Enhanced Rating: S&P: "AA"
Unenhanced Rating: S&P "A+"
(See "RATING", "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein)

OFFICIAL STATEMENT
Dated: March 25, 2024

NEW ISSUE: **BOOK-ENTRY-ONLY**

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

THE NOTES HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

$3,475,000
ATHENS INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Anderson, Henderson and Van Zandt Counties, Texas)
Maintenance Tax Notes, Series 2024

Interest Accrual Date: Initial Delivery
Dated Date: April 15, 2024 **Due: June 15, as shown on the inside cover page**

The Athens Independent School District Maintenance Tax Notes, Series 2024 (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 adopted on March 25, 2024 by the Board of Trustees (the "Board") of the Athens 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 April 23, 2024 (the "Initial Delivery") and will be payable on June 15 and December 15 of each year, commencing December 15, 2024, until stated maturity or prior redemption. The Notes will be issued in fully registered form in principal denominations of $5,000 or any integral multiple thereof. Principal of the Notes will be payable by the Paying Agent/Registrar, which initially is BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), upon presentation and surrender of the Notes for payment. Interest on the Notes is payable by check dated as of the interest payment date and mailed by the Paying Agent/Registrar to the registered owners as shown on the records of the Paying Agent/Registrar on the close of business as of the 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 constructing, remodeling, improving, renovating and equipping athletics facilities in the District, and (ii) 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 scheduled payment of principal of and interest on the Notes when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Notes by **ASSURED GUARANTY MUNICIPAL CORP**.

The bond insurance policy was purchased at the sole discretion of the Purchaser (defined herein). (See "BOND INSURANCE" herein.)

MATURITY SCHEDULE
(On Inside Cover)

The Notes are offered for delivery when, as and if issued, and received by the initial purchaser at a competitive sale (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 McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. The Notes are expected to be available for initial delivery through the facilities of DTC on or about April 23, 2024.

$3,475,000
ATHENS INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Anderson, Henderson and Van Zandt Counties, Texas)
MAINTENANCE TAX NOTES, SERIES 2024

MATURITY SCHEDULE
Base CUSIP No.: 047375 [(1)]

Maturity Date 6/15	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix[(1)]
2025	$145,000	5.00%	3.25%	RM4
2026	175,000	5.00	3.10	RN2
2027	185,000	5.00	3.00	RP7
2028	195,000	5.00	2.90	RQ5
2029	205,000	5.00	2.85	RR3
2030	215,000	5.00	2.85 [(2)]	RS1
2031	225,000	4.00	2.90 [(2)]	RT9
2032	230,000	4.00	2.95 [(2)]	RU6
2033	240,000	4.00	3.00 [(2)]	RV4
2034	250,000	4.00	3.05 [(2)]	RW2
2035	260,000	4.00	3.15 [(2)]	RX0
2036	270,000	4.00	3.25 [(2)]	RY8
2037	280,000	4.00	3.35 [(2)]	RZ5
2038	295,000	4.00	3.45 [(2)]	SA9
2039	305,000	4.00	3.55 [(2)]	SB7

(Interest to accrue from the Delivery Date)

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(2) Yield calculated based on the assumption that the Notes denoted and sold at a premium will be redeemed on June 15, 2029, the first optional call date for such Notes, at a redemption price of par, plus accrued interest to the redemption date.

ATHENS INDEPENDENT SCHOOL DISTRICT

BOARD OF TRUSTEES

Name	Date Initially Elected	Current Term Expires	Occupation
Alicea Elliott, President	2011	2024	CPA
Eugene Buford, Vice President	2017	2026	Retired
Freddie Paul, Secretary	2018	2025	Business
Tilo Galvan, Member	2023	2024	Business
Gina Hunter, Member	2018	2024	Retired
Kelley Lee, Member	2023	2026	Retired
Margaret Richardson, Member	2019	2025	CPA

APPOINTED OFFICIALS

Name	Position	Length of Education Service	Length of Service with the District
Dr. Janie Sims	Superintendent	28 Years	22 Years
Ginger Morrison	Deputy Superintendent	28 Years	28 Years
Randy Jones	Chief Financial Officer	22 Years	22 Years

CONSULTANTS AND ADVISORS

McCall, Parkhurst & Horton L.L.P., Dallas, Texas	Bond Counsel
SAMCO Capital Markets, Inc., Plano, Texas	Financial Advisor
Pattilo, Brown, & Hill, L.L.P., Waco, Texas	Certified Public Accountants

For additional information, contact:

Randy Jones
Chief Financial Officer
Athens ISD
104 Hawn Street
Athens, Texas 75751
(903) 677-6900

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

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, 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.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Notes or the advisability of investing in the Notes. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Bond Insurance" and "Appendix E - Specimen Municipal Bond Insurance Policy".

TABLE OF CONTENTS

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 Athens Independent School District (the "District") is a political subdivision of the State of Texas located in Anderson, Henderson and Van Zandt Counties, 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 adopted on March 25, 2024 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 constructing, remodeling, improving, renovating and equipping athletics facilities in the District, and (ii) cost of issuance of the Notes. (See "THE NOTES – Authorization and Purpose").
Paying Agent/Registrar	The initial Paying Agent/Registrar is BOKF, NA, 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	S&P Global Ratings ("S&P") assigned its municipal bond rating of "AA" to this issue of Notes with the understanding that upon delivery of the Notes, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Notes will be issued by Assured Guaranty Municipal Corp. The District's current unenhanced, underlying rating is "A+" by S&P. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein.)
Tax Matters	In the opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel, interest on the Notes will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations.
Qualified Tax-Exempt Obligations	The District has designated 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 McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel.
Delivery	When issued, anticipated to be on or about April 23, 2024.

INTRODUCTORY STATEMENT

This Official Statement (the "Official Statement"), which includes the cover page and Appendices attached hereto, has been prepared by the Athens Independent School District (the "District"), a political subdivision of the State of Texas (the "State") located in Anderson, Henderson and Van Zandt Counties, Texas, in connection with the offering by the District of its Maintenance Tax Notes, Series 2024 (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) adopted by the Board of Trustees of the District (the "Board") on March 25, 2024 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 Athens Independent School District, 104 Hawn Street, Athens, Texas 75751 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 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 $3,475,000 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 adopted on March 25, 2024 by the Board. Proceeds from the sale of the Notes will be used for the purpose of constructing, remodeling, improving, renovating and equipping athletics facilities in the District, and (ii) cost of issuance of the Notes. (See "THE NOTES – Authorization and Purpose").

General Description

The Notes are dated April 15, 2024 (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, 2024 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, BOKF, NA, Dallas, Texas, to the registered owner at the last known address as it appears on the Paying Agent/Registrar's registration books on the Record Date (as defined herein) or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the registered owner to whom interest is to be paid, provided, however, that such person shall bear all risk and expense of such other arrangements. Principal of the Notes will be payable only upon presentation of such Notes at the corporate trust office of the Paying Agent/Registrar at stated maturity or prior redemption. So long as the Notes are registered in the name of CEDE & CO. or other nominee for The Depository Trust Company, New York, New York ("DTC"), payments of principal of and interest on the Notes will be made as described in "BOOK-ENTRY-ONLY SYSTEM" herein.

If the date for any payment on the Notes is a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive 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 McCall, Parkhurst & Horton L.L.P., 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. 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.

Sources and Uses of Funds

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

Sources		
Par Amount of Notes	$	3,475,000.00
Reoffering Premium		167,628.00
Total Sources of Funds	$	3,642,628.00
Uses		
Deposit to Project Fund	$	3,500,000.00
Costs of Issuance		81,075.32
Purchaser's Discount (including bond insurance premium)		61,552.68
Total Uses of Funds	$	3,642,628.00

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

Successor Paying Agent/Registrar

Provision is made in the Resolution for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a 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

Bond Insurance Policy

Concurrently with the issuance of the Notes, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Note (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Notes when due as set forth in the form of the Policy included as an Appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 20, 2023, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 13, 2023, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

Capitalization of AGM

At December 31, 2023:

- The policyholders' surplus of AGM was approximately $2,646 million.
- The contingency reserve of AGM was approximately $876 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,077 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and net deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 filed with the Securities and Exchange Commission (the "SEC") on February 28, 2024 that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Notes or the advisability of investing in the Notes. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE".

BOND INSURANCE GENERAL RISKS

As a result of the purchase of the Policy by the Purchaser, the following risk factors are applicable to the Policy and the Notes.

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

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

2023 Legislative Sessions

The regular session of the 88th Texas Legislature (the "88th Regular Session") began on January 10, 2023 and adjourned on May 29, 2023. The Texas Legislature (the "Legislature") meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor has called and the Legislature has concluded four special sessions during the 88th Texas Legislature (such special sessions, together with the 88th Regular Session, the "2023 Legislative Sessions").During the 88th Regular Session, the Legislature considered a general appropriations act and legislation affecting the Finance System and ad valorem taxation procedures and exemptions, and investments, among other legislation affecting school districts and the administrative agencies that oversee school districts. Legislation enacted by the Legislature fully-funded the Foundation School Program for the 2024-2025 State fiscal biennium and increased the State guaranteed yield on the first $0.08 cents of tax effort beyond a school district's Maximum Compressed Tax Rate (as defined herein) to $126.21 per penny of tax effort per student in WADA (as defined herein) in 2024 (from $98.56 in 2023) and $129.52 per penny of tax effort per student in WADA in 2025. See "– State Funding for School Districts – Tier Two." The Legislature also provided for an increase in funding for the school safety allotment to $10.00 (from $9.72 in the prior year) per ADA (as defined herein) and $15,000 per campus. The Legislature set aside approximately $4,000,000,000 in additional funding for public education contingent on certain legislation passing in future special sessions. However, the Legislature did not take action on such funding during 2023 Legislative Sessions.

The District can make no representations or predictions regarding the scope of additional legislation that may be considered during any additional called special sessions or the potential impact of such legislation at this time.

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. Such distinctions are discussed under the subcaption "– Local Revenue Level in Excess of Entitlement" herein.

State Compression Percentage

The "State Compression Percentage" or "SCP" is the lesser of three alternative calculations: (i) 93% or a lower percentage set by appropriation for a school year; (ii) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (iii) the prior year SCP. For any year, the maximum SCP is 93%. For the State fiscal year ending in 2024, the SCP is set at 68.80%.

Maximum Compressed Tax Rate

The "Maximum Compressed Tax Rate" or 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 (described below) to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of two alternative calculations: (1) the "State Compression Percentage" (as discussed above) multiplied by 100; or (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5% (if the increase in property value is less than 2.5%, then MCR is equal to the prior year MCR). However, each year the TEA shall evaluate the MCR for each school district in the State, and for any given year, if a school district's MCR is calculated to be less than 90% of any other school district's MCR for the current year, then the school district's MCR is instead equal to the school district's prior year MCR, until TEA determines that the difference between the school district's MCR and any other school district's MCR is not more than 10%. These compression formulas are intended to more closely equalize local generation of Tier One funding among districts with disparate tax bases and generally reduce the Tier One Tax Rates of school districts as property values increase. During the 2023 Legislative Sessions, the Legislature took action to reduce the maximum MCR for the 2023-2024 school year, establishing $0.6880 as the maximum rate and $0.6192 as the floor. The reduction in MCR was approved by voters at an election held on November 7, 2023. See "- 2023 Legislative Sessions."

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 for such year. 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 "– State Funding for School Districts – Tier Two" herein.

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 calculated M&O revenues generated by the school district's respective M&O tax rates.

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

The Finance System also provides an Existing Debt Allotment ("EDA") to subsidize debt service on eligible outstanding school district bonds, an Instructional Facilities Allotment ("IFA") to subsidize debt service on newly issued bonds, and a New Instructional Facilities Allotment ("NIFA") to subsidize operational expenses associated with the opening of a new instructional facility. IFA primarily addresses the debt service needs of property-poor school districts. For the 2024-2025 State fiscal biennium, the Legislature appropriated funds in the amount of $1,072,511,740 for the EDA, IFA, and NIFA.

Tier One and Tier Two allotments represent the State's share of the cost of M&O expenses of school districts, with local M&O taxes representing the school district's local share. EDA and IFA allotments supplement a school district's local I&S taxes levied for debt service on eligible bonds issued to construct, acquire and improve facilities, provided that a school district qualifies for such funding and that the 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 Legislature.

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

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

The fast growth allotment weights change to 0.48 for districts in the top 40% of school districts for growth, 0.33 for districts in the middle 30% of school districts for growth and 0.18 for districts in the bottom 30% of school districts for growth. The fast growth allotment is limited to $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 2024-2025 State fiscal biennium, school districts are guaranteed a yield of $126.21 per student in WADA in 2024 and $129.52 per student in WADA in 2025 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 2024-2025 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 the program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the Legislature. To receive an IFA award, in years where new IFA awards are available, a school district must apply to the Education 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 Education 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 2024-2025 State fiscal biennium, the Legislature did not appropriate any funds for new IFA awards; however, awards previously granted in years the 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 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 Legislature for the 2024-2025 State fiscal biennium and debt service assistance on school district bonds that are not yet eligible for EDA is not available, debt service payments during the 2024-2025 State fiscal biennium on new bonds issued by school districts in the 2024-2025 State fiscal biennium to construct, acquire and improve facilities must be funded solely from local I&S taxes, except to the extent that the bonds of a school district are eligible for hold-harmless funding from the State for local tax revenue lost as a result of an increase in the mandatory homestead exemption from $40,000 to $100,000. See "— 2023 Legislative Sessions." Hold-harmless applies only to bonds authorized by voters prior to September 1, 2023.

A school district may also qualify for a NIFA allotment, which provides assistance to school districts for operational expenses associated with opening new instructional facilities. During the 2023 Legislative Sessions, the Legislature appropriated funds in the amount of $100,000,000 for each fiscal year of the 2024-2025 State fiscal biennium for NIFA allotments.

Tax Rate and Funding Equity

The Education 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 Education 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 Finance System prior to the enactment of certain legislation passed during the 86th Texas Legislature are entitled to an equalized wealth transition grant on an annual basis, which will be phased out in 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. Additionally, school districts and open-enrollment charter schools may be entitled to receive an allotment in the form of a formula transition grant, but they will not be entitled to an allotment beginning with the 2024-2025 school year. This grant is meant to ensure a smooth transition into the funding formulas enacted by the 86th Texas Legislature. Furthermore, 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 Education 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 in excess of entitlement, 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," below. 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.

Options for Local Revenue Levels in Excess of Entitlement

Under Chapter 49, a school district has six (6) 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 Education 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 Education 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 2023-2024 school year, the District was not designated as an "excess local revenue" Chapter 49 school district by TEA. Accordingly, the District has not been required to exercise one of the wealth equalization options permitted under applicable State Law. As a district with local revenues less than the maximum permitted level, the District may benefit in the future by agreeing to accept taxable property or funding assistance from or agreeing to consolidate with, a property-rich district to enable such district to reduce its wealth per student to the permitted level.

A district's "excess local revenues" must be tested for each future school year and, if it exceeds the maximum permitted level, the District must reduce its wealth per student by the exercise of one of the permitted wealth equalization options. Accordingly, if the District's wealth per student should exceed the maximum permitted value in future school years, it will be required to exercise one or more of the permitted wealth equalization options. If the District were to consolidate (or consolidate its tax base for all purposes) with a property-poor district, the outstanding debt of each district could become payable from the consolidated district's combined property tax base, and the District's ration of taxable property to debt could become diluted. If the District were to detach property voluntarily, a portion of its outstanding debt (including the 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 Henderson, Van Zandt and Anderson County Appraisal Districts (collectively the "Appraisal Districts"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

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

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

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

State Mandated Homestead Exemptions

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

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

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties, and school districts are prohibited from repealing or reducing an optional homestead exemption that was granted in tax year 2022 through December 31, 2027. See "Appendix A – Financial Information of the District – Assessed Valuation" for the reduction in taxable valuation, if any, attributable to local option homestead exemptions.

