:			
3490	Student Groups	-	93,197
3000	Total Net Position	\$ 257,931	\$ 93,197

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2022

	Private-Purpose Trust Funds Scholarship Funds	Custodial Funds Student Activity
ADDITIONS		
Donations	\$ 5,816	\$ 617
Investment Earnings - Interest Revenue	390	-
Fundraising Activities	-	108,824
Total Additions	\$ 6,206	\$ 109,441
DEDUCTIONS		
Student Activities	\$ -	\$ 83,956
Benevolence	-	977
Total Deductions	\$ -	\$ 84,933
Changes in Net Position	\$ 6,206	\$ 24,508
Net Position - Beginning (July 1)	251,725	68,689
Net Position - Ending (June 30)	\$ 257,931	\$ 93,197

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

A. Summary of Significant Accounting Policies

The basic financial statements of the Greenville Independent School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units in conjunction with the Texas Education Agency's *Financial Accountability System Resource Guide (Guide)*. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees (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 as a body corporate 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 defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

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

2. Basis of Presentation – Basis of Accounting

a. Basis of Presentation

Government-wide Statements – The statement of net position (SNA) and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities (SOA) presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements – The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of 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 fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

A. Summary of Significant Accounting Policies (Continued)

The District reports the following major governmental funds:

General Fund – This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of general long-term Debt principal, interest and related costs.

Capital Projects Fund- This fund accounts for proceeds of long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire bond principal. Local funds set aside by the Board are also included and are restricted for future construction and improvement projects.

In addition, the District reports the following fund types:

Special Revenue Funds – The District accounts for resources restricted to or designated for specific purposes 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 years. The Board can commit specific types of resources to specific purposes which are included as special revenue funds.

Internal Service Funds – These funds are proprietary type funds. These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate 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. The District uses internal service funds for self insured workers compensation activities.

Custodial Funds – These funds are reported in the fiduciary fund financial statements. These funds are used to report student activity funds and other resources held in a custodial capacity. Custodial funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments

b. Measurement Focus – Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements – These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty 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 measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital lease are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022

A. Summary of Significant Accounting Policies (Continued)

3. Budgetary Data

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

- a. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1.
- b. 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.
- c. Prior to the expenditure of funds, 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 function level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

4. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are:

General Fund	\$	-0-
Special Revenue Fund		-0-
Debt Service Fund		-0-
Total	\$	-0-

5. Financial Statement Amounts

Cash and Investments

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and temporary investments.

For the purpose of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Fund Balance

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned fund balance – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Superintendent.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

A. Summary of Significant Accounting Policies (Continued)

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The following schedule provides information about the specific fund balance classification by fund:

	General	Debt Service	Capital Projects	Other Governmental	Total
Nonspendable					
Inventory	\$ 21,709	\$ -	\$ -	\$ -	\$ 21,709
Restricted					
Child Nutrition Program	-	-	-	2,576,196	2,576,196
Retirement of Long Term Debt	-	5,614,205	-	-	5,614,205
Construction	-	-	2,443,198	-	2,443,198
Regional Day School	-	-	-	611,958	611,958
Communities Texas Grant	-	-	-	20,841	20,841
Dyslexia Grant	-	-	-	96,531	96,531
Committed					
Campus Activity Funds	-	-	-	301,134	301,134
Assigned					
Other Assigned	2,000,000	-	-	-	2,000,000
Unassigned	22,512,472	-	-	-	22,512,472
Totals	<u>\$ 24,534,181</u>	<u>\$ 5,614,205</u>	<u>\$ 2,443,198</u>	<u>\$ 3,606,660</u>	<u>\$ 36,198,244</u>

Inventories

On government-wide financial statements, inventories are presented at cost using the weighted average method and are expensed when used. On fund financial statements, inventories of governmental funds are valued at cost. For all funds, cost is determined using the weighted average method, and are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time of purchase. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they do not represent available spendable resources.

Prepaid Items

Certain payments to vendors reflect cost applicable to future accounting years and are recorded as prepaid items. Prepaid items are recorded as expenditures when the items are consumed or occur.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$ 10,000 is used.

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

Asset Class	Estimated Useful Lives
Buildings and Improvements	15-50
Vehicles	5-10
Other Equipment	3-15

Right of Use Assets and Liabilities

GASB Statement 87, *Leases* created new financial statement accounts "Right of Use" assets and similar offsetting liabilities. A "right of use" asset accounts for the net present value of future payments attached to a leased asset. Common examples of "Right of Use" assets are copiers, printers and other types of equipment that the District does not take ownership of but uses under the lease agreement. The assets value will be amortized over the life of the lease using a straight line method. The liability offsetting the "Right of Use" assets is presented as lease payable.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

A. Summary of Significant Accounting Policies (Continued)

Unearned Revenues

Unearned revenues include state funds received but have not been earned in the year. The balance will be earned in the future year and not returned as liabilities.

6. Deferred Outflows and Inflows of Resources

The District implemented GASB Statement Number 68, *Accounting and Financial Reporting for Pensions* and GASB Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits and Other Pensions*. In addition to assets and liabilities, the government-wide Statement of Net Position and governmental fund Balance Sheet report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position/fund balance that applies to a future year and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net position/fund balance that applies to a future year and will not be recognized as an inflow of resources (revenue) until that time. The District reports certain deferred inflows and outflows related to pensions on the government-wide Statement of Net Position. At the governmental fund level, earned but unavailable revenue is reported as a deferred inflow of resources.

The District also implemented GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amends the transition provisions of GASB 68. GASB 71 requires that, at transition, governments recognize a beginning deferred outflow of resource for pension contributions made subsequent to the measurement date of the beginning Net Pension Liability. Implementation is reflected in the financial statements and the prior year adjustment.

7. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

8. 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 of the government-wide statement of net position.

9. Vacation, Sick Leave, and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave accrues at various rates established by the State and adopted by the Board of Trustees. Sick leave vests, accumulates, and is recorded as expense as it is incurred. Sick leave is paid upon separation from the District.

10. 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. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement System of Texas (TRS) and additions to/ deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, 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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

A. Summary of Significant Accounting Policies (Continued)

11. Other Post-Employment Benefits (OPEB)

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 OPEB, OPEB expenses, 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 term. There are no investments as this a pay-as-you-go plan and all cash is held in a cash account.

12. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from these estimates.

13. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued various new accounting standards to better meet the information needed for users of financial statements by improving accounting and financial reporting. The GASB does this by issuing statements that cover various issues identified as needing additional clarification or direction to maintain standardization and comparability of financial information. During the year, the GASB issued the following statements with varying effective dates noted:

Statement 96: *Subscription Based Information Technology Arrangements* (Effective FY beginning after June 15, 2022)

Statement 97: *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (Effective FY beginning after June 15, 2021)

Statement 98: *The Annual Comprehensive Financial Report* (Effective FY ending after December 15, 2021)

Statement 99: *Omnibus 2022* (Effective upon issuance with some effective FY beginning after June 15, 2022)

Statement 100: *Accounting Changes and Error Corrections* (Effective FY beginning after June 15, 2023)

Statement 101: *Compensated Absences* (Effective FY beginning after December 15, 2023)

14. Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the *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.

