OFFICIAL NOTICE OF SALE,
OFFICIAL BID FORM,
AND
PRELIMINARY OFFICIAL STATEMENT

$4,500,000*

LIBERTY INDEPENDENT SCHOOL DISTRICT
(Liberty County, Texas)

MAINTENANCE TAX NOTES,
SERIES 2024

To be Designated by the District as "QUALIFIED TAX-EXEMPT OBLIGATIONS"

Bids due
Tuesday, April 16, 2024
at
11:00 A.M., Central Time

***Preliminary, subject to change based on bid structures. See "THE NOTES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE NOTES" in the Official Notice of Sale.**

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

OFFICIAL NOTICE OF SALE

$4,500,000*
LIBERTY INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Liberty County, Texas)
MAINTENANCE TAX NOTES, SERIES 2024

NOTES OFFERED FOR SALE AT COMPETITIVE BID: The Board of Trustees (the "Board") of the Liberty Independent School District (the "District" or the "Issuer") is offering for sale at competitive bid its $4,500,000* Maintenance Tax Notes, Series 2024 (the "Notes").

BIDS BY INTERNET: Interested bidders may, at their option and risk, submit their bid by electronic media, as described below, by 11:00 A.M., Central Time, on April 16, 2024. Bidders submitting a bid by internet **shall not be required to submit signed Official Bid Forms prior to the award.** Any prospective bidder that intends to submit an electronic bid must submit its electronic bid via the facilities of the i-Deal, LLC Parity System ("PARITY") and should, as a courtesy, register with PARITY by 9:00 A.M., Central Time, on April 16, 2024 indicating their intent to submit a bid by internet.

In the event of a malfunction in the electronic bidding process, bidders may submit their bids by email to mmcliney@samcocapital.com. If there is a malfunction of the electronic bidding process and a bidder submits a bid via email please call 210-832-9760 to notify the Financial Advisor (defined below) of the incoming bid. Any bid received after the scheduled time for their receipt will not be accepted.

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

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

OPENING OF BIDS: Bids will be opened and publicly read at 11:00 A.M., Central Time, on Tuesday, April 16, 2024, following which the bids will be evaluated by SAMCO Capital Markets, Inc. (the "Financial Advisor") and the District shall provide final approval of the award at a meeting of the Board later that evening. The Superintendent of Schools for the District, or their representative, shall award the Notes as described in the section entitled "AWARD AND SALE OF THE NOTES" below.

AWARD AND SALE OF THE NOTES: By 12:00 P.M. (Noon), Central Time, on the date set for receipt of bids, the Superintendent of the District or his representative shall tentatively award the Notes to the **low qualified bidder (the "Winning Bidder"), as described in the section entitled "CONDITIONS OF SALE – Basis of Award" herein subject to final approval of the Board of Trustees which will take action to adopt a resolution (the "Resolution")** authorizing the issuance and awarding sale of the Notes or will reject all bids promptly at a scheduled meeting to commence at 6:00 P.M. Central Time on Tuesday, April 16, 2024. The District reserves the right to reject any or all bids and to waive any irregularities, except time of filing.

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

THE NOTES

DESCRIPTION OF CERTAIN TERMS OF THE NOTES: The Notes will be dated April 15, 2024 (the "Dated Date") with interest to accrue from the Dated Date and will be payable initially on February 15, 2025 and semiannually thereafter on each August 15 and February 15 until stated maturity or prior redemption. The Notes will be issued as fully registered Notes in book-entry form only and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository (the "Securities Depository"). Book-entry interests in the Notes will be made available for purchase in the principal amount of $5,000 or any integral multiple thereof. Purchasers of the Notes ("Beneficial Owners") will not receive physical delivery of Notes representing their interest in the Notes purchased. So long as DTC or its nominee is the registered owner of the Notes, the principal of and interest on the Notes will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its Participants, which will in turn remit such principal and interest to the Beneficial Owners of the Notes. (See "BOOK-ENTRY-ONLY SYSTEM" in the Official Statement.) The Notes will be stated to mature on February 15 in each of the following years in the following amounts:

MATURITY SCHEDULE
(Due February 15)

Stated Maturity	Principal Amount*	Stated Maturity	Principal Amount*
2025	$95,000	2035	$225,000
2026	150,000	2036	235,000
2027	155,000	2037	245,000
2028	165,000	2038	260,000
2029	170,000	2039	270,000
2030	180,000	2040	280,000
2031	190,000	2041	295,000
2032	195,000	2042	310,000
2033	205,000	2043	325,000
2034	215,000	2044	335,000

ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE NOTES: The District reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Notes, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Notes shall not exceed $4,500,000*. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Notice of Sale may be amended at the sole discretion of the District to reflect such increase or decrease. The District will attempt to maintain total per Note underwriting spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined. The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

SERIAL NOTES AND/OR TERM NOTES: Bidders may provide that all of the Notes be issued as serial maturities or may provide that any two or more consecutive annual principal amounts be combined into one or more term notes, not to exceed five term notes (the "Term Notes").

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

OPTIONAL REDEMPTION: The District reserves the right, at its option, to redeem the Notes maturing on or after February 15 , 2034, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2033, or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption as further described in the Preliminary Official Statement.

SECURITY FOR PAYMENT: The Notes are being issued pursuant to the laws of the State of Texas (the "State"), including Section 45.108, as amended, Texas Education Code, and the Resolution, and are payable from an annual ad valorem maintenance tax levied, within the limits prescribed by law, on all taxable property located within the District.

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*Preliminary, subject to change.

OTHER TERMS AND COVENANTS: Other terms of the Resolution and the various covenants of the District contained in the Resolution are described in the Official Statement, to which reference is made for all purposes.

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

In the Resolution, the District retains the right to replace the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar, selected at the sole discretion of the District, shall be qualified as described in the Preliminary Official Statement. Upon a change in the Paying Agent/Registrar for the Notes, the District agrees to promptly cause written notice thereof to be sent to each registered owner of the Notes by United States mail, first-class, postage prepaid.

CONDITIONS OF SALE

TYPES OF BIDS AND INTEREST RATES: The Notes will be sold in one block on an "All or None" basis, and at a price of not less than their par value, plus accrued interest on the Notes from the Dated Date of the Notes to the date of Initial Delivery (defined herein) of the Notes. **No bid producing a cash premium on the Notes that results in a dollar price of less than 102% will be considered; provided, however, that any bid is subject to adjustment as described under the caption "ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS".** Bidders are invited to name the rate(s) of interest to be borne by the Notes, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/20 of 1% and the net effective interest for the Notes (calculated in the manner required by Chapter 1204, as amended, Texas Government Code) must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 200 basis points (or 2% in rate). No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Notes of one stated maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered.

BASIS OF AWARD: The sale of the Notes will be awarded to the bidder making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost (defined herein) rate to the District. The "True Interest Cost" rate is that rate which, when used to compute the total present value as of the Dated Date of all debt service payments on the Notes on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Notes plus the premium bid, (but not interest accrued from the Dated Date to the date of their initial delivery to the Purchaser). In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, set forth in the Official Bid Form will be considered as the intended bid.

In order to provide the District with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Notes (the "Code"), relating to the excludability of interest on the Notes from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the District (on or before the date of initial delivery of the Notes) a certification as to their initial offering prices of the Notes (the "Issue Price Certificate") substantially in the form and to the effect attached hereto or accompanying this Official Notice of Sale (See "ESTABLISHMENT OF ISSUE PRICE" herein).

ESTABLISHMENT OF ISSUE PRICE:

The Winning Bidder shall assist the District in establishing the issue price of the Notes and shall execute and deliver to the District by the Delivery Date an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public, together with the supporting pricing wires or equivalent communications, such issue price certificate substantially in the form attached hereto, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Winning Bidder, the District, and Norton Rose Fulbright US LLP, the District's Bond Counsel (but not to the extent that would preclude the establishment of issue price of the Notes under applicable federal regulations). All actions to be taken by the District under this Official Notice of Sale to establish the issue price of the Notes may be taken on behalf of the District by the District's Financial Advisor and any notice or report to be provided to the District may be provided to the District's Financial Advisor.

(a) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the "competitive sale requirements") because:

(1) the District shall disseminate this Official Notice of Sale to potential underwriters (defined below) in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the District anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the highest price (or lowest interest cost), as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Notes, as specified in the bid**.**

(b) In the event that the competitive sale requirements are not satisfied, the District shall so advise the Winning Bidder. In such event, the District intends to treat the initial offering price to the public (defined below) as of the sale date (defined below) of each maturity of the Notes as the issue price of that maturity (the "hold-the-offering-price rule"). The District shall promptly advise the Winning Bidder, at or before the time of award of the Notes, if the competitive sale requirements were not satisfied, in which case the hold-the-offering-price rule shall apply to the Notes. **Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied and the hold-the-offering-price rule applies**. In the event that the competitive sale requirements are not satisfied, resulting in the application of the hold-the-price rule, the issue price certificate shall be modified as necessary in the reasonable judgment of Bond Counsel and the District.

(c) By submitting a bid, the Winning Bidder shall (i) confirm that the underwriters have offered or will offer the Notes to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the Winning Bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Notes, that the underwriters will neither offer nor sell unsold Notes of any maturity to which the hold-the-offering-price rule applies to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5^{th}) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

The Winning Bidder will advise the District promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Notes to the public at a price that is no higher than the initial offering price to the public.

(d) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Notes, the winning bidder agrees to promptly report to the District the prices at which the unsold Notes of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the date of Initial Delivery has occurred, until the 10% test has been satisfied as to the Notes of that maturity or until all Bonds of that maturity have been sold. The 10% test shall be considered satisfied with respect to a maturity when at least 10% of the Notes of that maturity have been sold to the public at a particular price.

(e) The District acknowledges that, in making the representations set forth above, the Winning Bidder will rely on (i) the agreement of each underwriter to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Notes to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a retail or other third-party distribution agreement that was employed in connection with the initial sale of the Notes to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Notes, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering price rule, if applicable to the Notes, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail or other third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Notes, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Notes.

(f) By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail or other third-party distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Winning Bidder and as set forth in the related pricing wires, (ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Notes to the public, together with the related pricing wires, contains or will contain language obligating each underwriter or dealer that is a party to a retail or other third-party distribution agreement to be employed in connection with the initial sale of the Notes to the public to require each broker-dealer that is a party to such third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Winning Bidder or the underwriter and as set forth in the related pricing wires.

(g) Sales of any Notes to any person that is a related party (defined below) to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this section of the Official Notice of Sale entitled "ESTABLISHMENT OF ISSUE PRICE":

(1) "public" means any person other than an underwriter or a related party,

(2) "underwriter" means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Notes to the public (including a member of a selling group or a party to a retail or other third-party distribution agreement participating in the initial sale of the Notes to the public),

(3) a purchaser of any of the Notes is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) "sale date" means the date that the Notes are awarded by the District to the Winning Bidder.

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: See "THE NOTES – ADJUSTMENT OF PRINCIPAL AMOUNT AND MATURITY SCHEDULE FOR THE NOTES" for a description of the District's reservation of the right to increase or decrease the principal (maturity) amount of any maturity of the Notes, including the elimination of a maturity or maturities.

GOOD FAITH DEPOSIT: A bank cashier's check payable to the order of "Liberty Independent School District" in the amount of $90,000, which is 2% of the par value of the Notes (the "Good Faith Deposit"), is required. The Good Faith Deposit will be retained uncashed by the District until the Notes are delivered, and at that time it will be returned to the Purchaser uncashed on the date of delivery of the Notes; however, should the Purchaser fail or refuse to take up and pay for the Notes, said Good Faith Deposit is to be cashed by the District and the proceeds accepted as full and complete liquidated damages, except as provided under the caption "ADDITIONAL CONDITIONS OF AWARD - Statutory Representations and Covenants". The above mentioned Good Faith Deposit may accompany the bid, or it may be submitted separately; however, if submitted separately, it shall be made available to the District prior to the opening of the bids and shall be accompanied by instructions from the bank on which it is drawn which will authorize its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. No interest will be paid or allowed on any Good Faith Deposit. The checks accompanying all other bids will be returned immediately after the bids are opened and the award of the sale of the Notes has been made.

ADDITIONAL CONDITION OF AWARD

Disclosure of Interested Party Form. It is the obligation of the District to receive information from Winning Bidder if bidder is not a publicly traded business entity (a "Privately Held Bidder"). Pursuant to Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the District may not award the Notes to a Winning Bidder which is a Privately Held Bidder unless such party submits a Bond of Interested Parties Form 1295 (the "Disclosure Form") to the District as prescribed by the Texas Ethics Commission ("TEC"). In the event that a Privately Held Bidder's bid for the Notes is the best bid received, the District, acting through its financial advisor, will promptly notify the winning Privately Held Bidder. That notification will serve as the District's conditional verbal acceptance of the bid, and will obligate the winning Privately Held Bidder to establish (unless such winning Privately Held Bidder has previously so established) an account with the TEC, and promptly file a completed Disclosure Form, as described below, in order to allow the District to complete the award.

Process for completing the Disclosure Form. For purposes of illustration, the Disclosure Form is attached hereto, and reference should be made to such form for the following information needed to complete it: (a) item 2 - name of the governmental entity (Liberty Independent School District, Texas) and (b) item 3 - the identification number assigned to this contract by the District (Liberty ISD MTN2024 – Bid Form) and description of the goods or services (Purchase of the Liberty Independent School District, Texas Maintenance Tax Notes, Series 2024). The Interested Party Disclosure Act and the rules adopted by the TEC with respect thereto (the "Disclosure Rules") require a non-publicly traded business entity contracting with the District to complete the Disclosure Form electronically at https://www.ethics.state.tx.us/main/file.htm, print, sign, and deliver, in physical form, the certified Disclosure Form that is generated by the TEC's "electronic portal" to the District. The executed Disclosure Form must be sent by email to the District's financial advisor at mmcliney@samcocapital.com, as soon as possible following the notification of conditional verbal acceptance and prior to the final written award. Upon receipt of the final written award, the Disclosure Form with original signatures must be submitted by mail to Stephanie Leibe, c/o Norton Rose Fulbright US LLP, 98 San Jacinto Blvd, Suite 1100, Austin, Texas 78701, along with a PDF executed version sent to stephanie.leibe@nortonrosefulbright.com.

Preparations for completion, and the significance of, the reported information. In accordance with the Interested Party Disclosure Act, the information reported by the winning Privately Held Bidder must be declared by an authorized agent of the Privately Held Winning Bidder. No exceptions may be made to that requirement. The Interested Party Disclosure Act and the Disclosure Form provides that such acknowledgment is made "under penalty of perjury." Consequently, a winning Privately Held Bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form.

Time will be of the essence in submitting the form to the District, and no final award will be made by the District regarding the sale of the Notes until a completed Disclosure Form is received. If applicable, the District reserves the right to reject any bid that does not satisfy the requirement of a completed Disclosure Form, as described herein. Neither the District nor its consultants have the ability to verify the information included in a Disclosure Form, and neither party has an obligation nor undertakes responsibility for advising any bidder with respect to (1) the bidder's obligation to submit the Disclosure Form or (2) the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Notes should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form, if required, promptly upon notification from the District that its bid is the conditional winning bid. Instructional videos on logging in and creating a certificate are provided on the TEC's website at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm.

Statutory Representations and Covenants. By submitting a bid, each bidder makes the following representations and, if its bid is accepted, covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"). As used in therein, "affiliate" means an entity that controls, is controlled by, or is under common control with the bidder within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. If a bidder's bid is accepted, then liability for breach of any such representation or covenant during the term of the contract for purchase and sale of the Notes created thereby (the "Purchase Contract") shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of the bid or this Official Notice of Sale, notwithstanding anything herein or therein to the contrary.

Not a Sanctioned Company. Each bidder represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes each bidder and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

No Boycott of Israel. Each bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, if its bid is accepted, will not boycott Israel during the term of the Purchase Contract. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

No Discrimination Against Firearm Entities. Each bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and, if its bid is accepted, will not discriminate against a firearm entity or firearm trade association during the term of the Purchase Contract. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

No Boycott of Energy Companies. Each bidder hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, if its bid is accepted, will not boycott energy companies during the term of the Purchase Contract. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

Texas Attorney General Standing Letter. The winning bidder represents that it has, as of the date bids are due on the Notes and as of Closing, on file with the Texas Attorney General a standing letter addressing the representations and verifications hereinbefore described in this Notice of Sale in the form attached as Exhibit B to the Updated Recommendations for Compliance with the Texas BPA Verification and Representation Requirements (December 1, 2023) of the Municipal Advisory Council of Texas or any other form accepted by the Texas Attorney General (a "Standing Letter"). In addition, if subsequent to the filing of its Standing Letter, the winning bidder or the parent company, a wholly- or majority-owned subsidiary or another affiliate of such winning bidder receives or has received a letter from the Texas Comptroller of Public Accounts or the Texas Attorney General seeking (a) confirmation or verification of the these representations and verifications or (b) written verification that such bidder is a member of the Net Zero Banking Alliance, Net Zero Insurance Alliance, Net Zero Asset Owner Alliance, or Net Zero Asset Managers or of the representations and certifications contained in the winning bidder's Standing Letter (each a "Request Letter"), the winning bidder shall promptly notify the District and Bond Counsel (if it has not already done so) and provide to the District or Bond Counsel, two business days prior to Closing and additionally upon request by the District or Bond Counsel, written verification to the effect that its Standing Letter described in the preceding sentence remains in effect and may be relied upon by the District and the Texas Attorney General (the "Bringdown Verification"). The Bringdown Verification shall also confirm that the winning bidder (or the parent company, a wholly- or majority-owned subsidiary or other affiliate of the winning bidder that received the Request Letter) intends to timely respond or has timely responded to the Request Letter. The Bringdown Verification may be in the form of an e-mail. The District reserves the right, in its sole discretion, to reject any bid from a bidder that does not satisfy the foregoing requirements as of the deadline for bids for the Notes. Liability for breach of any such verification during the term of this contract for purchase shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this contract for purchase, notwithstanding anything in this contract for purchase to the contrary.

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

OFFICIAL STATEMENT

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

COMPLIANCE WITH RULE: The District has approved and authorized distribution of the accompanying Preliminary Official Statement for dissemination to potential purchasers of the Notes, but does not presently intend to prepare any other document or version thereof for such purpose, except as described below. Accordingly, the District deems the accompanying Preliminary Official Statement to be final as of its date, within the meaning of the Rule, except for information relating to the offering prices, interest rates, final debt service schedule, selling compensation, identity of the Purchaser and other similar information, terms and provisions to be specified in the competitive bidding process. The Purchaser shall be responsible for promptly informing the District of the initial offering yields of the Notes.

The District agrees to provide, or cause to be provided, to the Purchaser, the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a "designated electronic format" (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with the Rule or the rules of the Municipal Securities Rulemaking Board ("MSRB"). The District consents to the distribution of such documents in a "designated electronic format." Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with the applicable MSRB rules.

The District will complete and authorize distribution of the Official Statement identifying the Purchaser and containing information omitted from the Preliminary Official Statement. The District does not intend to amend or supplement the Official Statement otherwise, except to take into account certain subsequent events, if any, as described below. By delivering the final Official Statement or any amendment or supplement thereto in the requested quantity to the Purchaser on or after the sale date, the District intends the same to be final as of such date, within the meaning of Section 15c2-12(b)(3) of the Rule. Notwithstanding the foregoing, the District makes no representation concerning the absence of material misstatements or omissions from the Official Statement, except only as and to the extent under "CERTIFICATION OF THE OFFICIAL STATEMENT" as described below. To the best knowledge and belief of the District, the Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Notes.

MUNICIPAL BOND INSURANCE: In the event the Notes are qualified for municipal bond insurance, and the Purchaser desires to purchase such insurance, the cost therefor will be paid by the Purchaser. The District shall pay the rating agency fee for S&P (hereinafter defined). Any other fees to be paid to rating agencies as a result of said insurance will be paid by the Purchaser. It will be the responsibility of the Purchaser to disclose the existence of insurance, its terms and the effect thereof with respect to the reoffering of the Notes. Any downgrade by rating agencies of the bond insurance provider shall not relieve the Purchaser of its obligations under this heading. See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" in the Preliminary Official Statement.