State Mandated Freeze on School District Taxes

Except for increases attributable to certain improvements, a school district is prohibited from increasing the total ad valorem tax on the homestead of persons sixty-five (65) years of age or older or of disabled persons above the amount of tax imposed in the year such homestead qualified for such exemption. This freeze is transferable to a different homestead if a qualifying taxpayer moves and, under certain circumstances, is also transferable to the surviving spouse of persons sixty-five (65) years of age or older, but not the disabled. See "Appendix A – Financial Information – 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 – 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. For tax years beginning prior to January 1, 2022, except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. For tax years beginning on or after January 1, 2022, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

Tax Increment Reinvestment Zones

A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones ("TIRZ") within its boundaries. At the time of the creation of the TIRZ, a "base value" for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the "tax increment". During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

Until September 1, 1999, school districts were able to reduce the value of taxable property reported to the State to reflect any taxable value lost due to TIRZ participation by the school district. The ability of the school district to deduct the taxable value of the tax increment that it contributed prevented the school district from being negatively affected in terms of state school funding. However, due to a change in law, local M&O tax rate revenue contributed to a TIRZ created on or after May 31, 1999 will count toward a school district's Tier One entitlement (reducing Tier One State funds for eligible school districts) and will not be considered in calculating any school district's Tier Two entitlement (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts").

Tax Limitation Agreements

The Texas Economic Development Act (Chapter 313, Texas Tax Code, as amended), allows 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 may 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 take action to extend this program, which expired by its terms effective December 31, 2022.

In the 88th Legislative Session, House Bill 5 ("HB 5" or "The Texas Jobs, Energy, Technology, and Innovation Act") was adopted to create an economic development program, subject to State oversight, which would attract jobs and investment to Texas through school district property tax abatement agreements with businesses. The effective date of HB 5 was January 1, 2024 and the District is currently monitoring the State's implementation of this new economic development program.

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

Tax Abatement Agreements

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

For a discussion of how the various exemptions described above are applied by the District, see "AD VALOREM TAX PROCEDURE – District Application of Tax Code" 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 $57.2 million 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 March 1, 1958 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 not secured by the District's I&S Rate and are therefore not subject to the $0.50 threshold tax rate test.

Public Hearing and Voter-Approval Tax Rate

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

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€ 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 the respective counties. The Appraisal Districts are governed by a board of directors appointed by members of the governing bodies of various political subdivisions within the respective counties.

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 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 Henderson County Tax Assessor-Collector.

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 has granted the freeport exemption. The District has 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, 2023, 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 Benefit 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 – Defined Other Post-Employment Benefit Plans" 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, 2023, 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 K – Risk Management" 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

S&P has assigned its municipal bond rating of "AA" to this issue of Notes with the understanding that upon delivery of the Notes, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Notes will be issued by ASSURED GUARANTY MUNICIPAL CORP. The District's underlying, unenhanced rating is "A+" by S&P.

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

Opinion

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

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

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

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

Future and Proposed Legislation

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

State, Local and Foreign Taxes

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

Qualified Tax-Exempt Obligations for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a “financial institution” allocable to tax-exempt obligations, other than “private activity bonds,” that are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any “on behalf of” and “subordinate” issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term “financial institution” as any “bank” described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a “bank,” as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.”

The District has designated the Notes as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code. In furtherance of that designation, the District has covenanted to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Notes as “qualified tax-exempt obligations.” **Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the aforementioned dollar limitation and the Notes would not be “qualified tax-exempt obligations.”**.

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, 2023, the District had $15,102,896 (audited) invested in government investment pools that generally have the characteristics of a money-market mutual fund. 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.

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 2024. 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/registrar or the change of name of a paying agent/registrar, if material; and (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or others similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties. In addition, the District will provide timely notice of any failure by the District to provide annual financial information in accordance with their agreement described above under "Annual Reports". The District will provide each notice described in this paragraph to the MSRB. Neither the 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 Robert W. Baird & Co., Incorporated (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 net reoffering premium of 167,628.00. 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, 2023, 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 approved the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorized its further use in the re-offering of the Notes by the Purchaser.

/s/ Alicea Elliott

President, Board of Trustees

ATTEST:

/s/ Freddie Paul

Secretary, Board of Trustees

APPENDIX A

FINANCIAL INFORMATION OF THE DISTRICT

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ATHENS INDEPENDENT SCHOOL DISTRICT

Financial Information

ASSESSED VALUATION [1]

2023/24 Total Valuation		$ 3,719,507,213
Less Exemptions & Deductions [2]:		
State Homestead Exemption	$ 458,775,281	
State Over-65 Exemption	19,477,923	
Disabled Homestead Exemption Loss	27,123,702	
Veterans Exemption Loss	1,687,605	
Surviving Spouse Disabled Veteran Exemption	383,346	
Freeport Exemption	59,690,296	
Pollution Control Exemption Loss	254,010	
Productivity Loss	702,631,951	
Solar & Wind Power Exemption	283,387	
Homestead Cap Loss	310,465,241	
	$ 1,580,772,742	
2023/24 Net Taxable Valuation		$ 2,138,734,471

(1) Source: Comptroller of Public Accounts - Property Tax Division. The passage of a Texas Constitutional Amendment on November 7, 2023 increased the homestead exemption from $40,000 to $100,000.
(2) Excludes the values on which property taxes are frozen for persons 65 years of age or older and disabled taxpayers, which totaled $137,888,705 in 2023/24.

OUTSTANDING OBLIGATIONS

Voted Unlimited Tax Bonds Outstanding [1]		$ 47,910,000
Non-Voted General Fund Maintenance Tax Notes Outstanding [1]		-
Plus: The Maintenance Tax Notes [1]		3,475,000
Total Obligations [1]		51,385,000
Less: Interest & Sinking Fund Balance (As of June 30, 2023) [2]		(9,564,339)
Net Obligations		$ 41,820,661
Ratio of Net G.O. Debt to Net Taxable Valuation [3]	1.96%	
2024 Population Estimate [4]	22,635	
Per Capita Net Taxable Valuation	$94,488	
Per Capita Net G.O. Debt	$1,848	

(1) The Bonds and Notes are illustrated on the State of Texas fiscal year end of August 31st, although the District's fiscal year ends June 30th.
(2) Source: Athens ISD Audited Financial Statement.
(3) 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, 2023" in Appendix D for more information relative to the District's outstanding obligations.
(4) Source: Municipal Advisory Council of Texas.

PROPERTY TAX RATES AND COLLECTIONS

Fiscal Year	Net Taxable Valuation [1]	Tax Rate	% Collections [5] Current [6]	Total [6]
2006/07	$ 999,129,170	$ 1.4453 [7]	95.32%	100.14%
2007/08	1,069,825,975	1.1534 [7]	95.56%	100.74%
2008/09	1,119,532,140	1.1534	95.29%	99.58%
2009/10	1,191,270,123	1.1865	95.45%	99.93%
2010/11	1,236,750,723	1.1865	95.80%	100.03%
2011/12	1,251,295,200	1.1865	95.70%	99.47%
2012/13	1,274,964,085	1.1865	96.21%	100.29%
2013/14	1,294,797,390	1.1865	96.01%	99.86%
2014/15	1,326,330,577	1.1965	96.94%	101.82%
2015/16	1,328,381,474 [2]	1.1965	96.70%	99.99%
2016/17	1,337,073,067 [2]	1.4365	96.86%	99.65%
2017/18	1,396,348,739 [2]	1.4365	96.83%	99.87%
2018/19	1,422,940,248 [2]	1.4365	96.90%	99.75%
2019/20	1,544,769,876 [2]	1.3691 [8]	96.67%	99.28%
2020/21	1,725,672,847 [2]	1.3356	97.54%	100.70%
2021/22	1,868,891,547 [2]	1.2711	96.87%	98.98%
2022/23	2,125,309,374 [3]	1.2537	96.90%	99.60%
2023/24	2,138,734,471 [4]	1.0917	(In Process of Collection)	

(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) The passage of a Texas Constitutional Amendment on November 7, 2023 increased the homestead exemption from $40,000 to $100,000.
(5) Source: Athens 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.

TAX RATE DISTRIBUTION [1]

	2019/20 [1]	2020/21	2021/22	2022/23	2023/24
Maintenance & Operations	$0.9700	$0.9365	$0.8720	$0.8546	$0.7017
Debt Service	$0.3991	$0.3991	$0.3991	$0.3991	$0.3900
Total Tax Rate	$1.3691	$1.3356	$1.2711	$1.2537	$1.0917

(1) 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	$ 999,129,170	$ 14,547,543	1.46%
2007/08	1,069,825,975	13,727,543	1.28%
2008/09	1,119,532,140	16,622,543	1.48%
2009/10	1,191,270,123	15,577,543	1.31%
2010/11	1,236,750,723	20,822,543	1.68%
2011/12	1,251,295,200	19,482,543	1.56%
2012/13	1,274,964,085	18,072,543	1.42%
2013/14	1,294,797,390	16,592,543	1.28%
2014/15	1,326,330,577	15,045,000	1.13%
2015/16	1,328,381,474	73,105,000	5.50%
2016/17	1,337,073,067	70,560,000	5.28%
2017/18	1,396,348,739	67,955,000	4.87%
2018/19	1,422,940,248	65,265,000	4.59%
2019/20	1,544,769,876	62,470,000	4.04%
2020/21	1,725,672,847	60,290,000	3.49%
2021/22	1,868,891,547	58,065,000	3.11%
2022/23	2,125,309,374	47,910,000	2.25%
2023/24	2,138,734,471 [3]	45,595,000 [4]	2.13%

(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.
(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, 2023" in Appendix D for more information.
(3) Source: Comptroller of Public Accounts - Property Tax Division. The passage of a Texas Constitutional Amendment on November 7, 2023 increased the homestead exemption from $40,000 to $100,000.
(4) Excludes the General Fund Obligations, which are not voted unlimited tax debt.

ESTIMATED OVERLAPPING DEBT STATEMENT

Taxing Body	Amount	Percent Overlapping	Amount Overlapping
Anderson County	$ 22,970,000	0.14%	$ 32,158
Athens, City of	9,235,000	100.00%	9,235,000
Henderson County	-	19.87%	-
Van Zandt County	-	1.51%	-
Total Overlapping Debt [1]			$ 9,267,158
Athens Independent School District [2]			41,820,661
Total Direct & Overlapping Debt			$ 51,087,819

Ratio of Net Direct & Overlapping Debt to Net Taxable Valuation	2.39%
Per Capita Direct & Overlapping Debt	$2,257

(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]

2023/24 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Oncor Electric Delivery Company	Electric Utility	$ 32,940,855	1.54%
Athens Hospital LLC	Hospital	22,605,421	1.06%
Union Pacific Railroad	Railroad	18,571,390	0.87%
Atmos Energy / Mid-Tex Pipeline	Oil & Gas Pipeline	13,502,290	0.63%
Argon Medical Devices	Medical Devices	11,744,891	0.55%
Athens Enterprise Industry Building LP	Construction	11,378,637	0.53%
Schneider Electric USA Inc.	Electric Utility	7,129,284	0.33%
OWP Partners LP	Nursing Homes	7,119,587	0.33%
CMH Manufacturing Inc.	Industrial Manufacturing	7,051,316	0.33%
SEALE East Texas LLC	Residential	1,549,530	0.07%
		$ 133,593,201	6.25%

2022/23 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Oncor Electric Delivery Company	Electric Utility	$ 31,153,576	1.47%
Athens Hospital LLC	Hospital	22,640,320	1.07%
Dallas Manufacturing Co. Inc.	Industrial Manufacturing	21,645,009	1.02%
Union Pacific Railroad	Railroad	16,718,730	0.79%
Atmos Energy / Mid-Tex Pipeline	Oil & Gas Pipeline	15,351,080	0.72%
Athens Enterprise Industry Building LP	Construction	11,378,640	0.54%
Argon Medical Devices	Medical Devices	10,998,009	0.52%
Energy Transfer Fuel LP	Oil & Gas	6,597,690	0.31%
CMH Manufacturing Inc.	Industrial Manufacturing	6,527,190	0.31%
K-Motion Inc.	Recreation	1,102,800	0.05%
		$ 144,113,044	6.78%

2021/22 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Oncor Electric Delivery Company	Electric Utility	$ 29,282,274	1.57%
Athens Hospital LLC	Hospital	29,078,230	1.56%
Atmos Energy / Mid-Tex Pipeline	Oil & Gas Pipeline	18,181,330	0.97%
Union Pacific Railroad	Railroad	15,640,040	0.84%
Schneider Electric USA Inc.	Electric Utility	12,549,518	0.67%
Athens Enterprise Industry Building LP	Construction	11,378,640	0.61%
Argon Medical Devices	Medical Devices	7,781,041	0.42%
CMH Manufacturing Inc.	Industrial Manufacturing	6,479,510	0.35%
OWP Partners LP	Nursing Homes	6,020,670	0.32%
K-Motion Inc.	Recreation	1,087,930	0.06%
		$ 137,479,183	7.36%

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

CLASSIFICATION OF ASSESSED VALUATION BY USE CATEGORY [1]

Category	2023/24	% of Total	2022/23	% of Total	2021/22	% of Total
Real, Residential, Single-Family	$ 1,507,540,453	40.53%	$ 1,365,270,307	39.73%	$ 1,070,201,102	39.41%
Real, Residential, Multi-Family	35,860,278	0.96%	26,938,140	0.78%	24,437,180	0.90%
Real, Vacant Lots/Tracts	41,798,563	1.12%	45,447,430	1.32%	36,621,560	1.35%
Real, Qualified Land & Improvements	720,122,635	19.36%	790,524,100	23.00%	550,193,116	20.26%
Real, Non-Qualified Land & Improvements	722,976,205	19.44%	580,847,542	16.90%	426,854,678	15.72%
Real, Commercial & Industrial	343,207,824	9.23%	298,622,971	8.69%	289,254,064	10.65%
Oil & Gas	6,606,618	0.18%	4,552,792	0.13%	5,439,757	0.20%
Utilities	101,244,631	2.72%	98,491,356	2.87%	96,620,464	3.56%
Tangible Personal, Commercial	100,301,641	2.70%	126,012,777	3.67%	139,440,839	5.14%
Tangible Personal, Industrial	111,776,700	3.01%	67,617,747	1.97%	47,270,161	1.74%
Tangible Personal, Mobile Homes & Other	13,543,204	0.36%	16,469,786	0.48%	15,289,576	0.56%
Tangible Personal, Residential Inventory	4,515,049	0.12%	3,633,500	0.11%	3,853,640	0.14%
Tangible Personal, Special Inventory	10,013,412	0.27%	12,050,000	0.35%	9,897,240	0.36%
Total Appraised Value	$ 3,719,507,213	100.00%	$ 3,436,478,448	100.00%	$ 2,715,373,377	100.00%
Less:						
Homestead Cap Adjustment	$ 310,465,241		$ 263,579,691		$ 93,149,017	
Productivity Loss	702,631,951		773,325,841		534,311,930	
Exemptions	567,675,550 [2]		274,263,542 [3]		219,020,883 [4]	
Total Exemptions/Deductions [5]	$ 1,580,772,742		$ 1,311,169,074		$ 846,481,830	
Net Taxable Assessed Valuation	$ 2,138,734,471		$ 2,125,309,374		$ 1,868,891,547	