15. Accounting System

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 *Guide*. Mandatory codes are utilized in the form provided in that section.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022

B. Deposits, Securities and Investments

Cash Deposits

The District's funds are deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance District (FDIC) insurance. At year end, all District cash deposits appear to have been adequately covered by FDIC insurance or by pledged collateral held by the District or the depository in the District's name. The District's deposits appear to have been properly secured throughout the year.

Investments

The District's investment policies and types of investments are governed by the Public Funds Investment Act (PFIA). The Act requires specific training, reporting and establishment of local policies. The District appears to be in compliance with all the requirements of the Act.

The PFIA (Government Code Chapter 256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity to adopt, implement and publicize an investment policy. That policy must address the following areas (1) safety of principal and liquidity, (2) portfolio diversifications, (3) allowable investments, (4) acceptable risk level, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the state maturity date of portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preference for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The PFIA governs the District's investment policies and types of investments.

The District's management believes that it complies with the requirements of the PFIA and the District's investment policies.

District investments include investments in Certificates of Deposit, Lone Star Investment Pool, Texas CLASS and Municipal Bonds with TD Ameritrade. All investments are reported at fair value and are presented as cash and investments.

The following table lists the District's investments at year end:

	<u>Fair Value/ Amortized Costs</u>	<u>Weighted Average Maturity (Days)</u>	<u>Credit Rating</u>
Governmental Activities			
Cash on Deposit	\$ 14,794,912	N/A	
Investments:			
Lone Star Investment Pool	14,244,005	37	
Texas CLASS	2,560,956	41	
Certificates of Deposit	250,000	N/A	
TD Ameritrade	<u>1,186,956</u>	N/A	Aaa
Total	<u>\$ 33,036,829</u>		

Lone Star Investment Pool

The Lone Star Investment Pool (Lone Star) is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Texas Government Code, Chapter 791, and the PFIA, Texas Government Code, Chapter 2256. Lone Star is administered by First Public, a subsidiary of the Texas Association of School Boards (TASB), with Standish and American Beacon Advisors managing the investment and reinvestment of Lone Star's assets. State Street Bank provides custody and valuation services to Lone Star. All of the board of trustees' eleven members are Lone Star participants by either being employees or elected officials of a participant. Lone Star has established an advisory board composed of both pool members and non-members. Lone Star is rated AAAM by Standard and Poor's. Lone Star has no limitations or restrictions on withdrawals. The District is invested in the Corporate Overnight Plus Fund of Lone Star. Lone Star has 3 different funds: Government Overnight, Corporate Overnight and Corporate Overnight Plus. Government and Corporate Overnight maintain a net asset value of one dollar and the Corporate Overnight Plus maintains a net Asset value of 50 cents. The Government Overnight and Corporate Overnight Funds value all investments at amortized cost and are operated in accordance with GASB 79. The Corporate Overnight Plus Fund values all investments at fair value and is operated in accordance with GASB 72.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

B. Deposits, Securities and Investments (Continued)

Texas CLASS

In accordance with FASB guidance, Texas CLASS utilizes ASC "Fair Value Measurement and Disclosure" to define fair value, establish a framework for measuring fair value, and expand disclosure requirements regarding fair value measurements. ASC 820 does not require new fair value measurements, but is applied to the extent that other accounting pronouncements require or permit fair value measurements. This standard emphasizes what participants would use in pricing an asset or liability. Various inputs are used in determining the value of Texas CLASS's portfolio investments defined pursuant to this standard. All investments are categorized as Level 2 for the fair value hierarchy. Level 2 inputs are prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity.

TD Ameritrade

The District's investments with TD Ameritrade consists of certificates of deposits, municipal bonds, and FHLB-agency bonds. The municipal bonds are categorized as Level 2 for the fair value hierarchy. The fair value is obtained via a pricing method used by Bloomberg Professional Services whereby bonds with similar credit qualities, coupons, maturities, state locations, etc. are used to obtain a value for the portfolio bonds, as many of the bonds do not trade on a regular basis.

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Districts' name. At year end, the District was not exposed to custodial credit risk.

The largest combined balances of cash, saving and time deposit accounts amounted to \$ 34,369,289 and occurred in February 2022. The market value of bonds or other securities used to secure cash on the date of the highest combined cash balance was \$ 39,736,821. The total amount of FDIC coverage at the time of the highest combined balance was \$ 500,000. American National Bank of Texas, Terrell, Texas, is the District's depository.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. District investments are limited to short term maturities to limit any potential interest rate risk. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. State statutes do not allow for foreign investments this eliminating foreign currency rate risk. The District was not exposed to foreign currency risk.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

B. Deposits, Securities and Investments (Continued)

f. Fair Value Measurements

The District categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or equivalent) as practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The District's assessment of the significance of particular inputs to these fair value measurements require judgement and considers factors specific to each asset or liability.

C. Property Taxes

Property taxes are levied by October 1, 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 October 1 levy date. 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 when collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Property taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the District to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting these criteria may not be canceled if litigation concerning these taxes is pending.

The District levied taxes on property within the District at \$ 0.8820 to fund general operations and \$ 0.238481 for the payment of principal and interest on long-term debt. The rates were levied on property assessed totaling \$ 2,979,931,565. The District contracts with a tax attorney for the collection of all delinquent taxes. Delinquent taxes are subject to both penalty and interest plus a 20% delinquent tax attorney collection fee.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

D. Capital Assets

Capital asset activities during the year were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities:</u>				
Capital Assets not being depreciated:				
Land	\$ 1,607,652	\$ -	\$ -	\$ 1,607,652
Construction in Progress	1,487,876	2,664,744	-	4,152,620
Total Capital Assets not being depreciated	\$ 3,095,528	\$ 2,664,744	\$ -	\$ 5,760,272
Capital Assets being depreciated:				
Buildings and Improvements	\$ 140,661,862	\$ 61,253	\$ -	\$ 140,723,115
Vehicles	5,127,277	524,988	-	5,652,265
Equipment	4,356,671	361,617	-	4,718,288
Total Capital Assets being depreciated	\$ 150,145,810	\$ 947,858	\$ -	\$ 151,093,668
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 57,593,924	\$ 3,737,348	\$ -	\$ 61,331,272
Vehicles	3,804,503	290,428	-	4,094,931
Equipment	3,592,449	161,584	-	3,754,033
Total Accumulated Depreciation	\$ 64,990,876	\$ 4,189,360	\$ -	\$ 69,180,236
Total Capital Assets being depreciated, net	\$ 85,154,934	\$ (3,241,502)	\$ -	\$ 81,913,432
Lease Assets:				
Equipment	\$ 39,928	\$ 866,467	\$ -	\$ 906,395
Total Lease Assets, being amortized	\$ 39,928	\$ 866,467	\$ -	\$ 906,395
Less Accumulated Amortization for:				
Equipment	\$ 13,821	\$ 29,615	\$ -	\$ 43,436
Total Accumulated Amortization	\$ 13,821	\$ 29,615	\$ -	\$ 43,436
Total Lease Assets being amortized, net	\$ 26,107	\$ 836,852	\$ -	\$ 862,959
Governmental Activities Capital Assets, net	\$ 88,276,569	\$ 260,094	\$ -	\$ 88,536,663