FINAL OFFICIAL STATEMENT: In addition to delivering the Official Statement in a "designated electronic format", the District will furnish to the Purchaser, within seven (7) days after the sale date, an aggregate maximum of fifty (50) copies of the Official Statement, together with information regarding interest rates and other terms relating to the reoffering of the Notes, in accordance with Section 15c2-12(b)(3) of the Rule. The Purchaser may arrange, at its own expense, to have the Official Statement reproduced and printed if it requires more than 50 copies and may also arrange, at its own expense and responsibility, for completion and perfection of the first or cover page of the Official Statement so as to reflect interest rates and other terms and information related to the reoffering of the Notes. The Purchaser will be responsible for providing information concerning the District and the Notes to subsequent purchasers of the Notes, and the District will undertake no responsibility for providing such information other than to make the Official Statement available to the Purchaser as provided herein. The District agrees to provide, or cause to be provided, to the Purchaser the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in a "designated electronic format" (or printed format with respect to the final Official Statement) as may be required for the Purchaser to comply with the Rule or the rules of the MSRB. The District consents to the distribution of such documents in a "designated electronic format". Upon receipt, the Purchaser shall promptly file the Official Statement with the MSRB in accordance with the MSRB Rule G-32. The District's obligation to supplement the Official Statement to correct key representations determined to be materially misleading, after the date of the Official Statement, shall terminate upon initial delivery of the Notes to the Purchaser, unless the Purchaser notifies, in writing, the District that less than all of the Notes have been sold to ultimate customers on or before such date, in which case the obligation will extend for an additional period of time (but not more than 90 days after the sale date) until all of the Notes have been sold to ultimate customers.

CHANGES TO OFFICIAL STATEMENT: If, subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Purchaser of any adverse event which causes the Official Statement to be materially misleading, and unless the Purchaser elects to terminate its obligation to purchase the Notes, as described below under "DELIVERY AND ACCOMPANYING DOCUMENTS - CONDITIONS TO DELIVERY", the District will promptly prepare and supply to the Purchaser an appropriate amendment or supplement to the Official Statement satisfactory to the Purchaser and in a "designated electronic format"; provided, however, that the obligation of the District to do so will terminate when the District delivers the Notes to the Purchaser, unless the Purchaser notifies the District on or before such date that less than all of the Notes have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Notes) until all of the Notes have been sold to ultimate customers.

CERTIFICATION OF THE OFFICIAL STATEMENT: At the time of payment for and delivery of the hereinafter defined Initial Bond (the "Delivery Date"), 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 therefore, and on the date of the initial delivery thereof, 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; and (d) except as otherwise disclosed in the Official Statement there has been no material adverse change in the financial condition of the District since the date of the last financial statements of the District appearing in the Official Statement. The Official Statement and Official Notice of Sale will be approved as to form and content and the use thereof in the offering of the Notes will be authorized, ratified and approved by the Board of the District on the date of sale, and the Purchaser will be furnished, upon request, at the time of payment for and the delivery of the Notes, a certified copy of such approval, duly executed by the proper officials of the District.

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

COMPLIANCE WITH PRIOR UNDERTAKINGS: During the past five years, the District has complied in all material respects with all continuing disclosure agreements made in accordance with the Rule.

DELIVERY AND ACCOMPANYING DOCUMENTS

INITIAL DELIVERY OF INITIAL BOND: The initial delivery of the Notes to the Purchaser on the Delivery Date, will be accomplished by the issuance of either (i) a single fully registered Bond in the total principal amount of $4,500,000 (preliminary, subject to change) payable in stated installments to the Purchaser and numbered T-1, or (ii) as one (1) fully registered Bond for each year of stated maturity in the applicable principal amount and denomination, to be numbered consecutively from R-1 and upward (in either case, the "Initial Bond(s)"), signed by manual or facsimile signature of the President and Secretary of the Board approved by the Attorney General of Texas, and registered and manually signed by an authorized representative of the Comptroller of Public Accounts of the State of Texas. Initial Delivery (defined below) of the Notes will be at the corporate trust office of the Paying Agent/Registrar. Upon delivery of the Initial Bond(s), they shall be immediately canceled and one Bond for each stated maturity will be registered in the name of Cede & Co. and deposited with DTC in connection with DTC's Book-Entry-Only System. Payment for the Initial Bond must be made in immediately available funds for unconditional credit to the District, or as otherwise directed by the District. The Purchaser will be given six (6) business days' notice of the time fixed for delivery of the Notes. It is anticipated that Initial Delivery of the Initial Bond can be made on or about May 15, 2024, but if for any reason the District is unable to make delivery by May 15, 2024, then the District shall immediately contact the Purchaser and offer to allow the Purchaser to extend for an additional thirty (30) days its obligation to take up and pay for the Notes. If the Purchaser does not so elect within six (6) business days thereafter, then the Good Faith Deposit will be returned, and both the District and the Purchaser shall be relieved of further obligation. In no event shall the District be liable for any damages by reason of its failure to deliver the Notes, provided such failure is due to circumstances beyond the District's reasonable control.

EXCHANGE OF INITIAL BOND FOR DEFINITIVE NOTES: Upon payment for the Initial Note(s) at the time of such delivery, the Initial Note(s) are to be canceled by the Paying Agent/Registrar and registered definitive Notes delivered in lieu thereof, in multiples of $5,000 for each stated maturity, in accordance with written instructions received from the Purchaser and/or members of the Purchaser's syndicate. Such Notes shall be registered by the Paying Agent/Registrar. It shall be the duty of the Purchaser and/or members of the Purchaser's syndicate to furnish to the Paying Agent/Registrar, at least five days prior to the delivery of the Initial Note(s), final written instructions identifying the names and addresses of the registered owners, the stated maturities, interest rates, and denominations. The Paying Agent/Registrar will not be required to accept changes in such written instructions after the five day period, and if such written instructions are not received by the Paying Agent/Registrar five days prior to the delivery, the cancellation of the Initial Bond(s) and delivery of registered definitive Notes may be delayed until the fifth day next following the receipt of such written instructions by the Paying Agent/Registrar.

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

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

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

LEGAL OPINIONS: The Notes are offered when, as and if issued, subject to the approval of certain legal matters by the Attorney General of the State of Texas and Bond Counsel (see discussion "LEGAL MATTERS - Legal Opinions" in the Preliminary Official Statement).

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

GENERAL CONSIDERATIONS

FUTURE REGISTRATION: The Notes may be transferred, registered, and assigned on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof 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 Bond 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 Bond or Notes will be delivered by the Paying Agent/Registrar in lieu of the 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 its duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Notes registered and delivered in an exchange or transfer shall be in denominations of $5,000 for any one stated maturity or any integral multiple thereof and for a like aggregate principal amount and interest rate as the Notes surrendered for exchange or transfer.

RECORD DATE: The record date ("Record Date") for determining the party to whom the semiannual interest on the Notes is payable on any interest payment date is the last business day of the month next preceding such interest payment date.

RATING: A municipal bond rating application has been made to S&P Global Ratings ("S&P"). The outcome of the results will be made available to the Purchaser as soon as possible. (See "OTHER PERTINENT INFORMATION - Ratings" in the Preliminary Official Statement). An explanation of the significance of such a rating may be obtained from S&P. The rating of the Notes by S&P reflects only the view of S&P 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 such company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Notes.

SALE OF ADDITIONAL NOTES: The Issuer does not anticipate the issuance of additional debt in the next twelve months.

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

ADDITIONAL COPIES: Subject to the limitations described herein, an electronic copy of this Official Notice of Sale, the Official Bid Form, and the Official Statement may be obtained from www.samco.com.

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

/s/ ________________________________
President, Board of Trustees
Liberty Independent School District

ATTEST:

/s/ ________________________________
Secretary, Board of Trustees
Liberty Independent School District

April 9, 2024

OFFICIAL BID FORM

President and Board of Trustees
Liberty Independent School District
1600 Grand Avenue
Liberty, Texas 77575

April 16, 2024

Dear Ladies and Gentlemen:

Subject to the terms of your Official Notice of Sale and Preliminary Official Statement dated April 9, 2024, which terms are incorporated by reference to this proposal, we hereby submit the following bid for $4,500,000* (preliminary, subject to change) LIBERTY INDEPENDENT SCHOOL DISTRICT MAINTENANCE TAX NOTES, SERIES 2024.

For said legally issued Notes, we will pay you $___________ (being a price of no less than 102% of par value) plus accrued interest from their date to the date of delivery to us for Notes maturing February 15 and bearing interest per annum as follows:

Year of Stated Maturity	Principal Amount at Stated Maturity	Coupon %	Year of Stated Maturity	Principal Amount at Stated Maturity	Coupon %
2025	$95,000		2035*	$225,000	
2026	150,000		2036*	235,000	
2027	155,000		2037*	245,000	
2028	165,000		2038*	260,000	
2029	170,000		2039*	270,000	
2030	180,000		2040*	280,000	
2031	190,000		2041*	295,000	
2032	195,000		2042*	310,000	
2033	205,000		2043*	325,000	
2034*	215,000		2044*	335,000	

*Maturities available for Term Notes

Our calculation (which is not part of this bid) of the True Interest Cost from the above is: __________________%

We are (are not) having the Notes of the following maturities __________________ insured by __________________ at a premium of $__________________. The premium will be paid by the Winning Bidder. Any fees due to Rating Agencies, other than S&P Global Ratings ("S&P"), as a result of said insurance will be paid by the Winning Bidder. The District will pay the fee due to S&P.

ADJUSTMENT OF INITIAL PRINCIPAL AMOUNTS: As a condition to our submittal of this bid for the Notes, we acknowledge the following: The District reserves the right to increase or decrease the principal (maturity) amount of any maturity of the Notes, including the elimination of a maturity or maturities; provided, however, that the aggregate principal (denominational) amount of the Notes shall not exceed $4,500,000*. Notice of any such changes shall be given to the successful bidder as soon as practicable following the notification of award, as described below, and this Official Notice of Sale may be amended at the sole discretion of the District to reflect such increase or decrease. <u>The District will attempt to maintain the total per bond underwriting spread when adjusting maturities. No such adjustment will have the effect of altering the basis upon which the best bid is determined.</u> The successful bidder may not withdraw its bids or change the rates bid or any initial reoffering prices as a result of any changes made to the principal (denominational) amounts.

Of the eligible principal maturities set forth in the table above, we have created term notes (the "Term Notes") as indicated in the following table (which may include no more than five Term Notes). For those years which have been combined into a Term Note, the principal amount shown in the table shown on page ii of the Official Notice of Sale will be the mandatory sinking fund redemption amounts in such years except that the amount shown in the year of the Term Note maturity date will mature in such year.

Term Note Maturity Date February 15	**Year of First Mandatory Redemption**	**Principal Amount of Term Note**	**Interest Rate**
____________	____________	____________	____________
____________	____________	____________	____________
____________	____________	____________	____________
____________	____________	____________	____________
____________	____________	____________	____________

The Initial Note(s) shall be registered in the name of ______________________________________, which will, upon payment for the Notes, be cancelled by the Paying Agent/Registrar. The Notes will then be registered in the name of Cede & Co. (DTC's partnership nominee), under the Book-Entry-Only System.

Cashier's Check of the _________________________________ Bank, _________________, Texas, in the amount of $90,000, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this Bid), and is submitted in accordance with the terms as set forth in the Official Notice of Sale, said check is to be returned to the Purchaser.

We agree to accept delivery of the Notes utilizing the Book-Entry-Only System through DTC and make payment for the Initial Note <u>in immediately available funds</u> at the Corporate Trust Division, BOKF, NA, Dallas, Texas, not later than 10:00 A.M., Central Time, on Wednesday, May 15, 2024, or thereafter on the date the Notes are tendered for delivery, pursuant to the terms set forth in the Official Notice of Sale. It will be the obligation of the purchaser of the Notes to complete and file the DTC Eligibility Questionnaire. The undersigned agrees to the provisions of the Official Notice of Sale under the heading "CONDITIONS OF SALE – ESTABLISHMENT OF ISSUE PRICE" and, as evidenced thereof, agrees to complete, execute, and deliver to the District, by the Delivery Date, a certificate relating to the "issue price" of the Notes in the form and to the effect attached to or accompanying the Official Notice of Sale, with such changes thereto as may be acceptable to Bond Counsel for the District. (See "CONDITIONS OF SALE – ESTABLISHMENT OF ISSUE PRICE" in the Official Notice of Sale.)

<u>Through submittal of this executed Official Bid Form, the undersigned makes the representations and verifications provided in the Notice of Sale and Bidding Instructions under the heading "ADDITIONAL CONDITIONS OF AWARD -Statutory Representations and Covenants" and "—Texas Attorney General Standing Letter."</u>

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

Upon notification of conditional verbal acceptance, the undersigned will, if required by applicable Texas law as described in the Official Notice of Sale under the heading "ADDITIONAL CONDITION OF AWARD – DISCLOSURE OF INTERESTED PARTY FORM", complete an electronic form of the Note of Interested Parties Form 1295 (the "Disclosure Form") through the Texas Ethics Commission's (the "TEC") electronic portal and the resulting certified Disclosure Form that is generated by the TEC's electronic portal will be printed, signed, and sent by email to the District's financial advisor at mmcliney@samcocapital.com and Bond Counsel at stephanie.leibe@nortonrosefulbright.com. The undersigned understands that the failure to provide the certified Disclosure Form will prohibit the District from providing final written award of the enclosed bid.

Upon acceptance of this bid by the District, the accepted bid and Official Notice of Sale will together comprise a binding contract for purchase between the winning bidder and the District in accordance with their terms. The acceptance of the bid creates a binding contract with a term that extends until the Notes are taken up and paid for by the Bidder or any earlier termination of this contract in accordance with the terms of the Notice of Sale.

Bidder: ______________________________

By: ______________________________
Authorized Representative

____
Telephone Number

____
E-mail Address

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the Liberty Independent School District, subject to and in accordance with the Official Notice of Sale and Official Bid Form, this 16th day of April 2024.

/s/______________________________
President, Board of Trustees
Liberty Independent School District

ATTEST:

/s/______________________________
Secretary, Board of Trustees
Liberty Independent School District

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$4,500,000*
LIBERTY INDEPENDENT SCHOOL DISTRICT
MAINTENANCE TAX NOTES, SERIES 2024

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of ____________________, _______________, _____________ (the "Purchaser"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Obligations") of the Liberty Independent School District (the "Issuer").

1. ***Reasonably Expected Initial Offering Price***.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Obligations to the Public by the Purchaser are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Obligations used by the "Purchaser" in formulating its bid to purchase the Obligations. Attached as Schedule B is a true and correct copy of the bid provided by the "Purchaser" to purchase the Obligations.

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

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Obligations.

2. ***Defined Terms***.

(a) *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is April 16, 2024.

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

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

____

By: _________________________________

Name: _________________________________

Title: _________________________________

Dated: April 16, 2024

____
*Preliminary, subject to change.

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SCHEDULE A

EXPECTED OFFERING PRICES

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SCHEDULE B

COPY OF PURCHASER'S BID

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NEW ISSUE – BOOK-ENTRY-ONLY SYSTEM

Rating: S&P: "Applied For"
(See "RATING" and "BOND INSURANCE" and
"BOND INSURANCE GENERAL RISKS" herein)

PRELIMINARY OFFICIAL STATEMENT
Dated: April 9, 2024

In the opinion of Bond Counsel (identified below), assuming continuing compliance by the Issuer (defined below) after the date of initial delivery of the Notes (defined below) with certain covenants contained in the Resolution (defined below) and subject to the matters described under "TAX MATTERS" herein, interest on the Notes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code, as amended to the date of initial delivery of the Notes and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. (See "TAX MATTERS" herein.)

The District will designate the Notes as "Qualified Tax-Exempt Obligations" for financial institutions.

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

$4,500,000*
Maintenance Tax Notes, Series 2024

Dated Date: April 15, 2024 **Due: February 15, as shown on the inside cover page**

The Liberty 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 to be adopted on April 16, 2024 by the Board of Trustees (the "Board") of the Liberty Independent School District (the "District" or the "Issuer"). 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 limits prescribed by law, as provided in the Resolution. (See "THE NOTES – Security" and "TAX RATE LIMITATIONS" .)

Interest on the Bonds will accrue from the Dated Date shown above and will be payable on February 15, 2025 and semiannually thereafter on each February 15 and August 15 until stated maturity. The Bonds will be issued in fully registered form in principal denominations of $5,000 or any integral multiple thereof within a stated maturity. The definitive Bonds will be registered and delivered to Cede & Co. (the "Securities Depository") the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein.

Purchasers of the Bonds ("Beneficial Owners") will not receive physical delivery of certificates representing their interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, the principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas, as Paying Agent/Registrar, to the Securities Depository, which will in turn remit such principal and interest to its participants, which will in turn remit such principal and interest to the Beneficial Owners of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM" herein.)

Proceeds from the sale of the Notes will be used for (i) making various capital improvements and renovations to existing District facilities, including roof replacement at the middle school and high school, and (ii) paying the costs of issuance of the Notes. (See "THE NOTES - Authorization and Purpose").

SEE FOLLOWING PAGE FOR STATED MATURITIES, PRINCIPAL AMOUNTS
INTEREST RATES, INITIAL YIELDS, AND REDEMPTION PROVISIONS FOR THE BONDS

The Notes are offered for delivery, when, as and if issued and received by the initial purchaser (the "Purchaser"), and subject to the approving opinion of the Attorney General of the State of Texas and the approval of certain legal matters by Norton Rose Fulbright US LLP, Austin, Texas, ("Bond Counsel"). The legal opinion of Bond Counsel will be printed on, or attached to, the Notes. (See "APPENDIX C – Form of Legal Opinion of Bond Counsel".) It is expected that the Notes will be available for delivery through DTC on or about May 15, 2024 (the "Delivery Date").

BIDS DUE TUESDAY, APRIL 16, 2024, BY 11:00 A.M., CENTRAL TIME

**Preliminary, subject to change.*

$4,500,000*
LIBERTY INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Liberty County, Texas)
MAINTENANCE TAX NOTES, SERIES 2024

MATURITY SCHEDULE*
CUSIP Prefix No.: 531320 (1)

Stated Maturity 2/15	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix (1)	Stated Maturity 2/15	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix (1)
2025	$ 95,000				2035	$ 225,000			
2026	150,000				2036	235,000			
2027	155,000				2037	245,000			
2028	165,000				2038	260,000			
2029	170,000				2039	270,000			
2030	180,000				2040	280,000			
2031	190,000				2041	295,000			
2032	195,000				2042	310,000			
2033	205,000				2043	325,000			
2034	215,000				2044	335,000			

(Interest to accrue from the Dated Date)

The Issuer reserves the right to redeem the Notes maturing on or after February 15, 2034, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on February 15, 2033, or any date thereafter, at the redemption price of par plus accrued interest as further described herein. Additionally, the Purchaser may select certain consecutive maturities of the Notes to be grouped together as one or more "Term Note" and such "Term Notes" would also be subject to mandatory sinking fund redemption. (See "THE NOTES - Redemption Provisions of the Notes" herein.)

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*Preliminary, subject to change.

(1) CUSIP numbers are included solely for the convenience of owners of the Notes. CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the District, the Financial Advisor, or the Purchaser are responsible for the selection or correctness of the CUSIP numbers set forth herein.

LIBERTY INDEPENDENT SCHOOL DISTRICT

BOARD OF TRUSTEES

Name	Years Served	Current Term Expires
Lance Lawrence President	12	2024
Malcom Goudeau Vice President	8	2025
Rachel Odell Secretary	9	2024
D-Ann Berry Board Member	7	2026
Lloyd Griffith Board Member	4	2026
Barbie Kelly Board Member	4	2025
Julie Hebert Board Member	2	2025

APPOINTED OFFICIALS

Name	Position	Length of Service With the District (Years)
Dustin McGee	Superintendent	2
Kate Chambers	Deputy Superintendent	2
Tim Brittain	Chief Financial Officer	1

CONSULTANTS AND ADVISORS

Norton Rose Fulbright US LLP, Austin, Texas	Bond Counsel
SAMCO Capital Markets, Inc., San Antonio, Texas	Financial Advisor
Weaver and Tidwell, L.L.P.	Certified Public Accountants

For additional information, contact:

Mr. Tim Brittain
Chief Financial Officer
Liberty Independent School District
1600 Grand Avenue
Liberty, Texas 77575
(936) 336-7213
twbrittain@libertyisd.net

Mark McLiney, Senior Managing Director
Andrew Friedman, Managing Director
SAMCO Capital Markets, Inc.
1020 Northeast Loop 410, Suite 640
San Antonio, Texas 78209
(210) 832-9760
mmcliney@samcocapital.com
afriedman@samcocapital.com

USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

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

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the District, the Financial Advisor or the Purchaser. 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 opinion, or that they will be realized.

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

THE NOTES ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE NOTES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THE NOTES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

IN CONNECTION WITH THIS OFFERING, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NONE OF THE DISTRICT, ITS 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, OR THE INSURER (HEREIN AFTER DEFINED), IF ANY, AND ITS MUNICIPAL BOND INSURANCE POLICY AS SUCH INFORMATION WAS PROVIDED BY DTC AND/OR THE INSURER, IF ANY, RESPECTIVELY.

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

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.

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, ad are not a part of, this official statement for any purpose.