Category	2020/21	% of Total	2019/20	% of Total	2018/19	% of Total
Real, Residential, Single-Family	$ 949,887,295	38.27%	$ 818,449,840	34.49%	$ 733,320,841	35.26%
Real, Residential, Multi-Family	26,045,400	1.05%	20,349,810	0.86%	19,472,290	0.94%
Real, Vacant Lots/Tracts	34,961,320	1.41%	30,742,320	1.30%	30,888,630	1.49%
Real, Qualified Land & Improvements	489,979,610	19.74%	594,655,970	25.06%	432,406,227	20.79%
Real, Non-Qualified Land & Improvements	367,071,234	14.79%	317,648,046	13.39%	286,161,660	13.76%
Real, Commercial & Industrial	296,063,353	11.93%	268,759,390	11.33%	244,575,021	11.76%
Oil & Gas	7,795,516	0.31%	16,907,053	0.71%	17,274,659	0.83%
Utilities	94,294,058	3.80%	83,937,779	3.54%	80,334,439	3.86%
Tangible Personal, Commercial	152,604,215	6.15%	157,742,468	6.65%	167,941,140	8.08%
Tangible Personal, Industrial	40,365,159	1.63%	41,233,724	1.74%	45,465,319	2.19%
Tangible Personal, Mobile Homes & Other	13,168,936	0.53%	11,120,894	0.47%	10,477,254	0.50%
Tangible Personal, Residential Inventory	-	0.00%	-	0.00%	-	0.00%
Tangible Personal, Special Inventory	9,746,390	0.39%	11,255,000	0.47%	11,178,280	0.54%
Total Appraised Value	$ 2,481,982,486	100.00%	$ 2,372,802,294	100.00%	$ 2,079,495,760	100.00%
Less:						
Homestead Cap Adjustment	$ 67,946,551		$ 28,060,049		$ 8,554,270	
Productivity Loss	472,470,442		578,073,607		417,921,703	
Exemptions	215,892,646 [4]		221,898,762 [4]		230,079,539 [4]	
Total Exemptions/Deductions [5]	$ 756,309,639		$ 828,032,418		$ 656,555,512	
Net Taxable Assessed Valuation	$ 1,725,672,847		$ 1,544,769,876		$ 1,422,940,248	

(1) Source: Comptroller of Public Accounts - Property Tax Division.
(2) The passage of a Texas Constitutional Amendment on November 7, 2023 increased the homestead exemption from $40,000 to $100,000.
(3) The passage of a Texas Constitutional Amendment on May 7, 2022 increased the homestead exemption from $25,000 to $40,000.
(4) The passage of a Texas Constitutional Amendment on November 3, 2015 increased the homestead exemption from $15,000 to $25,000.
(5) Excludes values on which property taxes are frozen for persons 65 years of age or older and disabled taxpayers.

PRINCIPAL REPAYMENT SCHEDULE

Fiscal Year Ending 8/31	Outstanding Bonds (1) (2)	Bonds Unpaid At Year End (1) (2)	Percent of Principal Retired
2024	$ 2,315,000.00	$ 45,595,000.00	4.83%
2025	2,365,000.00	43,230,000.00	9.77%
2026	2,420,000.00	40,810,000.00	14.82%
2027	2,545,000.00	38,265,000.00	20.13%
2028	2,620,000.00	35,645,000.00	25.60%
2029	2,700,000.00	32,945,000.00	31.24%
2030	2,805,000.00	30,140,000.00	37.09%
2031	2,920,000.00	27,220,000.00	43.19%
2032	3,035,000.00	24,185,000.00	49.52%
2033	3,155,000.00	21,030,000.00	56.11%
2034	3,250,000.00	17,780,000.00	62.89%
2035	3,350,000.00	14,430,000.00	69.88%
2036	3,450,000.00	10,980,000.00	77.08%
2037	3,550,000.00	7,430,000.00	84.49%
2038	3,660,000.00	3,770,000.00	92.13%
2039	3,770,000.00	-	100.00%
Total	$ 47,910,000.00		

(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.
(2) Includes annual mandatory principal and sinking fund payments on the outstanding Unlimited Tax Qualified School Construction Bonds, Taxable Series 2011.

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

Fiscal Year Ending 8/31	Outstanding Maintenance Tax Notes Debt Service	Plus: The Maintenance Tax Notes Principal	Interest	Total	Combined Total
2024	$ -	$ -	$ -	$ -	$ -
2025	-	145,000.00	171,895.56	316,895.56	316,895.56
2026	-	175,000.00	142,950.00	317,950.00	317,950.00
2027	-	185,000.00	134,200.00	319,200.00	319,200.00
2028	-	195,000.00	124,950.00	319,950.00	319,950.00
2029	-	205,000.00	115,200.00	320,200.00	320,200.00
2030	-	215,000.00	104,950.00	319,950.00	319,950.00
2031	-	225,000.00	94,200.00	319,200.00	319,200.00
2032	-	230,000.00	85,200.00	315,200.00	315,200.00
2033	-	240,000.00	76,000.00	316,000.00	316,000.00
2034	-	250,000.00	66,400.00	316,400.00	316,400.00
2035	-	260,000.00	56,400.00	316,400.00	316,400.00
2036	-	270,000.00	46,000.00	316,000.00	316,000.00
2037	-	280,000.00	35,200.00	315,200.00	315,200.00
2038	-	295,000.00	24,000.00	319,000.00	319,000.00
2039	-	305,000.00	12,200.00	317,200.00	317,200.00
	$ -	$ 3,475,000.00	$ 1,289,745.56	$ 4,764,745.56	$ 4,764,745.56

(1) General Fund Obligations are payable solely from the limited maintenance and operations tax or other lawfully available funds of the District. Debt service for the Notes is illustrated on the basis of the State's fiscal year end of August 31st, although the District's fiscal year ends on June 30th. See "NOTES TO THE FINANCIAL STATEMENTS" from the "Audited Financial Report Fiscal Year Ended June 30, 2023" in Appendix D for more information relative to the District's outstanding obligations.

VOTED UNLIMITED TAX BOND DEBT SERVICE REQUIREMENTS [1]

Fiscal Year Ending 8/31	Outstanding Debt Service [2]	Less: Series 2011 QSCB Federal Subsidy [3]	Net Outstanding Debt Service
2024	$ 4,162,600.00	$ 279,964.91	$ 3,882,635.09
2025	4,165,500.00	279,964.91	3,885,535.09
2026	3,884,612.50	-	3,884,612.50
2027	3,888,612.50	-	3,888,612.50
2028	3,887,262.50	-	3,887,262.50
2029	3,888,662.50	-	3,888,662.50
2030	3,885,662.50	-	3,885,662.50
2031	3,888,462.50	-	3,888,462.50
2032	3,886,662.50	-	3,886,662.50
2033	3,885,262.50	-	3,885,262.50
2034	3,885,612.50	-	3,885,612.50
2035	3,888,112.50	-	3,888,112.50
2036	3,887,612.50	-	3,887,612.50
2037	3,884,112.50	-	3,884,112.50
2038	3,887,612.50	-	3,887,612.50
2039	3,887,812.50	-	3,887,812.50
	$ 62,744,175.00	$ 559,929.82	$ 62,184,245.18

(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 annual mandatory principal and sinking fund payments on the outstanding Unlimited Tax Qualified School Construction Bonds, Taxable Series 2011.
(3) The Direct Pay Subsidy represents 94.3% of the interest cost on the Unlimited Tax Qualified School Construction Bonds, Taxable Series 2011. The Federal Subsidy is not pledged to the debt service fund, however it is current district policy to use this subsidy for debt payments.

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

Projected Maximum Debt Service Requirement [1]	$ 3,888,662.50
Projected State Financial Assistance for Hold Harmless of Increased Homestead Exemption [2]	585,000.00
Projected Net Debt Service Requirement	$ 3,303,662.50
$0.15762 Tax Rate @ 98% Collections Produces	$ 3,303,662.50
2023/24 Net Taxable Valuation	$ 2,138,734,471

(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 2023/24, but will receive additional state aid for the increase in the homestead exemption which took effect in 2023/24.

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				
	2019	2020	2021	2022	2023
Beginning Fund Balance	**$ 13,676,906**	**$ 11,718,042**	**$ 14,535,976**	**$ 16,299,105**	**$ 17,185,185**
Revenues:					
Local and Intermediate Sources	$ 14,169,634	$ 14,488,510	$ 15,495,598	$ 15,373,973	$ 17,636,392
State Program Revenues	11,889,929	15,497,787	14,456,712	14,501,195	13,806,896
Federal Sources & Other	827,544	466,301	383,884	589,451	685,603
Total Revenues	**$ 26,887,107**	**$ 30,452,598**	**$ 30,336,194**	**$ 30,464,619**	**$ 32,128,891**
Expenditures:					
Instruction	$ 13,388,932	$ 15,382,608	$ 15,451,598	$ 15,611,847	$ 16,439,037
Instructional Resources & Media Services	267,391	272,401	288,430	352,990	357,380
Curriculum & Instructional Staff Development	68,046	73,454	49,403	44,596	48,352
Instructional Leadership	198,996	188,956	192,318	188,230	169,500
School Leadership	1,577,700	1,686,485	1,585,429	1,619,688	1,659,276
Guidance, Counseling & Evaluation Services	736,864	804,091	825,173	875,797	1,018,188
Health Services	247,998	243,808	232,487	322,538	223,899
Student (Pupil) Transportation	1,157,812	1,387,887	1,373,514	1,646,870	1,757,598
Food Services	-	59,628	86,132	87,056	77,758
Cocurricular/Extracurricular Activities	1,303,790	1,335,522	1,323,332	1,456,510	1,623,767
General Administration	1,290,040	1,283,785	1,192,747	1,246,721	1,352,656
Plant Maintenance and Operations	3,032,325	3,050,271	3,069,714	3,233,127	3,416,949
Security and Monitoring Services	225,890	309,029	286,804	272,096	423,897
Data Processing Services	491,461	551,647	643,693	653,959	749,195
Principal on Long-Term Debt	3,030,000	-	-	-	-
Interest on Long-Term Debt	188,254	-	-	-	-
Bond Issuance Costs and Fees	7,000	500	-	-	-
Other Intergovernmental Charges	333,472	374,592	431,291	479,514	538,929
Total Expenditures	**$ 27,545,971**	**$ 27,004,664**	**$ 27,032,065**	**$ 28,091,539**	**$ 29,856,381**
Excess (Deficiency) of Revenues over Expenditures	$ (658,864)	$ 3,447,934	$ 3,304,129	$ 2,373,080	$ 2,272,510
Other Resources and (Uses):					
Transfers Out	$ (1,300,000)	$ (630,000)	$ (1,541,000)	$ (1,487,000)	$ (8,192,000)
Total Other Resources (Uses)	**$ (1,300,000)**	**$ (630,000)**	**$ (1,541,000)**	**$ (1,487,000)**	**$ (8,192,000)**
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	$ (1,958,864)	$ 2,817,934	$ 1,763,129	$ 886,080	$ (5,919,490) (2)
Ending Fund Balance	**$ 11,718,042**	**$ 14,535,976**	**$ 16,299,105**	**$ 17,185,185**	**$ 11,265,695**

(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 2023/24 budget and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - Possible Effects of Wealth Transfer Provisions on the District's Financial Condition" in this Official Statement.
(2) The decrease in fund balance is the net effect of $2,272,510 results of operations combined with a transfer of $8,192,000 to the capital projects fund.

CHANGE IN NET ASSETS [1]

	Fiscal Year Ended June 30				
	2019	2020	2021	2022	2023
Revenues:					
Program Revenues:					
Charges for Services	$ 587,581	$ 480,694	$ 427,101	$ 471,770	$ 411,102
Operating Grants and Contributions	6,899,782	7,164,561	6,602,551	9,068,765	9,505,588
General Revenues:					
Property Taxes Levied for General Purposes	13,692,744	14,105,648	14,942,050	15,080,096	16,782,936
Property Taxes Levied for Debt Service	5,268,976	5,786,413	6,350,239	6,885,715	7,828,062
State Aid - Formula Grants	10,786,677	-	-	-	-
Grants and Contributions Not Restricted	277,887	14,042,569	12,978,287	13,062,932	12,232,951
Investment Earnings	236,826	339,771	137,412	79,581	1,338,916
Miscellaneous Local and Intermediate Revenue	(1,508,521)	47,523	52,057	137,855	56,684
	$ 36,241,952	$ 41,967,179	$ 41,489,697	$ 44,786,714	$ 48,156,239
Expenses:					
Instruction	$ 19,261,196	$ 22,149,426	$ 21,284,243	$ 22,416,727	$ 23,712,819
Instruction Resources & Media Services	459,698	469,550	475,277	501,245	520,041
Curriculum & Staff Development	82,399	110,580	108,373	119,853	127,717
Instructional Leadership	315,482	317,779	338,725	301,611	300,346
School Leadership	1,932,920	2,213,002	2,024,580	1,820,462	1,928,966
Guidance, Counseling & Evaluation Services	794,009	881,519	863,517	857,657	1,046,802
Health Services	262,711	262,616	241,994	306,318	275,678
Student Transportation	1,459,526	1,660,398	1,666,683	1,750,629	2,090,204
Food Service	1,858,467	1,639,305	1,753,420	2,084,775	2,256,618
Cocurricular/Extracurricular Activities	3,223,168	3,315,844	3,218,209	3,143,697	3,440,138
General Administration	1,372,248	1,396,493	1,240,818	1,149,996	1,346,430
Plant Maintenance & Operations	3,236,017	3,290,975	3,187,520	3,556,488	3,374,069
Security and Monitoring Services	242,341	345,749	339,061	373,471	472,712
Data Processing Services	525,273	596,407	682,213	740,170	750,158
Community Services	5,415	7,861	14,187	9,984	17,144
Debt Service - Interest on Long-Term Debt	2,312,130	1,829,729	2,123,289	2,072,425	2,028,581
Debt Service - Bond Issuance Cost and Fees	9,300	5,300	4,300	4,300	174,478
Other Intergovernmental Charges	333,472	374,592	431,291	479,514	538,929
Total Expenditures	$ 37,685,772	$ 40,867,125	$ 39,997,700	$ 41,689,322	$ 44,401,830
Change in Net Assets	$ (1,443,820)	$ 1,100,054	$ 1,491,997	$ 3,097,392	$ 3,754,409
Beginning Net Assets	$ 24,653,398	$ 23,209,578	$ 24,309,632	$ 25,801,629	$ 28,899,021
Prior Period Adjustment	$ -	$ -	$ -	$ -	$ -
Ending Net Assets	$ 23,209,578	$ 24,309,632	$ 25,801,629	$ 28,899,021	$ 32,653,430

(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) 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

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General and Economic Information

Athens Independent School District (the "District") is located in an agricultural and industrial area that includes the City of Athens. Portions of the District also extend into Van Zandt and Anderson Counties. The District's current estimated population is approximately 22,635.

Henderson County (the "County") was created and organized in 1846 from Houston and Nacogdoches Counties. This East Texas county is bordered by the Trinity River to the west and Lake Palestine and the Neches River to the east. The county seat is the City of Athens.