Depreciation and amortization was charged to governmental activities functions as follows:

Instruction	\$ 2,970,473
Instructional Resources and Media Services	70,853
School Leadership	34,267
Guidance, Counseling and Evaluation Services	17,574
Health Services	19,242
Student (Pupil) Transportation	240,569
Food Services	193,476
Co-curricular/Extracurricular Activities	390,406
General Administration	10,510
Plant Maintenance and Operations	227,238
Security and Monitoring Services	34,772
Data Processing	9,595
Total	\$ 4,218,975

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

E. Long-term Obligations

Long-term Obligation Activity

Long-term obligation activities during the year were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 71,275,000	\$ -	\$ 1,600,000	\$ 69,675,000	\$ 1,550,000
Direct Borrowings Payable	1,418,571	-	281,191	1,137,380	286,434
Right of Use Lease Payable	25,510	644,050	12,064	657,496	219,080
Accreted Interest Payable	6,564,937	45,277	3,255,000	3,355,214	-
Bond Premium (Discount)	7,807,654	-	540,910	7,266,744	-
Total Governmental Activities	\$ 87,091,672	\$ 689,327	\$ 5,689,165	\$ 82,091,834	\$ 2,055,514

Bonds

The District has issued various series of general obligation bonds to fund facility construction and improvements. Bonds mature at various times with varying rates of interest. The bonds issued require the District to levy an ad valorem tax annually to retire the current maturities. The District is required to make semi-annual interest payments along with annual principal payments.

The following bonded debt issues are outstanding at year end:

Description	Interest Rate	Original Amount	Outstanding Balance
Unlimited Tax Refunding Bonds, Series 2011	2.960%	\$ 1,505,000	\$ 560,000
Unlimited Tax School Building Bonds, Series 2014	3.254%	64,315,000	220,000
Unlimited Tax Refunding Bonds, Series 2016	1.562%	13,230,000	7,280,000
Unlimited Tax Refunding Bonds, Series 2020	2.147%	62,535,000	61,615,000
Totals			<u>\$ 69,675,000</u>

Maturity requirements on bonded debt at year end are as follows:

Year Ending June 30	Principal	Interest	Total Requirements
2023	1,550,000	4,953,945	6,503,945
2024	2,440,000	1,498,945	3,938,945
2025	2,520,000	1,413,323	3,933,323
2026	2,615,000	1,326,534	3,941,534
2027	4,515,000	1,233,910	5,748,910
2028-2032	14,585,000	5,390,689	19,975,689
2033-2037	15,920,000	4,100,301	20,020,301
2038-2042	17,780,000	2,296,243	20,076,243
2043-2047	7,750,000	292,459	8,042,459
Totals	<u>\$ 69,675,000</u>	<u>\$ 22,506,349</u>	<u>\$ 92,181,349</u>

There are a number of limitations and restrictions contained in the general obligation bond indentures. The District appears to be in compliance with all significant limitations and restrictions as of year end.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

E. Long-term Obligations (Continued)

Direct Borrowings

The District issued various agreements identified here as direct borrowings. Direct borrowings include loans, leases that transfer ownership, maintenance tax notes and other financing arrangements.

The terms included in the agreements require annual payments of principal and interest at the rate presented below. Generally, the terms are for a maximum of 5 years with some agreements less. All agreements will mature and be retired before the 2027 fiscal period.

The following schedule lists personal property acquired through direct borrowings:

Description	Interest Date	Agreement Date	Original Amount	Outstanding Balance
Maintenance Tax Notes, Series 2010	5.46%	10/15/2010	\$ 3,050,000	\$ 815,000
American National Bank - Buses	3.50%	8/25/2020	395,971	322,380
Totals				<u>\$ 1,137,380</u>

Maturity requirement on the direct borrowings at year end are as follows:

Year Ending June 30	Principal	Interest	Total Requirements
2023	286,434	53,073	339,507
2024	284,146	38,894	323,040
2025	281,938	25,045	306,983
2026	284,862	11,201	296,063
Totals	<u>\$ 1,137,380</u>	<u>\$ 128,213</u>	<u>\$ 1,265,593</u>

Right of Use Leases

The District executed various agreements identified here as leases. Leases are obligations that represent the net present value of the obligations to be paid over a specified term and do not transfer ownership.

The District executed agreements for the use of copiers at various locations throughout the District. The various agreements require monthly payments over the term of the agreement. The lease obligations incur an implicit rate of interest as 9.00%. The detailed schedule of the life and outstanding lease obligations are presented below.

The District executed an agreement for the availability of 3000 + Chromebooks from Insight Investments. The lease terms require annual principal and interest payments over the 3 year agreement. Interest on the agreement is calculated to be 3.10%

Description	Interest Date	Agreement Date	Original Property Value	Outstanding Balance
Canon Financial Services - Copier	9.00%	5/15/2020	\$ 39,928	\$ 13,446
Insight Investments - Chromebooks	3.10%	6/1/2022	866,467	644,050
Totals				<u>\$ 657,496</u>

Maturity requirements on right of use leases at period end are as follows:

Year Ending June 30	Principal	Interest	Total Requirements
2023	232,526	4,274	236,800
2024	209,241	13,176	222,417
2025	215,729	6,688	222,417
Totals	<u>\$ 657,496</u>	<u>\$ 24,138</u>	<u>\$ 681,634</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022

F. Defined Benefits Pension Plan

1. *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). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

2. *Pension Plan Fiduciary Net Position*

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2020 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2021 and 2020.

Net Pension Liability	2021	2020
Total Pension Liability	\$ 227,273,463,630	\$ 218,974,205,084
Less: Plan Fiduciary Net Position	(201,807,002,496)	(165,416,245,243)
Net Pension Liability	\$ 25,466,461,134	\$ 53,557,959,841
Net Position as percentage of Total Pension Liability	88.79%	75.54%

3. *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 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) 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 year that exceeds 31 years, or, if the amortization year already exceeds 31 years, the year would be increased by such action.

In May 2020, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2020. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$ 2,000, whichever was less.

4. *Contributions*

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

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

F. Defined Benefits Pension Plan (Continued)

Employee contribution rates are set in state statute, Texas Government Code Section 825.402. The TRS Pension Reform Bill (SB12) of the 86th Texas Legislature amended Texas Government Code Section 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2022 thru 2025.

	<u>Contribution Rates</u>	
	<u>2021</u>	<u>2022</u>
Member	7.70%	8.00%
Non-Employer Contributing Entity (State)	7.50%	7.75%
Employers	7.50%	7.75%
Current Year Employer Contributions		\$ 1,563,416
Current Year Member Contributions		\$ 3,029,793
Measurement Year NECE On-Behalf Contributions		\$ 1,871,822

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public 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 part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

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

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.