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SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The District The Liberty Independent School District (the "Issuer" or the "District") is an oil and gas producing area, business center and government center that includes the City of Liberty, the county seat and principal commercial center of Liberty County. Located on U.S. Highway 90, the District's western boundary is approximately 60 minutes from downtown Houston. Local manufacturers produce oil and gas. The Issuer was created under State statute and is governed by an elected seven-member Board of Trustees (the "Board") of which each member serves a staggered three-year term. (See "APPENDIX B - General Information Regarding The Liberty Independent School District and Liberty County, Texas" herein.)

The Notes The Notes are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Section 45.108 of the Texas Education Code, as amended, and a note resolution (the "Resolution") authorizing the issuance of the Notes to be adopted on April 16, 2024 by the Board. (See "THE NOTES–Security" and "TAX RATE LIMITATIONS").

Paying Agent/Registrar The initial paying agent/registrar is BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). 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 limits 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 February 15, 2034 are subject to redemption at the option of the District in whole or in part on February 15, 2033 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 A municipal bond rating application has been made to S&P Global Ratings ("S&P"). The outcome of the results will be made available to the Purchaser as soon as possible. (See "OTHER PERTINENT INFORMATION - Rating" herein.)

Bond Insurance The District has made application for a municipal bond insurance policy to several municipal bond insurance companies. No representation is hereby made that the District will use municipal bond insurance in connection with the issuance of the Notes. (See "BOND INSURANCE" and "BOND INSURANCE GENERAL RISKS" herein).

Tax Matters In the opinion of Norton Rose Fulbright US LLP, Austin, Texas, as Bond Counsel to the District, 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. (See "TAX MATTERS" and "APPENDIX C - Form of Legal Opinion of Bond Counsel" herein.)

Qualified Tax-Exempt Obligations The District will designate the Notes as "Qualified Tax-Exempt Obligations" for financial institutions. (See "TAX MATTERS – Qualified Tax-Exempt Obligations").

Legal Opinion Delivery of the Notes is subject to the approval by the Attorney General of the State of Texas and the rendering of opinions as to legality by Norton Rose Fulbright US LLP, Austin, Texas, Bond Counsel.

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

Delivery When issued, anticipated to be on or about May 15, 2024.

OFFICIAL STATEMENT
relating to

$4,500,000*
LIBERTY INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Liberty County, Texas)
MAINTENANCE TAX NOTES, SERIES 2024

INTRODUCTORY STATEMENT

This Official Statement (the "Official Statement"), which includes the cover page and Appendices A, B and D attached hereto, has been prepared by the Liberty Independent School District (the "District"), a political subdivision of the State of Texas (the "State") located in Liberty County, Texas, in connection with the offering by the District of its Maintenance Tax Notes, Series 2024 identified on the inside cover page hereof.

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

There follows in this Official Statement descriptions of the Notes and the Resolution (defined below) to be adopted by the Board of Trustees of the District (the "Board") on April 16, 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 Liberty Independent School District, 1600 Grand Avenue, Liberty, Texas 77575 and, during the offering period, from the Financial Advisor, SAMCO Capital Markets, Inc., 1020 Northeast Loop 410, Suite 640, San Antonio, Texas 78209 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 $4,500,000 (preliminary, subject to change) pursuant to the Constitution and general laws of the State of Texas, particularly Section 45.108 of the Texas Education Code, as amended, and a resolution (the "Resolution") authorizing the issuance of the Notes to be adopted on April 16, 2024 by the Board.

Proceeds from the sale of the Notes will be used for (i) making various capital improvements and renovations to existing District facilities, including roof replacement at the middle school and high school, and (ii) paying the costs of issuance of the Notes.

General Description

The Notes will be dated April 15, 2024 (the "Dated Date"). Interest on the Notes will accrue from the Dated Date, with such interest payable initially on February 15, 2025 and semiannually thereafter on each August 15 and February 15 until stated maturity or prior redemption. The Notes will mature on the dates, in the principal amounts, and will bear interest at the rates set forth on page 2 of this Official Statement.

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

If the date for any payment on the Notes is a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

Redemption Provisions of the Notes

The Issuer reserves the right, at its sole option, to redeem Notes stated to mature, on or after February 15, 2034, in whole or in part, in principal amounts of $5,000 or any integral multiple thereof on February 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. In addition, two or more consecutive maturities of the Notes may be grouped together as a “Term Note” by the Purchaser, and such “Term Notes” would also be subject to mandatory sinking fund redemption. If less than all of the Notes within a stated maturity are to be redeemed, the particular Notes to be redeemed shall be selected by lot or by other customary random method by the Paying Agent/Registrar.

Notice of Redemption and DTC Notices

Not less than 30 days prior to a redemption date for the Notes, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Bond to be redeemed, in whole or in part, at the address of the holder appearing on the Bond 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 ONE OR MORE BONDHOLDERS FAILED TO RECEIVE SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE NOTES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

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 Notes 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, will 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 direct participants and indirect participants may implement a redemption of such Notes from the Beneficial Owners. Any such selection of Notes the District has called for redemption 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 direct 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 limits 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 Norton Rose Fulbright US LLP, Austin, 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 for the Notes 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 for the Notes 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 for the defeasance of the Notes when the payment of the principal of and premium, if any, on the Notes, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment, (2) Government Obligations (defined below) that 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 Obligations together so certified sufficient to make such payment. The District has additionally reserved the right in the Resolution, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Obligations for the Government Obligations 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 Obligations" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the District adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, or (d) any additional securities and obligations hereafter authorized by Texas law as eligible for use to accomplish the discharge of obligations such as the Notes. District officials may restrict such eligible securities as deemed appropriate. There is no assurance that the ratings for United States Treasury securities acquired to defease any Notes, or those for any other Government Obligations, 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 will no longer be regarded to be outstanding obligations for purposes of applying any limitation on indebtedness or for purposes of taxation. 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, that, the District's right to redeem Notes defeased to stated maturity is not extinguished if 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 stated 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	$
[Net] Reoffering Premium	
Total Sources of Funds	$
Uses	
Deposit to Project Fund	$
Costs of Issuance	
Purchaser's Discount	
Deposit to Note Fund	
Total Uses of Funds	$

REGISTERED OWNERS' REMEDIES

If the District defaults in the payment of principal or interest, or redemption price 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 Resolution 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. On June 30, 2006, the Texas Supreme Court 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 United States 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 Notes are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity that permit the exercise of judicial discretion.

BOOK-ENTRY-ONLY SYSTEM

The following describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC (defined below) while the Bonds 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 and the Purchasers cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption, or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), 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 DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities 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 Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, 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 Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities 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 Agent, 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, Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Agent, 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.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security 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, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no 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 Bonds 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 Participant acquires an interest in the Bonds, 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.

Effect of Termination of Book-Entry-Only System

In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the District, printed physical Bond certificates will be issued to the respective holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Resolution and summarized under the caption "REGISTRATION, TRANSFER AND EXCHANGE" above.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). The Notes are being issued in fully registered form in integral multiples of $5,000 of principal amount, as applicable. If the Notes are no longer held in the Book-Entry-Only System, interest on the Notes will be payable semiannually by the Paying Agent/Registrar by check mailed on each interest payment date by the Paying Agent/Registrar to the registered owner at the last known address as it appears on the Register on the Record Date.

If the Notes are no longer held in the Book-Entry-Only System, principal of the Notes will be payable at stated maturity upon presentation and surrender thereof at the corporate trust office of the Paying Agent/Registrar. So long as Cede & Co. is the registered owner of the Notes, payments of principal of and interest on the Notes will be made as described in "BOOK-ENTRY-ONLY SYSTEM."

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; a trust company organized under the laws of the State; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Notes.

Future Registration

In the event the Book-Entry Only System is discontinued, the Notes may be transferred, registered and assigned on the Register 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 such Note or by such 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 being transferred or exchanged at the principal corporate 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 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 Note or 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 any Note is payable on any interest payment date means the close of business on the last business day of the 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 Owner of a Note appearing on the Register at the close of business on the last business day next preceding the date of mailing of such notice.

Limitation on Transfer of Notes

Neither the District nor the Paying Agent/Registrar shall 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; provided, however, that such limitation shall not apply to uncalled portions of a Note redeemed in part.

Replacement Notes

If any Note is mutilated, destroyed, stolen or lost, a new Note in the same principal amount, as the case may be, 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.

AD VALOREM PROPERTY TAXATION

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

Valuation of Taxable Property

The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the District is the responsibility of the Liberty County Central Appraisal District (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

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

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. 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 PROPERTY TAXATION – 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 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.

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.

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.

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.

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. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. The Texas Legislature recently amended Section 11.35, Tax Code to clarify that "damage" for purposes of such statute is limited to "physical damage." For more information on the exemption, reference is made to Section 11.35 of the Tax Code.

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. The 87th Texas Legislature did not vote to extend this program, which expired by its terms, effective December 31, 2022 (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts").

During the Regular Session of the 88th Texas Legislature, Subchapter T of Chapter 403 of the Texas Government Code ("Chapter 403T"") was enacted into law. Chapter 403T is intended as a replacement of former Chapter 313, Texas Tax Code ("Chapter 313"), but it contains significantly different provisions than the prior program under Chapter 313. Under Chapter 403T, a school district may offer a 50% abatement on taxable value for maintenance and operations property taxes for certain eligible projects, except that projects in a federally designated economic opportunity zone receive a 75% abatement. Chapter 403T also provides a 100% abatement of maintenance and operations taxes for eligible property during a project's construction period. **Taxable valuation for purposes of the debt services taxes securing the Notes may be abated under HB 5**. Eligible projects must involve manufacturing, dispatchable power generation facilities, technology research/development facilities, or critical infrastructure projects and projects must create and maintain jobs, as well as meet certain minimum investment requirements. The effective date of Chapter 403T was January 1, 2024, and the District is still in the process of reviewing Chapter 403T and cannot make any representations as to what impact, if any, Chapter 403T will have on its finances or operations. **To date, the District has not authorized any abatements under Chapter 403T**.

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 " - District Application of the Property Tax Code" below.

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. For tax year 2023, the State Comptroller has determined the minimum eligibility amount to be $57,216,456 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 PROPERTY TAXATION - 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.

THE PROPERTY TAX CODE AS APPLIED TO THE DISTRICT

The Appraisal District has the responsibility for appraising property in the District as well as other taxing units in Liberty County. The Appraisal District is governed by a board of six directors appointed by members of the governing bodies of various political subdivisions within Liberty County.

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 up to 20% penalty to defray attorney costs in the collection of delinquent taxes over and above the penalty automatically assessed under the Code.

On August 21, 2007, the Board adopted a resolution authorizing the continued taxation of goods-in-transit for the tax year 2008 and beyond.

The District does not collect its own taxes; the District's taxes are collected by Liberty County Tax Collector.

On December 16, 2008 the District rescinded its prior action taken on November 21, 1989 to tax freeport goods. The tax-exempt status of freeport goods became effective January 1, 2009.

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

The District grants a local exemption of $100,000 of the market value of residence homesteads. The District also grants a local option homestead exemption of $10,000 for taxpayers at least 65 years of age, and an additional homestead exemption of $10,000 for the disabled.

To date, the District has not entered into any tax abatement agreements under Chapter 403T.

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 "State Legislature") from time to time (i) met the requirements of article VII, section 1 of the Texas Constitution, which requires the State 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 State 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 State 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 State Legislature could enact future changes to the Finance System. Any such changes could benefit or be a detriment to the District. If the State 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 State 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 ad valorem tax, within the limits prescribed by law, would be adversely affected by any such legislation (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein).

CURRENT PUBLIC SCHOOL FINANCE SYSTEM

Overview

The following language constitutes only a summary of the public school finance system as it is currently structured. For a more complete description of school finance and fiscal management in the State, reference is made to Chapters 43 through 49 of the Texas Education Code, as amended.

Local funding for school districts 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: (i) a maintenance and operations ("M&O") tax to pay current expenses and (ii) an interest and sinking fund ("I&S") tax to pay debt service on bonds. School districts are prohibited from levying an M&O tax rate for the purpose of creating a surplus in M&O tax revenues to pay the district's debt service. School districts are required 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 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 the first, second, third or fourth called special sessions of the 88th Texas Legislature.

During the second called special session, legislation was passed that (i) reduced the Maximum Compressed Tax Rate for school districts by approximately $0.107 for the 2023-2024 school year; (ii) increased the amount of the mandatory school district general residential homestead exemption from ad valorem taxation from $40,000 to $100,000 and to hold districts harmless from certain M&O and I&S tax revenue losses associated with the increase in the mandatory homestead exemption; (iii) adjusted the amount of the limitation on school district ad valorem taxes imposed on the residence homesteads of the elderly or disabled to reflect increases in exemption amounts; (iv) prohibits school districts, cities and counties from repealing or reducing an optional homestead exemption that was granted in tax year 2022 (the prohibition expires on December 31, 2027); (v) established a three- year pilot program limiting growth in the taxable assessed value of non-residence homestead property valued at $5,000,000 or less to 20 percent (school districts are not held harmless for any negative revenue impacts associated with such limits); (vi) excepted certain appropriations to pay for ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations; and (vii) expanded the size of the governing body of an appraisal district in a county with a population of more than 75,000 by adding elected directors and authorizing the Legislature to provide for a four-year term of office for a member of the board of directors of certain appraisal districts. At an election held on November 7, 2023, voters approved a State constitutional amendment effectuating the legislative changes. The legislation adopted during the second called special session reduces the amount of property taxes paid by homeowners and businesses and increases the State's share of the cost of funding public education.

During any additional called special session, the Legislature may enact laws that materially change current law as it relates to the funding of public schools, including the District. 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 comprised of two distinct parts: the "Tier One Tax Rate," which is the local M&O tax rate required for a school district to receive any part of the basic level of State funding (referred to herein as "Tier One") under the Foundation School Program, as further described below, and the "Enrichment Tax Rate," which is any local M&O tax effort in excess of its Tier One Tax Rate.

The 2019 Legislation amended formulas for the State Compression Percentage and Maximum

Compressed Tax Rate (each as described below) to compress M&O tax rates in response to year-over-year increases in property values across the State and within a school district, respectively. The discussion in this subcaption "Local Funding for School Districts" is generally intended to describe funding provisions applicable to all school districts; however, there are distinctions in the funding formulas for school districts that generate local M&O tax revenues in excess of the school districts' funding entitlements, as further discussed under the subcaption "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - Local Revenue Level in Excess of Entitlement" herein.

***State Compression Percentage**.* The "State Compression Percentage" 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's 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. For the 2023-2024 school year, the Legislature reduced the maximum MCR, establishing $0.6880 as the maximum rate and $0.6192 as the floor.

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

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

School districts may levy an Enrichment Tax Rate at a level of their choice, subject to the limitations described under "TAX RATE LIMITATIONS - Public Hearing and Voter-Approval Tax Rate." However, to levy any of the Enrichment Tax Rate in a given year, a school district must levy a Tier One Tax Rate equal to the school district's MCR 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. Tier One funding is the basic level of programmatic 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, the demographics of students in ADA, and the educational programs the students are being served in, to make up most of a school district's Tier One entitlement under the Foundation School Program.

The Basic Allotment for a school district with a Tier One Tax Rate equal to the school district's MCR, is $6,160 (or a greater amount as may be provided by appropriation) for each student in ADA and is revised downward for a school district with a Tier One Tax Rate lower than the school district's MCR. The Basic Allotment is then supplemented for all school districts by various weights to account for differences among school districts and their student populations. Such additional allotments include, but are not limited to, increased funds for students in ADA who: (i) attend a qualified special education program, (ii) are diagnosed with dyslexia or a related disorder, (iii) are economically disadvantaged, or (iv) have limited English language proficiency. Additional allotments to mitigate differences among school districts include, but are not limited to: (i) a transportation allotment for mileage associated with transporting students who reside two miles or more from their home campus, (ii) a fast growth allotment, (iii) a college, career and military readiness allotment to further the State's goal of increasing the number of students who attain a postsecondary education or workforce credential, and (iv) a teacher compensation incentive allotment to increase teacher 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 are 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, Instructional Facilities Allotment, and New Instructional Facilities Allotment. The Foundation School Program also includes facilities funding components consisting of the IFA and the EDA, subject to legislative appropriation each State fiscal biennium. To the extent funded for a biennium, these programs assist school districts in funding facilities by, generally, equalizing a school district's I&S tax effort. The IFA guarantees each awarded school district a specified amount per student (the "IFA Yield") in State and local funds for each cent of I&S tax levied to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate or improve instructional facilities. The IFA Yield has been $35 since 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.

For the 2023-2024 school year, school districts will be held harmless and entitled to additional State aid to the extent that State and local revenue used to service eligible debt is less than the State and local revenue that would have been available to the district under State law providing for State aid to districts to account for increases in the general residence homestead exemption and the elderly or disabled tax ceiling as such State law existed on September 1, 2022, if any increase in a residence homestead exemption under the Texas Constitution, and any additional limitation on tax increases under the elderly or disabled tax ceiling had not occurred. See "AD VALOREM PROPERTY TAXATION - Local Option Homestead Exemptions" and " - State Mandated Freeze on School District Taxes."

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 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 propertypoor school districts; (5) a school district may execute an agreement to provide students of one or more other school districts with career and technology education through a program designated as an area program for career and technology education; or (6) a school district may consolidate by agreement with one or more school districts to form a consolidated taxing school district solely to levy and distribute either M&O taxes or both M&O taxes and I&S taxes. A Chapter 49 school district may also exercise any combination of these remedies. Options (3), (4) and (6) require prior approval by the Chapter 49 school district's voters.

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

CURRENT PUBLIC SCHOOL FINANCE SYSTEM AS APPLIED TO THE DISTRICT

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

A district's "excess local revenue" 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 may be required each year to exercise one or more of the wealth reduction options. If the District were to consolidate (or consolidate its tax base for all purposes) with a property-poor district, the outstanding debt of each district could become payable from the consolidated district's combined property tax base, and the District's ratio of taxable property to debt could become diluted. If the District were to detach property voluntarily, a portion of its outstanding debt (including the Notes) could be assumed by the district to which the property is annexed, in which case timely payment of the Notes could become dependent in part on the financial performance of the annexing district.

For a detailed discussion of State funding for school districts, see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts" herein.

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 5, 1960 in accordance with the provisions of Article 2784e-1, Texas Revised Civil Statutes Annotated, as amended.

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

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

The Notes are payable from the District's M&O tax, levied and collected within the limits prescribed by law, and are not secured by an unlimited ad valorem tax. Therefore, the issuance of the Notes is not subject to evidence of compliance with the limitations described below that pertain to unlimited tax bonds.

I&S Tax Rate Limitations

A school district is also authorized to issue bonds and levy taxes for payment of bonds subject to voter approval of one or more propositions submitted to the voters under Section 45.003(b)(1), Texas Education Code, as amended, which provides a tax unlimited as to rate or amount for the support of school district bonded indebtedness (see "THE NOTES - Security").

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

Public Hearing and Voter-Approval Tax Rate

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

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

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

The governing body of a school district generally cannot adopt a tax rate exceeding the school district's Voter-Approval Tax Rate without approval by a majority of the voters approving the higher rate at an election to be held on the next uniform election date. Further, subject to certain exceptions for areas declared disaster areas, State law requires the board of trustees of a school district to conduct an efficiency audit before seeking voter approval to adopt a tax rate exceeding the Voter-Approval Tax Rate and sets certain parameters for conducting and disclosing the results of such efficiency audit. An election is not required for a tax increase to address increased expenditures resulting from certain natural disasters in the year following the year in which such disaster occurs; however, the amount by which the increased tax rate exceeds the school district's Voter-Approval Tax Rate for such year may not be considered by the school district in the calculation of its subsequent Voter-Approval Tax Rate.

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

Before adopting its annual tax rate, a public meeting must be held for the purpose of adopting a budget for the succeeding year. A notice of public meeting to discuss the school district's budget and proposed tax rate must be published in the time, format and manner prescribed in Section 44.004 of the Texas Education Code. Section 44.004(e) of the Texas Education Code provides that a person who owns taxable property in a school district is entitled to an injunction restraining the collection of taxes by the school district if the school district has not complied with such notice requirements or the language and format requirements of such notice as set forth in Section 44.004(b), (c), (c-1), (c-2), and (d), and, if applicable, subsection (i), and if such failure to comply was not in good faith. Section 44.004(e) further provides the action to enjoin the collection of taxes must be filed before the date the school district delivers substantially all of its tax bills. A school district that elects to adopt a tax rate before the adoption of a budget for the fiscal year that begins in the current tax year may adopt a tax rate for the current tax year before receipt of the certified appraisal roll, so long as the chief appraiser of the appraisal district in which the school district participates has certified to the assessor for the school district an estimate of the taxable value of property in the school district. If a school district adopts its tax rate prior to the adoption of its budget, both the no-new-revenue tax rate and the Voter-Approval Tax Rate of the school district shall be calculated based on the school district's certified estimate of taxable value. A school district that adopts a tax rate before adopting its budget must hold a public hearing on the proposed tax rate followed by another public hearing on the proposed budget rather than holding a single hearing on the two items.