Source: Athens ISD and Henderson County Texas Municipal Reports

Enrollment Statistics

School Year	Enrollment *
2014/15	3,187
2015/16	3,143
2016/17	3,151
2017/18	3,118
2018/19	3,011
2019/20	3,136
2020/21	2,982
2021/22	2,966
2022/23	3,099
2023/24	3,008
Current	3,010

** Enrollment figures provided are for the first of the year.*

District Staff

Teachers		232
Teachers' Aides & Secretaries		103
Administrators		24
Auxiliary Personnel		89
Other		40
	Total	488

Facilities

Campus	Grades	Current Enrollment	Capacity	Year Built	Year of Addition/ Renovation
Bel Air Elementary	PK - 5	417	625	1966	1978, 1986, 2013
South Athens Elementary	PK - 5	466	604	1960	1978, 1986, 1999, 2013
Central Athens Elementary	PK - 5	567	632	1966	1978, 1990, 2011, 2015
Athens Middle School	6 - 8	693	900	2001	2011, 2014
Athens High School	9 - 12	867	1,570	1956, 1986	1967, 1978, 1988, 1998, 2011, 2013, 2015

Principal Employers within the District

Name of Company	Type of Business	Number of Employees
East Texas Medical Center	Healthcare	610
Athens ISD	Public School	488
Henderson County	County Government	426
Maximus	Call Center	400
Wal-Mart	Retail	358
Trinity Valley Community College	Community College	320
Argon Medical	Disposable Medical Devices	304
Biomerics (Future Matrix)	Medical Products	259
Champion Homes	Manufactured Housing	200
Red Dot Corporation	Steel Buildings	175

Unemployment Rates

	December 2021	December 2022	December 2023
Henderson County	3.9%	3.8%	3.4%
State of Texas	4.1%	3.5%	3.5%

Source: Texas Workforce Commission

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APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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Proposed Form of Opinion of Bond Counsel

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

ATHENS INDEPENDENT SCHOOL DISTRICT
MAINTENANCE TAX NOTES, SERIES 2024

IN THE AGGREGATE PRINCIPAL AMOUNT OF $3,475,000

AS BOND COUNSEL for the Athens Independent School District (the "*Issuer*"), the issuer of the Notes described above (the "*Notes*"), we have examined into the legality and validity of the Notes, which bear interest from the dates specified in the text of the Notes, at the rates and payable on the dates as stated in the text of the Notes, maturing, unless redeemed prior to maturity in accordance with the terms of the Notes, all in accordance with the terms and conditions stated in the text of the Notes.

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Notes have been authorized and issued and the Notes delivered concurrently with this opinion have been duly delivered and that, assuming due authentication, Notes issued in exchange therefore will have been duly delivered, in accordance with law, and that the Notes, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally, and by general principles of equity and sovereign immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer, and ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Notes have been levied and pledged for such purpose, within the limit established by Texas law.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Notes is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Notes are not "specified private activity bonds" and that, accordingly, interest on the Notes will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Notes.

IN EXPRESSING THE AFOREMENTIONED OPINIONS, we have relied on and assume continuing compliance with, certain representations contained in the federal tax certificate of the Issuer and covenants set forth in the order adopted by the Issuer to authorize the issuance of the Notes, relating to, among other matters, the use of the project being financed and the investment and expenditure of the proceeds and certain other amounts used to pay or to secure the payment of debt service on the Notes and the certificate with respect to arbitrage by the Commissioner of Education regarding the allocation and investment of certain investments in the Permanent School Fund, the accuracy of which we have not independently verified. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Notes may become includable in gross income retroactively to the date of issuance of the Notes.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Notes. We express no opinion as to any insurance policies issued with respect to the payments due for the principal of and interest on the Notes, nor as to any such insurance policies issued in the future.

WE CALL YOUR ATTENTION TO THE FACT that the interest on tax-exempt obligations, such as the Notes, may be includable in a corporation's adjusted financial statement income for purposes of determining the alternative minimum tax imposed on certain corporations by section 55 of the Code.

OUR OPINIONS ARE BASED ON EXISTING LAW, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Notes. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Notes as includable in gross income for federal income tax purposes.

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

APPENDIX D

AUDITED FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2023

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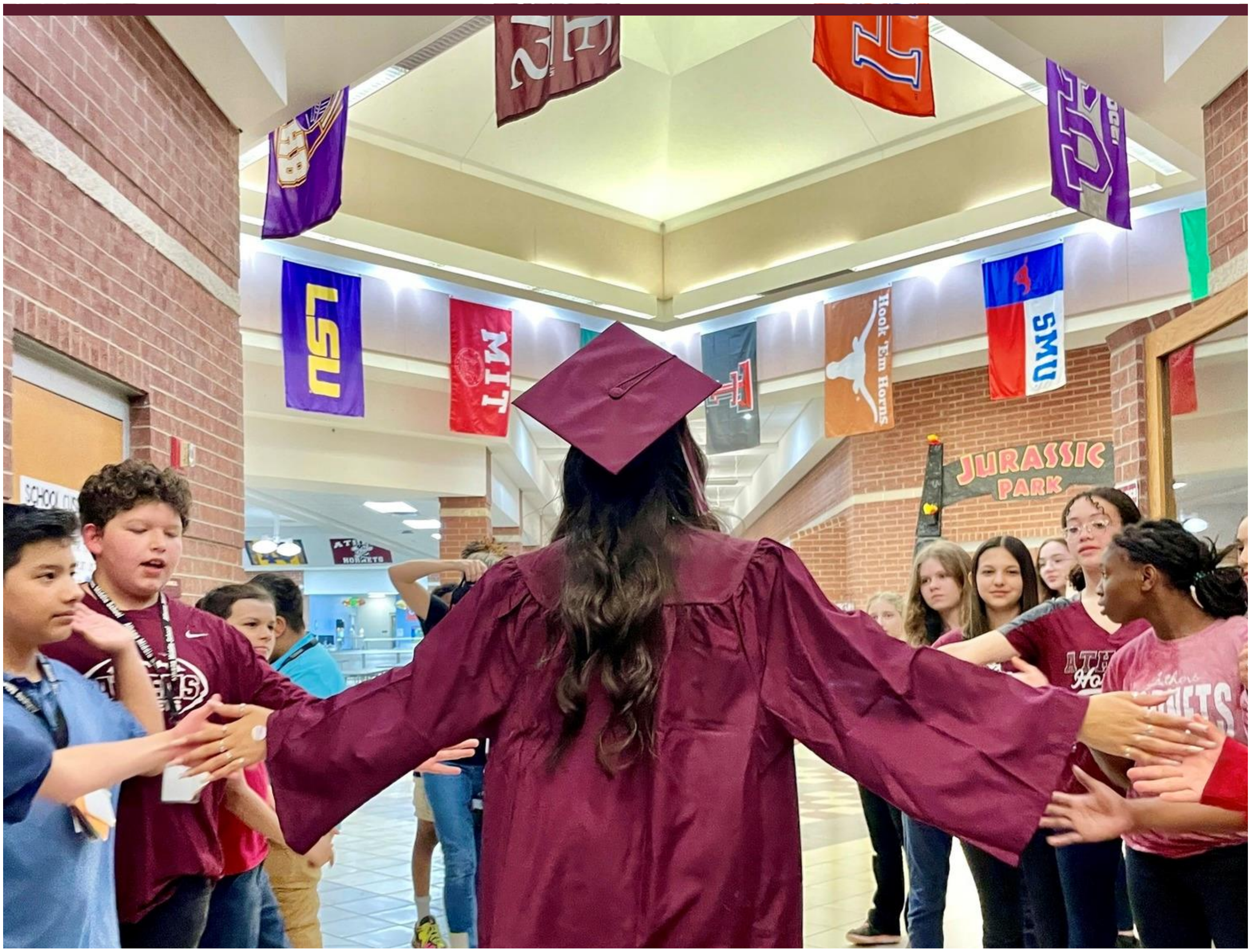
INDEPENDENT SCHOOL DISTRICT

Annual Financial Report

For the fiscal year ended June 30, 2023



ATHENS INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

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Combining Statements

Required TEA Schedules

Compliance Section

CERTIFICATE OF THE BOARD

Athens Independent School District	Henderson	107-901
Name of School District	County	Co. – Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ✓ approved _____ disapproved for the year ended June 30, 2023, at a meeting of the board of trustees of such school district on the 17th day of November, 2023.

Freddie Paul	Alicea Elliott
Signature of Board Member	Signature of Board Member

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

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Athens Independent School District
Athens, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Athens Independent School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Athens Independent School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Athens Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Athens Independent School 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.

AICPA GAQC Member

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Athens Independent School District's basic financial statements. The combining statements, required TEA schedules, and the Schedule of Expenditures of Federal Awards, as required by the audit 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), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, required TEA schedules, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023, 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 Athens Independent School 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 Athens Independent School District's internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
November 17, 2023

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Athens
INDEPENDENT SCHOOL DISTRICT

104 Hawn Street ● Athens, Texas 75751● (903) 677-6900 ● Fax (903) 677-6908

Dr. Janie Sims, Superintendent

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the administrators of Athens Independent School District, discuss and analyze the District's financial performance for the year ended June 30, 2023. Please read it in conjunction with the independent auditor's report and the District's Basic Financial Statements.

FINANCIAL HIGHLIGHTS

These financial statements present information for the fiscal year July 1, 2022 through June 30, 2023. The District's net position on a government-wide basis increased $3,754,409 as a result of this period's operations (Exhibit B-1). The increase is primarily reflected in a minimal decrease of cash and cash equivalents and other current type assets with a major decrease in long-term debt.

The operating cost of all of the District's programs increased in total, with no old programs deleted this period. The district experienced common cost increases and increases in staff compensation (Exhibit B-1). The district continued the four-day instructional week that was originally implemented for the 2019-2020 school year, and this calendar model is expected to be essentially budget neutral.

During the period, the District General Fund had revenues of $32,128,891, representing $2,272,510 more than the $29,856,381 of operating expenditures (Exhibit C-3). The District transferred $8,192,000 from the General Fund to the Capital Projects Fund to address various capital needs, primarily a renovation of the baseball and softball facilities, and to acquire new buses.

The District General Fund ended the year with a fund balance of $ 11,265,695 (Exhibit C-3). The decrease of $5,919,490 in fund balance is due to the net effect of the positive results of operations and the transfer to the capital projects fund. The district benefited from favorable property tax collections, favorable enrollment and attendance, increased interest rates that fueled increased investment earnings and conservative management of budgeted expenditures (Exhibit G-1). The strong fund balance position is available to assist with any future academic or maintenance needs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The sections labeled Required TEA Schedules and Compliance, Internal Control and Federal Awards contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The primary purpose of the government-wide financial statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities, from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position (the difference between assets and liabilities) and changes in position. The District's net position (the difference between assets and liabilities) provides one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. Non-financial factors such as changes in the District's average daily attendance, its property tax base and the conditions of the District's facilities could also be considered when assessing the overall health of the district.

In the Statement of Net Position and the Statement of Activities, we combine the District into one kind of activity:

- Governmental activities-Most of the District's basic services are reported here, including instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of the activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the Every Student Succeeds Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities and local capital projects).

Governmental funds – Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental fund in reconciliation schedules following each of the fund financial statements.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The district is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District is reporting under GASB Statement #34. Our analysis of comparative balances and changes therein appears below. Our analysis focuses on the net position and changes in net position of the District's governmental activities.

Net position of the District's governmental activities increased from $28,899,021 to $32,653,430, representing an improvement of $3,754,409. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – improved by $1,078,521 to $2,931,560 as of June 30, 2023. This change in governmental net position was the result of operations, transfers for capital projects and the impact of GASB Statement #68 and #75. The Statement of Net Position includes the elements required by GASB Statement #68 and #75, including Deferred Outflows Related to TRS Pension and OPEB, Deferred Inflow Related to TRS Pension and OPEB, and Net Pension and OPEB Liabilities (District's Share). Other specific items to note include: the net investment in capital assets increased by $4,840,498 due to current capital additions being less than the sum of current depreciation and the carrying value of assets disposed of while the District's liabilities related to debt service decreased due to the principal and interest paid during the fiscal year.

TABLE I
Athens Independent School District
Summarized Net Position
(Some of the presentation may be impacted by rounding)

	June 30, 2023	June 30, 2022	Increase (Decrease)
Current and other assets	$ 36,554,174	$ 36,942,751	(388,577)
Capital assets	73,173,542	77,328,406	(4,154,864)
Total Assets	109,727,716	114,271,157	(4,543,441)
Deferred Outflows of resources related to TRS	8,875,826	4,161,507	4,714,319
Noncurrent liabilities	70,205,318	74,913,450	(4,708,132)
Other liabilities	5,592,800	4,586,865	1,005,935
Total Liabilities	75,798,118	79,500,315	(3,702,197)
Deferred Inflows of resources related to TRS Pension and OPEB	10,151,994	10,033,328	118,666
Net Position:			
Invested in capital assets net of related debt	18,839,569	13,999,071	4,840,498
Restricted	10,882,301	13,046,911	(2,164,610)
Unrestricted	2,931,560	1,853,039	1,078,521
Total Net Position	$ 32,653,430	$ 28,899,021	$ 3,754,409

TABLE II
Athens Independent School District
Summarized Statement of Activities - Changes In Net Position
(Some of the presentation may be impacted by rounding)

	Year Ended June 30, 2023	Year Ended June 30, 2022	Increase (Decrease)
Revenues			
Program Revenues			
Charges for Services	411,102	471,770	(60,668)
Operating grants and contributions	9,505,588	9,068,765	436,823
General Revenues			
Maintenance and operations taxes	16,782,936	15,080,096	1,702,840
Debt service taxes	7,828,062	6,885,715	942,347
State aid – formula grants & Grants and Contributions (not restricted)	12,232,951	13,062,932	(829,981)
Investment earnings	1,338,916	79,581	1,259,335
Miscellaneous	56,684	137,855	(81,171)
Total Revenue	48,156,239	44,786,714	3,369,525
Expenses			
Instruction, curriculum and media services	24,360,577	23,037,825	1,322,752
Instructional and school leadership	2,229,312	2,122,073	107,239
Student support services	3,412,684	2,914,604	498,080
Child nutrition	2,256,618	2,084,775	171,843
Co curricular activities	3,440,138	3,143,697	296,441
General administration	1,346,430	1,149,996	196,434
Plant maintenance, security & data proc.	4,596,939	4,670,129	(73,190)
Community Services	17,144	9,984	7,160
Debt Services	2,203,059	2,076,725	126,334
Other Intergovernmental Charges (CAD)	538,929	479,514	59,415
Total Expenses	44,401,830	41,689,322	2,712,508
Increase (Decrease) in net position	3,754,409	3,097,392	657,017
Net position at Beginning of Period	28,899,021	25,801,629	3,097,392
Net position at End of Period	32,653,430	28,899,021	$ 3,754,409

Table II includes the impact of changes in the TRS net position and OPEB liabilities on the District's government-wide presentation of revenues, expenses and changes in net position. The total revenues for the year ended June 30, 2023 increased by 7.5 percent compared to the year ended June 30, 2022. The total cost of all programs and services increased by 6.5 percent. The net effect of operations for the year was an increase to net position. These percentage changes reflect the growth of grant revenue related to the COVID environment as well as the growth of investment earnings fueled by the increase in interest rates. The grant revenue related to the COVID environment is expected to end during the 2024-2025 fiscal year.

The net cost of all governmental activities this year was $34,485,140. However, as shown in the Statement of Activities (Exhibit B-1), the amount that our taxpayers ultimately financed for these activities through District taxes was $24,610,998. Some of the costs were paid by those who directly benefited from the programs ($411,102) or by other governments and organizations that subsidized certain programs with grants and contributions ($9,505,588) or by State funding ($12,232,951). Investment earnings have increased with the higher interest rates. The local taxpayer share increased due to growth in the tax base even though the tax rate decreased.