A Public Education Employer contribution surcharge of 1.5% increasing to 2% over the period ending 2025 on all covered payroll.

5. *Actuarial Assumptions*

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.25%
Long-term expected Investment Rate	7.25%
Inflation	2.30%
Salary Increases including inflation	3.05% to 9.05% including inflation
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None
Municipal Bond Rate	1.95%
Ending year in Projection Period	2120

The actuarial assumptions used in this determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020. A full description of the assumptions are included with the report dated November 9, 2017.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

F. Defined Benefits Pension Plan (Continued)

6. *Discount Rate*

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2020 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2022 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as August 31, 2021 are summarized below:

Asset Class*	Target Allocation %**	Long -Term Expected Geometric Real Rate of Return***	Expected Contribution to Long Term Portfolio Returns
Global Equity			
USA	18.0%	3.6%	0.94%
Non-US Developed	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Private Equity	14.0%	6.3%	1.36%
Stable Value			
Government Bonds	16.0%	-0.2%	0.01%
Absolute Return	0.0%	1.1%	0.0%
Stable Value Hedge Funds	5.0%	2.2%	0.12%
Real Return			
Real Estate	15.0%	4.5%	1.00%
Energy, Natural Resources & Infrastructure	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.0%
Risk Parity	8.0%	2.8%	0.28%
Asset Allocation Leverage			
Cash	2.0%	-0.7%	-0.01%
Asset Allocation Leverage	-6.0%	-0.5%	0.03%
Inflation Expectation			2.20%
Volatility Drag****			-0.95%
Expected Return	<u>100%</u>		<u>6.90%</u>

* Absolute Return includes Credit Sensitive Investments.

** Target allocations are based on the FY2021 policy model.

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

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

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

F. Defined Benefits Pension Plan (Continued)

7. *Discount Rate Sensitivity Analysis*

The following presents the District's share of the net pension liability of the plan using the discount rate of 7.25% as well as what the District's share of the net pension liability would be if it were calculated using a discount rate that is 1 – percentage point lower (6.25%) or 1 – percentage point higher (8.25%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 15,199,554	\$ 6,955,812	\$ 267,636

8. *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2022, the District reported a liability of \$ 6,955,812 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 6,955,812
State's proportionate share that is associated with the District	11,170,232
Total	\$ 18,126,044

The net pension liability was measured as of August 31, 2020 and rolled to August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contribution to the pension plan relative to the contributions of all employers to the plan for the year September 1, 2020 thru August 31, 2021.

At August 31, 2021, the employer's proportion of the collective net pension liability was 0.0273136190%, which was an increase of 0.0005715275% from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement year.

For the current year, the District recognized pension expense of \$ 342,168 and revenue of \$ 44,657 for support provided by the State.

At year end, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 11,640	\$ 489,695
Changes of actuarial assumptions	2,458,744	1,071,801
Differences between projected and actual investment earnings	-	5,832,358
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	378,121	593,623
Total as of August 31, 2021 measurement date	\$ 2,848,505	\$ 7,987,477
Contributions paid to TRS subsequent to the measurement date	1,357,200	-
Total at fiscal year end	\$ 4,205,705	\$ 7,987,477

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

F. Defined Benefits Pension Plan (Continued)

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

Year Ending June 30	Amount
2023	\$ (895,751)
2024	(976,034)
2025	(1,441,347)
2026	(1,792,944)
2027	(32,576)
Thereafter	(321)

G. Other Post-Employment Benefit Plans

1. *Plan Description*

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.052

2. *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.state.tx.us/about/documents/cafr/pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

The components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2021 and 2020 are as follows:

Net OPEB Liability	2021	2020
Total OPEB Liability	\$ 41,113,711,083	\$ 40,010,833,815
Less: Plan Fiduciary Net Position	(2,539,242,470)	(1,996,317,932)
Net OPEB Liability	\$ 38,574,468,613	\$ 38,014,515,883
Net Position as percentage of Total OPEB Liability	6.18%	4.99%

3. *Benefits Provided*

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all 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. The TRS Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for retirees are presented in the table below:

TRS-Care Monthly Premium Rates		
	Employer	Employee
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

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022

G. Other Post-Employment Benefit Plans (Continued)

4. *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 0.75% 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. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates		
	2021	2022
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%
Current Year Employer Contributions		\$ 396,405
Current Year Member Contributions		\$ 247,642
Measurement Year NECE On-Behalf Contributions		\$ 409,258

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

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide \$ 2,208,137 for fiscal year 2021 and \$ 3,312,206 for fiscal year 2022, for consumer protections against medical and health care billing by certain out-of-network providers. Funding will be in fiscal year 2022.

5. *Actuarial Assumptions*

The total OPEB liability in the August 31, 2020 actuarial valuation was rolled forward to August 31, 2021. The actuarial valuation was determined using the following actuarial assumptions:

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation:

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

The actuarial valuation of TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, rates of retirement, termination, and disability including general inflation and salary increases are identical to those used in the respective TRS Pension valuation. These assumptions were developed in the experience study performed for TRS for the measurement year ended August 31, 2017.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022

G. Other Post-Employment Benefit Plans (Continued)

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females with full generational mortality using scale BB. The past retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

Health Care Trend Rates

The initial medical trend rates were 8.5% for Medicare retirees and 7.10% for Non-Medicare retirees. There was an initial prescription drug trend rate of 8.50% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.

6. *Discount Rate*

A single discount rate of 1.95% was used to measure the total OPEB liability. There was a decrease of 0.38% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate.

7. *Assumption Changes Since the Prior Actuarial Valuation*

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

- Discount rate decreased from 2.33% to 1.95% increasing the total OPEB liability.

8. *Discount Rate Sensitivity Analysis*

The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% greater than the discount rate that was used (1.95%) in measuring the net OPEB liability.

	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 18,193,541	\$ 15,082,973	\$ 12,634,855

9. *Healthcare Cost Trend Rates Sensitivity Analysis*

The following presents the net OPEB liability of the plan 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 one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 12,216,708	\$ 15,082,973	\$ 18,928,788

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

G. Other Post-Employment Benefit Plans (Continued)

10. *OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs*

At June 30, 2022, the District reported a liability of \$ 15,082,973 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$	15,082,973
State's proportionate share that is associated with the District		20,207,822
 Total		 \$ 35,290,795

The net OPEB liability was measured as of August 31, 2020 and rolled forward to August 31, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the year September 1, 2020 thru August 31, 2021.

At August 31, 2021, the District's proportion of the collective net OPEB liability was 0.0391009214%, which was a decrease of 0.0008504057% from its proportion measured as of August 31, 2020.

The District recognized OPEB expense of \$ (1,645,810) and revenue of \$ (745,823) for support provided by the State during the current year.