A school district must annually calculate and prominently post on its internet website, and submit to the county tax assessor collector for each county in which all or part of the school district is located, its Voter-Approval Tax Rate in accordance with forms prescribed by the State Comptroller.

BOND INSURANCE

The District has made an application for a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Notes with a municipal bond insurance company. If the District obtains a commitment from a bond insurance company (the "Insurer") to provide a municipal bond insurance policy relating to the Notes (the "Policy"), the final Official Statement shall disclose relevant information relating to the Insurer and the Policy.

BOND INSURANCE GENERAL RISKS

General

The District has yet to determine whether any insurance will be purchased with respect to the Notes. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

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 applicable 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 for the Notes.

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 from the moneys received by the Paying Agent/Registrar pursuant to the Resolution for the Notes or the. 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.

Neither the District nor 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 Investor Services Inc., S&P (defined herein) and Fitch Ratings, Inc. 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.

EMPLOYEE BENEFIT PLANS AND OTHER POST-EMPLOYMENT BENEFITS

The District's employees participate in a retirement plan (the "Plan") with the State. The Plan is administered by the Teacher Retirement System of Texas ("TRS"). State contributions are made to cover costs of the 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 August 31, 2023, the District made a contribution of $704,481 to TRS on a portion of its employees' salaries that exceeded the statutory minimum.

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 C. Defined Benefit Pension Plan" in the Financial Statements.

During the year ended August 31, 2023, employees of the District were covered by a fully-insured health insurance plan (the "Health Care Plan"). The District contributed $187 in premiums per month per employee to the Health Care Plan. Employees, at their option, authorize payroll withholdings to pay premiums for dependents. See "Note D. Defined Other Postemployment Benefit Plan" of the Financial Statements.

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

RATING

In connection with the sale of the Notes, the District has made application to S&P Global Ratings ("S&P") for a municipal bond rating. 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 State 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 for maintenance purposes, within the limits prescribed by law, upon all taxable property in the District, and the approving legal opinion of Bond Counsel, to the effect that the Notes are valid and legally binding obligations of the District. In addition, Bond Counsel will furnish the Purchaser with its opinion that, subject to the qualifications set forth herein under "TAX MATTERS," the interest on the Notes is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, published rulings, regulations, and court decisions. The form of Bond Counsel opinion is attached hereto as APPENDIX C. The legal fees 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.

Though it represents the Financial Advisor 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 has reviewed the information in this Official Statement appearing under the captions and subcaptions "THE NOTES" (except for the information under the subcaptions the third paragraph under "Notices of Redemption and DTC Notices," "Payment Record," and "Sources and Uses of Funds", as to which no opinion is expressed), and "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the sub-caption "Compliance With Prior Undertakings," as to which no opinion is expressed), and Bond Counsel is of the opinion that the statements and information contained therein fairly and accurately reflect the provisions of the Resolution; further, Bond Counsel has reviewed the statements and information contained in this Official Statement under the captions and sub-captions "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS," "CURRENT PUBLIC SCHOOL FINANCE SYSTEM", "TAX RATE LIMITATIONS" (first paragraph only), "LEGAL MATTERS" (except for the last sentence of the first paragraph under the subcaption "Legal Opinions" and information under the subcaption "Litigation," as to which no opinion is expressed), "TAX MATTERS," and "OTHER PERTINENT INFORMATION – Registration and Qualification of Notes for Sale," and Bond Counsel is of the opinion that the statements and information contained therein are correct as to matters of law.

Litigation

On the date of delivery of the Notes to the Purchaser, the District will execute and deliver to the Purchaser a certificate to the effect that, except as disclosed in this Official Statement, no litigation of any nature has been filed or is pending, as of that date, 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.

Except as disclosed above, in the opinion of various officials of the Issuer, there is no litigation or other proceeding pending against or, to their knowledge, threatened against the Issuer in any court, agency, or administrative body (either state or federal) wherein an adverse decision would materially adversely affect the financial condition of the Issuer.

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 of Texas. With respect to investment in the Notes by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Notes be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER PERTINENT INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Notes are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. The Notes are eligible to sure 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.

TAX MATTERS

Tax Exemption

The delivery of the Notes is subject to the opinion of Bond Counsel to the effect that interest on the Notes for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel's opinion is reproduced as APPENDIX C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Issuer described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Notes is commenced, under current procedures the IRS is likely to treat the Issuer as the "taxpayer," and the owners of the Notes would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Notes, the Issuer may have different or conflicting interests from the owners of the Notes. Public awareness of any future audit of the Notes could adversely affect the value and liquidity of the Notes during the pendency of the audit, regardless of its ultimate outcome.

Ancillary Tax Consequences

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions (see "Qualified Tax-Exempt Obligations" below), life insurance companies, property and casualty insurance companies, corporations subject to the alternative minimum tax on adjusted financial statement income, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Notes. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Notes.

Tax Changes

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Notes from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Notes. Prospective purchasers of the Notes should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Notes

The initial public offering price of certain Notes (the "Discount Notes") may be less than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Notes of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Notes described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions (see "Qualified Tax-Exempt Obligations" below), life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Notes should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Notes. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Notes may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Notes (the "Premium Notes") may be greater than the amount payable on such Notes at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Notes of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Notes. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Notes should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Notes for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Notes.

Qualified Tax-Exempt Obligations

Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by "financial institutions" described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exemption to this interest disallowance rule for financial institutions stating that such disallowance does not apply to interest expense allocable to certain tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are properly designated by an issuer as "qualified tax-exempt obligations." An issuer may designate obligations as "qualified tax-exempt obligations" only if the amount of the issue of which they are a part, when added to the amount of certain other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations other than certain current refunding bonds) issued or reasonably anticipated to be issued by the issuer and certain related entities during the same calendar year, does not exceed $10,000,000.

The District will designate the Notes as “qualified tax-exempt obligations” and will certify its expectation that the above described $10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Notes will not be subject to the 100% disallowance of interest expense allocable to interest on the Notes under section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Notes will be reduced by 20% pursuant to section 291 of the Code.

INVESTMENTS

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

Legal Investments

Under State law and subject to certain limitations, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations issued and secured by a federal agency or instrumentality of the United States; (4) other obligations unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies and instrumentalities; (5) “A” or better rated obligations of states, agencies, counties, cities, and other political subdivisions of any state; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) federally insured interest-bearing bank deposits, brokered pools of such deposits, and collateralized certificates of deposit and share certificates; (8) fully collateralized United States government securities repurchase agreements; (9) one-year or shorter securities lending agreements secured by obligations described in clauses (1) through (7) above or (11) through (14) below or an irrevocable letter of credit issued by an “A” or better rated state or national bank; (10) 270-day or shorter bankers’ acceptances, if the short-term obligations of the accepting bank or its holding company are rated at least “A-1” or “P-1”; (11) commercial paper rated at least “A-1” or “P-1”; (12) SEC-registered no-load money market mutual funds that are subject to SEC Rule 2a-7; (13) SEC-registered no-load mutual funds that have an average weighted maturity of less than two years; (14) “AAA” or “AAAm”-rated investment pools that invest solely in investments described above; (15) aggregate repurchase agreement transactions entered into by an investing entity in conformity with the provisions of subsections (a-1), (f), and (g) of Section 2256.011 of the Public Funds Investment Act; and (16) in the case of bond proceeds, guaranteed investment contracts that are secured by obligations described in clauses (1) through (7) above and, except for debt service funds and reserves, have a term of 5 years or less.

The District may not, however, invest in (1) interest only obligations, or non-interest bearing principal obligations, stripped from mortgage-backed securities; (2) collateralized mortgage obligations that have a remaining term that exceeds 10 years; and (3) collateralized mortgage obligations that bear interest at an index rate that adjusts opposite to the changes in a market index. In addition, the District may not invest more than 15% of its monthly average fund balance (excluding bond proceeds and debt service funds and reserves) in mutual funds described in clause (13) above or make an investment in any mutual fund that exceeds 10% of the fund’s total assets.

Except as stated above or inconsistent with its investment policy, the District may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the District is not required to liquidate the investment unless it no longer carries a required rating, in which case the District is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

Investment Policies

Under State law, the District is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The District is required to adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the District’s investments 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.” The District is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

Current Investments (1) **TABLE 1**

As of January 31, 2024 the District had the following investments:

Investment Type	Amount	Percentage
Investment Pools	$ 6,455,067	51.30%
Certificates of Deposit	5,256,683	41.78%
US Treasury Bills	788,894	6.27%
Money Market Accounts	81,187	0.65%
Total	$ 12,581,831	100.00%

(1) Unaudited.

REGISTRATION AND QUALIFICATION OF NOTES FOR SALE

The sale of the Notes has not been registered under the Securities Act of 1933, as amended, in reliance upon exemptions provided in such Act; the Notes have not been qualified under the Securities Act of Texas in reliance upon exemptions contained therein; nor have the Notes been qualified under the securities acts of any other jurisdiction. The Issuer assumes no responsibility for qualification of the Notes under the securities laws of any jurisdiction in which they may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for 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 agrees 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.

FINANCIAL ADVISOR

SAMCO Capital Markets, Inc. 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.

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 MSRB's Electronic Municipal Market Access System ("EMMA") system at www.emma.msrb.org.

Annual Reports

The District will file with the MSRB through EMMA annually certain updated financial information and operating data. The information to be updated includes the quantitative financial information and operating data with respect to the District of the general type included in this Official Statement as Table 1, in Tables 1 through 9 of "APPENDIX A - Financial Information for the Liberty Independent School District" attached hereto, and in APPENDIX D attached hereto. The District will update and provide this information to the MSRB within six (6) months after the end of each fiscal year ending in or after 2024.

The District will provide the updated information to the MSRB in a designated electronic format, which will be available through EMMA to the general public without charge.

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 "Rule"). The updated information will include audited financial statements for the District, if the District commissions an audit and it is completed by the required time. If audited financial statements are not provided by that time, the District will provide unaudited financial statements for the applicable fiscal year to the MSRB through EMMA with the financial information and operating data and will file the annual audit report when and if the same becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the District's annual financial statements or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is August 31. Accordingly, it must provide updated information by the last day in March in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will file notice of the change with EMMA.

Notice of Certain Events

The District will file with the MSRB notice of any of the following events with respect to the Notes in a timely manner (and not more than 10 business days after 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; (15) incurrence of a Financial Obligation of the District (as defined by the Rule, which includes certain debt, debt-like, and debt-related obligations), if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such 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 other similar events under the terms of any such financial obligation of the District, any of which reflect financial difficulties. Neither the Notes nor the Resolution make any provision for debt service reserves, credit enhancement (except for Bond Insurance, if any), or liquidity enhancement. In the Resolution, the District will adopt policies and procedures to ensure timely compliance of its continuing disclosure undertakings. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports". The District will provide each notice described in this paragraph to the MSRB.

For these purposes, (a) any event described in clause (12) of 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, and (b) the District intends the words used in the immediately preceding clauses (15) and (16) and in the definition of Financial Obligation above to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

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.

Limitations and Amendments

The District has agreed to update information and to provide notices of certain 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 is 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 and Beneficial Owners of Notes may seek a writ of mandamus to compel the District to comply with its agreement.

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 the agreement, as amended, would have permitted Purchaser to purchase or sell Notes in the offering described herein 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 either the holders of a majority in aggregate principal amount of the outstanding Notes consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Beneficial Owners of the Notes. The District may also repeal or amend these provisions if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but in either case only if and to the extent that the provisions of this sentence would not prevent Purchaser from lawfully purchasing or selling Notes in the primary offering of the Notes giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the District amends its agreement, it must include with the next financial information and operating data 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 data provided.

Compliance with Prior Undertakings

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

LITIGATION

On the date of delivery of the Notes to the Purchaser, the District will execute and deliver to the Purchaser a certificate to the effect that, except as disclosed in this Official Statement, no litigation of any nature has been filed or is pending, as of that date, 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.

Except as disclosed above, in the opinion of various officials of the Issuer, there is no litigation or other proceeding pending against or, to their knowledge, threatened against the Issuer in any court, agency, or administrative body (either state or federal) wherein an adverse decision would materially adversely affect the financial condition of the Issuer.

FORWARD-LOOKING STATEMENTS

The statements contained in this Official Statement, and in any other information provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer'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 Issuer on the date hereof, and the Issuer assumes no obligation to update any such forward-looking statements. It is important to note that the Issuer'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 Issuer. 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 Bonds, the District accepted the bid of __________ (the "Purchaser" or the "Initial Purchaser") to purchase the Bonds at the interest rates shown on the page 2 of this Official Statement at a price of par, plus a [net] reoffering premium of $________, plus accrued interest on the Bonds from their Dated Date to their date of initial delivery. The District can give no assurance that any trading market will be developed for the District after their sale by the District to the Purchaser. The District has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

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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.

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

The Resolution will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Notes by the Purchaser. This Official Statement will be approved by the Board of the District for distribution in accordance with the provisions of the United States Securities and Exchange Commission Rule codified at 17 C.F.R. Section 240.15c2-12.

/s/
President, Board of Trustees

ATTEST:
/s/
Secretary, Board of Trustees

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APPENDIX A

FINANCIAL INFORMATION OF THE DISTRICT

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FINANCIAL INFORMATION OF THE ISSUER

ASSESSED VALUATION

TABLE 1

2023 Actual Certified Market Value of Taxable Property (100% of Market Value)	$	1,684,482,769
Less Exemptions:		
$15,000 Homestead Exemption	$	212,719,621
$10,000 Over-65/Disabled Homestead		7,884,830
Disabled and Deceased Veterans Exemptions		4,223,732
Productivity Loss		251,248,173
Pollution Control		5,314,070
Freeport Goods		5,348,904
10%Residential Cap		32,662,383
TOTAL EXEMPTIONS		519,401,713
2023 Assessed Value of Taxable Property	$	1,165,081,056
2023 Frozen Taxable Value		72,601,384
2023 Certified Freeze Adjusted Taxable Asssessed Value	$	1,092,479,672

Source: Liberty County Central Appraisal District.

GENERAL OBLIGATION BONDED DEBT

(as of April 1, 2024)

Unlimited Tax Debt Outstanding:			
Unlimited Tax Refunding Bonds, Series 2014	$	3,100,000	
Unlimited Tax School Building Bonds, Series 2015		16,260,000	
Unlimited Tax School Building Bonds, Series 2017		6,805,000	
Total Unlimited Tax Debt Outstanding	$	26,165,000	
Limited Tax Debt Outstanding:			
Qualified School Construction Maintenance Tax Notes, Taxable Series 2011		2,560,000	
Limited Maintenance Tax Notes, Series 2019		3,740,000	
Maintenance Tax Notes, Series 2024 (the "Notes")		4,500,000	*
Total Limited Tax Debt Obligations	$	10,800,000	*
Total General Obligation Debt Outstanding	$	36,965,000	*
2023 Net Assessed Valuation	$	1,165,081,056	
Ratio of Total Gross General Obligation Debt Principal to Certified Net Taxable Assessed Valuation		3.17%	*

District Population: estimated 2024 - 14,747
Per Capita Certified Net Taxable Assessed Valuation - $79,004.61
Per Capita Gross General Obligation Debt Principal - $2,506.61

** Preliminary, Subject to Change.*

CAPITAL LEASES AND NOTES PAYABLE **TABLE 2**

The District issued qualified zone academy notes (QZA) and qualified school construction notes (QSC) to provide funds for repair and rehabilitation of facilities and equipping facilities. The notes are secured by the proceeds of a continuing, direct annual ad valorem tax levied from the District's maintenance and operations tax. The notes are issued as 14-18 year noninterest notes. The following is a summary of changes in the notes payable for the fiscal year:

Description	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2011 QSC Note	5.015%	2,560,000	2029	$ 2,560,000	-	-	$ 2,560,000
2019 TM Note	2.0-4.0%	4,795,000	2034	4,025,000	-	(285,000)	3,740,000
Totals				$ 6,585,000.0	-	(285,000.00)	$ 6,300,000

Annual debt service requirements to maturity for notes payable are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2024	$ 295,000	$ 237,934	$ 532,934
2025	300,000	232,034	532,034
2026	310,000	226,034	536,034
2027	315,000	219,834	534,834
2028	325,000	207,234	532,234
2029	2,900,000	194,234	3,094,234
2030	350,000	55,650	405,650
2031	360,000	45,150	405,150
2032	370,000	34,650	404,650
2033	380,000	23,250	403,250
2034	395,000	11,850	406,850
Totals	$ 6,300,000	$ 1,487,854	$ 7,787,854

Source: The District's Annual Financial Report for the fiscal year ending August 31, 2023.

MAINTENANCE TAX NOTE DEBT SERVICE REQUIREMENTS

(Includes QZA debt listed in TABLE 2 of this Appendix)

Fiscal Year Ending (8/31)	Existing Tax Notes Principal & Interest Less Subsidy (1)	The Notes* Principal	The Notes* Interest (2)	The Notes* Total	Total Net Debt Service*
2024	$ 422,369				$ 422,369
2025	421,469	$ 95,000	$ 267,863	$ 362,863	784,332
2026	425,469	150,000	194,850	344,850	770,319
2027	424,269	155,000	187,988	342,988	767,257
2028	421,669	165,000	180,788	345,788	767,457
2029	2,983,669	170,000	173,250	343,250	3,326,919
2030	405,650	180,000	165,375	345,375	751,025
2031	405,150	190,000	157,050	347,050	752,200
2032	404,350	195,000	148,388	343,388	747,738
2033	403,250	205,000	139,388	344,388	747,638
2034	406,850	215,000	129,938	344,938	751,788
2035	-	225,000	120,038	345,038	345,038
2036	-	235,000	109,688	344,688	344,688
2037	-	245,000	98,888	343,888	343,888
2038	-	260,000	87,525	347,525	347,525
2039	-	270,000	75,600	345,600	345,600
2040	-	280,000	63,225	343,225	343,225
2041	-	295,000	50,288	345,288	345,288
2042	-	310,000	36,675	346,675	346,675
2043	-	325,000	22,388	347,388	347,388
2044	-	335,000	7,538	342,538	342,538
Total	$ 7,124,165	$ 4,500,000	$ 2,416,725	$ 6,916,725	$ 13,618,521

(1) *Payments shown are net of federal subsidy to be received on Series 2011 QSC Notes.*

(2) *Interest calculated at an assumed rate for illustrative purposes only.*

** Preliminary, Subject to Change.*

MAINTENANCE TAX NOTE DEBT PRINCIPAL REPAYMENT SCHEDULE

(Includes QZA debt listed in TABLE 2 of this Appendix)

Fiscal Year Ending (8/31)	Principal Currently Outstanding (1)	The Notes *	Combined Principal Outstanding*	Principal Outstanding at Year's End	Percentage of Principal Retired
2024	$ 295,000		$ 295,000	10,505,000	3%
2025	300,000	$ 95,000	395,000	10,110,000	6%
2026	310,000	150,000	460,000	9,650,000	11%
2027	315,000	155,000	470,000	9,180,000	15%
2028	325,000	165,000	490,000	8,690,000	20%
2029	2,900,000	170,000	3,070,000	5,620,000	48%
2030	350,000	180,000	530,000	5,090,000	53%
2031	360,000	190,000	550,000	4,540,000	58%
2032	370,000	195,000	565,000	3,975,000	63%
2033	380,000	205,000	585,000	3,390,000	69%
2034	395,000	215,000	610,000	2,780,000	74%
2035	-	225,000	225,000	2,555,000	76%
2036	-	235,000	235,000	2,320,000	79%
2037	-	245,000	245,000	2,075,000	81%
2038	-	260,000	260,000	1,815,000	83%
2039	-	270,000	270,000	1,545,000	86%
2040	-	280,000	280,000	1,265,000	88%
2041	-	295,000	295,000	970,000	91%
2042	-	310,000	310,000	660,000	94%
2043	-	325,000	325,000	335,000	97%
2044	-	335,000	335,000	-	100%
Total	$ 6,300,000	$ 4,500,000	$ 10,800,000		

(1) *The resolution authorizing the Qualified School Construction Notes, Series 2011 obligates the District to make mandatory deposits into a cumulative sinking fund deposit account on August 15 in the years and the amounts of each required mandatory deposit (which are to be off-set by interest earnings on amounts held in such fund so that no more than the amount required in the authorizing resolution shall ever be held in such account). All amounts held in the cumulative sinking fund account will be used to pay the Notes on the maturity dates of August 15, 2029 or the date of prior redemption thereof.*

** Preliminary, Subject to Change.*

GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8-31	Principal	Interest	Total
2024	$ 2,165,000	$ 928,663	$ 3,093,663
2025	2,105,000	842,013	2,947,013
2026	2,340,000	751,150	3,091,150
2027	2,455,000	664,800	3,119,800
2028	1,985,000	594,188	2,579,188
2029	2,050,000	532,744	2,582,744
2030	2,115,000	467,450	2,582,450
2031	2,185,000	399,088	2,584,088
2032	2,250,000	326,550	2,576,550
2033	2,330,000	249,600	2,579,600
2034	2,410,000	169,950	2,579,950
2035	2,490,000	86,475	2,576,475
2036	715,000	32,775	747,775
2037	735,000	11,025	746,025
Total	$ 28,330,000	$ 6,056,469	$ 34,386,469

(1) *Excludes the District's maintenance tax supported debt.*

INTEREST AND SINKING FUND MANAGEMENT INDEX

Interest and Sinking Fund Balance, Fiscal Year Ended August 31, 2023	$ 1,018,087
2023 Interest and Sinking Fund Tax Levy at 98% Collections Produce (1)	3,063,394
Total Available for General Obligation Debt	$ 4,081,481
Less: General Obligation Debt Service Requirements, Fiscal Year Ending 8/31/24	3,093,663
Estimated Surplus at Fiscal Year Ending 8/31/24 (1)	$ 987,819

(1) *Does not include delinquent tax collections, penalties and interest on delinquent tax collections or investment earnings.*

TAX ADEQUACY

2023 Freeze Adjusted Certified Net Taxable Assessed Valuation	$ 1,092,479,672
Maximum Annual Debt Service Requirements (Fiscal Year Ending 8-31-2027)	3,119,800
Anticipated required I&S Fund Tax Rate at 98% Collections to produce Maximum Debt Service requirements	$ 0.29140

Note: Above computations include the extimated payment on the Bonds, are exclusive of investment earnings, delinquent tax collections and penalties and interest on delinquent tax collections.