THE DISTRICT'S FUNDS

As the District completed the year, its general fund reported a fund balance of $11,265,695 (Exhibit C-3), which is $5,919,490 lower than last year's general fund balance of $17,185,185. The decrease in fund balance is the net effect of $2,272,510 results of operations combined with a transfer of $8,192,000 to the capital projects fund. Continued favorable collections of property taxes combined with the increase in investment earnings resulted in a favorable revenue amount. Some budgeted expenditures simply did not materialize during the year (Exhibit G-1) and some expenditures qualified for payment with other funds resulting in an unusually favorable expenditure total. The strong fund balance is available to assist with any future academic, maintenance or transportation needs. The Debt Service Fund met the current debt obligations as well funding an early payoff of part of the 2016 bond series. Consequently, the fund balance declined $2,467,539. The remaining strong fund balance in the Debt Service fund will ultimately allow favorable refinancing or additional accelerated retirement of outstanding debt.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two broad categories. The first category includes amendments and supplemental appropriations that reflect the updated revenue/expenditure expectations after the first semester. The second category involved amendments appropriating funds for the locally defined capital projects and other capital assets as well as moving funds between functions to better address needs within the dynamic education environment.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2023, the District had $2.3 million invested in capital assets not subject to depreciation (land and construction work in progress) and $132.3 million invested in a broad range of capital assets subject to depreciation including facilities and equipment for instruction, transportation, athletics, administration, and maintenance subject to depreciation. Current additions include acquisition of approximately 1.3 acres of land for future use as well as the net effect of adding new buses, additional seating at the football/soccer stadium and the acquisition of various equipment and furnishings. Construction in progress primarily represents design, planning and site work for renovations to the baseball and softball venues. Detailed information about the District's capital assets is presented in Note D to the financial statements.

Debt

At June 30, 2023, the District had $52.6 million in bonds outstanding. No new debt was issued during 2022-2023. The District met its regular debt service obligations during 2022-2023 and completed an advance repayment (defeasance) of $7.9 million of the Series 2016 bonds. More detailed information about the District's long-term liabilities is presented in notes to the financial statements (Note E).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2023-2024 budget and tax rates. The District's population continues to experience stable growth from year to year. Unemployment for Henderson County has increased minimally (4.0%) compared to the prior year (3.6%). Retail is stable with a new hardware/lumber/clothing/sporting retailer in operation as well as several new restaurants. One new apartment complex has leased to tenants and another is nearing completion of construction as well as additional units of an assisted living center. Single-family residences are also under construction or in the development stage. Fall 2023 enrollment is higher than the previous year so revenue for the general operations of the District for 2023-2024 is expected to be higher than 2022-2023, subject to action by the state legislature. Revenue for future years (2024-2025 and beyond) is expected to be stable, again subject to action by the state legislature. Employee pay is expected to increase for the 2023-2024 year for all employees. Cost containment will be accomplished through continued diligent cost management. The local maintenance property tax rate will decrease based on tax rate compression provided by recent legislation. The debt service tax rate will be reduced for 2023-2024 from the rate of 2022-2023. If actual tax collections and the related state funding effects are better than anticipated, a budget amendment recognizing the additional resources and opportunities will be considered.

These indicators were taken into account when adopting the General Fund budget for the fiscal year ending June 30, 2024 and adopting the combined tax rate for the 2023 levy of $1.0917 per $100 of valuation. This is the lowest tax rate for Athens ISD in at least twenty years. Amounts available for appropriation in the original General Fund budget are $31.5 million, as compared to the original 2022-2023 annual budget of $30.6 million. The District will use its revenues to finance programs currently offered. Budgeted expenditures are $31.5 million, an increase of approximately $0.9 million over 2022-2023. The District has continued the pre-kindergarten program for three-year olds that was started during 2019-2020 as well as continuing the four-day instructional week that was implemented during the 2019-2020 budget year. If these estimates are realized, the District's budgetary General Fund balances are expected to remain flat due to operations. The Pinnacle Early College High School, a project in cooperation with Trinity Valley Community College, receives supplemental funding from a local foundation.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Athens Independent School District, 104 Hawn Street, Athens, Texas 75751, phone number 903-677-6937.

BASIC FINANCIAL STATEMENTS

EXHIBIT A-1

ATHENS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2023

Data Control Codes		Primary Government Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	$ 23,742,229
1120	Investments - current	6,202,277
1220	Property taxes receivable (delinquent)	1,354,228
1230	Allowance for uncollectible taxes	(21,228)
1240	Due from other governments	5,040,178
1290	Other receivables, net	126,116
1410	Prepayments	110,374
	Capital assets:	
1510	Land	1,271,704
1520	Buildings, net	67,930,789
1530	Furniture and equipment, net	2,930,294
1580	Construction in progress	1,040,755
1000	Total assets	109,727,716
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred outflows related to NPL	5,278,007
1706	Deferred outflows related to OPEB	3,597,819
1700	Total deferred outflows of resources	8,875,826
	LIABILITIES	
2110	Accounts payable	95,668
2140	Interest payable	797,717
2150	Payroll deductions and withholdings payable	12,825
2160	Accrued wages payable	2,721,420
2200	Accrued expenses	48
2300	Unearned revenue	1,965,122
	Noncurrent liabilities:	
	Due within one year:	
2501	Long-term debt	2,265,000
	Due in more than one year:	
2502	Long-term debt	52,068,973
2540	Net pension liability	10,040,353
2545	Net OPEB liability	5,830,992
2000	Total liabilities	75,798,118
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflows related to NPL	951,354
2606	Deferred inflows related to OPEB	9,136,454
2607	Deferred inflows related to leases	64,186
2600	Total deferred inflows of resources	10,151,994
	NET POSITION	
3200	Net investment in capital assets	18,839,569
	Restricted for:	
3820	Federal and state programs	1,168,369
3850	Debt service	9,475,943
3890	Instruction	237,989
3900	Unrestricted	2,931,560
3000	Total net position	$ 32,653,430

The accompanying notes are an integral part of this financial statement.

EXHIBIT B-1

ATHENS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues 3 Charges for Services	Program Revenues 4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position 6 Primary Government Governmental Activities
	Primary government:				
	Governmental activities:				
11	Instruction	$23,712,819	$ -	$ 6,344,221	$ (17,368,598)
12	Instructional resources and media services	520,041	-	33,054	(486,987)
13	Curriculum and staff development	127,717	-	45,586	(82,131)
21	Instructional leadership	300,346	-	218,350	(81,996)
23	School leadership	1,928,966	-	33,153	(1,895,813)
31	Guidance, counseling, and evaluation services	1,046,802	-	17,637	(1,029,165)
33	Health services	275,678	-	70,885	(204,793)
34	Student (pupil) transportation	2,090,204	-	34,168	(2,056,036)
35	Food service	2,256,618	142,160	2,127,154	12,696
36	Extracurricular activities	3,440,138	233,592	18,284	(3,188,262)
41	General administration	1,346,430	-	52,079	(1,294,351)
51	Facilities maintenance and operations	3,374,069	35,350	32,648	(3,306,071)
52	Security and monitoring services	472,712	-	2,900	(469,812)
53	Data processing services	750,158	-	8,542	(741,616)
61	Community services	17,144	-	17,144	-
72	Debt Service - Interest on long-term debt	2,028,581	-	449,783	(1,578,798)
73	Debt Service - Bond issuance costs and fees	174,478	-	-	(174,478)
99	Other intergovernmental charges	538,929	-	-	(538,929)
	[TP] TOTAL PRIMARY GOVERNMENT:	$44,401,830	$ 411,102	$ 9,505,588	$ (34,485,140)
	General revenues:				
	Taxes:				
MT	Property taxes, levied for general purposes				16,782,936
DT	Property taxes, levied for debt service				7,828,062
GC	Grants and contributions not restricted				12,232,951
IE	Investment earnings				1,338,916
MI	Miscellaneous				56,684
TR	Total general revenues				38,239,549
CN	Change in net position				3,754,409
NB	Net position, beginning				28,899,021
NE	Net position, ending				$ 32,653,430

ATHENS INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2023

Data Control Codes		10 General Fund	50 Debt Service
	ASSETS		
1110	Cash and cash equivalents	$ 6,487,441	$ 7,440,040
1120	Investments - current	4,135,475	2,066,802
1220	Property taxes - delinquent	962,584	391,644
1230	Allowance for uncollectible taxes	(15,254)	(5,974)
1240	Due from other governments	3,416,956	-
1260	Due from other funds	1,240,081	-
1290	Other receivables	70,644	-
1410	Prepayments	110,374	-
1000	Total assets	16,408,301	9,892,512
	LIABILITIES		
2110	Accounts payable	84,372	-
2150	Payroll deductions and withholdings payable	12,825	-
2160	Accrued wages payable	2,412,395	-
2170	Due to other funds	-	-
2200	Accrued expenses	48	-
2300	Unearned revenue	1,821,356	35,427
2000	Total liabilities	4,330,996	35,427
	DEFERRED INFLOWS OF RESOURCES		
2601	Unavailable revenue - property taxes	747,424	292,746
2602	Related to leases	64,186	-
2600	Total deferred inflows of resources	811,610	292,746
	FUND BALANCES		
	Nonspendable:		
3430	Prepaid items	110,374	-
	Restricted for:		
3450	Federal or state programs	-	-
3480	Debt service	-	9,564,339
3470	Capital acquisitions and contractual obligations	-	-
3490	Instruction	-	-
	Committed for:		
3545	Campus activity	-	-
3600	Unassigned	11,155,321	-
3000	Total fund balances	11,265,695	9,564,339
4000	Total liabilities, deferred inflows of resources and fund balances	$ 16,408,301	$ 9,892,512

The accompanying notes are an integral part of this financial statement.

60 Capital Projects	281 ESSER II CRRSA Act	Nonmajor Governmental Funds	Total Governmental Funds
$ 8,293,875	$ -	$ 1,520,873	$ 23,742,229
-	-	-	6,202,277
-	-	-	1,354,228
-	-	-	(21,228)
-	814,071	809,151	5,040,178
-	-	-	1,240,081
-	-	55,472	126,116
-	-	-	110,374
8,293,875	814,071	2,385,496	37,794,255
10,602	-	694	95,668
-	-	-	12,825
-	116,878	192,147	2,721,420
-	697,193	542,888	1,240,081
-	-	-	48
-	-	108,339	1,965,122
10,602	814,071	844,068	6,035,164
-	-	-	1,040,170
-	-	-	64,186
-	-	-	1,104,356
-	-	-	110,374
-	-	1,168,369	1,168,369
-	-	-	9,564,339
8,283,273	-	-	8,283,273
-	-	237,989	237,989
-	-	135,070	135,070
-	-	-	11,155,321
8,283,273	-	1,541,428	30,654,735
$ 8,293,875	$ 814,071	$ 2,385,496	$ 37,794,255

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ATHENS INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION

JUNE 30, 2023

	Total fund balances - governmental funds	$ 30,654,735
1	Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	73,173,542
2	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Losses on refunding of bonds and the premium on issuance of bonds payable are netted against the long-term liabilities in the statement of net position.	(55,131,690)
3	Included in the items related to debt is the recognition of the District's proportion share of the net pension liability required by GASB 68. The net position related to TRS included a deferred resource outflow in the amount of $5,278,007, a deferred resource inflow in the amount of $951,354, and a net pension liability in the amount of $10,040,353. This resulted in a decrease in net position.	(5,713,700)
4	Included in the items related to debt is the recognition of the District's proportion share of the net OPEB liability required by GASB 75. The net position related to TRS included a deferred resource outflow in the amount of $3,597,819, a deferred resource inflow in the amount of $9,136,454, and a net OPEB liability in the amount of $5,830,992. This resulted in a decrease in net position.	(11,369,627)
5	Uncollected property taxes and penalties and interest are reported as deferred inflows in the governmental funds balance sheet, but are recognized as revenue in the statement of activities.	1,040,170
19	Net position of governmental activities	$ 32,653,430

The accompanying notes are an integral
part of this financial statement.

ATHENS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		10 General	50 Debt Service
	REVENUES		
5700	Local and intermediate sources	$ 17,636,392	$ 8,297,172
5800	State programs	13,806,896	166,431
5900	Federal programs	685,603	283,352
5020	Total revenues	32,128,891	8,746,955
	EXPENDITURES		
	Current:		
0011	Instruction	16,439,037	-
0012	Instructional resources and media services	357,380	-
0013	Curriculum and instructional staff development	48,352	-
0021	Instructional leadership	169,500	-
0023	School leadership	1,659,276	-
0031	Guidance, counseling, and evaluation services	1,018,188	-
0033	Health services	223,899	-
0034	Student (pupil) transportation	1,757,598	-
0035	Food service	77,758	-
0036	Extracurricular activities	1,623,767	-
0041	General administration	1,352,656	-
0051	Facilities maintenance and operations	3,416,949	-
0052	Security and monitoring services	423,897	-
0053	Data processing services	749,195	-
0061	Community services	-	-
	Debt service:		
0071	Principal on long-term debt	-	8,880,000
0072	Interest on long-term debt	-	2,160,016
0073	Bond issuance costs and fees	-	174,478
	Capital outlay:		
0081	Facilities acquisition and construction	-	-
	Intergovernmental:		
0099	Other intergovernmental	538,929	-
6030	Total expenditures	29,856,381	11,214,494
1100	**EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES**	2,272,510	(2,467,539)
	OTHER FINANCING SOURCES (USES)		
7915	Transfers in	-	-
8911	Transfers out (uses)	(8,192,000)	-
7080	Total other financing sources (uses)	(8,192,000)	-
1200	**NET CHANGE IN FUND BALANCES**	(5,919,490)	(2,467,539)
0100	**FUND BALANCES, BEGINNING**	17,185,185	12,031,878
3000	**FUND BALANCES, ENDING**	$ 11,265,695	$ 9,564,339

The accompanying notes are an integral part of this financial statement.

60 Capital Projects	281 ESSER II CRRSA Act	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 486,434	$ 26,419,998
-	-	41,783	14,015,110
-	2,262,419	5,414,587	8,645,961
-	2,262,419	5,942,804	49,081,069
13,870	2,262,419	3,062,975	21,778,301
-	-	-	357,380
-	-	72,515	120,867
-	-	140,395	309,895
-	-	-	1,659,276
-	-	74,700	1,092,888
-	-	64,960	288,859
428,196	-	-	2,185,794
-	-	2,144,322	2,222,080
-	-	132,363	1,756,130
-	-	31,316	1,383,972
368	-	20,000	3,437,317
-	-	2,900	426,797
23,676	-	-	772,871
-	-	17,144	17,144
-	-	-	8,880,000
-	-	-	2,160,016
-	-	-	174,478
1,065,484	-	-	1,065,484
-	-	-	538,929
1,531,594	2,262,419	5,763,590	50,628,478
(1,531,594)	-	179,214	(1,547,409)
8,192,000	-	-	8,192,000
-	-	-	(8,192,000)
8,192,000	-	-	-
6,660,406	-	179,214	(1,547,409)
1,622,867	-	1,362,214	32,202,144
$ 8,283,273	$ -	$ 1,541,428	$ 30,654,735

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ATHENS INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds	$ (1,547,409)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful live as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(4,154,864)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	167,702
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in treatment of long-term debt and related items.	9,011,435
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by $817,395. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling $647,599. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense decreased the change in net position by $598,374. The net result is a decrease in the change in net position.	(428,578)
GASB 75 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by $188,662. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused a decrease in net position totaling $167,741. Finally, the proportionate share of the TRS pension expense on the plan as a whole had to be recorded. The net pension expense increased the change in net position by $685,202. The net result is an increase in the change in net position.	706,123
Change in net position of governmental activities	$ 3,754,409

The accompanying notes are an integral
part of this financial statement.