The District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources at year end:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	\$ 649,393	\$ 7,301,214
Changes in actuarial assumptions	1,670,616	3,189,770
Differences between projected and actual investment earnings	16,375	-
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	149,195	2,312,404
Total as of August 31, 2021 measurement date	\$ 2,485,579	\$ 12,803,388
Contributions paid to TRS subsequent to the measurement date	339,415	-
Total at fiscal year end	\$ 2,824,994	\$ 12,803,388

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

Year Ending June 30	Amount
2023	\$ (1,928,343)
2024	(1,928,712)
2025	(1,928,611)
2026	(1,531,589)
2027	(994,088)
Thereafter	(2,006,464)

H. Medicare Part D Coverage

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2022, 2021 and 2020, the subsidy payments received by TRS-Care on behalf of the District were \$ 120,631, \$ 151,098 and \$ 149,400 respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022

I. Risk Management

Health Care

During the year, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$ 325 per month per employee and employees, at their opinion, authorized payroll withholdings to provide dependents coverage under the Plan. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and Blue Cross Blue Shield of Texas is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for Blue Cross Blue Shield of Texas are available for the year ended December 31, 2021 and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records

Workers Compensation

The District previously participated in the TASB Risk Management Fund (Fund) for its partially self-funded workers compensation coverage. The District changed providers and will continue to make claim payments on claims occurring prior to the District's exit from the plan.

The District participates in the East Texas Educational Insurance Association Workers Compensation Self Insurance Joint Fund. The District is partially self-funded to a loss fund maximum of \$ 198,750 for the 21-22 fiscal year. Additionally, the District incurred fixed costs of \$ 71,221 for their share of claims administration, loss control, record keeping and cost of excess insurance.

Claims administration is provided by Claims Administrative Services, Inc. Reinsurance is provided by for aggregate claim losses exceeding \$ 225,000. The fixed cost charge is based on total payroll paid by the District. Increases or decreases in the fixed cost will adjust subsequent year charges.

The accrued liability for worker's compensation self-insurance of \$ 562,365 includes \$ 198,650 incurred but not reported claims. This liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance issues," which require that a liability for claims be reported in information indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The liability recorded is an undiscounted actuarial calculation.

Changes in the worker's compensation claims liability amounts in the period of 2022 are represented below:

	2022
Beginning Claims Liability	\$ 427,429
Claims Incurred (Reduced)	352,773
Claims Paid	(217,837)
Ending Claims Liability	\$ 562,365

Unemployment Compensation Pool

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

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2021 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022

I. Risk Management (Continued)

Other Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the District purchased commercial insurance to cover these liabilities. There were not 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.

J. Litigation

The District appears to have no pending litigation as of June 30, 2022.

K. Commitments and Contingencies

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at year end, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

The effects of the coronavirus-19 (COVID-19) pandemic continues to affect the District's operations including funding for student attendance and operating programs and cost. Continued funding allowances including additional federal funding will cease in future periods. The operational costs associated with these additional revenues will be evaluated along with the need for these services. The cost of the additional federal funded programs may exceed the available resources and require the District to either eliminate or curtail their existence.

The District approved a section 313 agreement to provide a tax abatement to a potential business locating in the District. The agreement has been extended beyond its original expiration date, but no development has occurred. When fully complete, the District will grant an abatement to the entity. No potential financial impact can be determined at this date.

L. Shared Service Arrangements

The District participates in cooperative programs with other local districts. The District does not account for revenue or expenditures of these programs and does not disclose them in these financial statements.

<u>Shared Service Agreement</u>	<u>Fiscal Agent</u>	<u>Service</u>
Regional Day School for the Deaf	Greenville Independent School District	Deaf Education
Block Grant SSA	Education Service Center, Region X	ESSA Title II ESSA Title VI ESSA Title III ESSA Title I, Part C

M. Revenue from Local and Intermediate Sources

During the year, the District received revenue from local and intermediate sources in the Districts individual major funds and aggregate non-major funds consisting of the following:

	General	Debt Service	Capital Projects	Other Governmental	Total
Property Tax Collections	\$ 26,297,818	\$ 7,059,949	\$ -	\$ -	\$ 33,357,767
Investment Income	59,171	11,822	8,928	-	79,921
Food Service Income	-	-	-	156,118	156,118
Services to Other Districts	-	-	-	198,876	198,876
Co-curricular Activities	100,321	-	-	221,523	321,844
Rent	21,676	-	-	-	21,676
Donations	500	-	-	67,020	67,520
Tuition	11,600	-	-	-	11,600
Other	400,357	-	-	102,488	502,845
Totals	<u>\$ 26,891,443</u>	<u>\$ 7,071,771</u>	<u>\$ 8,928</u>	<u>\$ 746,025</u>	<u>\$ 34,718,167</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

N. Receivables

Receivables at year end, for the District's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General	Debt Service	Capital Projects	Other Governmental	Total
Due from Other Governments	\$ 4,266,126	\$ -	\$ -	\$ 6,473,278	\$ 10,739,404
Property Taxes	1,903,093	443,252	-	-	2,346,345
Less Allowance for Uncollectible					
Property Taxes	(190,309)	(44,325)	-	-	(234,634)
Other Receivables	45,737	11,652	-	-	57,389
Net Receivables	\$ 6,024,647	\$ 410,579	\$ -	\$ 6,473,278	\$ 12,908,504

O. Subsequent Events

Management has evaluated all events or transactions that occurred after June 30, 2022 up through November 2, 2022 the date the financial statements were issued.

P. State Aid Reconciliation

The State provides various types of funding for local school districts as provided for in state statute. The following reconciliation presents funding earned by the District in each category presented. Because of the State's delay in reconciling the funding to local districts, the summary below represents an estimate of earnings. The settle up with the State will occur some 9 to 10 months following the fiscal year end.

Funding is earned for: 1) Available – annual allocation based on prior year enrollment; 2) Foundation – annual allocation based on student attendance, property tax collections and valuations, and special student population; 3) Instructional Facilities Allotment – based on property wealth; and 4) Existing Debt Allotment – based on eligible debt, student attendance and property wealth. Various other sources are received but not reconciled here as these are the major sources of funding.

	Available	Foundation	IFA	EDA
CY Summary of Finances (SOF)	\$ 2,467,772	\$ 19,261,701	Not	\$ 96,801
Prior Year Settle Ups	-	427,232	Eligible	10,930
Financial Statement Earnings	\$ 2,467,772	\$ 19,688,933	\$ -	\$ 107,731
Financial Statement Amounts				
Receivables - Scheduled Payments	\$ 542,059	\$ 5,247,391	\$ -	\$ -
Settle Up Amounts				
Receivable (Overpayments)	-	(1,602,473)	-	(8,435)
Net Receivable (Unearned Revenue)	\$ 542,059	\$ 3,644,918	\$ -	\$ (8,435)

* Overpayments are represented in the financial statements as Unearned Revenue (government-wide and governmental).

Q. Interfund Balances and Activities

Transfers Between Funds

Transfers between funds during the year consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Capital Projects Fund	\$ 3,350,000	Future Construction/ Maintenance
	Total	\$ 3,350,000	

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2022

R. Change in Accounting Principle

The Governmental Accounting Standards Board (GASB) issued Statement 87, *Leases* in June 2017 with an effective date of fiscal year beginning after June 15, 2021 (as postponed). This required the District to implement the provisions of the Statement during the year. The Statement replaced operating leases with recognition of “right of use” assets and liabilities. As such there are new financial statement captions on the government wide financial statements. For the fund financial statements, the net present value of the lease payments is recognized as an expenditure in the initial year of the agreement with subsequent payments represented as debt retirement payments. The Statement requires retroactive restatement of assets and liabilities with the difference modifying the beginning net position.