TAXABLE ASSESSED VALUATION FOR TAX YEARS 2014-23 **TABLE 3**

Year	Net Taxable Assessed Valuation*	Change From Preceding Year Amount ($)	Percent
2014-15	$ 874,080,558	-	
2015-16	897,854,598	$ 23,774,040	2.72%
2016-17	860,880,128	(36,974,470)	-4.12%
2017-18	915,498,727	54,618,599	6.34%
2018-19	948,318,959	32,820,232	3.58%
2019-20	1,046,496,091	98,177,132	10.35%
2020-21	1,074,674,402	28,178,311	2.69%
2021-22	1,084,639,953	9,965,551	0.93%
2022-23	1,224,548,580	139,908,627	12.90%
2023-24	1,165,081,056	(59,467,524)	-4.86%

* *Includes freeze adjusted taxable values.*

CLASSIFICATION OF ASSESSED VALUATION **TABLE 4**

	2023	% of Total	2022	% of Total	2021	% of Total
Real, Residential, Single-Family	$ 583,361,613	34.63%	$ 527,403,377	32.73%	$ 430,855,185	33.35%
Real, Residential, Multi-Family	22,188,769	1.32%	21,013,031	1.30%	18,320,240	1.42%
Real, Vacant Lots/Tracts	55,394,071	3.29%	48,989,164	3.04%	30,558,215	2.37%
Real, Acreage (Land Only)	261,795,732	15.54%	249,036,215	15.46%	133,886,934	10.36%
Real, Farm and Ranch Improvements	81,503,286	4.84%	70,512,475	4.38%	58,417,860	4.52%
Real Commercial and Industrial	260,491,648	15.46%	240,072,114	14.90%	200,929,436	15.55%
Real Minerals Oil and Gas	10,703,420	0.64%	8,303,115	0.52%	2,943,913	0.23%
Real & Tangible, Personal Utilities	159,316,340	9.46%	160,997,040	9.99%	155,763,170	12.06%
Tangible Personal, Commercial & Industrial	218,267,210	12.96%	254,045,400	15.77%	233,577,600	18.08%
Real Property, Mobile Homes	25,492,980	1.51%	24,029,850	1.49%	20,339,940	1.57%
Residential Inventory	-		-	0.00%	571,540	0.04%
Special Inventory	5,967,700	0.35%	6,773,910	0.42%	5,737,880	0.44%
Total Appraised Value	$ 1,684,482,769	100.00%	$ 1,611,175,691	100.00%	$ 1,291,901,913	100.00%
Less:						
$15,000 Homestead Exemption	$ 212,719,621		$ 89,528,047		$ 56,149,004	
$10,000 Over-65/Disabled Homestead	7,884,830		9,745,833		9,934,703	
Disabled and Deceased Veterans Exemptions	4,223,732		5,185,841		5,407,266	
Productivity Loss	251,248,173		239,033,779		124,197,531	
Pollution Control	5,314,070		5,650,870		5,635,920	
Freeport Goods	5,348,904		3,686,090		595,241	
10%Residential Cap	32,662,383		33,796,651		5,342,295	
Net Taxable Assessed Valuation	$ 1,165,081,056		$ 1,224,548,580		$ 1,084,639,953	

Source: Liberty County Central Appraisal District.

PRINCIPAL TAXPAYERS 2023 **TABLE 5**

Name		2023 Net Taxable Assessed Valuation	% of Total 2023 Assessed Valuation
Moss Bluff HUB Partners LP	Underground Gas Storage	$ 107,966,897	9.27%
Seaway Crude Pipeline	Oil and Gas	60,531,220	5.20%
PTC Liberty Tubulars	Manufacturing	37,545,530	3.22%
Transcanada Keystone Pipeline LP	Pipeline Contractors	28,241,850	2.42%
Praxair Inc	Oil and Gas	24,847,130	2.13%
Walmart Real Estate Business Trust	Retail	14,287,500	1.23%
Entergy Texas Inc.	Oil and Gas	11,046,530	0.95%
Luminant Energy Company LLC	Electric Utility	10,295,620	0.88%
Liberty Forge, Inc.	Manufacturing	9,133,740	0.78%
CSN Management LP	Management	7,613,620	0.65%
		$ 311,509,637	26.74% (1)

Source: Liberty County Appraisal District.

(1) As shown in the table above, the top ten taxpayers in the District account for approximately 27% of the District's tax base. Adverse developments in economic conditions, especially in a particular industry in which any one of these large taxpayers participates, could adversely impact these businesses and, consequently, the tax values in the District, resulting in less local tax revenues. If any major taxpayer, or combination of top taxpayers, were to default in the payment of taxes, the ability of the District to make timely payment of debt service on the Notes may be dependent on its ability to enforce and liquidate its tax lien, which is a time consuming process that may only occur annual. See "REGISTERED OWNERS' REMEDIES" and "AD VALOREM TAX PROCEDURES - District's Rights in the Event of Tax Delinquencies" in this Official Statement.

Source: Liberty County Central Appraisal District.

TAX RATE DISTRIBUTION **TABLE 6**

	2023	2022	2021	2020	2019
General Fund	$ 0.7480	$ 0.9994	$ 1.0234	$ 0.9764	$ 0.9900
I & S Fund	0.2683	0.2706	0.3279	0.3230	0.3225
Total Tax Rate	$ 1.0163	$ 1.2700	$ 1.3513	$ 1.2994	$ 1.3125

Source: Texas Municipal Report published by the Municipal Advisory Council of Texas, the Liberty County Central Appraisal District, the District's Comprehensive Annual Financial Report for the Fiscal Year Ended August 31, 2023, and information supplied by the District.

TAX DATA **TABLE 7**

Taxes are due October 1 and become delinquent after January 31. Current collections are those taxes collected through August 31, applicable to the current year's tax levy. Penalities and Interest: (a) a delinquent tax incurs a penalty of six percent of the amount of the tax for the first calendar month it is delinquent plus one percent 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent of the amount of the delinquent tax without regard to the number of months the tax has been delinquent; (b) a delinquet tax accrues interest at at rare of one prcent for eachmonth or portionof a month the tax remains unpaid; and an additional penalty up to a maximum of 20% of taxes, penalty and interest may be imposed to defray costs of collection for taxes delinquent after July 1. All percentage of collections set forth below exclude penalties and interest.

Tax Year	Net Taxable Assessed Valuation	Tax Rate	Tax Levy	% of Collections Current	Total	Year Ended
2014	$ 874,080,558	$ 1.168600	$ 10,214,505	91.87%	97.15%	8/31/2015
2015	897,854,598	1.394000	12,516,093	98.36%	104.02%	8/31/2016
2016	860,880,128	1.404000	12,086,757	96.82%	99.29%	8/31/2017
2017	915,498,727	1.394000	12,762,052	94.56%	97.25%	8/31/2018
2018	948,318,959	1.394000	13,219,566	94.18%	96.38%	8/31/2019
2019	1,046,496,091	1.312500	13,735,261	86.95%	90.41%	8/31/2020
2020	1,074,674,402	1.299400	13,964,319	95.96%	104.77%	8/31/2021
2021	1,084,639,953	1.351300	14,656,740	95.42%	102.22%	8/31/2022
2022	1,224,548,580	1.270000	15,551,767	94.12%	94.17%	8/31/2023
2023	1,165,081,056	1.016300	11,840,719	(In process of collection)		8/31/2024

OVERLAPPING DEBT INFORMATION

(As of April 1, 2024)

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the District and the estimated percentages and amounts of such indebtedness attributable to property within the District. Expenditures of the various taxing bodies overlapping the territory of the Issuer are paid out of ad valorem taxes levied by these taxing bodies on properties overlapping the District. These political taxing bodies are independent of the Issuer and may incur borrowings to finance their expenditures. The following statements of direct and estimated overlapping ad valorem tax bonds was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have authorized or issued additional bonds since the date stated below, and such entities may have programs requiring the authorization and/or issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

Taxing Body	Gross Debt (As of 4/1/24)	% Overlapping	Amount Overlapping	
Ames, City of	$ -	100.00%	$ -	
Dayton, City of	49,625,000	0.00%	-	
Liberty County	25,065,000	12.58%	3,153,177	
Liberty, City of	18,595,000	95.01%	17,667,110	
Total Gross Overlapping Debt			$ 20,820,287	
Liberty ISD			$ 26,165,000	*
Total Gross Direct and Overlapping Debt			$ 46,985,287	*
Ratio of Gross Direct Debt and Overlapping Debt			4.03%	*
Per Capita Gross Direct Debt and Overlapping Debt			$3,186.09	*

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas

** Preliminary, subject to change. Does not include limited tax debt, including the Notes.*

ASSESSED VALUATION AND TAX RATE OF OVERLAPPING ISSUERS

Governmental Subdivision	2023 Assessed Valuation	% of Actual	2023 Tax Rate
Ames, City of	$ 75,398,461	100%	$ 0.5000
Dayton, City of	1,305,591,877	100%	0.6608
Liberty County	12,164,166,555	100%	0.4700
Liberty, City of	857,141,614	100%	0.6204

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS OF DIRECT AND OVERLAPPING GOVERNMENTAL SUBDIVISIONS

Issuer	Date of Authorization	Amount Authorized	Amount Issued to Date	Amount Unissued
Ames, City of	None			
Dayton, City of	None			
Liberty County	None			
Liberty, City of	None			
Liberty ISD	None			

Source: Texas Municipal Reports published by the Municipal Advisory Council of Texas.

** Includes the issuance of the Bonds.*

GENERAL FUND COMPARATIVE STATEMENT OF REVENUES AND EXPENDITURES **TABLE 8**

The following statements set forth in condensed form reflect the historical operations of the Issuer. Such summary has been prepared for inclusion herein based upon information obtained from the Issuer's audited financial statements and records. Reference is made to such statements for further and complete information.

	Fiscal Year Ended				
	8/31/2023	8/31/2022	8/31/2021	8/31/2020	8/31/2019
Fund Balance - Beginning of Year	$ 13,864,092	$ 13,906,909	$ 12,157,447	$ 12,097,754	$ 10,855,950
Revenues:					
Local and Intermediate Sources and Out-of-State	10,788,582	11,366,406	11,420,680	10,024,960	10,595,899
State Program Revenues	14,437,854	12,372,235	13,101,047	10,970,923	10,179,096
Federal Program Revenues	1,053,549	913,317	843,237	859,752	1,194,440
Total Revenues	$ 26,279,985	$ 24,651,958	$ 25,364,964	$ 21,855,635	$ 21,969,435
Expenditures:					
Instruction	$ 10,797,051	$ 10,727,179	$ 12,549,120	$ 10,916,690	$ 10,573,633
Instructional Resources & Media Services	85,192	166,604	164,068	200,042	200,544
Curriculum & Instructional Staff Development	106,558	256,877	150,444	109,875	75,819
Instructional Leadership	166,709	193,604	188,228	180,691	174,946
School Leadership	1,643,095	1,435,005	1,417,374	1,399,684	1,324,405
Guidance, Counseling & Evaluation Services	443,699	425,641	478,536	399,894	501,652
Soial Work Services	33,655	30,000	30,000	30,000	25,000
Health Services	183,650	172,020	202,397	197,204	148,229
Student (Pupil) Transportation	1,845,666	1,526,848	1,117,109	1,138,916	1,064,045
Food Services	-	-	112,557	-	-
Extrcurricular Activities	1,392,578	1,373,219	857,907	25,306	822,629
General Administration	1,530,271	1,256,379	1,116,625	804,776	1,102,463
Plant Maintenance and Operations	3,766,966	3,568,434	2,845,710	1,124,864	2,816,943
Security and Monitoring Services	310,263	129,264	141,424	2,720,818	115,384
Data Processing Services	639,486	567,785	581,684	142,776	461,389
Community Services	3,986	3,978	328	-	-
Debt Service - Principal on long-term debt	383,994	1,394,977	265,000	546,503	-
Transfers Out	-	-	-	230,000	-
Debt Service - Interest on log term debt	255,351	269,194	270,935	254,845	128,384
Bond Issuance Costs and Fees	1,100	1,100	1,500	117,784	1,500
Capital Outlay	900,068	200,872	84,583	5,332,139	200,817
Payments to Shared Service Arrangements	632,747	717,421	701,271	659,205	576,052
Other Intergovernmental Charges	361,759	339,448	338,702	365,824	361,622
Total Expenditures	25,483,844	24,755,849	23,615,502	26,897,836	20,675,456
Excess (Deficiency) Revenues Over Expenditures	796,141	(103,891)	1,749,462	(5,042,201)	1,293,979
Other Financing Sources (Uses)					
Leased Proceeds	-	61,074			
Transfer In	-	-	-	4,795,000	-
Transfer Out (Use)	-	-	-	306,894	(52,175)
Other Uses	-	-	-	-	-
Total Other Financing Sources and (Uses)	$ 796,141	$ (42,817)	$ 1,749,462	$ 59,693	$ 1,241,804
Prior Period Adjustent	$ -	$ -	$ -	$ -	$ -
Fund Balance - End of Year	$ 14,660,233	$ 13,864,092	$ 13,906,909	$ 12,157,447	$ 12,097,754

Source: The District's Annual Financial Reports.

DEFINED PENSION PLAN **TABLE 9**

Information regarding the District's Pension Plan can be found within the District's 2023 Annual Financial Report under "Note 4 Other Information - Section C. Defined Benefit Pension Plan"

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APPENDIX B

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

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LIBERTY INDEPENDENT SCHOOL DISTRICT

General Information

Liberty Independent School District (the "District") includes the City of Liberty, Texas (the "City"), the county seat and principal commercial center of Liberty County. Oil and gas production is a large part of the District's business activities. The District has four schools, San Jacinto Elementary, Liberty Elementary School, Liberty Middle School and Liberty High School.

Other Employees

District staff totals 397 employees, 153 teachers and 78 teachers' aides and secretaries.

School Facilities

Currently, the District is operating the following school facilities:

- 2 Elementary Schools
- 1 Middle School
- 1 High School

School	Current Enrollment	Teachers
San Jacinto Elementary	446	28 full time
Liberty Elementary	677	42 full time
Liberty Middle School	555	37 full time
Liberty High School	694	46 full time, 2 part time
Total	2,372	153 full time, 2 part time

HISTORICAL ENROLLMENT

Year	Student Population
2012-13	2,125
2013-14	2,127
2014-15	2,114
2015-16	2,165
2016-17	2,146
2017-18	2,108
2018-19	2,227
2019-20	2,266
2020-21	2,227
2021-22	2,248
2022-23	2,398

ENROLLMENT BY GRADE

Grade	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
1	161	175	175	199	185	163	149	186	177	175	163
2	175	175	175	164	178	171	168	142	179	170	176
3	138	146	144	157	169	155	185	168	138	177	168
4	166	159	159	142	150	168	173	173	156	133	190
5	146	138	141	160	145	155	177	177	166	156	150
6	171	156	156	136	155	138	165	176	181	178	176
7	169	142	137	140	139	162	146	169	178	173	192
8	158	153	155	131	143	145	168	156	167	167	189
9	178	198	182	175	160	181	165	187	175	191	189
10	134	172	168	173	156	133	156	157	178	170	189
11	132	143	149	150	159	138	136	148	143	167	172
12	121	100	104	137	139	143	125	129	134	134	157
EE	2	-	-	8	4	9	16	12	9	12	12
KG	161	160	161	173	166	126	184	171	165	146	159
PK	113	110	108	120	98	121	114	115	81	99	116
Total	2,125	2,127	2,114	2,165	2,146	2,108	2,227	2,266	2,227	2,248	2,398

CITY OF LIBERTY

The City of Liberty, Texas (the "City") is the third oldest town in Texas. In 1756, the first settlement was made on this site when the Spaniards established a mission. By 1825, many industrious people from the United States had already come to this colony in the Coahuila-Texas province. In 1831, the Mexican government established a municipality on the site of Smith's Plantation and the town of Atascosito was renamed "Village of the Most Holy Trinity of Liberty," which was anglicized and shortened to simply "Liberty." The town was incorporated in 1827.

The City is the county seat of Liberty County located halfway between Houston and Beaumont on U.S. Highway 90 and within 45 minutes of two international airports. The City is 16 miles north of Interstate 10 and 25 miles north of Baytown on State Highway 146. There are many points of interest within the City: the Sam Houston Regional Library and Research Center and the Historical Courthouse Square.

The City is also home to a full-service public library, Community Theater, birding trails, shopping, dining and recreational activities. The 37,000 volume Liberty Municipal Library serves the City and surrounding areas with programs and materials for people of all ages. The library is automated and has ten computers that offer high-speed Internet access to the public. The City has four freight carriers and two rail providers. The City's Fire/EMS serves 9,000 people living in a thirty-five square mile area. The fire department has thirteen paid firemen and twenty volunteers. Paid personnel are trained as firefighters/paramedics and receive certifications from the Texas Commission on Fire Protection and the Texas Department of Health. Volunteers receive training and are certified through the State Fireman's and Fire Marshall's Association. The Department provides the following services: firefighting, hazardous material response, ALS Emergency Medical Service, Vehicle Rescue (extrication), and search and rescue.

The City is an oil and gas producing area, business center and government center. The Port of Liberty, located within the City, consists of a twelve-foot deep channel three miles in length. Facilities include several private docks and an adjacent industrial park.

Historically, the City is the third oldest municipality in Texas, and the entire area is rich in heritage and historical sites. From the towering trees of the Big Thicket to the waterways leading to the Gulf of Mexico, the City has something for everyone. The Trinity River provides an unlimited water supply and a channel which allows barge traffic to travel from the Gulf of Mexico to the Port of Liberty. The Houston and Beaumont markets are less than one hour away and Bush Intercontinental Airport is only 30 miles to the west. The area offers a diverse group of employment with both industrial and professional opportunities.

The area also offers water sports in the Trinity River, is well-known for bird watching activities, has a number of golf courses close by, hosts local and professional rodeos, sponsors festivals like the Liberty Jubilee and offers community libraries and a cultural center.

LIBERTY COUNTY

Liberty County (the "County") is a southeast Texas county. The economy is based on lumbering, chemical production, manufacturing and agriculture. The Texas Almanac designates rice, sorghum, nursery crops, hay, corn, and beef cattle as sources of agricultural income. The City of Liberty is the county seat.

The Trinity River flows through this county, dividing the county approximately in half. The river begins on the northern border of Liberty County, forming the San Jacinto – Polk County line through the Liberty County line. The east fork of the San Jacinto River flows through far Northeast parts of the county, flowing through Cleveland. Tarkington Bayou begins in the Sam Houston National Forest in San Jacinto County, working its way south through Northeast and East Liberty County and joining other feeders, before traveling into Harris County and emptying into Galveston Bay. The highest point in Liberty County is "Davis Hill," the roof of a salt dome in the northern part of the county.