ATHENS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

JUNE 30, 2023

	Private-Purpose Trust Funds	Custodial Fund
ASSETS		
Cash and cash equivalents	$ 345,461	$ 142,950
Total assets	345,461	142,950
LIABILITIES	-	-
NET POSITION		
Restricted for:		
Student groups	-	142,950
Scholarships	345,461	-
Total net position	$ 345,461	$ 142,950

The accompanying notes are an integral part of this financial statement.

ATHENS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	Private-Purpose Trust Funds	Custodial Fund
ADDITIONS		
Contributions and donations	$ 164,296	$ -
Collections from student groups	-	198,488
State Revenue	3,957	-
Total additions	168,253	198,488
DEDUCTIONS		
Payments on be-behalf of student groups	-	183,788
Beneficary payments to individuals	121,090	-
Administrative expense	157,510	-
Total deductions	278,600	183,788
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(110,347)	14,700
NET POSITION, BEGINNING	455,808	128,250
NET POSITION, ENDING	$ 345,461	$ 142,950

The accompanying notes are an integral
part of this financial statement.

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Athens Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide").

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB").

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* include programs supported by taxes, state foundation and intergovernmental revenue. The fund equity is segregated into the following categories invested in capital assets net of related debt, restricted net position, and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenue* includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenue are reported instead as *general revenue*.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories – governmental and fiduciary. 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. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and fiduciary financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be *available* when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenue to be available if it is collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt services expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

Property taxes, state foundation funds and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Entitlements are recorded as revenue when all eligibility requirements are met, including any time requirements, and the amount received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

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

The Capital Projects Fund – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

The ESSER II Fund – This fund accounts for the Elementary and Secondary School Emergency Relief Fund II funding.

Additionally, the District reports the following fund types:

Governmental Funds:

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 periods.

Fiduciary Funds:

Private Purpose Trust Funds – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds are a scholarship fund and specified donation funds.

Custodial Fund – The District accounts for resources held on behalf of student groups.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in the governmental activities are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statement these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

D. <u>Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance, Revenues and Expenditures/Expenses</u>

1. Deposits and Investments

Cash and cash equivalents include cash and highly liquid investments such as certificates of deposits, money market funds, local government investment pools, Treasury bills, and commercial paper that have a maturity from time of purchase of three months or less.

Investments for the District are reported at fair value, except for the position in investment pools. The District's investments in Pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. Interest earned on pooled cash and investments is allocated to the participating funds on a pro rata basis according to the fund's percentage of the total pooled cash or investments. Funds with discrete bank accounts retain all investment earnings.

TexStar, LoneStar and Texas CLASS have a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

2. Due from Other Governments

The District participates in variety of federal and state programs from which it receives grants to finance certain activities partially or fully. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts for these items are reported when earned by the District.

3. Inventories

The District uses the consumption method to account for inventories of food products, school supplies, and athletic equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. Inventories of food commodities used in the food service program are recorded at acquisition value. Although commodities are received at no cost, the acquisition value is recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenues are relieved, expenditures are charged, and revenue is recognized for an equal amount.

4. Prepayments

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All interfund transactions between governmental funds are eliminated on the government-wide financial statements.

6. *Leases*

The District has entered into a lease agreement as a lessor. Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate, if available. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

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

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or lease asset.

Lessor. In both the government-wide financial statements and the governmental fund financial statements, the District initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

7. *Capital Assets*

Capital assets, which include land, buildings, furniture and equipment are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings	40
Building improvements	20
Vehicles	5-10
Furniture and equipment	5-10

8. *Unearned Revenues*

Unearned revenues represent revenues received by the District but not yet earned and are not available for use by the District to liquidate current year liabilities.

9. *Long-term Obligations*

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

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

10. Compensated Absences

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying financial statements. Employees of the District are entitled to sick leave based on category/class of employment.

11. Defined-Benefit Pension Plan

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. 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.

12. Other Post-Employment Benefits

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

13. Deferred outflows/inflows of resources

A deferred outflow of resources is a consumption of a government's net assets (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District had the following deferred outflows of resources:

- Deferred outflows of resources for pension – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability, the results of differences between expected and actual experience, and changes in actuarial assumptions. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.

- Deferred outflows of resources for OPEB – Reported in the government-wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net pension liability, the differences between projected and actual investment earnings, and changes in proportion and difference between the employer's contributions and the proportionate share of contributions. The deferred outflows related to OPEB resulting to District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year.

A deferred inflow of resources is an acquisition of a government's net assets (an increase in assets in excess of any related increase in liabilities or a decrease in liabilities in excess of any related decrease in assets) by the government that is applicable to a future reporting period. The District had two items that qualify for reporting in this category:

- Deferred inflow of resources for leases – Reported in the governmental funds balance sheet and government-wide statement of net position. The District recognizes deferred inflows related to leases for its lessor transactions. These amounts offset the receivable related to the lease and will be recognized systematically in future years over the life of the lease.

- Deferred inflow of resources for unavailable revenues – Reported only in the governmental funds balance sheet, for unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of revenues in the period that the amounts become available. During the current year, the District recorded deferred inflow of resources as unavailable revenues – property taxes with the General Fund and Debt Service Fund respectively.

- Deferred inflow of resources for pensions – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience, changes in actuarial assumptions, differences between projected and actual investment earnings, as well as changes in proportion and difference between the employer's contributions and the proportionate share of contributions.

- Deferred inflow of resources for OPEB – Reported in the government-wide financial statement of net position, these deferred inflows result from differences between expected and actual economic experience and changes in actuarial assumptions.

14. Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form' criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable.

- Restricted: This classification includes amounts that are restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions of enabling legislation.

- Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. Those committed amounts cannot be used for any other purposes unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

- Assigned: This classification includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by the Board or by other officials to which the Board has delegated the authority to assign amounts to be used for specific purposes. When it is appropriate for fund balance to be assigned, the Board delegates the responsibility to assign funds to the Superintendent or his/her designee.

- Unassigned: This classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

15. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, as signed, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

16. Net Position

Net position represents the difference between assets, deferred outflows (inflows) of resources and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or though external restrictions imposed by creditors, grantors or laws or regulations of other governments.

17. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted – net position is applied.

18. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are delinquent if not paid by February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Delinquent taxes not paid by June 30 are subject to penalty and interest charges plus delinquent collection fees for attorney costs. Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off by the District as provided by specific statutory authority from the Texas Legislature.

The actual assessed value of the property tax roll on January 1, 2022 upon which the levy for 2023 fiscal year was based, was $2,112,647,211, while the effective value was $1,963,849,516, as noted on J-1. The tax rates assessed for the year ended June 30, 2023 to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were $0.85460 and $0.39909 per $100 valuation, respectively, for a total of $1.25369 per $100 valuation.

19. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency ("TEA") in the Financial Accountability System Resource Guide. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database policy development and funding plans.

20. Estimates

The presentation of financial statements, in conformity with Generally Accepted Accounting Principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

The amount of state foundation revenue a district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as into the next fiscal year. It is at least reasonably possible that the foundation revenue for the fiscal year will ultimately change from the amount calculated as of June 30, 2023 because of the factors that TEA uses in its calculations.

21. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Encumbrance accounting is utilized to ensure effective budgetary control and accountability. Encumbrances outstanding at year-end are commitments that do not constitute expenditures or liabilities. Since appropriations lapse at the end of each fiscal year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments. Thus, encumbrances are liquidated at year-end.

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. <u>Deposits and Investments</u>

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar - weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

State statutes and Board policy authorize the District to invest in 1) Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.; 2) Certificates of deposit and share certificates as permitted by Government Code 2256.010.; 3) Fully collateralized repurchase agreements permitted by Government Code 2256.011.; 4) A securities lending program as permitted by Government Code 2256.0115.; 5) Banker's acceptances as permitted by Government Code 2256.012.; 6) Commercial paper as permitted by Government Code 2256.013.; 7) No load money market mutual funds and no load mutual funds as permitted by Government Code 2256.014.; 8) A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015.; and 9) Public funds investment pools as permitted by Government Code 2256.016.

In compliance with the Public Funds Investment Act, the District has adopted an investment policy. The District is in substantial compliance with the requirements of the Act and with local policies. The risks that the District may be subject are:

a) **Custodial Credit Risk - Deposits:** This is the risk that in the event of a bank failure, the District's deposits, including checking, money market accounts and certificates of deposit, may not be returned to it. The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day today basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. As of year-end the District's combined deposits were fully insured by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent.

b) **Custodial Credit Risk - Investments:** This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Any investment that is both uninsured and unregistered is exposed to custodial credit risk if the investment is held by the counterparty, or if the investment is held by the counterparty's trust department or agent, but not in the name of the investor government. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Positions in external investment pools are not subject to custodial credit risk.

c) **Interest Rate Risk:** Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

d) **Concentration of Credit Risk:** Concentration risk is defined as positions of five percent or more in the securities of a single issuer. This is the issuer of the underlying investment, and not a pool. This does not apply to U.S. Government securities.

The District's investments - cash equivalents at June 30, 2023, are shown below:

Investment Type	Reported Value	Weighted Average Maturity (Days)
TexSTAR	$ 3,177,504	22
First Public / Lone Star Investment Pool	3,701,755	23
Texas CLASS	8,223,637	45
Total Investments	$ 15,102,896	
Portfolio weighted average maturity		35

The investment pools used by the District are organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investment pools are public funds investment pools created to provide a safe environment for the placement of local government funds in authorized short-term investments.

In accordance with state law and the District's investment policy, investments in investment pools must be rated at least AAA or have an equivalent rating, and obligations of states, agencies, counties and cities must be rated at least A or its equivalent. As of June 30, 2023, the District's investments in investment pools met or exceeded the ratings criteria.

B. Interfund Balances and Transfers

Balances due to and due from other funds at June 30, 2023, consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 542,888
General Fund	ESSER II	697,193
Total		$ 1,240,081

Interfund balances resulted from the lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers for the year ended June 30, 2023, consisted of the following individual fund amounts:

Transfer From	Transfer To	Amount
General Fund	Capital Projects	$ 8,192,000

The transfer between the General Fund and Capital Projects fund was to supplement ongoing capital projects.

C. Lease and Other Receivables

As of June 30, 2023, the General Fund recorded a receivable from Trinity Valley Community College in the amount of $64,186 for the use of the District's football facilities. The balance will be reduced by scheduled payments through fiscal year 2025. The lease carries an interest rate of 3.50%

Additional miscellaneous receivables were recorded at year-end equal to $6,584.

D. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,080,052	$ 191,652	$ -	$ 1,271,704
Construction in progress	685,439	632,316	(277,000)	1,040,755
Total capital assets, not being depreciated	1,765,491	823,968	(277,000)	2,312,459
Capital assets, being depreciated:				
Buildings and improvements	121,845,434	654,080	-	122,499,514
Furniture and equipment	9,367,677	490,246	(8,000)	9,849,923
Total capital assets, being depreciated	131,213,111	1,144,326	(8,000)	132,349,437
Less accumulated depreciation for:				
Buildings and improvements	(49,404,090)	(5,164,635)	-	(54,568,725)
Furniture and equipment	(6,246,106)	(680,952)	7,429	(6,919,629)
Total accumulated depreciation	(55,650,196)	(5,845,587)	7,429	(61,488,354)
Total capital assets, being depreciated, net	75,562,915	(4,701,261)	(571)	70,861,083
Governmental activities capital assets, net	$ 77,328,406	$ (3,877,293)	$ (277,571)	$ 73,173,542

Depreciation expenses were charged to functions of the government as follows:

Governmental activities:	
Instruction	$ 2,893,343
Instructional resources and media services	179,257
Curriculum and staff development	6,850
Instructional leadership	1,568
School leadership	356,683
Guidance, counseling and evaluation services	831
Health services	1,457
Student transportation	396,997
Food services	72,973
Co-curricular/extracurricular	1,765,047
General administration	17,450
Plant maintenance and operations	85,479
Security and monitoring service	45,915
Data processing services	21,737
Total depreciation expense - governmental activities	$ 5,845,587

E. Long-term Liabilities

The following is a summary of changes in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due in One Year
Long-term debt:					
Bonds payable	$ 61,525,000	$ -	$ 8,880,000	$ 52,645,000	$ 2,265,000
Bond premium	1,804,335	-	115,362	1,688,973	-
Subtotal	63,329,335	-	8,995,362	54,333,973	2,265,000
Other:					
Net pension liability	3,371,179	7,458,348	789,174	10,040,353	-
Net OPEB liability	8,212,936	(2,181,926)	200,018	5,830,992	-
Total	$ 74,913,450	$ 5,276,422	$ 9,984,554	$ 70,205,318	$ 2,265,000

Bonds Payable

A summary of bonds payable for the year ended June 30, 2023 is as follows:

Description	Interest Rate	Amounts Original Issue	Interest Current Year	Amounts Outstanding 6/30/23
Unlimited Tax Qualified School Construction Bonds, Series 2011	4.55%	$ 6,525,000	$ 296,888	$ 6,525,000
Unlimited Tax School Building Bonds, Series 2016	3.125-5.0%	58,875,000	1,838,675	45,445,000
Unlimited Tax Refunding Bonds, Series 2018	3.0-4.0%	2,285,000	25,050	675,000
Total		$ 67,685,000	$ 2,160,613	$ 52,645,000

Debt service requirements are as follows:

Year Ending June 30,	General Obligations Principal	General Obligations Interest	Total Requirements	Federal Interest Subsidy Amount "QSCB"
2024	$ 1,030,000	$ 1,870,050	$ 2,900,050	$ (278,480)
2025	1,080,000	1,824,050	2,904,050	(278,480)
2026	7,305,000	1,632,556	8,937,556	(139,240)
2027	2,420,000	1,404,113	3,824,113	-
2028	2,545,000	1,305,438	3,850,438	-
2029-2033	14,080,000	5,088,213	19,168,213	-
2034-2038	16,755,000	2,424,388	19,179,388	-
2039-2042	7,430,000	364,900	7,794,900	-
Total	$ 52,645,000	$ 15,913,707	$ 68,558,707	$ (696,200)

In accordance with bond covenants, the District is required to make sinking fund payments for the Qualified School Construction Bonds, Series 2011, as follows:

	Sinking Fund Payments	
Year Ending June 30,	Required Payment	Cumulative Balance
2024	$ 1,235,000	$ 3,705,000
2025	1,235,000	4,940,000
2026	1,585,000	6,525,000

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2023.

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statement. As of June 30, 2023, $675,000 of bonds considered defeased are still outstanding.

In June 2023, the District defeased a portion of the Series 2016 bonds in the amount of $7,890,000, which will result in a net savings of $4,270,418 through fiscal year 2025. The bonds were defeased using excess fund balance in the Debt Service fund.

F. <u>Defined Benefit Pension Plan</u>

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

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

Pension Plan Fiduciary Net Position. Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Benefits Provided. TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 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 (A) above.

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

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2021 thru 2025.

	Contribution Rates	
	2022	2023
Active Employee	8.0%	8.0%
Non-Employer Contributing Entity (State)	7.8%	8.0%
Employers	7.8%	8.0%

Current fiscal year employer contributions	$ 959,131
Current fiscal year member contributions	1,804,929
2022 measurement year NECE on-behalf contributions	1,126,704

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

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

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

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

- All public schools, charter schools, and regional educational service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.
- 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.

Actuarial Assumptions. The total pension liability in the August 31, 2021 actuarial valuation was rolled forward to August 31, 2022, and was determined using the following actuarial assumptions:

Additional Actuarial Methods and Assumptions

Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Inflation	2.30%
Salary Increases including Inflation	2.95% to 8.95%
Payroll Growth Rate	3.00%
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

Discount Rate. A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent 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 periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.00 percent. 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 System's target asset allocation as of August 31, 2022 are summarized on the next page:

Asset Class[1]	Target Allocation[2]	Long-Term Expected Aritmetic Real Rate of Return[3]	Expected Contribution to Long-Term Portfolio Results
Global Equity			
U.S.	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity	14.00%	7.70%	1.55%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Value	-	3.70%	-
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy and Natural Resources & Infrastructure	6.00%	5.10%	0.37%
Commodities	-	3.60%	-
Risk Parity			
Risk Parity	8.00%	4.60%	0.43%
Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	(6.00%)	3.60%	(0.05%)
Inflation Expectation			2.70%
Volatility Drag[4]			(0.91%)
Total	100.00%	-	8.19%

[1] Absolute Return includes Credit Sensitive Investments
[2] Target allocations are based on the FY2022 policy model.
[3] Capital Market Assumptions come from Aon Hewitt (as of 8/31/22).
[4] The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate (6.00%)	Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Proportionate share of the net pension liability:	$ 15,618,983	$ 10,040,353	$ 5,518,612

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2023 the District reported a liability of $10,040,353 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	$ 10,040,353
State's proportionate share that is associated with the District	14,334,602
Total	$ 24,374,955

The net pension liability was measured as of August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2021. The employer's portion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net pension liability was 0.016912254% which was an increase of 0.0036745046% from its proportion measured as of August 31, 2021.

Changes Since the Prior Actuarial Valuation. The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

For the year ended June 30, 2023, the District recognized pension expense of $10,581,776 and revenue of $1,370,225 for support provided by the State.

At June 30, 2023, the District's 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 economic experience	$ 145,584	$ 218,899
Changes in actuarial assumptions	1,870,845	466,267
Difference between projected and actual investment earnings	991,955	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	1,452,228	266,188
Contributions paid to TRS subsequent to the measurement date	817,395	-
Totals	$ 5,278,007	$ 951,354

The contributions made subsequent to the measurement date will be recognized as a portion of pension expense in the next fiscal year. The other 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 Ended June 30,	Pension Expense
2024	$ 895,462
2025	567,875
2026	292,246
2027	1,402,086
2028	351,590
Thereafter	(1)

G. Defined Other Post-Employment Benefit Plans

Plan Description. Athens Independent School 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 with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

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

OPEB Plan Fiduciary Net Position. Detailed information about the TRS-Care's fiduciary net position is available in the separately issued TRS ACFR that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided. TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

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

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

	TRS-Care Monthly Premium Rates	
	Medicare	Non-Medicare
Retiree or surviving spouse	$ 135	$ 200
Retiree and spouse	529	689
Retiree, spouse and children	468	408
Retiree and family	1,020	999

Contributions. Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. 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	
	2022	2023
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 fiscal year employer contributions		$ 225,098
Current fiscal year member contributions		146,734
2022 measurement year NECE on-behalf contributions		243,991

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of $83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022.

Actuarial Assumptions. The total OPEB liability in the August 31, 2021 valuation was rolled forward to August 31, 2022. The actuarial valuation determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

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

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 post-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 mortality projections scale MP-2018.

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	3.91% as of August 31, 2022
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.
Payroll Growth Rate	3.00%
Projected Salary Increases	3.05% to 9.05%
Healthcare Trend Rates	4.25% to 8.25%
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

Discount Rate. A single discount rate of 3.91 percent was used to measure the Total OPEB Liability. There was an increase of 1.96 percent in the discount rate since the previous year. The Discount Rate can be found in the 2022 TRS ACFR on page 77. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was used for the long-term rate of return and was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.91%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (2.91%)	Discount Rate (3.91%)	1% Increase in Discount Rate (4.91%)
Proportionate share of net OPEB liability	$ 6,875,202	$ 5,830,992	$ 4,985,048

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs. At June 30, 2023, the District reported a liability of $5,830,992 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	$	5,830,992
State's proportionate share that is associated with the District		7,112,895
Total	$	12,943,887

The Net OPEB Liability was measured as of August 31, 2022 and the total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2021 thru August 31, 2022.

At the August 31, 2022 measurement date, the District's proportion of the collective net OPEB liability was 0.02243526188%, which was an increase of 0.0030614991% from its proportion measured as of August 31, 2021.

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 1% less than and 1% greater than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of net OPEB liability	$ 4,804,764	$ 5,830,992	$ 7,161,365

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:

- The discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent as of August 31, 2022. This change increased the Total OPEB Liability.

For the year ended June 30, 2023, the District recognized OPEB expense of $(1,526,838) and revenue of $(1,009,377) for support provided by the State.

At June 30, 2023, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experiences	$ 324,183	$4,857,740
Changes in actuarial assumptions	888,176	4,051,027
Differences between projected and actual investment earnings	17,369	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	2,179,429	227,687
Contributions paid to OPEB subsequent to the measurement date	188,662	-
Totals	$3,597,819	$9,136,454

The contributions made subsequent to the measurement date will be recognized as a portion of OPEB expense in the next fiscal year. The other net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	OPEB Expense
2024	$ (1,149,453)
2025	(1,149,391)
2026	(902,121)
2027	(567,354)
2028	(685,917)
Thereafter	(1,273,061)

H. Employee Health Care Coverage

During the year ended June 30, 2023, employees of the District were covered by the state sponsored health insurance plan. The District paid premiums of $300 per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents.

All premiums were paid to TRS-ActiveCare, the statewide health coverage program for public education employees administered by Aetna. The Plan was authorized by Article 3.5 I -2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and TRS-ActiveCare is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for Aetna are available for the most recent year and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

I. Medicare Part D – On-Behalf

Federal Government Retiree Drug Subsidy - Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by the District. The allocation of these on-behalf payments is based on the ratio of a reporting entity's covered payroll to the entire payroll reported by all reporting entities. The amount allocated on-behalf for the year ended June 30, 2023, 2022, and 2021 were $116,061, $83,567, and $83,400, respectively.

J. 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 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

K. 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 disaster. During fiscal year 2023, the district purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

L. New Forthcoming Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the District include the following:

GASB Statement No. 99, Omnibus 2022 – The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62 – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, Compensated Absences – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

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REQUIRED SUPPLEMENTARY INFORMATION

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EXHIBIT G-1

ATHENS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP Basis)	Variance with Final Budget Positive (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 14,908,584	$ 15,638,084	$ 17,636,392	$ 1,998,308
5800	State programs	15,237,762	15,237,762	13,806,896	(1,430,866)
5900	Federal programs	450,000	685,000	685,603	603
5020	Total revenues	30,596,346	31,560,846	32,128,891	568,045
	EXPENDITURES				
	Current:				
0011	Instruction	16,510,546	16,870,546	16,439,037	431,509
0012	Instructional resources and media sources	363,600	363,600	357,380	6,220
0013	Curriculum and instructional staff development	155,000	155,000	48,352	106,648
0021	Instructional leadership	293,700	293,700	169,500	124,200
0023	School leadership	1,799,600	1,799,600	1,659,276	140,324
0031	Guidance, counseling, and evaluation services	878,100	1,028,100	1,018,188	9,912
0033	Health services	321,500	416,500	223,899	192,601
0034	Student (pupil) transportation	1,676,900	1,831,900	1,757,598	74,302
0035	Food service	103,000	108,000	77,758	30,242
0036	Extracurricular activities	1,569,500	1,649,501	1,623,767	25,734
0041	General administration	1,515,300	1,465,300	1,352,656	112,644
0051	Facilities maintenance and operations	3,614,500	3,650,500	3,416,949	233,551
0052	Security and monitoring services	364,000	464,000	423,897	40,103
0053	Data processing services	753,600	1,128,600	749,195	379,405
	Debt service:				
0071	Principal expenditures	150,000	233,100	-	233,100
0072	Interest expenditures	-	215,900	-	215,900
0072	Bond issuance cost and fees	-	1,000	-	1,000
0099	Other intergovernmental	527,500	541,500	538,929	2,571
6030	Total expenditures	30,596,346	32,216,347	29,856,381	2,359,966
1100	**EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES**	-	(655,501)	2,272,510	2,928,011
	OTHER FINANCING SOURCES (USES)				
7913	Issuance of leases	-	300,000	-	300,000
7949	Other	-	370,000	-	370,000
8911	Transfers out (uses)	-	(8,192,000)	(8,192,000)	-
7080	Total other financing sources (uses)	-	(7,522,000)	(8,192,000)	670,000
1200	**NET CHANGE IN FUND BALANCES**	-	(8,177,501)	(5,919,490)	2,258,011
0100	**FUND BALANCE, BEGINNING**	17,185,185	17,185,185	17,185,185	-
3000	**FUND BALANCES, ENDING**	$ 17,185,185	$ 9,007,684	$ 11,265,695	$ 2,258,011

ATHENS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2023

Measurement period ended August 31,	2022	2021	2020
District's proportion of the net pension liability (asset)	0.0169122%	0.0132377%	0.0131815%
District's proportionate share of the net pension liability (asset)	$ 10,040,353	$ 3,371,179	$ 7,059,726
State's proportionate share of the net pension liability (asset) associated with the District	14,334,602	6,878,101	14,665,602
Total	$ 24,374,955	$ 10,249,280	$ 21,725,328
District's covered payroll	$ 20,884,098	$ 19,134,976	$ 18,837,339
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	48.08%	17.62%	44.21%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%

Note: This schedule is required to have 10 years of information, but the information prior to year ended 2014 is not available.

2019	2018	2017	2016	2015	2014
0.0143483%	0.0142353%	0.0131487%	0.0130115%	0.0148305%	0.0080684%
$ 7,458,698	$ 7,835,451	$ 4,204,249	$ 4,916,837	$ 5,242,384	$ 2,155,181
12,987,981	13,873,845	9,110,659	11,508,393	11,521,543	10,390,199
$ 20,446,679	$ 21,709,296	$ 13,314,908	$ 16,425,230	$ 16,763,927	$ 12,545,380
$ 16,741,755	$ 16,667,088	$ 16,747,117	$ 16,812,881	$ 17,148,440	$ 17,077,315
44.55%	47.01%	25.10%	29.24%	30.57%	12.62%
75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

ATHENS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2023

For the year ended June 30,	2023	2022	2021
Contractually required contribution	$ 959,131	$ 732,869	$ 557,963
Contributions in relation to the contractually required contribution	(959,131)	(732,869)	(557,963)
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered payroll	$ 22,574,405	$ 20,363,855	$ 18,992,741
Contribution as a percentage of covered payroll	4.25%	3.60%	2.94%

Note: This schedule is required to have 10 years of information, but the information prior to year ended 2015 is not available.

2020	2019	2018	2017	2016	2015
$ 543,885	$ 486,374	$ 484,534	$ 425,476	$ 420,479	$ 403,171
(543,885)	(486,374)	(484,534)	(425,476)	(420,479)	(403,171)
$ -	$ -	$ -	$ -	$ -	$ -
$ 18,713,752	$ 17,044,346	$ 16,712,855	$ 16,710,189	$ 16,896,896	$ 17,130,199
2.91%	2.85%	2.90%	2.55%	2.49%	2.35%

ATHENS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2023

Measurement period ended August 31,	2022	2021	2020
District's proportion of the net OPEB liability (asset)	0.0243526%	0.0212911%	0.0217646%
District's proportionate share of the net OPEB liability (asset)	$ 5,830,992	$ 8,212,936	$ 8,273,699
State's proportionate share of the net OPEB liability (asset) associated with the District	7,112,895	11,003,504	11,117,868
Total	$ 12,943,887	$ 19,216,440	$ 19,391,567
District's covered employee payroll	$ 20,884,098	$ 19,135,382	$ 18,837,339
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	27.92%	42.92%	51.81%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%

Note: This schedule is required to have 10 years of information, but the information prior to year ended 2017 is not available.

2019	2018	2017
0.0216235%	0.0203638%	0.0201402%
$ 10,226,018	$ 10,167,824	$ 8,758,207
13,588,091	14,027,852	12,883,792
$ 23,814,109	$ 24,195,676	$ 21,641,999
$ 16,741,755	$ 16,667,088	$ 16,747,117
61.08%	61.01%	52.30%
2.66%	1.57%	0.91%

ATHENS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM

FOR THE YEAR ENDED JUNE 30, 2023

For the year ended June 30,	2023	2022	2021
Contractually required contribution	$ 225,098	$ 193,260	$ 166,119
Contributions in relation to the contractually required contribution	(225,098)	(193,260)	(166,119)
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered employee payroll	$ 22,574,405	$ 20,363,855	$ 18,993,147
Contribution as a percentage of covered employee payroll	1.00%	0.95%	0.87%

Note: This schedule is required to have 10 years of information, but the information prior to year ended 2018 is not available.

2020	2019	2018
$ 164,295	$ 147,051	$ 134,553
(164,295)	(147,051)	(134,553)
$ -	$ -	$ -
$ 18,713,752	$ 18,144,346	$ 16,712,855
0.88%	0.81%	0.81%

Budgetary Information

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the National Breakfast and Lunch Program Fund (which is a non-major special revenue fund). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in Exhibit G-1 and the other two reports are in Exhibits J-2 and J-3.

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

1. Prior to June 20 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. At least ten days' public notice of the meeting must be 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 only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The budget was amended as necessary during the year.

Each budget is controlled at the organizational level by the administration, appropriate department head or campus principal within Board allocations at the revenue and expenditure function/object level. All budget appropriations lapse at year end.

COMBINING STATEMENTS

ATHENS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2023

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
	ASSETS				
1110	Cash and cash equivalents	$ -	$ -	$ -	$ 1,096,845
1240	Due from other governments	156,466	85,990	3,793	16,052
1290	Other receivables	-	-	-	55,472
1000	Total assets	156,466	85,990	3,793	1,168,369
	LIABILITIES				
2110	Accounts payable	694	-	-	-
2160	Accrued wages payable	85,074	80,786	1,012	-
2170	Due to other funds	70,698	5,204	2,781	-
2300	Unearned revenue	-	-	-	-
2000	Total liabilities	156,466	85,990	3,793	-
	FUND BALANCES				
	Restricted for:				
3450	Federal or state programs	-	-	-	1,168,369
3490	Instruction	-	-	-	-
3545	Committed for campus activity	-	-	-	-
3000	Total fund balances	-	-	-	1,168,369
4000	Total liabilities and fund balances	$ 156,466	$ 85,990	$ 3,793	$ 1,168,369

244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, B Rural & Low Income	279 TCLAS ESSER III	282 ESSER III ARPA	284 IDEA - Part B Formula ARPA	285 IDEA - Part B Preschool ARPA
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2,182	28,344	16,487	81,890	2,025	310,552	-	-
-	-	-	-	-	-	-	-
2,182	28,344	16,487	81,890	2,025	310,552	-	-
-	-	-	-	-	-	-	-
-	-	9,733	4,705	-	2,095	-	-
2,182	28,344	6,754	77,185	2,025	308,457	-	-
-	-	-	-	-	-	-	-
2,182	28,344	16,487	81,890	2,025	310,552	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 2,182	$ 28,344	$ 16,487	$ 81,890	$ 2,025	$ 310,552	$ -	$ -

ATHENS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2023

Data Control Codes		289 Other Federal Special Revenue	385 State Supplemental Visually Impaired	397 Advanced Placement Incentives	410 State Textbook Fund
	ASSETS				
1110	Cash and cash equivalents	$ 36,612	$ -	$ 1,335	$ 9,835
1240	Due from other governments	75,947	-	-	23,885
1290	Other receivables	-	-	-	-
1000	Total assets	112,559	-	1,335	33,720
	LIABILITIES				
2110	Accounts payable	-	-	-	-
2160	Accrued wages payable	8,742	-	-	-
2170	Due to other funds	-	-	-	33,720
2300	Unearned revenue	103,817	-	1,335	-
2000	Total liabilities	112,559	-	1,335	33,720
	FUND BALANCES				
	Restricted for:				
3450	Federal or state programs	-	-	-	-
3490	Instruction	-	-	-	-
3545	Committed for campus activity	-	-	-	-
3000	Total fund balances	-	-	-	-
4000	Total liabilities and fund balances	$ 112,559	$ -	$ 1,335	$ 33,720

429 Teacher Training Reimbursement	461 Campus Activity	496 Athens Public Education Grant	497 Texas High School Project	498 Murchison Foundation Pinnacle ECHS	Total Nonmajor Special Revenue Funds
$ -	$ 135,070	$ 13,113	$ 44	$ 228,019	$ 1,520,873
5,538	-	-	-	-	809,151
-	-	-	-	-	55,472
5,538	135,070	13,113	44	228,019	2,385,496
-	-	-	-	-	694
-	-	-	-	-	192,147
5,538	-	-	-	-	542,888
-	-	3,187	-	-	108,339
5,538	-	3,187	-	-	844,068
-	-	-	-	-	1,168,369
-	-	9,926	44	228,019	237,989
-	135,070	-	-	-	135,070
-	135,070	9,926	44	228,019	1,541,428
$ 5,538	$ 135,070	$ 13,113	$ 44	$ 228,019	$ 2,385,496

ATHENS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
	REVENUES				
5700	Local and intermediate sources	$ -	$ -	$ -	$ 181,364
5800	State programs	-	-	-	9,284
5900	Federal programs	1,115,572	651,074	11,239	2,118,691
5020	Total revenues	1,115,572	651,074	11,239	2,309,339
	EXPENDITURES				
	Current:				
0011	Instruction	982,845	619,313	11,239	-
0013	Curriculum and instructional staff development	4,049	-	-	-
0021	Instructional leadership	108,634	31,761	-	-
0031	Guidance, counseling, and evaluating services	-	-	-	-
0033	Health services	-	-	-	-
0035	Food service	-	-	-	2,144,322
0036	Extracurricular activities	-	-	-	-
0041	General adminstration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	20,000
0052	Security and monitoring services	2,900	-	-	-
0061	Community services	17,144	-	-	-
6030	Total expenditures	1,115,572	651,074	11,239	2,164,322
1200	**NET CHANGE IN FUND BALANCES**	-	-	-	145,017
0100	**FUND BALANCE, BEGINNING**	-	-	-	1,023,352
3000	**FUND BALANCE, ENDING**	$ -	$ -	$ -	$ 1,168,369

244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, B Rural & Low Income	279 TCLAS ESSER III	282 ESSER III ARPA	284 IDEA - Part B Formula ARPA	285 IDEA - Part B Preschool ARPA
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
74,029	139,544	76,188	89,260	2,025	997,791	4,157	964
74,029	139,544	76,188	89,260	2,025	997,791	4,157	964
74,029	95,983	76,188	89,260	-	869,275	4,157	964
-	43,561	-	-	2,025	22,500	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	74,700	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	31,316	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
74,029	139,544	76,188	89,260	2,025	997,791	4,157	964
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

ATHENS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		289 Other Federal Special Revenue	385 State Supplemental Visually Impaired	397 Advanced Placement Incentives	410 State Textbook Fund
	REVENUES				
5700	Local and intermediate sources	$ -	$ -	$ -	$ -
5800	State programs	-	625	-	23,885
5900	Federal programs	134,053	-	-	-
5020	Total revenues	134,053	625	-	23,885
	EXPENDITURES				
	Current:				
0011	Instruction	69,093	625	-	23,505
0013	Curriculum and instructional staff development	-	-	-	380
0021	Instructional leadership	-	-	-	-
0031	Guidance, counseling, and evaluating services	-	-	-	-
0033	Health services	64,960	-	-	-
0035	Food service	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General adminstration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0061	Community services	-	-	-	-
6030	Total expenditures	134,053	625	-	23,885
1200	**NET CHANGE IN FUND BALANCES**	-	-	-	-
0100	**FUND BALANCE, BEGINNING**	-	-	-	-
3000	**FUND BALANCE, ENDING**	$ -	$ -	$ -	$ -

429 Teacher Training Reimbursement	461 Campus Activity	496 Athens Public Education Grant	497 Texas High School Project	498 Murchison Foundation Pinnacle ECHS	Total Nonmajor Special Revenue Funds
$ -	$ 135,070	$ 30,000	$ -	$ 140,000	$ 486,434
5,745	-	-	-	2,244	41,783
-	-	-	-	-	5,414,587
5,745	135,070	30,000	-	142,244	5,942,804
5,745	-	20,074	-	120,680	3,062,975
-	-	-	-	-	72,515
-	-	-	-	-	140,395
-	-	-	-	-	74,700
-	-	-	-	-	64,960
-	-	-	-	-	2,144,322
-	132,363	-	-	-	132,363
-	-	-	-	-	31,316
-	-	-	-	-	20,000
-	-	-	-	-	2,900
-	-	-	-	-	17,144
5,745	132,363	20,074	-	120,680	5,763,590
-	2,707	9,926	-	21,564	179,214
-	132,363	-	44	206,455	1,362,214
$ -	$ 135,070	$ 9,926	$ 44	$ 228,019	$ 1,541,428

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REQUIRED TEA SCHEDULES

ATHENS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECIEVABLE

FOR THE YEAR ENDED JUNE 30, 2023

	1	2	3
	Tax Rates		Net Assessed/ Appraised Value for School
Last Ten Years Ended June 30,	Maintenance	Debt Service	Tax Purpose
2014	1.037380	0.149090	1,211,643,162
2015	1.037380	0.149090	1,246,943,396
2016	1.037380	0.159090	1,263,782,646
2017	1.037380	0.399090	1,239,715,248
2018	1.037380	0.399090	1,304,178,038
2019	1.037380	0.399090	1,366,152,621
2020	0.970000	0.399090	1,446,149,048
2021	0.936500	0.399090	1,580,550,393
2022	0.872000	0.399090	1,720,557,789
2023 (School year under audit)	0.854600	0.399090	1,963,849,516
1000 Totals			

8000 Refunds under Texas Tax Code 26.1115

The refunds under Texas Tax Code 26.1115 reported above reflect the most accurate information available at the time of issuance.

EXHIBIT J-1

10	20	31	32	40	50
Beginning Balance 07/01/2022	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 06/30/2023
$ 91,085	$ -	$ 790	$ 114	$ (7,222)	$ 82,959
27,026	-	1,268	184	(167)	25,407
44,673	-	1,161	169	(198)	43,145
47,349	-	2,138	822	(235)	44,154
55,782	-	3,489	1,342	(1,407)	49,544
68,480	-	8,288	3,188	(1,125)	55,879
85,144	-	15,285	6,289	(585)	62,985
155,619	-	62,293	26,546	23,897	90,677
681,403	-	364,638	166,884	(2,332)	147,549
-	24,620,585	16,005,998	7,474,648	(388,010)	751,929
$ 1,256,561	$ 24,620,585	$ 16,465,348	$ 7,680,186	$ (377,384)	$ 1,354,228
		$ 6,280			

EXHIBIT J-2

ATHENS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - NATIONAL BREAKFAST AND LUNCH PROGRAM

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 172,000	$ 212,000	$ 181,364	$ (30,636)
5800	State programs	9,000	9,000	9,284	284
5900	Federal programs	1,515,000	2,115,000	2,118,691	3,691
5020	Total revenues	1,696,000	2,336,000	2,309,339	(26,661)
	EXPENDITURES				
	Current:				
0035	Food services	1,676,000	2,516,000	2,144,322	371,678
0051	Facilities maintenance and operations	20,000	20,000	20,000	-
6030	Total expenditures	1,696,000	2,536,000	2,164,322	371,678
1200	**NET CHANGE IN FUND BALANCES**	-	(200,000)	145,017	345,017
0100	**FUND BALANCE, BEGINNING**	1,023,352	1,023,352	1,023,352	-
3000	**FUND BALANCES, ENDING**	$ 1,023,352	$ 823,352	$ 1,168,369	$ 345,017

EXHIBIT J-3

ATHENS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL - DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 6,200,000	$ 6,200,000	$ 8,297,172	$ 2,097,172
5800	State programs	47,000	47,000	166,431	119,431
5900	Federal programs	276,400	276,400	283,352	6,952
5020	Total revenues	6,523,400	6,523,400	8,746,955	2,223,555
	EXPENDITURES				
	Debt service:				
0071	Principal on long-term debt	3,373,684	11,211,500	8,880,000	2,331,500
0072	Interest on long-term debt	2,160,016	2,191,000	2,160,016	30,984
0073	Bond issuance cost and fees	4,300	177,397	174,478	2,919
6030	Total expenditures	5,538,000	13,579,897	11,214,494	2,365,403
1200	**NET CHANGES IN FUND BALANCES**	985,400	(7,056,497)	(2,467,539)	4,588,958
0100	**FUND BALANCE, BEGINNING**	12,031,878	12,031,878	12,031,878	-
3000	**FUND BALANCES, ENDING**	$ 13,017,278	$ 4,975,381	$ 9,564,339	$ 4,588,958

ATHENS INDEPENDENT SCHOOL DISTRICT

USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS

FOR THE YEAR ENDED JUNE 30, 2023

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	$ 3,791,888
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	$ 2,040,053

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 408,537
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	$ 234,688

COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Athens Independent School District
Athens, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Athens Independent School District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Athens Independent School District's basic financial statements, and have issued our report thereon dated November 17, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Athens Independent School 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 Athens Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Athens Independent School 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.

OFFICE LOCATIONS
TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque
AICPA GAQC Member

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Athens Independent School 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 of 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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
November 17, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees
Athens Independent School District
Athens, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Athens Independent School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Athens Independent School District's major federal programs for the year ended June 30, 2023. Athens Independent School 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, Athens Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Athens Independent School 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 Athens Independent School 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 Athens Independent School 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 Athens Independent School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Athens Independent School District's compliance with the requirements of each major federal program as a whole.

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Athens Independent School 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 Athens Independent School 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 Athens Independent School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
November 17, 2023

EXHIBIT K-1

ATHENS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(1) Assistance Listing Number	(2a) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Texas Education Agency			
School Breakfast Program	10.553	71402301	$ 320,302
School Breakfast Program	10.553	71402201	127,461
Subtotal Assistance Listing Number 10.553			447,763
National School Lunch Program	10.555	71302301	1,154,409
National School Lunch Program	10.555	71302201	346,344
Total Passed through the Texas Education Agency			1,948,516
Passed through the Texas Department of Agriculture			
National School Lunch Program - Non-Cash Assistance	10.555	NT4XL1YGLGC5	167,040
COVID-19 - EBT Administration Expense Reimbursement	10.649	NT4XL1YGLGC5	3,135
Total Passed Through the Texas Department of Agriculture			170,175
Subtotal Assistance Listing Number 10.555			1,667,793
Total Child Nutrition Cluster			2,115,556
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,118,691
U.S. DEPARTMENT OF EDUCATION			
Passed through the Texas Education Agency			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	22-610101107901	358,164
ESEA, Title I, Part A - Improving Basic Programs	84.010A	23-610101107901	757,408
Total Assistance Listing Number 84.010A			1,115,572
SSA - IDEA - Part B, Formula	84.027A	23-660006107901	651,076
IDEA - Part B, Formula (ARPA) COVID-19	84.027X	22-535001107901	4,155
Total Assistance Listing Number 84.027			655,231
IDEA - Part B, Preschool	84.173A	22-661001107901	2,469
IDEA - Part B, Preschool	84.173A	23-661001107901	8,770
IDEA - Part B, Preschool (ARPA) COVID-19	84.173X	22-536001107901	964
Total Assistance Listing Number 84.173			12,203
Total Special Education Cluster (IDEA)			667,434
Career & Technical - Basic Grant	84.048A	22-420006107901	26,321
Career & Technical - Basic Grant	84.048A	23-420006107901	47,708
Total Assistance Listing Number 84.048			74,029
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	22-696001107901	2,027
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	23-696001107901	87,233
Total Assistance Listing Number 84.358			89,260
Passed through the Texas Education Agency			
Title III, Part A - English Language Acquisition	84.365A	22-671003107901	9,440
Title III, Part A - English Language Acquisition	84.365A	23-671003107901	66,748
Total Assistance Listing Number 84.365			76,188
ESEA, Title II, Part A - Teach/Principal Training	84.367A	22-694501107901	32,858
ESEA, Title II, Part A - Teach/Principal Training	84.367A	23-694501107901	106,686
Total Assistance Listing Number 84.367			139,544

EXHIBIT K-1

ATHENS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	(1) Assistance Listing Number	(2a) Pass-Through Entity Identifying Number	(3) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through the Texas Education Agency			
Title IV, Part A	84.424A	22-680101107901	$ 6,655
Title IV, Part A	84.424A	23-680101107901	62,438
Total Assistance Listing Number 84.424			69,093
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) II	84.425D	21-521001107901	2,262,419
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) III	84.425U	21-528001107901	997,791
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) - Supplemental Grant (TCLAS)	84.425U	21-528042107901	2,025
Total Assistance Listing Number 84.425			3,262,235
Total Passed through the Texas Education Agency			5,493,355
TOTAL U.S. DEPARTMENT OF EDUCATION			5,493,355
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through the Texas Education Agency			
COVID-19 School Health Support Grant	93.323	39352201	2,916
Total Passed through the Texas Education Agency			2,916
Passed through Education Service Center Region 10			
COVID-19 Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	n/a	62,044
Total Passed through Education Service Center Region 10			62,044
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			64,960
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 7,677,006

ATHENS INDEPENDENT SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2023

1. GENERAL

The Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all applicable federal award programs of Athens Independent School District. The District's reporting entity is defined in Note I of the financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the SEFA.

2. BASIS OF ACCOUNTING

The SEFA is presented using the modified accrual basis of accounting. The District's significant accounting policies, including the modified accrual basis of accounting, are presented in Note 1 of the basic financial statements. The SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. PASS-THROUGH EXPENDITURES

None of the federal programs expended by the District were provided to subrecipients.

4. INDIRECT COSTS

The District did not elect to use a de minimis cost rate of 10% as described at 2 CFR §200.414(f)—Indirect (F&A) costs.

5. RECONCILIATION OF FEDERAL REVENUES AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards and expenditures reported in the financial statements as follows:

Federal revenues per the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds (Exhibit C-3)	$ 8,645,961
Less:	
School Health And Related Services	685,603
Interest paid on Qualified School Construction Bonds	283,352
Federal expenditures per the Schedule of Expenditures of Federal Awards (Exhibit K-1)	$ 7,677,006

ATHENS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2023

Summary of Auditor's Results

Financial Statements:	
Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Material noncompliance material to financial statements noted?	No
Federal Awards:	
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None
Identification of major programs:	
Assistance Listing Number(s):	Name of Federal Program or Cluster:
10.553, 10.555	Child Nutrition Cluster
84.425	ESSER
Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee?	Yes

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

None reported

Findings and Questioned Costs for Federal Awards

None reported

ATHENS INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2023

None.

APPENDIX E

Specimen Municipal Bond Insurance Policy

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ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

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United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

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A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

Financial Advisory Services
Provided By:

SAMCO Capital