S. Prior Period Adjustments

During the year, the District implementation of GASB 87, *Leases*, required the reclassification and establishment of new asset and liability accounts. The change requires an adjustment to the beginning net position. The implementation effects only the government-wide financial statements. Beginning net position has increased by \$ 598.

T. Compliance, Stewardship, and Accountability

Expenditures over Appropriations

The following individual funds incurred expenditures more than appropriations at functional expenditure levels.

	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund			
Security and Monitoring Services	\$ 603,052	\$ 630,529	\$ 27,477
Data Processing Services	2,226,383	2,858,458	632,075

REQUIRED SUPPLEMENTARY INFORMATION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2022

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
5700	\$ 26,463,061	\$ 26,563,061	\$ 26,891,443	\$ 328,382
5800	22,783,327	22,831,833	24,405,380	1,573,547
5900	-	1,200,000	1,122,292	(77,708)
5020 Total Revenues	\$ 49,246,388	\$ 50,594,894	\$ 52,419,115	\$ 1,824,221
EXPENDITURES				
Instruction and Instructional Related Services:				
0011	\$ 30,987,064	\$ 26,165,777	\$ 24,377,050	\$ 1,788,727
0012	58,505	141,013	45,545	95,468
0013	1,046,260	1,183,760	954,120	229,640
Total Instruction and Instr. Related Services	<u>\$ 32,091,829</u>	<u>\$ 27,490,550</u>	<u>\$ 25,376,715</u>	<u>\$ 2,113,835</u>
Instructional and School Leadership:				
0021	\$ 784,897	\$ 784,051	\$ 693,803	\$ 90,248
0023	3,468,771	3,433,288	3,381,093	52,195
Total Instructional and School Leadership	<u>\$ 4,253,668</u>	<u>\$ 4,217,339</u>	<u>\$ 4,074,896</u>	<u>\$ 142,443</u>
Support Services - Student (Pupil):				
0031	\$ 1,548,349	\$ 1,647,843	\$ 1,500,573	\$ 147,270
0032	78,359	93,136	69,648	23,488
0033	479,042	522,768	461,533	61,235
0034	1,635,125	2,386,297	2,299,707	86,590
0035	-	1,200	-	1,200
0036	1,840,264	2,047,699	1,918,098	129,601
Total Support Services - Student (Pupil)	<u>\$ 5,581,139</u>	<u>\$ 6,698,943</u>	<u>\$ 6,249,559</u>	<u>\$ 449,384</u>
Administrative Support Services:				
0041	\$ 2,586,469	\$ 2,393,450	\$ 2,297,297	\$ 96,153
Total Administrative Support Services	<u>\$ 2,586,469</u>	<u>\$ 2,393,450</u>	<u>\$ 2,297,297</u>	<u>\$ 96,153</u>
Support Services - Nonstudent Based:				
0051	\$ 5,499,908	\$ 6,530,326	\$ 6,326,501	\$ 203,825
0052	578,330	603,052	630,529	(27,477)
0053	2,285,685	2,226,383	2,858,458	(632,075)
Total Support Services - Nonstudent Based	<u>\$ 8,363,923</u>	<u>\$ 9,359,761</u>	<u>\$ 9,815,488</u>	<u>\$ (455,727)</u>
Ancillary Services:				
0061	\$ 10,000	\$ 10,000	\$ 3,268	\$ 6,732
Total Ancillary Services	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 3,268</u>	<u>\$ 6,732</u>
Debt Service:				
0071	\$ 340,401	\$ 340,401	\$ 283,591	\$ 56,810
0072	53,099	53,099	67,381	(14,282)
0073	1,500	1,500	806	694
Total Debt Service	<u>\$ 395,000</u>	<u>\$ 395,000</u>	<u>\$ 351,778</u>	<u>\$ 43,222</u>
Intergovernmental Charges:				
0093	\$ 150,000	\$ 150,000	\$ 87,178	\$ 62,822
0099	605,000	665,000	663,217	1,783
Total Intergovernmental Charges	<u>\$ 755,000</u>	<u>\$ 815,000</u>	<u>\$ 750,395</u>	<u>\$ 64,605</u>
6030 Total Expenditures	\$ 54,037,028	\$ 51,380,043	\$ 48,919,396	\$ 2,460,647
1100	\$ (4,790,640)	\$ (785,149)	\$ 3,499,719	\$ 4,284,868
OTHER FINANCING SOURCES (USES)				
7913	\$ -	\$ -	\$ 644,050	\$ 644,050
8911	-	-	(3,350,000)	(3,350,000)
Net Other Financial Sources (Uses)	\$ -	\$ -	\$ (2,705,950)	\$ (2,705,950)
1200	\$ (4,790,640)	\$ (785,149)	\$ 793,769	\$ 1,578,918
0100	23,748,476	23,748,476	23,748,476	-
3000 Fund Balance - Ending (June 30)	\$ 18,957,836	\$ 22,963,327	\$ 24,542,245	\$ 1,578,918

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 YEAR ENDED JUNE 30, 2022

	2021*	2020*	2019*	2018*	2017*	2016*	2015*	2014*
District's proportion of the net pension liability	0.0273136190%	0.0267420915%	0.0281124891%	0.0276034382%	0.0289254973%	0.0289072966%	0.0289191000%	0.0188226000%
District's proportionate share of the net pension liability	\$ 6,955,812	\$ 14,322,519	\$ 14,613,751	\$ 15,193,602	\$ 9,248,816	\$ 10,923,638	\$ 10,222,517	\$ 5,027,777
State's proportionate share of the net pension liability associated with the District	11,170,232	25,093,476	22,607,271	29,110,475	16,695,163	18,501,144	17,084,658	14,915,939
Total	\$ 18,126,044	\$ 39,415,995	\$ 37,221,022	\$ 44,304,077	\$ 25,943,979	\$ 29,424,782	\$ 27,307,175	\$ 19,943,716
District's covered-employee payroll (for Measurement Year)	\$ 34,045,210	\$ 34,265,161	\$ 31,227,761	\$ 33,394,485	\$ 32,430,857	\$ 29,982,493	\$ 27,792,451	\$ 27,286,099
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	20.43%	41.80%	46.80%	45.50%	28.52%	36.43%	36.78%	18.43%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: Only eight years of data is presented in accordance with GASB 68, paragraph 138. *The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.*