Around 1995 the economy of Liberty County was mainly focused on agriculture and oil. At that time the Texas Department of Criminal Justice had established four correctional facilities (Cleveland, Henley, Hightower and Plane) in the county within a six-year span. Since Cleveland is a privately operated facility, the county receives tax revenue from the prison's operation.

Labor Force Statistics [(1)]

	2023 [(2)]	2022 [(3)]	2021 [(3)]	2020 [(3)]
Civilian Labor Force	36,178	35,293	35,008	34,337
Total Employed	34,305	33,230	31,868	30,740
Total Unemployed	1,873	2,063	3,140	3,597
% Unemployment	5.2%	5.8%	9.0%	10.5%
%Unemployed (Texas)	3.5%	3.9%	5.6%	7.7%
%Unemployed (U.S.)	3.5%	3.6%	5.3%	8.1%

(1) Source: Texas Workforce Commission.
(2) As of December 2023.
(3) Average annual statistics.

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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NORTON ROSE FULBRIGHT

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May 15, 2024

DRAFT

IN REGARD to the authorization and issuance of the "Liberty Independent School District Maintenance Tax Notes, Series 2024" (the *Notes*), dated April 15, 2024, in the aggregate principal amount of $_,___,___ we have reviewed the legality and validity of the issuance thereof by the Board of Trustees of the Liberty Independent School District (the *District*). The Notes are issuable in fully registered form only, in denominations of $5,000 or any integral multiple thereof (within a Stated Maturity). The Notes have Stated Maturities of February 15 in each of the years 20__ through 20__, unless redeemed prior to Stated Maturity in accordance with the terms stated on the face of the Notes. The principal amount of the Notes is payable and interest on the Notes accrues from the dates, at the rates, in the manner, and is payable on the dates, all as provided in the resolution (the *Resolution*) authorizing the issuance of the Notes. Capitalized terms used herein without definition shall have the meanings ascribed thereto in the Resolution.

WE HAVE SERVED AS BOND COUNSEL for the District solely to pass upon the legality and validity of the issuance of the Notes under the laws of the State of Texas and with respect to the exclusion of the interest on the Notes from the gross income of the owners thereof for federal income tax purposes and for no other purpose. 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 District. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Notes. We express no opinion and make no comment with respect to the sufficiency of the security for or the marketability of the Notes. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Notes has been limited as described therein.

WE HAVE EXAMINED the applicable and pertinent laws of the State of Texas and the United States of America. In rendering the opinions herein we rely upon (1) original or certified copies of the proceedings of the Board of Trustees of the District in connection with the issuance of the Notes, including the Resolution; (2) customary certifications and opinions of officials of the District; (3) certificates executed by officers of the District relating to the expected use and investment of proceeds of the Notes and certain other funds of the District, and to certain other facts solely within the knowledge and control of the District; and (4) such other documentation, including an examination of the Notes executed and delivered initially by the District, and such matters of law as we deem relevant to the matters discussed below. In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements and

Legal Opinion of Norton Rose Fulbright US LLP, Austin, Texas, in connection with the authorization and issuance of "LIBERTY INDEPENDENT SCHOOL DISTRICT MAINTENANCE TAX NOTES, SERIES 2024"

information contained in such certificates. We express no opinion concerning any effect on the following opinions which may result from changes in law effected after the date hereof.

BASED ON OUR EXAMINATION, we are of the opinion that, under applicable law of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Notes have been duly authorized by the District and, when issued in compliance with the provisions of the Resolution, are valid, legally binding, and enforceable obligations of the District, payable from the proceeds of an annual maintenance and operations ad valorem tax levied, within the limitations prescribed by law, upon all taxable property within the District, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the *Code*), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the District with the provisions of the Resolution relating to sections 141 through 150 of the Code, interest on the Notes will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes, and such interest will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OTHER OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Ownership of tax-exempt obligations such as the Notes may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, "S" corporations with subchapter "C" earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

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

Legal Opinion of Norton Rose Fulbright US LLP, Austin, Texas, in connection with the authorization and issuance of "LIBERTY INDEPENDENT SCHOOL DISTRICT MAINTENANCE TAX NOTES, SERIES 2024"

Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Norton Rose Fulbright US LLP

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APPENDIX D

AUDITED FINANCIAL REPORT
FISCAL YEAR ENDED AUGUST 31, 2023

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weaver
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Independent Auditor's Report

To the Board of Trustees of
Liberty Independent School District
Liberty, 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 Liberty Independent School District (the District), as of and for the year ended August 31, 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 the District, as of August 31, 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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

The Board of Trustees of
Liberty Independent School District

Supplementary Information

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

The Supplementary Information and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 Supplementary Information and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Required Responses to Selected School FIRST Indicators but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
January 19, 2024

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Management's Discussion and Analysis

As management of the Liberty Independent School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2023.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $6,715,923 *(net position)*.
- Unrestricted net position is negative as a result of the recognition of pension and other post-employment benefits (OPEB) liabilities and related deferred outflows and inflows of resources in the net amount of ($18,306,791).
- The District's total net position increased by $3,061,323, due to current operations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $17,978,005, with an increased due to current operations of $1,328,970 from the previous year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was $10,734,075, or 42 percent of total general fund expenditures for the fiscal year.
- The District's net general obligation bonded debt decreased by $2,222,428 (7 percent), primarily due to scheduled debt payments.

Overview of the Financial Statements

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

Refer to the table of contents for the location of each of the components discussed below.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* (Exhibit A-1) presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* (Exhibit B-1) presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, unpaid workers' compensation benefits, and earned but unused sick leave).

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues *(governmental activities)*. The governmental activities of the District include *Instruction; Instructional Resources and Media Services; Curriculum and Instructional Staff Development; Instructional Leadership; School Leadership; Guidance, Counseling, and Evaluation Services; Social Work Services; Health Services; Student Transportation; Food Services; Extracurricular Activities; General Administration; Plant Maintenance and Operations; Security and Monitoring Services; Data Processing Services; Community Services; Interest on Long-term Debt; Issuance Costs and Fees; Facilities Repair and Maintenance; Payments Related to Shared Services Arrangements;* and *Other Intergovernmental Charges.*

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains 25 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, which are considered to be major funds. Data from the other 23 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the financial statements.

The District's financial statements include the following Shared Services Arrangement: Southeast Texas Cooperative for Special Services. The activities related to this Shared Services Arrangement are accounted for within the District's governmental funds.

The District adopts an annual revenue and appropriations budget for its general fund, debt service fund and national school breakfast and lunch program special revenue fund. Budgetary comparison schedules have been provided to demonstrate budgetary compliance for these funds. All other governmental funds adopt project length budgets.

Fiduciary Funds. *Fiduciary funds* are used to account for resources held in a trustee or custodial capacity. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs and activities.

The District's fiduciary fund is a custodial fund which is used to account for resources held for the benefit of students. The custodial fund represents the student activity funds.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report presents required supplementary information and supplementary information, including schedules required by the Texas Education Agency.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6,715,923 at the close of the most recent fiscal year.

Liberty Independent School District's Net Position

	Governmental Activities					
	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	$ 24,151,018	38	$ 23,232,122	36	$ 918,896	4
Capital assets, net of depreciation	39,340,604	62	41,251,359	64	(1,910,755)	(5)
Total assets	63,491,622	100	64,483,481	100	(991,859)	
Total deferred outflows of resources	5,792,379	100	4,195,596	100	1,596,783	38
Long-term liabilities outstanding	49,967,487	96	50,448,295	95	(480,808)	(1)
Other liabilities	2,094,180	4	2,804,806	5	(710,626)	(25)
Total liabilities	52,061,667	100	53,253,101	100	(1,191,434)	
Total deferred inflows of resources	10,506,411	100	11,771,376	100	(1,264,965)	(11)
Net position:						
Net investment in capital assets	3,294,263	49	2,592,260	71	702,003	27
Restricted	5,475,490	82	4,705,859	129	769,631	16
Unrestricted	(2,053,830)	(31)	(3,643,519)	(100)	1,589,689	(44)
Total net position	$ 6,715,923	100	$ 3,654,600	100	$ 3,061,323	

Net investment in capital assets (e.g., land and improvements, buildings and improvements, and furniture and equipment; less any related debt used to acquire those assets that is still outstanding) represents $3,294,263 of the District's net position. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position that is restricted for debt service and grants totals $5,475,490 of net position.

The remaining portion of the District's net position is unrestricted, which is negative $2,053,830 due to the recognition of the net pension and OPEB liabilities and related deferred outflows and inflows of resources.

Governmental Activities. Governmental activities increased the District's net position by $3,061,323 from current operations. The elements giving rise to this change may be determined from the table below.

Liberty Independent School District's Changes in Net Position

	Governmental Activities					
	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue						
Program revenues:						
Charges for services	$ 2,752,113	7	$ 2,303,872	6	$ 448,241	19
Operating grants and contributions	6,606,964	18	7,053,914	20	(446,950)	(6)
General revenues:						
Property taxes, levied for general purposes	10,012,608	27	10,473,462	30	(460,854)	(4)
Property taxes, levied for debt service	3,019,193	8	3,467,309	10	(448,116)	(13)
Investment earnings	498,677	1	64,944	-	433,733	668
Grants and contributions not restricted to specific programs	14,327,012	39	12,099,429	34	2,227,583	18
Miscellaneous	71,315	-	162,988	-	(91,673)	(56)
Total revenues	37,287,882	100	35,625,918	100	1,661,964	
Expenses						
Instruction	13,699,210	40	14,303,273	44	(604,063)	(4)
Instructional resources and media services	144,854	-	213,360	1	(68,506)	(32)
Curriculum and instructional staff development	562,795	2	623,328	2	(60,533)	(10)
Instructional leadership	419,818	1	439,762	1	(19,944)	(5)
School leadership	1,631,055	5	1,377,055	4	254,000	18
Guidance, counseling, and evaluation services	1,328,884	4	1,261,628	4	67,256	5
Social work services	33,655	-	30,000	-	3,655	12
Health services	192,359	1	177,266	1	15,093	9
Student transportation	1,945,579	6	1,360,635	4	584,944	43
Food services	1,584,418	5	1,371,852	4	212,566	15
Extracurricular activities	1,796,668	5	1,611,397	5	185,271	11
General administration	1,779,376	5	1,381,529	4	397,847	29
Plant maintenance and operations	5,434,643	16	4,776,766	15	657,877	14
Security and monitoring services	389,599	1	147,042	-	242,557	165
Data processing services	919,132	3	668,200	2	250,932	38
Community services	20,854	-	19,236	-	1,618	8
Interest on long-term debt	1,108,753	3	1,199,406	4	(90,653)	(8)
Issuance costs and fees	2,303	-	2,300	-	3	-
Facilities repair and maintenance	68,695	-	9,057	-	59,638	658
Payments related to shared services arrangements	802,150	2	1,166,274	4	(364,124)	(107)
Other intergovernmental charges	361,759	1	339,448	1	22,311	-
Total expenses	34,226,559	100	32,478,814	100	1,747,745	
Change in net position	3,061,323		3,147,104		(85,781)	
Net position - beginning	3,654,600		507,496		3,147,104	
Net position - ending	$ 6,715,923		$ 3,654,600		$ 3,061,323	

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues) totaling ($20,933,976) represent 57 percent of total revenues and property taxes ($13,031,801) represent 35 percent of total revenues. The remaining 8 percent is generated from charges for services, investment earnings, and miscellaneous revenues.

The primary functional expenses of the District are instruction ($13,699,210), which represents 40 percent of total expenses, and plant maintenance and operations ($5,434,643), which represents 16 percent of total expenses. The remaining functional categories of expenses are individually equal to or less than 6 percent of total expenditures.

The primary reason for the increase in the District's net position was an increase in grants and contributions in the current year related to additional COVID-19 federal and state funding.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $17,978,005, an increase of $1,328,970 primarily attributable to the increase in federal and state funding. Comments as to each individual major fund's change in fund balance follow.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance was $10,734,075 and total fund balance of the general fund was $14,660,233. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represent 42 and 58 percent, respectively, of total general fund expenditures. The fund balance of the District's general fund increased by $796,141 during the current fiscal year. The increase was primarily due to an increase in state funding. A portion of the fund balance ($1,640,968) is restricted for debt service and unavailable to fund District operations.

The debt service fund ended the year with a total fund balance of $2,121,033, all of which is restricted for the payment of principal and interest on debt. The debt service fund balance increased by $86,902 during the year.

General Fund Budgetary Highlights

The District amends the budget as needed throughout the year. There were no significant differences between the originally adopted budget and the final amended budget. Additionally, there were no significant variances between the final budget and actual amounts.

Capital Assets and Long-term Liabilities

Capital Assets. The District's investment in capital assets for its governmental type activities as of August 31, 2023 amounts to $39,340,604 (net of accumulated depreciation/amortization). This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment, right-to-use assets – equipment, and construction in progress. The net decrease in the District's investment in capital assets for the current fiscal year was $1,910,755, principally related to current year depreciation.

Liberty Independent School District's Capital Assets
(net of depreciation/amortization)

	Governmental Activities					
	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	$ 874,305	2	$ 874,305	2	$ -	-
Buildings and improvements	36,184,098	92	37,552,679	91	(1,368,581)	(4)
Furniture and equipment	2,204,026	6	2,326,345	6	(122,319)	(5)
Right-to-use assets - equipment	78,175	-	178,676	-	(100,501)	(56)
Construction in progress	-	-	319,354	1	(319,354)	(100)
Totals	$ 39,340,604	100	$ 41,251,359	100	$ (1,910,755)	

Additional information on the District's capital assets can be found in the notes to the financial statements as noted in the table of contents of this report.

Long-term Liabilities. At year-end, the District had the following long-term liabilities:

Liberty Independent School District's Long-term Liabilities Outstanding

	Governmental Activities					
	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	$ 29,487,546	59	$ 31,709,974	63	$ (2,222,428)	(7)
Notes payable	6,526,248	13	6,831,816	14	(305,568)	(4)
Leases payable	81,757	-	180,751	-	(98,994)	(55)
Workers' compensation	105,912	-	122,957	-	(17,045)	(14)
Compensated absences	222,475	1	224,460	-	(1,985)	(1)
Net pension liability	8,441,423	17	3,438,454	7	5,002,969	146
Net OPEB liability	5,102,126	10	7,939,883	16	(2,837,757)	(36)
Totals	$ 49,967,487	100	$ 50,448,295	100	$ (480,808)	

The District's general obligation bonds, decreased by $2,222,428 (7 percent) during the current fiscal year, which resulted from regularly scheduled debt payments. The District's general obligation debt is backed by the full faith and credit District and is further guaranteed by the Texas Permanent School Fund Bond Guarantee Program.State statutes do not limit the rate or amount for the support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt can be found in the notes to the financial statements as indicated in the table of contents of this report.

Economic Factors and Next Year's Budget and Rates

- Current enrollment (2023-2024) totals 2,424 students, which is a slight increase of 1.04% from the prior year.
- District staff totals 398 employees, which includes 158 teachers and 115 teachers' aides and secretaries.
- The District maintains 4 campuses for instruction.
- The unemployment rate for the County is currently 5.8%, which decreased from the prior year rate of 9.2%. This compares unfavorably to the state's average unemployment rate of 4.1%, which increased from 3.9% in the prior year.
- Property values of the District will decrease by approximately .08% in the 2023-2024 fiscal year from the 2022-2023 fiscal year. Tax revenue is projected to decrease in the current 2023-2024 year due to tax rate compression and an increase in the homestead exemption.
- 2023 Tax Rates are $0.748 for maintenance and operations and $0.26834 for debt service, a total rate of $1.01634. Preceding year rates were $0.8894, $0.2706 and $1.16, respectively.

All of these factors were considered in preparing the District's budget for the 2023-2024 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Liberty Independent School District, 1600 Grand Avenue, Liberty, Texas, 77575.

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Basic Financial Statements

Liberty Independent School District

Exhibit A-1

Statement of Net Position
August 31, 2023

Data Control Codes		1 Primary Government Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	$ 1,484,026
1120	Current investments	13,307,055
1220	Property taxes receivable	4,395,921
1230	Allowance for uncollectible taxes	(263,700)
1240	Due from other governments	3,553,257
1290	Other receivables	26,491
1410	Prepaid items	7,000
	Capital assets:	
1510	Land and improvements	874,305
1520	Buildings and improvements (net)	36,184,098
1530	Furniture and equipment (net)	2,204,026
1550	Right-to-use assets - equipment (net)	78,175
1890	Restricted investments for debt obligations	1,640,968
1000	Total assets	63,491,622
	DEFERRED OUTFLOWS OF RESOURCES	
1705	Deferred outflows - pension	3,655,465
1706	Deferred outflows - OPEB	2,087,704
1710	Deferred charge on refunding	49,210
1700	Total deferred outflows of resources	5,792,379
	LIABILITIES	
2110	Accounts payable	334,486
2140	Interest payable	53,388
2150	Payroll deductions and withholdings	3,121
2160	Accrued wages payable	1,665,882
2180	Due to other governments	37,303
	Noncurrent liabilities:	
2501	Due within one year	2,634,685
2502	Due in more than one year	33,789,253
2540	Net pension liability	8,441,423
2545	Net OPEB liability	5,102,126
2000	Total liabilities	52,061,667
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred inflows - pension	1,327,472
2606	Deferred inflows - OPEB	9,178,939
2600	Total deferred inflows of resources	10,506,411
	NET POSITION	
3200	Net investment in capital assets	3,294,263
3820	Restricted for grants	992,686
3850	Restricted for debt service	4,482,804
3900	Unrestricted	(2,053,830)
3000	**TOTAL NET POSITION**	$ 6,715,923

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

Liberty Independent School District

Exhibit B-1

Statement of Activities
For the Fiscal Year Ended August 31, 2023

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues Charges for Services	4 Program Revenues Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
	PRIMARY GOVERNMENT				
	Governmental activities:				
0011	Instruction	$ 13,699,210	$ 1,050,473	$ 3,014,217	$ (9,634,520)
0012	Instructional resources and media services	144,854	28,088	624	(116,142)
0013	Curriculum and instructional staff development	562,795	-	479,908	(82,887)
0021	Instructional leadership	419,818	361,828	6,562	(51,428)
0023	School leadership	1,631,055	57,173	69,995	(1,503,887)
0031	Guidance, counseling, and evaluation services	1,328,884	5,119	971,822	(351,943)
0032	Social work services	33,655	-	-	(33,655)
0033	Health services	192,359	-	21,425	(170,934)
0034	Student transportation	1,945,579	2,332	68,967	(1,874,280)
0035	Food services	1,584,418	293,255	1,209,994	(81,169)
0036	Extracurricular activities	1,796,668	337,800	68,259	(1,390,609)
0041	General administration	1,779,376	315,190	98,384	(1,365,802)
0051	Plant maintenance and operations	5,434,643	95,655	99,614	(5,239,374)
0052	Security and monitoring services	389,599	-	77,314	(312,285)
0053	Data processing services	919,132	9,049	278,440	(631,643)
0061	Community services	20,854	5,973	12,587	(2,294)
0072	Interest on long-term debt	1,108,753	-	110,565	(998,188)
0073	Issuance costs and fees	2,303	-	-	(2,303)
0081	Facilities repair and maintenance	68,695	-	-	(68,695)
0093	Payments related to shared services arrangement	802,150	190,178	18,287	(593,685)
0099	Other intergovernmental charges	361,759	-	-	(361,759)
TG	Total governmental activities	34,226,559	2,752,113	6,606,964	(24,867,482)
TP	**TOTAL PRIMARY GOVERNMENT**	$ 34,226,559	$ 2,752,113	$ 6,606,964	(24,867,482)
	General revenues:				
MT	Property taxes, levied for general purposes				10,012,608
DT	Property taxes, levied for debt service				3,019,193
GC	Grants and contributions not restricted to specific programs				14,327,012
IE	Investment earnings				498,677
MI	Miscellaneous				71,315
TR	Total general revenues				27,928,805
CN	Change in net position				3,061,323
NB	Net position - beginning				3,654,600
NE	**NET POSITION - ENDING**				$ 6,715,923

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

Liberty Independent School District
Balance Sheet
Governmental Funds
August 31, 2023

Data Control Codes		199 General Fund
	ASSETS	
1110	Cash and cash equivalents	$ 916,749
1120	Current investments	10,239,886
1220	Property taxes receivable	3,583,546
1230	Allowance for uncollectible taxes	(215,000)
1240	Due from other governments	3,238,741
1260	Due from other funds	178,146
1290	Other receivables	22,619
1410	Prepaid items	7,000
1890	Restricted investments for debt obligations	1,640,968
1000	Total assets	19,612,655
1000a	**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**	$ 19,612,655
	LIABILITIES	
2110	Accounts payable	$ 159,531
2150	Payroll deductions and withholdings	2,481
2160	Accrued wages payable	1,415,830
2170	Due to other funds	-
2180	Due to other governments	6,034
2000	Total liabilities	1,583,876
	DEFERRED INFLOWS OF RESOURCES	
2600	Unavailable revenue - property taxes	3,368,546
	Total deferred inflows of resources	3,368,546
	FUND BALANCES	
3430	Nonspendable - prepaid items	7,000
3450	Restricted - grant funds	-
3480	Restricted - debt service	1,640,968
3545	Committed - other	1,900,000
3590	Assigned - purchases on order	378,190
3600	Unassigned	10,734,075
3000	Total fund balances	14,660,233
4000	**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**	$ 19,612,655

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

599 Debt Service Fund	Total Nonmajor Funds	98 Total Governmental Funds
$ 14,558	$ 552,719	$ 1,484,026
2,064,531	1,002,638	13,307,055
812,375	-	4,395,921
(48,700)	-	(263,700)
62,842	251,674	3,553,257
-	1,901	180,047
3,872	-	26,491
-	-	7,000
-	-	1,640,968
2,909,478	1,808,932	24,331,065
$ 2,909,478	$ 1,808,932	$ 24,331,065
$ -	$ 174,955	$ 334,486
-	640	3,121
-	250,052	1,665,882
-	180,047	180,047
24,770	6,499	37,303
24,770	612,193	2,220,839
763,675	-	4,132,221
763,675	-	4,132,221
-	-	7,000
-	992,686	992,686
2,121,033	-	3,762,001
-	204,053	2,104,053
-	-	378,190
-	-	10,734,075
2,121,033	1,196,739	17,978,005
$ 2,909,478	$ 1,808,932	$ 24,331,065

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Liberty Independent School District

Exhibit C-1R

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
August 31, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)			$ 17,978,005
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year end consist of:			
Governmental capital assets costs	$	77,599,048	
Accumulated depreciation/amortization of governmental capital assets		(38,258,444)	39,340,604
Property taxes receivable, which will be collected subsequent to year-end, are not available soon enough to pay expenditures and, therefore, are deferred in the funds.			4,132,221
Long-term liabilities, including bonds payable, notes payable, leases payable, workers' compensation, compensated absences, and net pension and OPEB liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:			
Bonds payable, at original par	$	(28,330,000)	
Notes payable		(6,300,000)	
Premium on bonds and notes payable		(1,383,794)	
Accrued interest on the bonds and notes payable		(53,388)	
Leases payable		(81,757)	
Workers' compensation		(105,912)	
Compensated absences		(222,475)	
Net pension liability		(8,441,423)	
Net OPEB liability		(5,102,126)	(50,020,875)
Deferred charge on refunding is reported as deferred outflow of resources in the statement of net position and is not reported in the governmental funds as it is not a current financial resource available to pay for current expenditures.			49,210
Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.			3,655,465
Deferred inflows of resources for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.			(1,327,472)
Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.			2,087,704
Deferred inflows of resources for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.			(9,178,939)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)			$ 6,715,923

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

Liberty Independent School District
Statement of Revenues, Expenditures, and Changes
in Fund Balances
Governmental Funds
For the Fiscal Year Ended August 31, 2023

Data Control Codes		199 General Fund
	REVENUES	
5700	Local and intermediate sources	$ 10,788,582
5800	State program revenues	14,437,854
5900	Federal program revenues	1,053,549
5020	Total revenues	26,279,985
	EXPENDITURES	
	Current:	
0011	Instruction	10,797,051
0012	Instructional resources and media services	85,192
0013	Curriculum and instructional staff development	106,558
0021	Instructional leadership	166,709
0023	School leadership	1,643,095
0031	Guidance, counseling, and evaluation services	443,699
0032	Social work services	33,655
0033	Health services	183,650
0034	Student transportation	1,845,666
0035	Food services	-
0036	Extracurricular activities	1,392,578
0041	General administration	1,530,271
0051	Plant maintenance and operations	3,766,966
0052	Security and monitoring services	310,263
0053	Data processing services	639,486
0061	Community services	3,986
	Debt service:	
0071	Principal on long-term debt	383,994
0072	Interest on long-term debt	255,351
0073	Issuance costs and fees	1,100
	Capital outlay:	
0081	Facilities acquisition and construction	900,068
	Intergovernmental:	
0093	Payments related to shared service arrangements	632,747
0099	Other intergovernmental charges	361,759
6030	Total expenditures	25,483,844
1200	Net change in fund balances	796,141
0100	Fund balances - beginning	13,864,092
3000	**FUND BALANCES - ENDING**	$ 14,660,233

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

599 Debt Service Fund	Total Nonmajor Funds	98 Total Governmental Funds
$ 3,012,472	$ 2,257,022	$ 16,058,076
162,521	168,938	14,769,313
-	6,049,270	7,102,819
3,174,993	8,475,230	37,930,208
-	3,365,012	14,162,063
-	24,375	109,567
-	473,050	579,608
-	287,509	454,218
-	96,767	1,739,862
-	949,826	1,393,525
-	-	33,655
-	19,040	202,690
-	54,524	1,900,190
-	1,520,620	1,520,620
-	271,225	1,663,803
-	334,453	1,864,724
-	86,319	3,853,285
-	77,012	387,275
-	282,906	922,392
-	17,262	21,248
2,080,000	-	2,463,994
1,006,888	-	1,262,239
1,203	-	2,303
-	-	900,068
-	169,403	802,150
-	-	361,759
3,088,091	8,029,303	36,601,238
86,902	445,927	1,328,970
2,034,131	750,812	16,649,035
$ 2,121,033	$ 1,196,739	$ 17,978,005

Liberty Independent School District **Exhibit C-3**

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended August 31, 2023

TOTAL NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2)		$ 1,328,970
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation/amortization expense.		
Capital assets increased	$ 918,998	
Depreciation/amortization expense	(2,829,753)	(1,910,755)
Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year.		295,830
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		2,080,000
Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		285,000
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		98,994
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The (increase) decrease in such items reported in the statement of activities consists of the following:		
Accrued interest on bonds and notes payable	$ 4,722	
Amortization of premiums	162,996	
Amortization of deferred charge on refunding	(14,232)	153,486
The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		1,985
The (increase) decrease in workers' compensation is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds.		17,045
The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	$ 1,470,530	
Deferred inflows (increased) decreased	3,307,490	
Net pension liability (increased) decreased	(5,002,969)	(224,949)
The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:		
Deferred outflows increased (decreased)	$ 140,485	
Deferred inflows (increased) decreased	(2,042,525)	
Net OPEB liability (increased) decreased	2,837,757	935,717
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1)		$ 3,061,323

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

Liberty Independent School District **Exhibit E-1**

Statement of Fiduciary Net Position
Fiduciary Fund
August 31, 2023

	Custodial Fund
ASSETS	
Cash and cash equivalents	$ 44,047
Total assets	44,047
LIABILITIES	
Accounts payable	481
Total liabilities	481
NET POSITION	
Restricted for:	
Student activity	43,566
TOTAL NET POSITION	$ 43,566

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

Liberty Independent School District **Exhibit E-2**

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended August 31, 2023

	Custodial Fund
ADDITIONS	
Contributions or gifts	$ 68,357
Other	8,404
Total additions	76,761
DEDUCTIONS	
Student activities	1,357
Administrative expense	21,576
Beneficiary payments	7,982
Other	51,755
Total deductions	82,670
Change in fiduciary net position	(5,909)
Net position - beginning of the year	49,475
NET POSITION - END OF YEAR	$ 43,566

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

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Liberty Independent School District (the District) is governed by a seven-member board of trustees (the Board), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Members of the Board are elected by the public, have authority to make decisions, appoint management and significantly influence operations, and have primary accountability for fiscal matters. The District is not included in any other governmental reporting entity and the accompanying financial statements present the District as the primary government.

B. Description of Government-wide 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 (the District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities are* normally supported by taxes, intergovernmental revenues, and other nonexchange transactions.

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. 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.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Additionally, the District reports the following governmental fund types:

The *special revenue funds* are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes.

The District reports the following fiduciary fund types:

The *Custodial fund* accounts for assets held by the District for student activities. Contributions, gifts and fundraisers benefit the student organizations that raise the funds, and not held in a trust.

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 and advances to/from 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 governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements 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 are eliminated in governmental activities.

E. Measurement Focus and Basis of Accounting

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 financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as required under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and 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 and acquisitions under leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 150 days of year end). All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the District.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and, bank demand or time deposits with original maturities of three months or less from the date of acquisition.

2. *Investments*

Investments for the District, with certain exceptions, are reported at fair value. The investment pools and money market investments are reported at amortized cost or net asset value, and certificates of deposit are reported at cost.

3. *Prepaid Items*

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

4. *Capital Assets*

Capital assets are tangible and intangible assets, which include land and improvements, construction in progress, buildings and improvements, furniture and equipment, and right-to-use assets are reported in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Tangible and intangible capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and $50,000, respectively, and an estimated useful life in excess of one year.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the District chose to include all such items regardless of their acquisition date or amount. The District was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and improvements and construction in progress are not depreciated. The buildings and improvements, furniture and equipment and right-to-use assets – equipment of the District are depreciated/amortized using the straight line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings and improvements	5-45
Furniture and equipment	2-15
Right-to-use assets - equipment	shorter of lease term or useful life

5. *Leases*

The District is a lessee for noncancellable leases of property and equipment. The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The District recognizes lease liabilities with an initial, individual value of $35,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

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. 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, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

6. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.

7. Compensated Absences

The District’s policy permits employees to accumulate earned but unused state and/or local leave benefits. Payment for unused leave days accumulated locally will be made upon separation from the District per the District’s policy, which contains provisions regarding manner of separation and tenure with the District in determining the amount eligible for payment. All leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have met the District’s retirement and State’s retirement eligibility requirements.

8. 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.

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees (the Board) is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by board action or the resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by policy, authorized the superintendent or his designee to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

10. 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, assigned, 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.

11. Pension
The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

G. Revenues and Expenditures/Expenses

1. Program Revenues
Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes
Property values are determined by the County Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent of February 1 and a tax lien on real property is created as of July 1 of each year.

H. Use of 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 during the reporting period. Actual results could differ from those estimates.

I. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by 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 TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

J. Implementation of New Accounting Standards

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset - and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments; and 4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. GASB 96 was implemented in the District's fiscal year 2023 financial statements with no impact to amounts previously reported.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94), improves financial reporting by addressing issues related to public-private and public-public partnership arrangements and provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. GASB 96 was implemented in the District's fiscal year 2023 financial statements with no impact to amounts previously reported.

K. Recent Accounting Pronouncements

GASB Statement No. 99*, Omnibus 2022* (GASB 99), enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB statements and 2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases were implemented in the District's fiscal year 2022 financial statements in conjunction with GASB 87. The requirements related to PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. These requirements for GASB 99 were implemented in the District's fiscal year 2023 financial statements in conjunction with GASB 94 and GASB 96 as described in Note 1. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. These requirements for GASB 99 will be implemented in the District's fiscal year 2024 financial statements and the impact has not yet been determined.

GASB Statement No. 100*, Accounting Changes and Error Corrections* (GASB 100), enhances 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 1) defines accounting changes and corrections of errors; 2) prescribes the accounting and financial reporting for each type of accounting change and error corrections; and 3) clarifies required note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2023, with earlier application encouraged. GASB 100 will be implemented in the District's fiscal year 2024 financial statements and the impact has not yet been determined.

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

Note 2. Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, national school breakfast and lunch program special revenue fund, and debt service fund. All annual appropriations lapse at fiscal year end.

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

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. The encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. The District had outstanding encumbrances at August 31, 2023 assigned in the general fund of $378,190.

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits
The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. The District's depository balance as of August 31, 2023 was $2,087,573 and was fully collateralized.

Investments
The District's investment policy is in accordance with the Public Funds Investment Act (PFIA), the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Fully collateralized repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Securities lending program as permitted by Government Code 2256.0115; 5) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 6) Commercial paper if it has a stated maturity of 270 days or fewer from the date of its issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 7) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission and have a dollar-weighted average stated maturity of 90 days or fewer; 8) No-load mutual funds which shall be registered with the Securities and Exchange Commission, have an average weighted maturity of less than two years, include investments that comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 9) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 10) Public funds investment pools which meet the requirements of the Public Funds Investment Act.

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

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

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

The District's investment balances, fair value level classification (where applicable), weighted average maturity, and credit risk of such investments are as follows:

		Fair Value Measurements Using				
Governmental Funds' Investment Type	Current Investments & Restricted Investments for Debt Obligations	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Percentage of Total Investments	Weighted Average Maturity (Days)	Credit Risk (S&P)
Investments measured at cost:						
Certificates of deposit	$ 364,962			2%	321	Not Rated*
Investments measured at amortized cost:						
Investment pools:						
TexPool	5,984,706			40%	23	AAAm
TexPool Prime	114,371			1%	32	AAAm
Money Market Fund	1,641,054			11%	3	AAAm
Investments measured at net asset value (NAV), fair value:						
Investment pools:						
Texas CLASS	53,717			0%	68	AAAm
Investments measured at fair value:						
Certificates of deposit	6,301,006	$ -	$ 6,301,006	42%	155	Not Rated*
U.S. Treasury Bill	488,207	488,207	-	3%	179	Not Rated
Total value	$ 14,948,023	$ 488,207	$ 6,301,006	100%		
Portfolio weighted average maturity					89	

*Certificates of deposit are insured and/or collateralized

Local Government Investment Pools

TexPool and TexPool Prime are duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Hermes, Inc. State Street Bank serves as the custodial bank. The TexPool portfolio consists of U.S. Government securities, collateralized repurchase and reverse repurchase agreements, and AAA rated money market mutual funds; and the TexPool Prime portfolio additionally includes commercial paper and certificates of deposit.

The TexPool and TexPool Prime investment pools transacts at a net asset value of $1.00 per share, have a weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by a nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions.

Texas CLASS was created in accordance with the requirements contained in section 2256.016 of the Public Funds Investment Act (PFIA). The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and UMB Bank, N.A. as Custodian.

Texas CLASS is an external investment pool measured at fair value, i.e. net asset value. The investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short term marketable securities. There are no unfunded commitments related to the investment pool. The Texas CLASS portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds; and commercial paper.

TexSTAR is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM, who provides custody and investment management.

The primary objectives of TexSTAR are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants' needs, and yield. The portfolio will maintain a dollar-weighted average maturity that does not exceed 60 days and seeks to maintain a net asset value of $1.00 per share. TexSTAR may invest in securities including: obligations of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; other obligations which are unconditionally guaranteed or insured by the U.S.; fully collateralized repurchase agreements with a defined termination date and unconditionally guaranteed or insured by the U.S. or its agencies and instrumentalities; and SEC-registered no-load money-market fund which meet the requirements of the Public Funds Investment Act.

The investment pools have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.

Credit Risk
At year-end, the District's investments were rated as noted in the preceding table. All credit ratings met acceptable levels required by legal guidelines prescribed in both the PFIA and the District's investment policy.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of any internally created pool to no more than 180 days, and any other individual investment not to exceed one year unless specifically authorized by the Board of Trustees.

Concentration of Credit Risk
The District's investment policy does not limit an investment in any one issuer. The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Custodial Credit Risk – Deposits
In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2023, the District's bank balance at the local bank was insured and collateralized with securities held by the District's agent in the District's name.

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

B. Receivables

Tax revenues of the general and debt service funds are reported net of uncollectible amounts. Total change in uncollectible amounts related to revenues of the current period increased (decreased) revenues as follows:

Change in uncollectibles related to general fund property taxes	$	(14,200)
Change in uncollectibles related to debt service property taxes		(4,624)
Increase (decrease) in revenues due to change in uncollectibles	$	(18,824)

Approximately 89% of the outstanding balance of property taxes is not anticipated to be collected within the next year.

C. Interfund Receivables, Payables and Transfers

1. Receivables/Payables
The composition of interfund balances as of August 31, 2023, was as follows:

Fund		Interfund Receivables		Interfund Payables
General fund	$	178,146	$	-
Nonmajor governmental fund		1,901		180,047
Totals	$	180,047	$	180,047

Interfund balances consist of short-term lending/borrowing arrangements that generally result from payroll and other regularly occurring charges that are primarily paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

2. Transfers
Interfund transfers are defined as “flows of assets from one fund to another fund without equivalent flow of assets in return and without a requirement for repayment.” Transfers are the use of funds collected in one fund to finance various programs accounted for in other funds. There were no interfund transfers between the various funds at August 31, 2023.

D. Capital Assets

Capital asset activity for the fiscal year ended August 31, 2023 was as follows:

	Beginning Balance	Additions	Reclassifications/ Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land and improvements	$ 874,305	$ -	$ -	$ 874,305
Construction in progress	319,354	203,323	(522,677)	-
Total capital assets, not being depreciated/amortized	1,193,659	203,323	(522,677)	874,305
Capital assets, being depreciated/amortized:				
Buildings and improvements	70,007,122	641,630	522,677	71,171,429
Furniture and equipment	5,194,519	74,045	-	5,268,564
Right-to-use assets - equipment	300,728	-	(15,978)	284,750
Total capital assets, being depreciated/amortized	75,502,369	715,675	506,699	76,724,743
Less accumulated depreciation/amortization for:				
Buildings and improvements	(32,454,443)	(2,532,888)	-	(34,987,331)
Furniture and equipment	(2,868,174)	(196,364)	-	(3,064,538)
Right-to-use assets - equipment	(122,052)	(100,501)	15,978	(206,575)
Total accumulated depreciation/amortization	(35,444,669)	(2,829,753)	15,978	(38,258,444)
Total capital assets, being depreciated/amortized, net	40,057,700	(2,114,078)	522,677	38,466,299
Governmental activities capital assets, net	$ 41,251,359	$ (1,910,755)	$ -	$ 39,340,604

Depreciation/Amortization expense was charged to functions/programs of the District as follows:

Governmental activities:	
11 Instruction	$ 537,107
12 Instructional resources and media services	39,695
23 School leadership	23,038
31 Guidance, counseling, and evaluation services	5,870
33 Health services	4,621
34 Student transportation	182,642
35 Food services	105,887
36 Extracurricular activities	215,460
41 General administration	3,792
51 Plant maintenance and operations	1,687,308
52 Security and monitoring services	3,920
53 Data processing services	20,413
Total depreciation/amortization expense-governmental activities	$ 2,829,753

E. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, notes payable, leases payable, self-insured workers' compensation, compensated absences, and net pension and OPEB liabilities. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Other long-term liabilities are generally liquidated with resources of the general fund.

Changes in Long-term Liabilities
Long-term liability activity for the fiscal year ended August 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 30,410,000	$ -	$ (2,080,000)	$ 28,330,000	$ 2,165,000
Issuance premium	1,299,974	-	(142,428)	1,157,546	-
Total bonds payable, net	31,709,974	-	(2,222,428)	29,487,546	2,165,000
Notes payable:					
Notes payable	6,585,000	-	(285,000)	6,300,000	295,000
Issuance premium	246,816	-	(20,568)	226,248	-
Total notes payable, net	6,831,816	-	(305,568)	6,526,248	295,000
Leases payable	180,751	-	(98,994)	81,757	46,525
Workers' compensation	122,957	29,618	(46,663)	105,912	105,912
Compensated absences	224,460	417,978	(419,963)	222,475	22,248
Net pension liability	3,438,454	5,666,467	(663,498)	8,441,423	-
Net OPEB liability	7,939,883	488,187	(3,325,944)	5,102,126	-
Governmental activities long-term liabilities	$ 50,448,295	$ 6,602,250	$ (7,083,058)	$ 49,967,487	$ 2,634,685

General Obligation Bonds
The District issues general obligation bonds to provide funds for the construction and equipment of school buildings (BLDG) and to refund general obligation bonds (REF).

General obligation bonds are direct obligations and pledge the full faith and credit of the District. The following is a summary of changes in the general obligation bonds for the fiscal year:

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2014 REF	2.00-3.75%	$ 8,080,000	2027	$ 4,995,000	$ -	$ (935,000)	$ 4,060,000
2015 BLDG	3.00-5.00%	23,035,000	2035	17,785,000	-	(725,000)	17,060,000
2017 BLDG	2.00-5.00%	9,465,000	2037	7,630,000	-	(420,000)	7,210,000
Totals				$ 30,410,000	$ -	$ (2,080,000)	$ 28,330,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2024	$ 2,165,000	$ 928,662	$ 3,093,662
2025	2,105,000	842,012	2,947,012
2026	2,340,000	751,150	3,091,150
2027	2,455,000	664,799	3,119,799
2028	1,985,000	594,187	2,579,187
2029	2,050,000	532,744	2,582,744
2030	2,115,000	467,451	2,582,451
2031	2,185,000	399,088	2,584,088
2032	2,250,000	326,550	2,576,550
2033	2,330,000	249,600	2,579,600
2034	2,410,000	169,950	2,579,950
2035	2,490,000	86,474	2,576,474
2036	715,000	32,775	747,775
2037	735,000	11,025	746,025
Totals	$ 28,330,000	$ 6,056,467	$ 34,386,467

In prior years, the District defeased certain bonds through the issuance of the new bonds and placed the proceeds in an irrevocable trust to provide for all future debt service payments of the old bonds. Securities being utilized to repay the refinanced debt as it becomes due consist solely of U.S. government obligations. Accordingly, the trust account securities and the liability for the defeased bonds are not included in the District's basic financial statements. As of August 31, 2023, there were no outstanding defeased bonds.

Notes Payable

The District issued a tax maintenance note, qualified zone academy note (QZA), and qualified school construction maintenance tax note (QSC) to provide funds for repair and rehabilitation of facilities and equipping facilities. The notes are secured by the proceeds of a continuing, direct annual ad valorem tax levied for maintenance.

The following is a summary of changes in the notes payable for the fiscal year:

Description	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
2011 QSC NOTE	5.015%	2,560,000	2029	$ 2,560,000	$ -	$ -	$ 2,560,000
2019 TM NOTE	2.0 - 4.0%	4,795,000	2034	4,025,000	-	(285,000)	3,740,000
Totals				$ 6,585,000	$ -	$ (285,000)	$ 6,300,000

Annual debt service requirements to maturity for notes payable are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2024	$ 295,000	$ 237,934	$ 532,934
2025	300,000	232,034	532,034
2026	310,000	226,034	536,034
2027	315,000	219,834	534,834
2028	325,000	207,234	532,234
2029	2,900,000	194,234	3,094,234
2030	350,000	55,650	405,650
2031	360,000	45,150	405,150
2032	370,000	34,350	404,350
2033	380,000	23,250	403,250
2034	395,000	11,850	406,850
Totals	$ 6,300,000	$ 1,487,554	$ 7,787,554

Leases Payable
The District has entered into multiple lease agreements as lessee. The leases allow the right-to-use equipment over the term of the lease. The District is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied within the leases. The lease rate, term and ending lease liability are as follows:

	Interest Rate(s)	Lease Term in Years	Ending Balance
Governmental activities			
Copiers	2.50%	2 - 5	$ 14,885
Vehicles	3.65% - 6.43%	3 - 6	26,206
Turf equipment	2.50%	6	37,620
Postage machine	2.50%	2 - 5	3,046
Total governmental activities			$ 81,757

The future principal and interest lease payments as of fiscal year end are as follows:

Year Ending August 31,	Principal	Interest	Total Requirements
2024	$ 46,525	$ 2,055	$ 48,580
2025	14,756	792	15,548
2026	10,476	503	10,979
2027	10,000	245	10,245
Totals	$ 81,757	$ 3,595	$ 85,352

F. Fund Balance

Other committed fund balance includes the following commitments of funds:

	General Fund	Nonmajor Funds
Fiscal contingency	$ 500,000	$ -
Capital expenditures - facilities	500,000	-
Capital expenditures - buses	250,000	-
Capital expenditures - band instruments	150,000	-
Technology	250,000	-
Legal expenses	150,000	-
Safety & security	100,000	-
Campus activity funds	-	204,053
Total other committed fund balance	$ 1,900,000	$ 204,053

G. Revenues from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General	Debt Service	Nonmajor Funds	Total
Property taxes	$ 9,789,928	$ 2,946,043	$ -	$ 12,735,971
Charges for services	529,103	-	2,223,010	2,752,113
Investment earnings	398,236	66,429	34,012	498,677
Other	71,315	-	-	71,315
Totals	$ 10,788,582	$ 3,012,472	$ 2,257,022	$ 16,058,076

Note 4. Other Information

A. Risk Management

Property/Liability
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 the fiscal year 2022, the District participated in the following TASB Risk Management Fund programs: Auto Liability, Auto Physical Damage, School Liability, Privacy & Information Security, and Property.

The TASB Risk Management Fund (the Fund) was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop-loss program vary by line of coverage. For the fiscal year ended August 31, 2023, the Fund anticipates no additional liability beyond the contractual obligations for payment of contributions.

There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

Unemployment Compensation Pool

During the fiscal year 2023, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended August 31, 2023, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contributions.

Health Care Coverage

During the fiscal year ended August 31, 2023, employees of the District were covered by TRS-Active Care (the Plan) a statewide health coverage program for Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of $187 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS.

Workers' Compensation

The District established a limited risk management program for workers' compensation. Premiums are paid into the general fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditure reported in the general fund.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries from stop-loss insurance recoveries are another component of the claims liability estimate. An excess coverage insurance policy covers individual claims in excess of $1,000,000 and statutory limit of $5,000,000. Settlements have not exceeded coverages for each of the past three years and no significant reductions in insurance coverage from the prior year.

Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended 8/31/2023	Year Ended 8/31/2022
Unpaid claims, beginning of fiscal year	$ 122,957	$ 80,541
Incurred claims	29,618	59,995
Claim payments	(46,663)	(17,579)
Unpaid claims, end of fiscal year	$ 105,912	$ 122,957

B. Contingencies

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through August 31, 2023, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

C. Defined Benefit Pension Plan

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

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

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

Benefits Provided
TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity, except for members who are grandfathered where the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description above.

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2023	2022
Member	8.00%	8.00%
Non-employer contributing entity (State)	8.00%	7.75%
Employers (District)	8.00%	7.75%

The contribution amounts for the District's fiscal year 2023 are as follows:

District contributions	$ 704,481
Member contributions	1,415,135
NECE on-behalf contributions (State)	996,703

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

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

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

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

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.
- Public education employer contribution - all public schools, charter schools and regional education service centers must contribute 1.7% of the member's salary beginning in fiscal year 2022, gradually increasing to 2.0% in fiscal year 2025.

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

On August 31, 2023, the District reported a liability of $8,441,423 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District's proportionate share of the net pension liability	$ 8,441,423
State's proportionate share of the net pension liability associated with the District	11,906,227
Total	$ 20,347,650

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 August 31, 2021 rolled forward to August 31, 2022. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At the measurement date of August 31, 2022, the District's proportion of the collective net pension liability was 0.0142189%, which was an increase of 0.0007171% from its proportion measured as of August 31, 2021.

For the fiscal year ended August 31, 2023, the District recognized pension expense of $2,067,530 and revenue of $1,138,100 for support provided by the State.

On August 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 122,400	$ 184,039
Changes of assumptions	1,572,912	392,014
Difference between projected and actual earnings on pension plan investments	833,986	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	421,686	751,419
District contributions paid subsequent to the measurement date	704,481	-
Totals	$ 3,655,465	$ 1,327,472

$704,481 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending August 31,		
2024	$	455,840
2025		153,298
2026		(97,618)
2027		946,047
2028		165,945
Thereafter		-
Total	$	1,623,512

Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2021. Update procedures were used to roll forward the total pension liability to August 31, 2022 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Fair value
Single discount rate	7.00%
Long-term expected rate of return	7.00%
Municipal bond rate as of August 2020	3.91%. Source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2121
Inflation	2.30%
Salary increases	2.95% to 8.95% including inflation
Ad hoc postemployment benefit changes	None
Active mortality rates	The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

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

Discount Rate and Long-Term Expected Rate of Return
A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the rates set by the legislature in the 2019 session. It is assumed that future employer and state contributions will be 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 these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 TRS's target asset allocation as of August 31, 2022 are summarized below:

Asset Class	Target Allocation**	Long-term Expected Geometric Real Rate of Return***	Expected Contribution to Long-term Portfolio Returns
Global equity:			
U.S.	18.00%	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 return*	-	3.70%	-
Stable value hedge funds	5.00%	3.40%	0.18%
Real return:			
Real estate	15.00%	4.10%	0.94%
Energy, natural resources and infrastructure	6.00%	5.10%	0.37%
Commodities	-	3.60%	-
Risk parity:			
Risk parity	8.00%	4.60%	0.43%
Asset allocation leverage:			
Cash	2.00%	3.00%	0.01%
Asset allocation leverage cash	-6.00%	3.60%	-0.05%
Inflation expectation			2.70%
Volatility drag****			-0.91%
Total	100.00%		8.21%

* Absolute return includes credit sensitive investments.

** Target allocations are based on the FY 2022 policy model.

*** Capital market assumptions come from Aon Hewitt (as of 8/31/2022).

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$ 13,131,653	$ 8,441,423	$ 4,639,771

Change of Assumptions Since the Prior Measurement Date
New assumptions were adopted in conjunction with an actuarial experience study since the prior measurement date that affected measurement of the total pension liability during the measurement period. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

Change of Benefit Terms Since the Prior Measurement Date
There were no changes of benefit terms since the prior measurement date that affected measurement of the total pension liability during the measurement period.

D. Defined Other Postemployment Benefit Plan

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

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

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes; including automatic cost of living adjustments (COLAs). The Board of Trustees of TRS is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter1575.052.

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

TRS-Care Monthly Plan Premium Rates

	Medicare	Non-medicare
Retiree or surviving spouse	$ 135	$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

Contributions

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

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2023	2022
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

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

The contribution amounts for the District's fiscal year 2023 are as follows:

District contributions	$ 171,882
Member contributions	114,981
NECE on-behalf contributions (State)	196,347

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

The State of Texas also contributed $95,761, $73,894 and $76,870 in 2023, 2022, and 2021, respectively, for on-behalf payments for Medicare Part D.

TRS-Care received a supplemental appropriation 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.

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

On August 31, 2023, the District reported a liability of $5,102,126 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided by the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the net OPEB liability	$ 5,102,126
State's proportionate share of the net OPEB liability associated with the District	6,223,792
Total	$ 11,325,918

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 August 31, 2021 rolled forward to August 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2021 through August 31, 2022.

At the measurement date of August 31, 2022, the employer's proportion of the collective net OPEB liability was 0.0213086%, which was an increase of 0.0007253% from its proportion measured as of August 31, 2021.

For the fiscal year ended August 31, 2023, the District recognized net OPEB revenue of $(1,647,041) due to recognition of deferred inflows in excess of deferred outflows and current year expenses. OPEB revenue of $(883,206) was recognized for support provided by the State.

On August 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 283,660	$ 4,250,529
Changes of assumptions	777,155	3,544,653
Difference between projected and actual earnings on OPEB plan investments	15,198	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	839,809	1,383,757
District contributions paid subsequent to the measurement date	171,882	-
Totals	$ 2,087,704	$ 9,178,939

$171,882 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended August 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending August 31,	
2024	$ (1,345,108)
2025	(1,345,053)
2026	(1,128,690)
2027	(835,771)
2028	(977,413)
Thereafter	(1,631,082)
Total	$ (7,263,117)

Actuarial Methods and Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2021. Update procedures were used to roll forward the total OPEB liability to August 31, 2022.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2021 TRS pension actuarial valuation that was rolled forward to August 31, 2022:

Demographic Assumptions	Economic Assumptions
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	
Rates of disability	

See Note 4.C for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.

The initial medical trend rates were 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 % over a period of 13 years.

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

Actuarial cost method	Individual entry age normal
Single discount rate	3.91%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 62% participation prior to age 65 and 25% after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc postemployment benefit changes	None

Discount Rate

A single discount rate of 3.91% was used to measure the total OPEB liability at August 31, 2022. This was an increase of 1.96% in the discount rate since the August 31, 2021 measurement date. The plan is essentially a "pay-as-you-go" plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan's fiduciary net position was projected to not be able to make all future benefit payments to current plan members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2022.

Sensitivity Analysis of Rates

Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that was 1% less than and 1% greater than the discount rate that was used (3.91%) in measuring the net OPEB liability.

	1% Decrease (2.91%)	Current Discount Rate (3.91%)	1% Increase (4.91%)
District's proportionate share of the net OPEB liability	$ 6,015,811	$ 5,102,126	$ 4,361,923

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 4,204,174	$ 5,102,126	$ 6,266,204

Change of Assumptions Since the Prior Measurement Date
The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the total OPEB liability.
- Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the total OPEB liability.

Change of Benefit Terms Since the Prior Measurement Date
There were no changes in benefit terms since the prior measurement date.

E. Shared Service Arrangements

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides services for special education students of the District and member districts: Devers ISD, Hardin ISD, Hull-Daisetta ISD, and Tarkington ISD. All services are provided by the fiscal agent, and funds are received directly by the fiscal agent from the granting agency. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in the appropriate Special Revenue Funds and has accounted for these funds using Model 1 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

	All School Districts
SSA IDEA - B formula and preschool (flow through plus rollforward)	$ 1,056,658
Total	$ 1,056,658

The District also participates in a shared services arrangement which provide services for deaf and hard of hearing students (Regional Day School Program for the Deaf) and autistic students (Autism Collaborative Network). Goose Creek Consolidated ISD is the fiscal agent and program administrator responsible for reporting all financial activities of the Regional Day School Program for the Deaf.

The District does not account for revenues and expenditures of these entities, and does not disclose them in these financial statements. The District does not have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal requirements that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

F. Nonmonetary Transactions

During 2023, the District received commodities purchased by the Texas Department of Agriculture for a purchase price of $85,274. The commodities purchased by the State on behalf of the District, have been recorded in the National School Breakfast and Lunch Program special revenue fund as both federal revenue and expenditures, and reported on the schedule of federal awards.

Required Supplementary Information

Liberty Independent School District **Exhibit G-1**

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended August 31, 2023

Data Control Codes		1 Budgeted Amounts Original	2 Budgeted Amounts Final	3 Actual	Variance with Final Budget Positive (Negative)
	REVENUES				
5700	Local and intermediate sources	$ 11,271,536	$ 10,140,970	$ 10,788,582	$ 647,612
5800	State program revenues	13,244,024	13,423,443	14,437,854	1,014,411
5900	Federal program revenues	810,332	810,332	1,053,549	243,217
5020	Total revenues	25,325,892	24,374,745	26,279,985	1,905,240
	EXPENDITURES				
	Current:				
0011	Instruction	12,948,014	11,275,235	10,797,051	478,184
0012	Instructional resources and media services	187,709	187,709	85,192	102,517
0013	Curriculum and instructional staff development	289,307	289,308	106,558	182,750
0021	Instructional leadership	201,493	201,493	166,709	34,784
0023	School leadership	1,534,625	1,660,853	1,643,095	17,758
0031	Guidance, counseling, and evaluation services	556,159	557,660	443,699	113,961
0032	Social work services	40,000	43,658	33,655	10,003
0033	Health services	207,588	207,588	183,650	23,938
0034	Student transportation	1,300,534	2,068,276	1,845,666	222,610
0036	Extracurricular activities	1,127,275	1,400,189	1,392,578	7,611
0041	General administration	1,179,229	1,546,188	1,530,271	15,917
0051	Plant maintenance and operations	3,104,563	3,920,597	3,766,966	153,631
0052	Security and monitoring services	159,928	333,055	310,263	22,792
0053	Data processing services	638,636	683,780	639,486	44,294
0061	Community services	3,750	3,989	3,986	3
	Debt service:				
0071	Principal on long-term debt	451,000	565,810	383,994	181,816
0072	Interest on long-term debt	249,334	259,334	255,351	3,983
0073	Issuance costs and fees	3,000	3,000	1,100	1,900
	Capital outlay:				
0081	Facilities acquisition and construction	49,860	955,408	900,068	55,340
	Intergovernmental:				
0093	Payments related to shared service arrangements	729,984	729,984	632,747	97,237
0099	Other intergovernmental charges	351,109	361,759	361,759	-
6030	Total expenditures	25,313,097	27,254,873	25,483,844	1,771,029
1200	Net change in fund balance	12,795	(2,880,128)	796,141	3,676,269
0100	Fund balance - beginning	13,864,092	13,864,092	13,864,092	-
3000	**FUND BALANCE - ENDING**	$ 13,876,887	$ 10,983,964	$ 14,660,233	$ 3,676,269

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

Liberty Independent School District — Exhibit G-2

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

Year	District's Proportion of Net Pension Liability	District's Proportionate Share of the Net Pension Liability	State's Proportionate Share of the Net Pension Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.0142189%	$ 8,441,423	$ 11,906,227	$ 20,347,650	$ 17,222,133	49.01%	75.62%
2022	0.0135019%	3,438,454	5,708,341	9,146,795	17,096,369	20.11%	88.79%
2021	0.0135476%	7,255,822	11,325,568	18,581,390	16,224,609	44.72%	75.54%
2020	0.0167160%	8,689,482	10,884,417	19,573,899	16,504,274	52.65%	75.24%
2019	0.0168166%	9,256,286	12,280,821	21,537,107	16,426,442	56.35%	73.74%
2018	0.0151273%	4,836,890	7,610,501	12,447,391	14,275,042	33.88%	82.17%
2017	0.0146725%	5,544,502	8,724,674	14,269,176	14,538,625	38.14%	78.00%
2016	0.0146309%	5,171,828	8,564,323	13,736,151	13,971,045	37.02%	78.43%
2015	0.0090402%	2,414,762	7,443,561	9,858,323	13,340,395	18.10%	83.25%

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

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

Liberty Independent School District **Exhibit G-3**

Schedule of the District's Contributions to the
Teacher Retirement System of Texas Pension Plan
For the Last Nine Fiscal Years*

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	$ 704,481	$ (704,481)	$ -	$ 17,689,210	3.98%
2022	659,152	(659,152)	-	17,222,133	3.83%
2021	574,291	(574,291)	-	17,096,369	3.36%
2020	562,913	(562,913)	-	16,224,609	3.47%
2019	584,840	(584,840)	-	16,504,274	3.54%
2018	563,497	(563,497)	-	16,426,442	3.43%
2017	495,402	(495,402)	-	14,275,042	3.47%
2016	464,471	(464,471)	-	14,538,625	3.19%
2015	434,409	(434,409)	-	13,971,045	3.11%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end.

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

Liberty Independent School District **Exhibit G-4**

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

Year	District's Proportion of Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	State's Proportionate Share of the Net OPEB Liability Associated with the District	Total	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.0213086%	$ 5,102,126	$ 6,223,792	$ 11,325,918	$ 17,222,133	29.63%	11.52%
2022	0.0205833%	7,939,883	10,637,673	18,577,556	17,096,369	46.44%	6.18%
2021	0.0200785%	7,632,763	10,256,604	17,889,367	16,224,609	47.04%	4.99%
2020	0.0231272%	10,937,128	14,532,999	25,470,127	16,504,274	66.27%	2.66%
2019	0.0234149%	11,691,249	12,809,384	24,500,633	16,426,442	71.17%	1.57%
2018	0.0226412%	9,845,821	11,185,512	21,031,333	14,275,042	68.97%	0.91%

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

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

Liberty Independent School District **Exhibit G-5**

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

Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	$ 171,882	$ (171,882)	$ -	$ 17,689,210	0.97%
2022	175,050	(175,050)	-	17,222,133	1.02%
2021	160,771	(160,771)	-	17,096,369	0.94%
2020	155,887	(155,887)	-	16,224,609	0.96%
2019	164,278	(164,278)	-	16,504,274	1.00%
2018	161,541	(161,541)	-	16,426,442	0.98%

* The amounts presented for the fiscal years were determined as of the District's fiscal year end.

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

Note 1. Budget

A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than August 20 and adopted by August 31 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to September 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year end and will be reappropriated and honored during the subsequent year.

Note 2. Net Pension Liability and Net OPEB Liability

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and net OPEB liability:

Changes in Actuarial Assumptions and Inputs

	Net Pension Liability		Net OPEB Liability
Measurement Date August 31,	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2022	7.000%	7.000%	3.910%
2021	7.250%	7.250%	1.950%
2020	7.250%	7.250%	2.330%
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	N/A
2015	8.000%	8.000%	N/A
2014	8.000%	8.000%	N/A

Changes in Demographic and Economic Assumptions
For measurement date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

Changes in Benefit Terms
For measurement date August 31, 2018 – Net OPEB Liability:

- Changes of benefit terms were made effective September 1, 2017 by the 85th Texas Legislature.

Other Changes
For measurement date August 31, 2022 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 65% to 62%. The participation rate for post-65 retirees was lowered from 40% to 25%.

For measurement date August 31, 2020 – Net OPEB Liability:

- The participation rate for post-65 retirees was lowered from 50% to 40%.
- The ultimate health care trend rate assumption decreased to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

For measurement date August 31, 2019 – Net Pension Liability:

- With the enactment of SB3 by the 2019 Texas Legislature, as assumption was made about how this would impact future salaries. It is assumed that eligible active members will each receive a $2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

For measurement date August 31, 2019 – Net OPEB Liability:

- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65.
- The trend rates were reset to better reflect the plan's anticipated experience.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%.

For measurement date August 31, 2018 – Net OPEB Liability:

- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020.

Financial Advisory Services
Provided By:

SAMCO Capital