* The years above present data for the measurement period ending date. The measurement period represents the period for which the pensions plan prepares its reports which provides a 10 month delay for financial reporting in accordance with GASB 68.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 1,563,416	\$ 1,019,695	\$ 1,096,974	\$ 988,175	\$ 929,825	\$ 947,927	\$ 918,458	\$ 856,308
Contributions in relations to the contractual required contributions	(1,563,416)	(1,019,695)	(1,096,974)	(988,175)	(929,825)	(947,927)	(918,458)	(856,308)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 38,098,418	\$ 33,527,586	\$ 33,930,886	\$ 31,287,945	\$ 33,394,485	\$ 32,430,857	\$ 29,982,493	\$ 27,792,451
Contributions as a percentage of covered employee payroll	4.10%	3.04%	3.23%	3.09%	2.78%	2.92%	3.06%	3.08%

Note: Only eight years of data is presented in accordance with GASB 68, paragraph 138. The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULES OF THE DISTRICTS PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 YEAR ENDED JUNE 30, 2022

	2021*	2020*	2019*	2018*	2017*
District's proportion of the Net OPEB Liability (Asset)	0.0391009214%	0.0399513271%	0.0398074917%	0.0442493111%	0.0440185629%
District's proportionate share of the Net OPEB Liability (Asset)	\$ 15,082,973	\$ 15,187,304	\$ 18,825,450	\$ 22,094,086	\$ 19,142,002
State's proportionate share of the Net OPEB Liability (Asset) associated with the District	20,207,822	20,408,095	25,014,813	27,040,711	23,938,842
Total	\$ 35,290,795	\$ 35,595,399	\$ 43,840,263	\$ 49,134,797	\$ 43,080,844
District's covered-employee payroll (for Measurement Year)	\$ 34,045,210	\$ 34,265,161	\$ 31,227,761	\$ 33,394,485	\$ 32,430,857
District's proportionate share of the Net OPEB Liability as a percentage of it's covered-employee payroll	44.30%	44.32%	60.28%	66.16%	59.02%
Plan fiduciary net position as a percentage of the Total OPEB Liability	6.18%	4.99%	2.66%	1.57%	0.91%

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

* The years above present data for the measurement period ending date. The measurement period represents the period for which the pension plan prepares its reports which provides a 10 month delay for financial reporting in accordance with GASB 75.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019	2018
Contractually required contributions	\$ 396,405	\$ 297,037	\$ 301,144	\$ 282,674	\$ 305,223
Contributions in relations to the contractual required contributions	(396,405)	(297,037)	(301,144)	(282,674)	(305,223)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 38,088,418	\$ 33,527,586	\$ 33,930,886	\$ 31,297,945	\$ 33,394,485
Contributions as a percentage of covered employee payroll	1.04%	0.89%	0.89%	0.90%	0.91%

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

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

A. Budget

The official budget was prepared for adoption for all Government Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. 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. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

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

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse on June 30, and encumbrances outstanding at the time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

B. Defined Benefit Pension Plan

1. Changes of Assumptions Since the Prior Measurement Date

There were no changes of assumptions since the prior measurement period.

2. Changes of Benefit Terms Since the Prior Measurement Date

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

C. OPEB Healthcare Plan

1. Changes of Assumptions Since the Prior Measurement Date

The following changes occurred in the plan assumptions.

- a. The discount rate changed from 2.33% to 1.95%

2. Changes of Benefit Terms Since the Prior Measurement Date

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

OTHER SUPPLEMENTARY INFORMATION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 YEAR ENDED JUNE 30, 2022

Tax Roll Year	Last Ten Years Ended June 30	1		2	3		10	20	30	30a	40	50
		Maintenance	Tax Rates		Assessed/Appraised Value For School Tax Purposes	Debt Service						
XXXX	2013 and Prior Years	Various	Various	Various	Various	462,371	-	41,857	5,378	28,124	443,260	
2013	2014	1.040000	0.140400	1,586,154,352	59,049	6,807	919	51,708				
2014	2015	1.040000	0.315000	1,738,375,390	67,957	8,836	2,676	56,806				
2015	2016	1.040000	0.308210	1,775,582,092	68,793	7,855	2,328	59,112				
2016	2017	1.040000	0.269170	1,920,664,770	89,192	14,765	3,822	71,841				
2017	2018	1.040000	0.268481	2,060,938,820	121,413	18,072	4,665	96,674				
2018	2019	1.060000	0.238481	2,236,797,443	177,016	46,817	10,533	118,328				
2019	2020	0.990000	0.238481	2,439,685,499	317,956	93,473	22,517	191,649				
2020	2021	0.903200	0.238481	2,760,450,001	871,224	316,109	83,466	299,392				
2021	2022	0.882000	0.238481	2,979,931,565	-	33,389,567	6,852,210	957,575				
1000 TOTALS												
							\$ 2,234,971	\$ 33,389,567	\$ 25,896,869	\$ 6,988,514	\$ (392,810)	\$ 2,346,345

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2022

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final		Positive (Negative)	
REVENUES					
5700	Local and Intermediate Sources	\$ 200,000	\$ 200,000	\$ 156,118	\$ (43,882)
5800	State Program Revenues	16,500	16,500	18,633	2,133
5900	Federal Program Revenues	3,450,000	3,450,000	3,772,204	322,204
5020	Total Revenues	\$ 3,666,500	\$ 3,666,500	\$ 3,946,955	\$ 280,455
EXPENDITURES					
Current:					
Support Services - Student (Pupil):					
0035	Food Service	\$ 3,509,786	\$ 3,778,314	\$ 2,992,652	\$ 785,662
	Total Support Services - Student (Pupil)	\$ 3,509,786	\$ 3,778,314	\$ 2,992,652	\$ 785,662
6030	Total Expenditures	\$ 3,509,786	\$ 3,778,314	\$ 2,992,652	\$ 785,662
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ 156,714	\$ (111,814)	\$ 954,303	\$ 1,066,117
1200	Net Change in Fund Balance	\$ 156,714	\$ (111,814)	\$ 954,303	\$ 1,066,117
0100	Fund Balance - Beginning (July 1)	1,621,893	1,621,893	1,621,893	-
3000	Fund Balance - Ending (June 30)	\$ 1,778,607	\$ 1,510,079	\$ 2,576,196	\$ 1,066,117

GREENVILLE INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2022

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 6,813,077	\$ 6,813,077	\$ 7,071,771	\$ 258,694
5800	State Program Revenues	-	-	107,731	107,731
5020	Total Revenues	<u>\$ 6,813,077</u>	<u>\$ 6,813,077</u>	<u>\$ 7,179,502</u>	<u>\$ 366,425</u>
EXPENDITURES					
Debt Service:					
0071	Principal on Long-Term Debt	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ -
0072	Interest on Long-Term Debt	4,899,670	4,899,670	4,899,670	-
0073	Bond Issuance Costs and Fees	7,000	7,000	4,275	2,725
	Total Debt Service	<u>\$ 6,506,670</u>	<u>\$ 6,506,670</u>	<u>\$ 6,503,945</u>	<u>\$ 2,725</u>
6030	Total Expenditures	<u>\$ 6,506,670</u>	<u>\$ 6,506,670</u>	<u>\$ 6,503,945</u>	<u>\$ 2,725</u>
1100	Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 306,407</u>	<u>\$ 306,407</u>	<u>\$ 675,557</u>	<u>\$ 369,150</u>
1200	Net Change in Fund Balance	\$ 306,407	\$ 306,407	\$ 675,557	\$ 369,150
0100	Fund Balance - Beginning (July 1)	<u>4,938,648</u>	<u>4,938,648</u>	<u>4,938,648</u>	<u>-</u>
3000	Fund Balance - Ending (June 30)	<u><u>\$ 5,245,055</u></u>	<u><u>\$ 5,245,055</u></u>	<u><u>\$ 5,614,205</u></u>	<u><u>\$ 369,150</u></u>

GREEVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 YEAR ENDED JUNE 30, 2022

<u>Data Control Codes</u>		<u>Response</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and / other sources information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	<p>Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warranty hold was issued, the school district is considered to not have made timely payments).</p> <p>Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued.</p> <p>Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.</p>	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial hold was resolved and cleared within 30 days, the shool district is considered to have been inssued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state or federal funds?	No
SF7	Did the school post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Administrative Code and other statues, laws and rules that were in effect at the school districts fiscal year-end?	Yes
SF8	Did the school board members discuss the school districts property value at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ 3,355,214

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO
STATE MANDATED PROGRAM REQUIREMENTS
YEAR ENDED JUNE 30, 2022

<u>Data Control Codes</u>		<u>Response</u>
<u>Section A: Compensatory Education Programs</u>		
<u>AP1</u>	Did your District expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
<u>AP2</u>	Does the District have written policies and procedures for its state compensatory education program?	Yes
<u>AP3</u>	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 6,126,881
<u>AP4</u>	List the actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 3,369,907
<u>Section B: Bilingual Education Programs</u>		
<u>AP5</u>	Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
<u>AP6</u>	Does the District have written policies and procedures for its bilingual education program?	Yes
<u>AP7</u>	List the total state allotment funds received for bilingual education programs during the District's fiscal year.	\$ 873,698
<u>AP8</u>	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PIC's 25, 35)	\$ 924,359

FEDERAL AWARDS SECTION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

(01) Federal Grantor/ Pass Through Grantor/ Program Title	(02) Federal ALN Number	(02A) Pass-Through Identifying Grant Number	(03) Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through the Texas Education Agency:			
ESSA Title I Part A - Improving Basic Programs*	84.010a	21610101116905	\$ 66,235
ESSA Title I Part A - Improving Basic Programs*	84.010a	22610101116905	1,484,183
<i>Total ALN 84.010</i>			<u>1,550,418</u>
IDEA-B Formula - B	84.027a	226600011169056000	1,121,858
IDEA-B Formula - ARP - B	84.027x	225350011169056000	3,272
IDEA-B Discretionary - Deaf - B	84.027a	21660011169055000	228,285
IDEA - C, Early Intervention	84.027a	213911011169053000	297
<i>Total ALN 84.027</i>			<u>1,353,712</u>
IDEA-B Preschool - B	84.173a	226610012349026000	55,416
<i>Total ALN 84.173</i>			<u>55,416</u>
Carl Perkins - Perkins V	84.048a	224200006116905	78,205
<i>Total ALN 84.048</i>			<u>78,205</u>
ESSA Title II Part A - Supporting Effective Education	84.367a	22686001116905	225,768
<i>Total ALN 84.367</i>			<u>225,768</u>
ESSA Title III Part A - English Language Acquisition	84.365a	22671001116905	134,772
<i>Total ALN 84.365</i>			<u>134,772</u>
21st Century Grant*	84.287c	2269502471100112	1,228,630
21st Century Grant*	84.287c	216950247110012	76,389
<i>Total ALN 84.287</i>			<u>1,305,019</u>
ESSA Title V Part B - Rural & Low Income School	84.358b	22696001116905	6,995
<i>Total ALN 84.358</i>			<u>6,995</u>
Elementary and Secondary School Emergency Relief - I*	84.425d	20521001116905	630,948
Elementary and Secondary School Emergency Relief - II*	84.425d	21521001212909	1,222,018
Elementary and Secondary School Emergency Relief - III*	84.425u	21528001116905	4,999,347
TCLAS - Elementary and Secondary Schools Emerg. Relief - III*	84.425u	215280857110064	124,714
<i>Total ALN 84.425</i>			<u>6,977,027</u>
ESSA Title IV Part A - Student Support & Academic Achievement	84.424a	22680101234902	101,234
ESSA Title IV Part A - Student Support & Academic Achievement	84.424a	21680101234902	28,705
<i>Total ALN 84.424</i>			<u>129,939</u>
Teacher Leadership Incentive	84.374a	116-905	1,223,454
Teacher Leadership Incentive	84.374a	116-905	150,158
<i>Total ALN 84.374</i>			<u>1,373,612</u>
Instructional Continuity	84.377a	17610740116905	23,750
Total passed through the Texas Education Agency			<u>13,214,633</u>
Total Department of Education			<u>\$ 13,214,633</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

(01) Federal Grantor/ Pass Through Grantor/ Program Title	(02) Federal ALN Number	(02A) Pass-Through Identifying Grant Number	(03) Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct Program:			
Head Start	93.600	06CH01062103	\$ 154,852
Head Start	93.600	06CH01062104	1,104,705
<i>Total ALN 93.600</i>			<u>1,259,557</u>
Total Department of Health and Human Services			<u>\$ 1,259,557</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Department of Agriculture:			
School Breakfast Program - A	10.553	00622	\$ 766,501
National School Lunch Program - A	10.555	00622	2,553,801
National School Lunch Program - Covid Emergency - A	10.559	00622	278,614
Supply Chain Assistance Grant	10.555	00622	40,534
USDA Commodity Food Distribution	10.565	00622	<u>132,754</u>
Total Department of Agriculture			<u>\$ 3,772,204</u>
Total Expenditure of Federal Awards			<u>\$ 18,246,394</u>

* Denotes Major Programs

A - Child Nutrition Cluster - Total Cluster - \$3,639,450

B - Special Education Cluster - Total Cluster - \$ 1,409,128

D - Education Stabilization Fund Cluster - Cluster Total \$ 6,977,027

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal activity of the Greenville Independent School District and is presented on the modified accrual basis of accounting. Expenditures are recognized in the accounting period in which a fund liability occurs. Funds are considered earned to the extent of expenditures made.

The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

B. Summary of Significant Accounting Policies

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal expenditures were accounted for in the General Fund and Special Revenue Funds which are governmental fund types. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant.

C. Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and used. No provision has been made for amounts on hand on June 30, 2022.

D. Subrecipients

The District provided federal awards to subrecipients in the Head Start program as follows:

Commerce Independent School District	\$	206,739
Quinlan Independent School District		183,526
Total	\$	390,265

E. Indirect Cost

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

F. Reconciliation of Federal Revenue with Financial Statements

The District records amounts received from the federal government or other recipients of federal grant as federal revenue in the financial statements. This reconciliation identifies the difference between the financial statement revenues and the schedule of expenditures of federal awards:

Total Federal Expenditures (Exhibit K-1)	\$	18,246,394
School Health and Related Services		1,050,749
Federal Revenue (Exhibit C-3)	\$	19,297,143

Financial Advisory Services
Provided By:

