

PRELIMINARY OFFICIAL STATEMENT
Dated January 13, 2023

NEW ISSUE – BOOK ENTRY ONLY

Ratings: S&P (Underlying): “A”

AGM Insured: “AA”

(See “OTHER PERTINENT INFORMATION – Municipal Bond Rating” herein)

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



\$12,000,000*

**RIO VISTA INDEPENDENT SCHOOL DISTRICT
(JOHNSON & HILL COUNTIES, TEXAS)
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2023**

Dated Date: February 1, 2023

Due: as shown on page ii

Interest to Accrue from Delivery Date

AUTHORITY FOR ISSUANCE ... The Rio Vista Independent School District Unlimited Tax School Building Bonds, Series 2023 (the “Bonds”) are being issued pursuant to the Constitution and general laws of the State of Texas (the “State” or “Texas”), including Sections 45.001 and 45.003(b)(1) of the Texas Education Code, as amended, an election held in the Rio Vista Independent School District (the “District”) on November 8, 2022 (the “Election”), and a bond order (the “Bond Order”) to be adopted by the Board of Trustees of the District (the “Board”) on January 19, 2023. The Bonds are direct and voted obligations of the District, payable from a continuing direct annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property located within the District. See “THE BONDS – Authority for Issuance” herein.

PAYMENT TERMS ... Interest on the Bonds will accrue from their date of initial delivery to the Underwriters (defined below), will be payable on February 15 and August 15 of each year, commencing February 15, 2024, until stated maturity or prior redemption and will be calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued as fully registered obligations in the 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. DTC will act as securities depository (the “Securities Depository”). Book-entry interests in the Bonds will be made available for purchase in the principal amount of \$5,000 or any integral multiple thereof. 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, principal of and interest on the Bonds (as applicable) will be payable by the Paying Agent/Registrar, initially BOKF, NA, Dallas, Texas, 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.

PURPOSE ... Proceeds from the sale of the Bonds will be used for (i) constructing, renovating, improving and equipping school facilities consisting of Rio Vista Elementary; Animal Showbarn; Career & Technical Education Facility; Multi-Purpose Facility; and school security/safety, HVAC, and lighting improvements and upgrades; and (ii) payment of the costs of issuing the Bonds. See “PLAN OF FINANCING – Sources and Uses of Funds” herein.

The District applied for the payment of principal of and interest on the Bonds to be guaranteed under the Permanent School Fund Guarantee Program; however, due to the Permanent School Fund Guarantee Program nearing capacity levels for guaranteed bonds, **the Bonds are not guaranteed by the Permanent School Fund Guarantee Program.**

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP. (“AGM”).**



**For Stated Maturities, Principal Amounts, Interest Rates, Initial Yields, CUSIP Numbers, and
Redemption Provisions for the Bonds, see page ii herein**

The Bonds are offered for delivery when, as and if issued and received by the underwriters below (the “Underwriters”) and are subject to the approving opinion of the Attorney General of the State and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel. See “LEGAL MATTERS”; “APPENDIX C – FORM OF BOND COUNSEL’S OPINION” hereto. Certain matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas. It is expected that the Bonds will be available for delivery through the services of DTC on or about February 16, 2023 (the “Delivery Date”).*

FHN FINANCIAL CAPITAL MARKETS

J.P. MORGAN

* Preliminary, subject to change.

**STATED MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL YIELDS, CUSIP NUMBERS, AND
REDEMPTION PROVISIONS**

\$12,000,000*
RIO VISTA INDEPENDENT SCHOOL DISTRICT
(JOHNSON & HILL COUNTIES, TEXAS)
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2023

CUSIP No. Prefix: 767278 ⁽¹⁾

\$ _____ Serial Bonds

Maturity Date	Principal*	Interest Rate	Initial Yield	CUSIP No. ⁽¹⁾
(8/15)	(\$)	(%)	(%)	Suffix
2024	10,000			
2025	280,000			
2026	300,000			
2027	255,000			
2028	265,000			
2029	240,000			
2030	330,000			
2031	325,000			
2032	320,000			
2033	505,000			
2034	290,000			
2035	290,000			
2036	305,000			
2037	320,000			
2038	335,000			
2039	355,000			
2040	370,000			
2041	390,000			
2042	410,000			
2043	430,000			

\$ _____ Term Bonds

\$2,495,000* _____ % Term Bonds due August 15, 20__*, Priced to Yield _____ % CUSIP No. ⁽¹⁾ Suffix _____

\$3,180,000* _____ % Term Bonds due August 15, 20__*, Priced to Yield _____ % CUSIP No. ⁽¹⁾ Suffix _____

(Interest to accrue from the Delivery Date)

Redemption Provisions. The District reserves the right to redeem the Bonds maturing on and after August 15, 20__*, in whole or in part, in the principal amount of \$5,000 or any integral multiple thereof, on August 15, 20__* or any date thereafter, at the redemption price of par plus accrued interest to the date of redemption. Additionally, if two or more Bonds of consecutive maturities are combined into one or more "term" Bonds (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Bond Order. See "The Bonds – Redemption Provisions of the Bonds".

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

* Preliminary, subject to change.

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RIO VISTA INDEPENDENT SCHOOL DISTRICT
100 Capps Street
Rio Vista, Texas 76093

BOARD OF TRUSTEES

<u>Name</u>	<u>Position</u>	<u>Term Expiration</u>	<u>Occupation</u>
Chris Pinyan	President	May 2023	Bluff Manager
RJ Hodges	Vice President	May 2024	Sales Manager
Brad Greenslade	Secretary	May 2024	Mechanic
Matt Gilbert	Trustee	May 2023	President of Gilbert Environmental
Cathy Smith	Trustee	May 2025	Retired
Terry Broumley	Trustee	May 2025	Fire Inspector
Ronnie Crecelius	Trustee	May 2023	I.T. Manager

ADMINISTRATION – FINANCE CONNECTED

<u>Name</u>	<u>Position</u>
Mr. Paul Ryan	Superintendent of Schools
Mr. Troy Roberts	Deputy Superintendent
Ms. Tammy Witten	Chief Financial Officer

CONSULTANTS AND ADVISORS

Auditors	Rutherford, Taylor & Company, P.C., Greenville, Texas
Bond Counsel	McCall, Parkhurst & Horton L.L.P., Dallas, Texas
Municipal Advisor	Live Oak Public Finance, LLC, Austin, Texas

For Additional Information Contact:

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USE OF INFORMATION IN THE OFFICIAL STATEMENT

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

No dealer, broker, salesperson, or other person has been authorized by the District to give any information or to make any representation with respect to the Bonds, other than as 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 either of the foregoing.

This Official Statement, which includes the cover page and appendices hereto, does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters.

The information and expressions of opinion 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 information or opinions set forth herein after the date of this Official Statement. See "CONTINUING DISCLOSURE" for a description of the undertakings of the District to provide certain information on a continuing basis.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information and such information is not to be construed as a representation by the Underwriters.

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

THE BONDS 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 BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE BONDS HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION FOR THE PURCHASE THEREOF.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE THE MARKET PRICE OF THIS ISSUE 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, the Municipal Advisor, or the Underwriters make any representation or warranty with respect to the information contained in this Official Statement regarding The Depository Trust Company ("DTC") or its book-entry-only system described under the caption "BOOK-ENTRY-ONLY SYSTEM", as such information has been provided by DTC.

The agreements of the District and others related to the Bonds 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 Bonds, is to be construed as constituting an agreement with the purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE BONDS.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE BONDS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

USE OF INFORMATION IN THE OFFICIAL STATEMENT	iv	STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS	
TABLE OF CONTENTS	v	IN TEXAS.....	16
OFFICIAL STATEMENT SUMMARY	vi	Litigation Relating to the Texas Public School Finance	
INTRODUCTION.....	1	System.....	16
INFECTIOUS DISEASE OUTBREAK – COVID-19.....	1	Possible Effects of Changes in Law on District Bonds	16
PLAN OF FINANCING	2	CURRENT PUBLIC SCHOOL FINANCE SYSTEM	17
Purpose	2	Overview	17
Sources and Uses of Funds	3	2023 Regular Legislative Session	17
THE BONDS.....	3	Local Funding for School Districts	17
Description of the Bonds.....	3	State Compression Percentage	18
Authority for Issuance	3	Maximum Compressed Tax Rate	18
Use of Proceeds.....	3	Tier One Tax Rate	18
Redemption Provisions of the Bonds	4	Enrichment Tax Rate.....	18
Notice of Redemption	4	State Funding for School Districts	18
Defeasance	5	Tier One	19
Amendments to Bond Order.....	6	Tier Two	19
Default and Remedies	6	Existing Debt Allotment, Instruction Facilities Allotment,	
Payment Record	6	and New Instructional Facilities Allotment.....	20
Legality	6	Tax Rate and Funding Equity	20
Delivery.....	7	Local Revenue Level in Excess of Entitlement	21
Future Issues	7	Options for Local Revenue Levels in Excess of Entitlement	21
REGISTRATION, TRANSFER AND EXCHANGE	7	THE SCHOOL FINANCE SYSTEM AS APPLIED TO THE	
Paying Agent/Registrar.....	7	DISTRICT	21
Record Date for Interest Payment.....	7	TAX RATE LIMITATIONS	22
Registration, Transferability and Exchange	7	M&O Tax Rate Limitations	22
Limitation on Transfer of Bonds	7	I&S Tax Rate Limitations.....	22
Replacement Bonds.....	8	Public Hearing and Voter-Approval Tax Rate	22
BOOK-ENTRY-ONLY SYSTEM	8	EMPLOYEE BENEFITS, RETIREMENT PLAN AND OTHER	
Use of Certain Terms in Other Sections of This Official		POST-EMPLOYMENT BENEFITS	23
Statement.....	9	INVESTMENT POLICIES	24
Effect of Termination of Book-Entry-Only System	9	Legal Investments	24
BOND INSURANCE	10	LEGAL MATTERS	26
BOND INSURANCE POLICY	10	Legal Opinions and No-Litigation Certificate	26
ASSURED GUARANTY MUNICIPAL CORP.	10	Litigation.....	26
AD VALOREM TAX PROCEDURES.....	11	TAX MATTERS	27
Valuation of Taxable Property	12	LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE	
State Mandated Homestead Exemptions	12	PUBLIC FUNDS IN TEXAS	29
Local Option Homestead Exemptions	12	CONTINUING DISCLOSURE	29
State Mandated Freeze on School District Taxes	12	Annual Reports	29
Personal Property	13	Notice of Certain Events.....	30
Freeport and Goods-In-Transit Exemptions	13	Availability of Information from MSRB	30
Other Exempt Property	13	Limitations and Amendments.....	30
Temporary Exemption for Qualified Property Damaged by		OTHER PERTINENT INFORMATION	31
a Disaster.....	13	Authenticity of Financial Information.....	31
Tax Increment Reinvestment Zones	13	Registration and Qualification of Bonds for Sale.....	31
Tax Limitation Agreements	14	Municipal Bond Rating	31
District and Taxpayer Remedies	14	Municipal Advisor	32
Levy and Collection of Taxes	14	Underwriting.....	32
District's Rights in the Event of Tax Delinquencies	15	Forward Looking Statements	33
The Tax Code as Applied to the District.....	15	Information from External Sources	33
		Authorization of the Official Statement	33
APPENDIX A – SELECTED FINANCIAL INFORMATION OF THE DISTRICT	A-1		
APPENDIX B – AUDITED FINANCIAL STATEMENTS	B-1		
APPENDIX C – FORM OF BOND COUNSEL'S OPINION	C-1		
APPENDIX D – SPECIMEN MUNICIPAL BOND INSURANCE POLICY	D-1		

The cover page hereof and appendices hereto, and any addenda, supplement or amendment hereto are part of this Official Statement.

OFFICIAL STATEMENT SUMMARY*

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

THE DISTRICT	Rio Vista Independent School District (the "District") is a political subdivision located in Johnson and Hill Counties, Texas. The District is approximately 76.49 square miles in area and serves a population of approximately 5,129. The District was created under State statute and is governed by a seven-member Board of Trustees (the "Board"). Policy-making and supervisory functions are the responsibility of, and are vested in, the Board. The Board delegates administrative responsibilities to the Superintendent of Schools who is the chief administrative officer of the District. Support services are supplied by consultants and advisors.
AUTHORITY FOR ISSUANCE	The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, Sections 45.001 and 45.003(b)(1) of the Texas Education Code, as amended, the Election, and the Bond Order to be adopted by the Board on January 19, 2023. The Bonds are direct and voted obligations of the District, payable from an annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property located within the District. see "THE BONDS - Authority for Issuance" herein.
THE BONDS	The Bonds are being issued in the principal amounts and mature on the dates set forth on page ii hereof. The Bonds bear interest from the Delivery Date (identified below), at the rates per annum set forth on page ii hereof, which interest is payable each February 15 and August 15, commencing February 15, 2024, until maturity or prior redemption. See "THE BONDS—Description of the Bonds" herein.
DATED DATE	February 1, 2023.
REDEMPTION	The District reserves the option to redeem the Bonds maturing on and after August 15, 20__*, in whole or in part before their respective scheduled maturity dates, in the principal amount of \$5,000 or any integral multiple thereof, on August 15, 20__*, or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption. Additionally, if two or more Bonds of consecutive maturities are combined into one or more "term" Bonds (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Bond Order. See "THE BONDS – Redemption Provisions of the Bonds" herein.
SECURITY FOR THE BONDS	The Bonds constitute direct and voted obligations of the District payable from a continuing direct annual ad valorem tax levied against all taxable property located therein, without legal limitation as to rate or amount.
TAX MATTERS	In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under statutes, regulations, published rulings and court decisions existing on the date thereof, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on certain corporations See "TAX MATTERS" and "APPENDIX C – Form of Bond Counsel's Opinion."
NO PERMANENT SCHOOL FUND GUARANTEE	The District applied for the payment of principal of and interest on the Bonds to be guaranteed under the Permanent School Fund Guarantee Program; however, due to the Permanent School Fund Guarantee Program nearing capacity levels for guaranteed bonds, the Bonds are not guaranteed by the Permanent School Fund Guarantee Program.
PAYING AGENT/REGISTRAR	The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas.
MUNICIPAL BOND RATING ...	The Bonds are rated "A" by S&P Global Ratings (S&P) without regard to credit enhancement. S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign the Bonds the insured rating of "AA" (stable outlook). S&P is expected to assign such municipal bond rating to the Bonds on the understanding that the standard municipal bond insurance policy of Assured Guaranty Municipal Corp. ("AGM") guaranteeing the payment of principal of and interest due with respect to the Bonds will be issued and delivered by AGM upon the issuance of the Bonds
USE OF PROCEEDS	Proceeds from the sale of the Bonds will be used for (i) constructing, renovating, improving and equipping school facilities consisting of Rio Vista Elementary; Animal Showbarn; Career & Technical Education Facility; Multi-Purpose Facility; and school security/safety, HVAC, and lighting improvements and upgrades; and (ii) payment of the costs of issuing the Bonds. (see "PLAN OF FINANCING - Purpose" and "—Sources and Uses of Funds").
PAYMENT RECORD	The District has never defaulted on the payment of its bonded indebtedness.
DELIVERY DATE	When issued, anticipated to occur on or about February 16, 2023. *
LEGALITY	The Bonds are subject to the delivery of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel, and the opinion as to the legality of the Bonds by the Attorney General of the State of Texas (see "APPENDIX C – FORM OF BOND COUNSEL'S OPINION" herein).

* Preliminary, subject to change.

PRELIMINARY OFFICIAL STATEMENT

Relating to

\$12,000,000*

RIO VISTA INDEPENDENT SCHOOL DISTRICT (JOHNSON & HILL COUNTIES, TEXAS) UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2023

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the \$12,000,000* Rio Vista Independent School District (the "District") Unlimited Tax School Building Bonds, Series 2023 (the "Bonds"). The Bonds are being issued pursuant to the Constitution and the general laws of the State of Texas (the "State" or "Texas"), particularly Sections 45.001 and 45.003(b)(1) of the Texas Education Code, as amended, an election held in the District on November 8, 2022 (the "Election"), and a bond order (the "Bond Order") to be adopted by the District's Board of Trustees (the "Board") on January 19, 2023. The Bonds are direct and voted obligations of the District, payable from an annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property located within the District see "THE BONDS – Authority for Issuance" herein.

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 (see "OTHER PERTINENT INFORMATION – Forward Looking Statements").

Included in this Official Statement are descriptions of the Bonds, the Bond Order 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 by writing the Rio Vista Independent School District, 100 Capps Street, Rio Vista, Texas 76093, Attention: Superintendent and, during the offering period from the District's Municipal Advisor, Live Oak Public Finance, LLC, 1515 W. Capital of Texas Hwy., Suite 206, Austin, Texas 78746, Attention: Christian Merritt, upon payment of reasonable copying, mailing and handling charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the Official Statement will be deposited with the Municipal Securities Rulemaking Board, 1900 Duke Street, Suite 600, Alexandria, Virginia 22314 and will be available through its Electronic Municipal Market Access ("EMMA") System. See "CONTINUING DISCLOSURE" for a description of the District's undertaking to provide certain information on a continuing basis.

Description of the District

Rio Vista Independent School District (the "District") is a political subdivision located in Johnson and Hill Counties, Texas. The District is approximately 76.49 square miles in area and serves a population of approximately 5,129. The District was created under State statute and is governed by a seven-member Board of Trustees (the "Board"). Policy-making and supervisory functions are the responsibility of, and are vested in, the Board. The Board delegates administrative responsibilities to the Superintendent of Schools who is the chief administrative officer of the District. Support services are supplied by consultants and advisors.

INFECTIOUS DISEASE OUTBREAK – COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and the State of Texas ("the State"). On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus

* Preliminary, subject to change

Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency (including TEA) that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness, mitigation and reopening. However, on March 2, 2021, the Governor issued Executive Order GA-34 effective March 10, 2021, which supersedes most of the executive orders relating to COVID-19 and provides, generally, for the reopening of the State to 100%, ends the COVID-19 mask mandate, and supersedes any conflicting order issued by local officials in response to COVID-19, among other things and subject to certain limitations. Executive Order GA-34 remains in place until amended, rescinded, or superseded by the Governor. On May 18, 2021, Governor Abbott issued Executive Order GA-36, which supersedes Executive Order GA-34 in part. Executive Order GA-36 prohibits governmental entities in Texas, including counties, cities, school districts, public health authorities, and government officials from requiring or mandating any person to wear a face covering and subjects a governmental entity or official to a fine of up to \$1,000 for noncompliance, subject to certain exceptions. Notwithstanding the above, Executive Order GA-36 provides for public schools to continue to follow policies regarding the wearing of face coverings to the extent reflected in current guidance by TEA, until June 4, 2021. However, Executive Order GA-36 required TEA to revise its guidance such that, effective 11:59 p.m. on June 4, 2021, no student, teacher, parent, or other staff member or visitor may be required to wear a face covering. TEA has since updated its guidance in accordance with Executive Order GA-36. Executive Order GA-38, issued on July 29, 2021 and Executive Order GA-39, issued on August 25, 2021, further provide that governmental entities cannot require mask mandates, vaccine passports, or mandatory vaccinations. On October 11, 2021, the Governor issued Executive Order GA-40, prohibiting any entity from requiring COVID vaccinations. Various lawsuits have been filed throughout the State related to the foregoing and litigation is expected to continue. Executive orders remain in place until they are amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

The full extent of the ongoing impact of COVID-19 on the District's longer-term operational and financial performance will depend on future developments, many of which are outside of its control, including the effectiveness of the mitigation strategies discussed above, the duration and spread of COVID-19, and future governmental actions, all of which are highly uncertain and cannot be predicted. The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of the Pandemic upon the District. While the potential impact of the Pandemic on District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition and its ratings.

The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the District. The financial and operating data contained herein are the latest available but are for the dates and the periods stated herein, which are for periods prior to the economic impact of the Pandemic and efforts to slow it. It is unclear at this time what effect, if any, COVID-19 and resulting economic disruption may have on future assessed values or the collection of taxes, either because of delinquencies or collection and valuation relief resulting from the declared emergency. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

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

PLAN OF FINANCING

Purpose

The Bonds are being issued for (i) constructing, renovating, improving and equipping school facilities consisting of Rio Vista Elementary; Animal Showbarn; Career & Technical Education Facility; Multi-Purpose Facility; and school security/safety, HVAC, and lighting improvements and upgrades; and (ii) payment of the costs of issuing the Bonds.

Sources and Uses of Funds

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

<u>Sources of Funds:</u>	
Par Amount of Bonds	\$
[Net] Reoffering Premium on the Bonds	
TOTAL SOURCES	\$
 <u>Uses of Funds:</u>	
Deposit to Construction Fund	\$
Costs of Issuance	
Deposit to Interest and Sinking Fund	
Underwriters' Discount	
TOTAL USES	\$

THE BONDS

Description of the Bonds

The Bonds are dated February 1, 2023 and mature on August 15 in each of the years and in the amounts set forth on page ii hereof. Interest on the Bonds will accrue from February 16, 2023* (the Delivery Date), and such interest shall be payable on February 15 and August 15 in each year, commencing February 15, 2024 until stated maturity or prior redemption. Interest on the Bonds will be calculated based on a 360-day year consisting of twelve 30-day months.

Interest on the Bonds is payable to the registered owners appearing on the bond registration books kept by the Paying Agent/Registrar relating to the Bonds (the "Bond Register") on the Record Date (identified below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent by United States mail, first class, postage prepaid, to the address of the registered owner recorded in the Bond Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Bonds is payable at stated maturity or prior redemption upon their presentation and surrender to the Paying Agent/Registrar. The Bonds will be issued only in fully registered form in any integral multiple of \$5,000 principal amount for any one maturity.

The definitive Bonds will initially be registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 principal amount or integral multiples thereof. No physical delivery of the Bonds will be made to the owners thereof. Debt service on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners (defined above) of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Authority for Issuance

The Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Sections 45.001 and 45.003(b)(1), Texas Education Code, as amended, the Election, and the Bond Order.

Use of Proceeds

The proceeds of the Bonds (which include excess premium applied toward the amount approved by voters at the Election) will represent the total amount of voted bonds (described below) approved at the Election. Following the issuance of the Bonds, the District will have no remaining voted authorization from the Election. See "TABLE 10 – AUTHORIZED BUT UNISSUED BONDS" in APPENDIX A hereto.

* Preliminary, subject to change

A summary of the bonds authorized at said Election is as follows:

Purpose	Amount Authorized	Amount Previously Issued	Amount This Issue	Amount Remaining
Constructing, renovating, improving and equipping school facilities consisting of Rio Vista Elementary; Animal Showbarn; Career & Technical Education Facility; Multi-Purpose Facility; and school security/safety, HVAC, and lighting improvements and upgrades	\$12,000,000	\$0	\$12,000,000 ⁽¹⁾⁽²⁾	\$0 ⁽²⁾

Security and Source of Payment

The Bonds constitute direct and voted obligations of the District payable from a continuing direct annual ad valorem tax levied against all taxable property located within the District, without legal limitation as to rate or amount.

Redemption Provisions of the Bonds

The District reserves the option to redeem the Bonds maturing on and after August 15, 20__, in whole or in part before their respective scheduled maturity dates, in the principal amount of \$5,000 or any integral multiple thereof, on August 15, 20__, or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption. Additionally, if two or more Bonds of consecutive maturities are combined into one or more "term" Bonds (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Bond Order.

Selection of Bonds for Redemption

If less than all of the Bonds are to be redeemed, the District may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

Notice of Redemption

Not less than 30 days prior to a redemption date for the Bonds, 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 Registrar 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 BONDS 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.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption will, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in

⁽¹⁾ Includes any premium allocations that the District must apply against voted authorization. Preliminary, subject to change.

⁽²⁾ Preliminary, subject to change.

such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the District will not redeem such Bonds and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Bonds have not been redeemed.

DTC Redemption Provisions

The Paying Agent/Registrar and the District, so long as the Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Bond Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on such notice or any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds to be redeemed will not be governed by the Bond Order 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 Bonds or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption. See "BOOK-ENTRY-ONLY SYSTEM" herein.

Defeasance

The Bond Order provides for the defeasance of the Bonds when payment of the principal amount of the Bonds plus interest accrued on the Bonds to their due date (whether such due date be by reason of stated maturity, redemption, or otherwise) is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment and/or (2) Defeasance Securities, that will 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 Bonds, and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance. The Bond Order provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (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, and (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. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, the District has the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption at an earlier date those Bonds which have been defeased to their maturity date, if the District (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption, (ii) gives notice of the reservation of that right to the owners of the Bonds 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.

Amendments to Bond Order

In the Bond Order, the District has reserved the right to amend the Bond Order without the consent of any holder for the purpose of amending or supplementing the Bond Order 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 Bond Order that do not materially adversely affect the interests of the holders, (iv) qualify the Bond Order 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 Bond Order 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 Bond Order further provides that the holders of the Bonds aggregating in principal amount 51% of the outstanding Bonds shall have the right from time to time to approve any amendment not described above to the Bond Order if it is deemed necessary or desirable by the District; provided, however, that without the consent of 100% of the holders of the then outstanding Bonds so affected, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Bonds; (ii) reducing the rate of interest borne by any of the outstanding Bonds; (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds; (iv) modifying the terms of payment of principal or interest or redemption premium, if any, on outstanding Bonds or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment. Reference is made to the Bond Order for further provisions relating to the amendment thereof.

Default and Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the registered owners may seek a writ of mandamus to compel District officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or the Bond Order 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 Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Bond Order does not provide for the appointment of a trustee to represent the interest of the registered owners upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court 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. 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 Bonds. 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 Bond Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and general principles of equity which permit the exercise of judicial discretion.

Payment Record

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

Legality

The Bonds are offered when, as, and if issued, and subject to the delivery of an opinion as to legality by McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel, and the opinion as to the legality of the Bonds by the Attorney General of the State of Texas.

Delivery

When issued; anticipated to occur on or about February 16, 2023*.

Future Issues

After the issuance of the Bonds, the District will have no authorization remaining from the Election for future bonds.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. Provision is made in the Bond Order for replacing the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any changes in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Record Date for Interest Payment

The record date ("Record Date") for determining the registered owner entitled to receive a payment of interest on any Bond is the close of business on the last business day of the month next preceding each interest payment date.

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. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Bond appearing on the Bond Register at the close of business on the last business day next preceding the date of mailing of such notice.

Registration, Transferability and Exchange

In the event the Book-Entry-Only System shall be discontinued, printed certificates will be issued to the registered owners of the Bonds and thereafter the Bonds may be transferred, registered, and assigned on the Bond Register only upon presentation and surrender of such printed certificates 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 Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bonds being transferred or exchanged at the designated 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. New Bonds issued in an exchange or transfer of Bonds 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 Bonds 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 Bonds registered and delivered in an exchange or transfer shall be in authorized denominations and for a like kind and aggregate principal amount and having the same maturity or maturities as the Bond or Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Limitation on Transfer of Bonds

Neither the District nor the Paying Agent/Registrar are required (i) to make any transfer or exchange during a period beginning at the opening of business 45 days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (ii) to transfer or exchange any Bonds so selected for redemption when such redemption is scheduled to occur within 45 calendar days; provided however, that such limitation of transfer is not applicable to an exchange by the registered owner of the uncalled balance of a Bond.

* Preliminary, subject to change.

Replacement Bonds

If any Bond is mutilated, destroyed, stolen or lost, a new Bond in the same principal amount as the Bond so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Bond, such new Bond will be delivered only upon surrender and cancellation of such mutilated Bond. In the case of any Bond issued in lieu of and substitution for a Bond which has been destroyed, stolen or lost, such new Bond will be delivered only (a) upon filing with the District and the Paying Agent/Registrar a certificate to the effect that such Bond 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 Bond must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

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 Municipal Advisor, and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The District and the Underwriters 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, New York, will act as securities depository for the Bonds. The Bonds 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 each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on the payment 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 [nor its nominee], the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, physical bond certificates are required to be printed and delivered.

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 none of the District, the Municipal Advisor, or the Underwriters take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of This Official Statement

In reading this Official Statement it should be understood that while the 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 Bond Order 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 Bond Order and summarized under the caption "REGISTRATION, TRANSFER AND EXCHANGE" above.

BOND INSURANCE

BOND INSURANCE POLICY

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

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

ASSURED GUARANTY MUNICIPAL CORP.

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

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

Current Financial Strength Ratings

On October 21, 2022, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2022, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

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

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Capitalization of AGM

At September 30, 2022:

- The policyholders' surplus of AGM was approximately \$2,660 million.
- The contingency reserve of AGM was approximately \$915 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,102 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred

ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (filed by AGL with the SEC on February 25, 2022);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 (filed by AGL with the SEC on May 6, 2022);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2022 (filed by AGL with the SEC on August 4, 2022); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022 (filed by AGL with the SEC on November 8, 2022).

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

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

Miscellaneous Matters

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

AD VALOREM TAX PROCEDURES

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. 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 county-wide 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 Johnson and Hill Appraisal Districts, respectively (the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

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

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

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

State Mandated Homestead Exemptions

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

Local Option Homestead Exemptions

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

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. For tax years beginning prior to January 1, 2022, except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. For tax years beginning on or after January 1, 2022, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code. Section 11.35 of the Tax Code was enacted during the 2019 legislative session, and there is no judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

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 on December 31, 2022 (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - State Funding for School Districts").

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

District and Taxpayer Remedies

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

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount," as determined by the State Comptroller, and situated in a county with a population of one million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$50 million for the 2020 tax year, \$50.6 million for the 2021 tax year, and \$53.0 million for the 2022 tax year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the District may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. See "AD VALOREM TAX PROCEDURES - Temporary Exemption for Qualified Property Damaged by a Disaster" for further information related to a discussion of the applicability of this section of the Property Tax Code.

District's Rights in the Event of Tax Delinquencies

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

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

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

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

THE TAX CODE AS APPLIED TO THE DISTRICT

The Johnson Central and Hill County Appraisal Districts have the responsibility for appraising property in the District as well as other taxing units in Johnson and Hill Counties. The Johnson Central and Hill County Appraisal Districts are governed by a board of five directors appointed by voters of the governing bodies of the various County political subdivisions of the applicable County.

The District's taxes are collected by the Johnson County Tax Assessor Collector and Hill County Tax Office.

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 has not granted additional exemption to the market value of the residence homestead of persons 65 years of age or older over the state-mandated exemption.

The District grants the State-Mandated exemptions of \$40,000 for general homestead and an additional \$10,000 for persons 65 years of age and older and the disabled.

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

The District does not tax non-business personal property.

The Tax Assessor/Collector does not allow split payments of taxes.

The Tax Assessor/Collector does not give discounts for early payment of taxes.

The District does not tax freeport property.

The District does tax goods-in-transit.

Charges for penalties and interest on the unpaid balance of delinquent taxes are as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7%	2%	9%
April	8%	3%	11%
May	9%	4%	13%
June	10%	5%	15%
July ^(a)	12%	6%	18%

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, State law allows that, if an account is delinquent in July, an amount up to 20% attorney's collection fee may be added to the total tax penalty and interest charge.

STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS

Litigation Relating to the Texas Public School Finance System

On seven occasions in the last thirty years, the Texas Supreme Court (the "Court") has issued decisions assessing the constitutionality of the Texas public school finance system (the "Finance System"). The litigation has primarily focused on whether the Finance System, as amended by the Texas Legislature (the "Legislature") from time to time (i) met the requirements of article VII, section 1 of the Texas Constitution, which requires the Legislature to "establish and make suitable provision for the support and maintenance of an efficient system of public free schools," or (ii) imposed a statewide ad valorem tax in violation of article VIII, section 1-e of the Texas Constitution because the statutory limit on property taxes levied by school districts for maintenance and operation purposes had allegedly denied school districts meaningful discretion in setting their tax rates. In response to the Court's previous decisions, the Legislature enacted multiple laws that made substantive changes in the way the Finance System is funded in efforts to address the prior decisions declaring the Finance System unconstitutional.

On May 13, 2016, the Court issued its opinion in the most recent school finance litigation, *Morath v. The Texas Taxpayer & Student Fairness Coal.*, 490 S.W.3d 826 (Tex. 2016) ("*Morath*"). The plaintiffs and intervenors in the case had alleged that the Finance System, as modified by the Legislature in part in response to prior decisions of the Court, violated article VII, section 1 and article VIII, section 1-e of the Texas Constitution. In its opinion, the Court held that "[d]espite the imperfections of the current school funding regime, it meets minimum constitutional requirements." The Court also noted that:

Lawmakers decide if laws pass, and judges decide if those laws pass muster. But our lenient standard of review in this policy-laden area counsels modesty. The judicial role is not to second-guess whether our system is optimal, but whether it is constitutional. Our Byzantine school funding "system" is undeniably imperfect, with immense room for improvement. But it satisfies minimum constitutional requirements.

Possible Effects of Changes in Law on District Bonds

The Court's decision in *Morath* upheld the constitutionality of the Finance System but noted that the Finance System was "undeniably imperfect". While not compelled by the *Morath* decision to reform the Finance System, the Legislature could enact future changes to the Finance System. Any such changes could benefit or be a detriment to the District. If the Legislature enacts future changes to, or fails adequately to fund the Finance System, or if changes in circumstances otherwise provide grounds for a challenge, the Finance System could be challenged again in the future. In its 1995 opinion in *Edgewood Independent School District v. Meno*, 917 S.W.2d 717 (Tex. 1995), the Court stated that any future determination of unconstitutionality "would not, however, affect the district's authority to levy the taxes necessary to retire previously issued bonds, but would instead require the Legislature to cure the system's unconstitutionality in a way that is consistent with the Contract Clauses of the U.S. and Texas Constitutions" (collectively, the "Contract Clauses"), which prohibit the enactment of laws that impair prior obligations of contracts.

Although, as a matter of law, the Bonds, 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 Bonds, specifically, the District's obligation to levy an unlimited debt service tax would be adversely affected by any such legislation. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM".

CURRENT PUBLIC SCHOOL FINANCE SYSTEM

Overview

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

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

Prior to the 2019 Legislative Session, a school district's maximum M&O tax rate for a given tax year was determined by multiplying that school district's 2005 M&O tax rate levy by an amount equal to a compression percentage set by legislative appropriation or, in the absence of legislative appropriation, by the Commissioner of Education (the "Commissioner"). This compression percentage was historically set at 66.67%, effectively setting the maximum compressed M&O tax rate for most school districts at \$1.00 per \$100 of taxable value, since most school districts in the State had a voted maximum M&O tax rate of \$1.50 per \$100 of taxable value (though certain school districts located in Harris County had special M&O tax rate authorizations allowing a higher M&O tax rate). School districts were permitted, however, to generate additional local funds by raising their M&O tax rate up to \$0.04 above the compressed tax rate or, with voter-approval at a valid election in the school district, up to \$0.17 above the compressed tax rate (for most school districts, this equated to an M&O tax rate between \$1.04 and \$1.17 per \$100 of taxable value). School districts received additional State funds in proportion to such taxing effort.

2023 Regular Legislative Session

The Texas Legislature meets in regular session in odd-numbered years, for 140 days. The 88th Texas Legislature will convene on January 10, 2023 and conclude on May 29, 2023.

When the regular Legislature is not in session, the Governor of Texas may call one or more special sessions, at the Governor's direction, each lasting no more than 30 days, and for which the Governor sets the agenda.

The District can make no representations or predictions regarding any actions the Legislature may take during future legislative sessions concerning the substance or the effect of any legislation that previously passed, or may be passed.

Local Funding for School Districts

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

State Compression Percentage

The State Compression Percentage is a statutorily-defined percentage of the rate of \$1.00 per \$100 that is used to determine a school district's Maximum Compressed Tax Rate (described below). The State Compression Percentage is the lesser of three alternative calculations: (1) 93% or a lower percentage set by appropriation for a school year; (2) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the State Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (3) the prior year State Compression Percentage. For any year, the maximum State Compression Percentage is 93%. For the State fiscal year ending in 2022, the State Compression Percentage is set at 91.34%.

Maximum Compressed Tax Rate

The Maximum Compressed Tax Rate (the "MCR") is the tax rate per \$100 of valuation of taxable property at which a school district must levy its Tier One Tax Rate to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of three alternative calculations: (1) the school district's prior year MCR; (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5%; or (3) the product of the State Compression Percentage for the current year multiplied by \$1.00. However, each year the TEA shall evaluate the MCR for each school district in the State, and for any given year, if a school district's MCR is calculated to be less than 90% of any other school district's MCR for the current year, then the school district's MCR is instead equal to the school district's prior year MCR, until TEA determines that the difference between the school district's MCR and any other school district's MCR is not more than 10%. These compression formulas are intended to more closely equalize local generation of Tier One funding among districts with disparate tax bases and generally reduce the Tier One Tax Rates of school districts as property values increase. During the 2021 Legislative Session, a provision of the general appropriations act reduced the maximum MCR for the 2021-2022 school year. It established \$0.9134 as the maximum rate and \$0.8220 as the floor.

Tier One Tax Rate

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

Enrichment Tax Rate

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

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

State Funding for School Districts

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

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

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

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

Tier One

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

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

For the 2021-2022 school year, the fast growth allotment weight is 0.45 for districts in the top 40% of school districts for growth, 0.30 for districts in the middle 30% of school districts for growth and 0.15 for districts in the bottom 30% of school districts for growth. After the 2021-2022 school year, the fast growth allotment weights change to 0.48 for districts in the top 40% of school districts for growth, 0.33 for districts in the middle 30% of school districts for growth and 0.18 for districts in the bottom 30% of school districts for growth. The fast growth allotment is limited to \$270 million for the 2021-2022 school year, \$310 million for the 2022-2023 school year and \$315 million for the 2023-2024 school year.

Tier Two

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

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

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

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

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

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

Tax Rate and Funding Equity

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

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

Local Revenue Level in Excess of Entitlement

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

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

Options for Local Revenue Levels in Excess of Entitlement

Under Chapter 49, a school district has six options to reduce local revenues to a level that does not exceed the school district's respective entitlements: (1) a school district may consolidate by agreement with one or more school districts to form a consolidated school district; all property and debt of the consolidating school districts vest in the consolidated school district; (2) a school district may detach property from its territory for annexation by a property-poor school district; (3) a school district may purchase attendance credits from the State; (4) a school district may contract to educate nonresident students from a property-poor school district by sending money directly to one or more property-poor school districts; (5) a school district may execute an agreement to provide students of one or more other school districts with career and technology education through a program designated as an area program for career and technology education; or (6) a school district may consolidate by agreement with one or more school districts to form a consolidated taxing school district solely to levy and distribute either M&O taxes or both M&O taxes and I&S taxes. A Chapter 49 school district may also exercise any combination of these remedies. Options (3), (4) and (6) require prior approval by the Chapter 49 school district's voters.

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

THE SCHOOL FINANCE SYSTEM AS APPLIED TO THE DISTRICT

For the 2022-2023 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.

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 Bonds) could be assumed by the district to which the property is annexed, in which case timely payment of the Bonds 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

A school district is authorized to levy maintenance and operation (“M&O”) taxes subject to approval of a proposition submitted to district voters. The maximum M&O tax rate that may be levied by a district cannot exceed the voted maximum rate or the maximum rate described in the succeeding paragraphs. The maximum voted M&O tax rate for the District is \$1.50 per \$100 of assessed valuation as approved by the voters at an election held on May 11, 1974, under Chapter 20, Texas Education Code (now codified at Section 45.003, Texas Education Code).

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.

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 BONDS – Security and Source of Payment”).

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 Bonds are issued as “new money bonds” pursuant to Chapter 45, as amended, Texas Education Code, and are, therefore, subject to the 50-cent Test. The District has not been required to use Tier One funds nor, projected property values to satisfy the 50-cent Test in connection with the Bonds.

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. For the 2020 tax year and subsequent years, a school district’s M&O tax rate may not exceed the rate equal to the sum of (i) \$0.17 and (ii) the school district’s MCR (see “CURRENT PUBLIC SCHOOL FINANCE SYSTEM” herein, for more information regarding the State Compression Percentage, MCR, and the Enrichment Tax Rate).

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

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

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.

EMPLOYEE BENEFITS, RETIREMENT PLAN AND OTHER POST-EMPLOYMENT BENEFITS

The District’s employees participate in a retirement plan (the “Plan”) with the State of Texas. The Plan is administered by the Teacher Retirement System of Texas (“TRS”). State contributions are made to cover costs of the TRS retirement plan up to certain statutory limits. The District is obligated for a portion of TRC costs relating to employee salaries that exceed the statutory limit.

In addition to the TRS retirement plan, the District provides health coverage for its employees. For a discussion of the TRS retirement plan and the District’s medical benefit plan, see the audited financial statements of the District that are attached hereto as APPENDIX B.

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

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.

INVESTMENT POLICIES

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

Legal Investments

Under State law, the District is authorized to make investments meeting the requirements of the PFIA, which currently include (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the District selects from a list the governing body or designated investment committee of the District adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the District selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the District's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the District appoints as the District's custodian of the banking deposits issued for the District's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission (the "SEC") and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of the Public Funds Investment Act (Chapter 2256, Texas Government Code) (the "PFIA") that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for District deposits, or (ii) certificates of deposits where (a) the funds are invested by the District through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the District as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the District, (b) the broker or the depository institution selected by the District arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the District appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1) above, clause (12) below, require the securities being purchased by the District or cash held by the District to be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (13) no-load money market mutual funds registered with and regulated by the United States SEC that provide the District with a prospectus and other

information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (14) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract and are pledged to the District and deposited with the District or a third party selected and approved by the District.

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service. The District may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance, or resolution. The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than ten (10) years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Political subdivisions such as the District are authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the District, held in the District's name and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

Under State law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that include a list of authorized investments for District funds, the maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

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

Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt by written instrument a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the Board; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive

and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

LEGAL MATTERS

Legal Opinions and No-Litigation Certificate

The District will furnish the Underwriter a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of the State to the effect that the Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approval of certain legal matters by Bond Counsel, to the effect that the Bonds are valid and legally binding obligations of the District and, subject to the qualifications set forth herein under "TAX MATTERS," the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under existing statutes, published rulings, regulations, and court decisions. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions "PLAN OF FINANCING (except the subcaption "Sources and Uses of Funds" as to which no opinion is expressed)," "THE BONDS" (exclusive of the subcaptions "Payment Record," "Default and Remedies," and "Future Issues," as to which no opinion is expressed), "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" (except information appearing under the subcaption "Possible Effects of Changes in Law on District Bonds" as to which no opinion is expressed), "CURRENT PUBLIC SCHOOL FINANCE SYSTEM," "TAX RATE LIMITATIONS" (excluding the subcaption "Public Hearing and Voter-Approval Tax Rate" as to which no opinion is expressed), "LEGAL MATTERS - Legal Opinions and No-Litigation Certificate" (excluding the last two sentences of this paragraph and the information under the subcaption "Litigation" as to which no opinion is expressed), "TAX MATTERS," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "CONTINUING DISCLOSURE" (excluding the information under the subcaption "Compliance with Prior Agreements," as to which no opinion is expressed), and "OTHER PERTINENT INFORMATION - Registration and Qualification of Bonds for Sale" in the Official Statement, and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the Bond Order. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. Bond Counsel's legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by their counsel, Orrick, Herrington & Sutcliffe LLP, Austin, Texas, whose compensation is contingent on the sale and delivery of the Bonds.

Though it represents the Municipal Advisor and the Underwriters from time to time in matters unrelated to the Bonds, Bond Counsel has been engaged by and only represents the District with respect to the issuance of the Bonds. McCall, Parkhurst & Horton L.L.P. also advises the TEA in connection with its disclosure obligations under the federal securities laws, but such firm has not passed upon any TEA disclosures contained in this Official Statement. The legal opinion to be delivered concurrently with the delivery of the Bonds expresses the professional judgment of the attorneys rendering the opinion as to the legal issues expressly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise from the transaction.

Litigation

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

At the time of the initial delivery of the Bonds, the District will provide the Underwriters with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale, or delivery of the Bonds.

TAX MATTERS

Opinion

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

In rendering its opinion, Bond Counsel to the Issuer will rely upon (a) the Issuer's federal tax certificate and (b) covenants of the Issuer with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the Issuer to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

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

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

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the Issuer that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the Issuer as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue 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 Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

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

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

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under section 56A of the Code to calculate the alternative minimum tax imposed by section 55 of the Code.

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of foreign investors, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201, as amended), the Bonds (i) are negotiable instruments, (ii) are investment securities to which Chapter 8 of the Texas Uniform Commercial Code applies, and (iii) are legal and authorized investments for (A) an insurance company, (B) a fiduciary or trustee, or (C) a sinking fund of a municipality or other political subdivision or public agency of the State of Texas. The Bonds are eligible to secure deposits of any public funds of the State, its agencies and political subdivisions, and are legal security for those deposits to the extent of their market value. For political subdivisions in Texas which have adopted investment policies and guidelines in accordance with the Public Funds Investment Act (Texas Government Code, Chapter 2256, as amended), the Bonds may have to be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency before such obligations are eligible investments for sinking funds and other public funds. See "OTHER PERTINENT INFORMATION – Municipal Bond Rating" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least \$1 million of capital and savings and loan associations.

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 Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The District has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

CONTINUING DISCLOSURE

The District in the Bond Order has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. 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"). This information will be available to the public free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org, as further described below under "Availability of Information from MSRB".

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes financial information and operating data with respect to the District of the general type included in the numbered tables in Appendix A (excluding "TABLE 3 – ESTIMATED OVERLAPPING DEBT") such information is referred to as the "Annual Filing Information". The District will additionally provide financial statements of the District (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in Appendix B and (ii) audited, if the District commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The District will update and provide the Annual Filing Report within six months after the end of each fiscal year and the Financial Statements within 12-months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2023. The District may provide the Financial Statements earlier, including at the time it provides its Annual Filing Report, but if the audit of such Financial Statements is not complete within 12-

months after any such fiscal year end, then the District shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available. The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12.

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

Notice of Certain Events

The District will file with the MSRB notice of any of the following events with respect to the Bonds in a timely manner (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 Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, 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 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 Bonds nor the Bond Order make any provision for debt service reserves, credit enhancement or liquidity enhancement. 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, any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur; the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District. For the purposes of the above described event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with Rule 15c2-12.

Availability of Information from MSRB

All information and documentation filing required to be made by the District in accordance with its undertaking made for the Bonds will be filed 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 at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified 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 Bonds 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 or beneficial owners of Bonds 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 (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds 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 (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent or (b) 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 Bonds. 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 an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds 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 Agreements

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

OTHER PERTINENT INFORMATION

Authenticity of Financial Information

The financial data and other information contained herein have been obtained from the District's records, audited financial statements and other sources, which are believed to be reliable. All of the summaries of the statutes, documents and orders contained in this Official Statement are made subject to all of the provisions of such statutes, documents and orders. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

Registration and Qualification of Bonds for Sale

No registration statement relating to the Bonds has been filed with the SEC under the Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Bonds have not been approved or disapproved by the SEC, nor has the SEC passed upon the accuracy or adequacy of the Official Statement. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, nor have the Bonds been registered or qualified under the securities act of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds 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 Underwriters to register or qualify the sale of the Bonds under the securities laws of any jurisdiction which so requires. The District agrees to cooperate, at the Underwriters' written request and sole expense, in registering or qualifying the Bonds 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.

Municipal Bond Rating

The Bonds are rated "A" by S&P Global Ratings (S&P) without regard to credit enhancement.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign the Bonds the insured rating of "AA" (stable outlook). S&P is expected to assign such municipal bond rating to the Bonds on the understanding that the standard municipal bond insurance policy of Assured Guaranty Municipal Corp. ("AGM") guaranteeing the payment of principal of and interest due with respect to the Bonds will be issued and delivered by AGM upon the issuance of the Bonds.

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

Municipal Advisor

Live Oak Public Finance, LLC (the "Municipal Advisor") is employed as the Municipal Advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Live Oak Public Finance, LLC, in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants, and representations contained in any of the bond documentation with respect to the federal income tax status of the Bonds.

The Municipal Advisor has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with 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 Municipal Advisor does not guarantee the accuracy or completeness of such information.

Underwriting

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the District at the price equal to the initial offering prices to the public, as shown on page ii herein, less an Underwriters' discount of \$_____. The Underwriters' obligation is subject to certain conditions precedent. The Underwriters will be obligated to purchase all of the Bonds, if any of the Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses.

On February 28, 2022, First Horizon Corporation and TD Bank Group announced that First Horizon Corporation entered into a definitive agreement to be acquired by TD Bank Group. FHN Financial Capital Markets is the municipal underwriting business line of FHN Financial, the fixed income division of First Horizon Bank, whose parent company is First Horizon Corporation. The acquisition is expected to be completed in 2023 pending all the required regulatory approvals. This transaction should not have any material effect on this underwriting transaction.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

The Underwriters and their respective affiliates also may communicate independent investment recommendations, market advice, or trading ideas and/or publish or express independent research views in respect of such assets, securities or other financial instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and other financial instruments.

Use of Audited Financial Statements

Rutherford, Taylor & Company, P.C., Greenville, Texas, the District's independent auditor, has not been engaged to perform and has not performed, since the date of the report included herein, any procedures on the financial statements addressed in that report. Rutherford, Taylor & Company, P.C. has not performed any procedures relating to this Official Statement.

Forward Looking Statements

The statements contained in this Official Statement, and in any other information provided by the District, that are not purely historical, are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. It is important to note that the District's actual results could differ materially from those in such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the District. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

Information from External Sources

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.

Authorization of the Official 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 will be approved by the Board of the District for distribution in accordance with provisions of the SEC's Rule codified at 17 C.F.R. Section 240.15c2-12, as amended.

The Bond Order approves the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorizes its further use in the re-offering of the Bonds by the Underwriters.

RIO VISTA INDEPENDENT SCHOOL DISTRICT

/s/ _____
President, Board of Trustees

ATTEST:

/s/ _____
Secretary, Board of Trustees

APPENDIX A

Selected Financial Information Regarding the District

TABLE 1 - ASSESSED VALUATION ⁽¹⁾

2022 Total Market Valuation	\$666,692,664
2022 Taxable Assessed Valuation	\$412,257,213
<u>2022 Exemptions</u>	
Residential Homestead	\$44,583,569
10% Homestead Cap	13,738,085
Over 65	4,099,314
Disabled	414,193
Veterans	5,923,483
Productivity Loss	155,831,596
Other	29,845,211
Total (38.16% of Total Assessed Valuation) ⁽²⁾	\$254,435,451

⁽¹⁾ Source: Johnson Central Appraisal District and Hill County Appraisal District.

⁽²⁾ Includes frozen property values for homesteads of taxpayers 65 years or older, their surviving spouses and disabled taxpayers.

TABLE 2 - GENERAL OBLIGATION DEBT OUTSTANDING

Unlimited Tax Bonds Outstanding			\$8,820,000
Plus: The Bonds ⁽¹⁾			<u>12,000,000</u>
Total Unlimited Tax Debt			\$20,820,000
Less: Interest & Sinking Fund Balance ⁽²⁾			<u>(434,825)</u>
Net Unlimited Tax Debt			<u><u>\$20,385,176</u></u>
Ratio of Net Debt to Taxable Assessed Valuation			4.94%
Estimated 2022 District Population ⁽³⁾	5,414	Per Capita Net Taxable Valuation	\$76,147
2021/2022 Enrollment ⁽³⁾	820	Per Capital Market Valuation	\$123,142
Area (square miles) ⁽³⁾	76.49	Per Capita Net Debt	\$3,765

⁽¹⁾ Preliminary, subject to change.

⁽²⁾ The District's records as of December 1, 2022.

⁽³⁾ The Municipal Advisory Council of Texas.

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TABLE 3 - ESTIMATED OVERLAPPING DEBT ⁽¹⁾

Taxing Jurisdiction	As Of	Total Debt	% Overlapping	Overlapping Debt
Hill County	11/30/2022	\$4,055,000	0.10%	4,055
Johnson County	11/30/2022	18,735,000	2.31%	432,779
Estimated (Net) Overlapping Debt				\$436,834
Rio Vista ISD ⁽²⁾		\$20,820,000	100.00%	\$20,820,000
Total Direct & Estimated Overlapping Debt				<u>\$21,256,834</u>
Total and Overlapping Debt as a % of 2022 Total Assessed Valuation				3.19%
Total and Overlapping Debt as a % of 2022 Taxable Assessed Valuation				5.16%
Total and Overlapping Debt as a Per Capita				\$3,926

⁽¹⁾ Gross Debt. Source: The Municipal Advisory Council of Texas.

⁽²⁾ Includes the Bonds. Preliminary, subject to change. Excludes Maintenance Tax Debt outstanding.

TABLE 4 - 2022 TOTAL TAX RATES OF OVERLAPPING ENTITIES ⁽¹⁾

Hill County	\$0.389494
Johnson County	\$0.368455

⁽¹⁾ Source: Johnson County and Hill County Tax Offices.

TABLE 5 - PROPERTY TAX RATES AND COLLECTIONS ⁽¹⁾

Tax Year	Taxable Assessed Valuation ⁽¹⁾	Tax Rate ⁽²⁾	Percent Collections ⁽³⁾		Fiscal Year End
			Current	Total	
2017	\$264,276,515	\$1.6000	94.92%	99.49%	8/31/2018
2018	286,222,888	\$1.6000	97.05%	99.47%	8/31/2019
2019	319,749,702	\$1.4984	96.42%	98.09%	8/31/2020
2020	346,635,061	\$1.3974	97.02%	99.10%	8/31/2021
2021	387,661,993	\$1.3230	96.09%	98.33%	6/30/2022
	Five Year Average		96.30%	98.90%	
2022	\$412,257,213	\$1.3230	(In Process of Collections)		6/30/2023

⁽¹⁾ Source: Johnson Central Appraisal District and Hill County Appraisal District.

⁽²⁾ Source: Johnson County and Hill County Tax Offices.

⁽³⁾ Source: District's Audited Financial Statements.

TABLE 6 - TAX RATE DISTRIBUTION ⁽¹⁾

	<u>2022</u> ⁽²⁾	<u>2021</u> ⁽²⁾	<u>2020</u> ⁽²⁾	<u>2019</u> ⁽²⁾	<u>2018</u>
Local Maintenance	\$0.9672	\$0.9672	\$1.0416	\$1.0684	\$1.1700
Interest & Sinking	<u>0.3558</u>	<u>0.3558</u>	<u>0.3558</u>	<u>0.4300</u>	<u>0.4300</u>
Total Tax Rate	\$1.3230	\$1.3230	\$1.3974	\$1.4984	\$1.6000

⁽¹⁾ Source: Johnson County and Hill County Tax Offices.

⁽²⁾ The decline in the District's Maintenance & Operations Tax from the 2018/19 fiscal year to the current 2022-2023 fiscal years is a function of House Bill 3 adopted by the Texas Legislature in June 2019. See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICT IN TEXAS" herein.

TABLE 7 - HISTORICAL TOP TEN TAXPAYERS ⁽¹⁾

2022 PRINCIPAL TAXPAYERS & THEIR ASSESSED VALUATIONS			
Taxpayer Name	Property Type	AV	% of Total
Oneok Arbuckle II Pipeline LLC	Oil & Gas Pipeline	\$8,297,517	2.01%
BNSF Railway Company	Railroad	6,752,266	1.64%
Double Diamond Inc.	Developer	6,445,498	1.56%
Grand Prix Pipeline LLC	Oil & Gas Pipeline	5,619,313	1.36%
Energy Transfer Fuel LP	Oil & Gas	5,590,168	1.36%
Venado Operating Company LLC	Oil & Gas	4,328,951	1.05%
Oneok Arbuckle Pipeline LLC	Oil & Gas Pipeline	3,647,380	0.88%
Texas Express Pipeline LLC	Oil & Gas Pipeline	3,325,779	0.81%
Retreat Golf Inc.	Golf Course/Country Club	2,887,736	0.70%
ETC Texas Pipeline Ltd.	Oil & Gas Pipeline	2,714,113	0.66%
Top 10 Totals:		\$49,608,721	12.03%
2021 PRINCIPAL TAXPAYERS & THEIR ASSESSED VALUATIONS			
Taxpayer Name	Property Type	AV	% of Total
Double Diamond Inc.	Developer	\$8,288,013	2.14%
Oneok Arbuckle II Pipeline LLC	Oil & Gas Pipeline	7,421,128	1.91%
BNSF Railway Co.	Railroad	6,185,082	1.60%
Energy Transfer Fuel LP	Oil & Gas	5,573,865	1.44%
Grand Prix Pipeline, LLC	Oil & Gas Pipeline	5,130,825	1.32%
Oneok Arbuckle Pipeline LLC	Oil & Gas Pipeline	3,622,109	0.93%
Texas Express Pipeline LLC	Oil & Gas Pipeline	3,474,604	0.90%
Retreat Golf Inc.	Golf Course/Country Club	2,888,434	0.75%
Morgan Acres LLC	Developer	2,796,331	0.72%
ETC Texas Pipeline Ltd.	Oil & Gas Pipeline	2,669,633	0.69%
Top 10 Totals:		\$48,050,024	12.39%
2020 PRINCIPAL TAXPAYERS & THEIR ASSESSED VALUATIONS			
Taxpayer Name	Property Type	AV	% of Total
Double Diamond Inc.	Developer	\$10,458,650	3.02%
BNSF Railway Co.	Railroad	6,005,518	1.73%
Energy Transfer Fuel LP	Oil & Gas	5,555,959	1.60%
Oneok Arbuckle II Pipeline LLC	Oil & Gas Pipeline	5,112,323	1.47%
Grand Prix Pipeline, LLC	Oil & Gas Pipeline	3,653,426	1.05%
ETC Texas Pipeline Ltd.	Oil & Gas Pipeline	3,269,644	0.94%
Texas Express Pipeline LLC	Oil & Gas Pipeline	3,015,493	0.87%
Barnett Gathering LP	Oil & Gas	2,998,894	0.87%
Retreat Golf Inc.	Golf Course/Country Club	2,888,434	0.83%
Oneok Arbuckle Pipeline LLC	Oil & Gas Pipeline	2,838,659	0.82%
Top 10 Totals:		\$45,797,000	13.21%

⁽¹⁾ Source: Source: Johnson Central Appraisal District and Hill County Appraisal District.

TABLE 8 - CLASSIFICATION OF ASSESSED VALUATION ⁽¹⁾

<u>Property Use Category</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Real, Residential, Single-Family	\$142,167,530	\$121,896,764	\$104,461,199	\$95,564,155	\$72,470,646
Real, Multi-Family	1,598,956	1,622,339	1,554,174	1,603,138	753,903
Real, Vacant Lots/Tracts	59,435,593	56,647,654	47,803,021	44,728,118	39,856,939
Real, Acreage (Land Only)	163,975,685	160,596,454	152,992,561	151,060,217	139,933,747
Real, Farm & Ranch Improvements	175,475,084	167,357,448	147,693,006	145,658,735	115,187,244
Real, Commercial & Industrial	18,711,602	18,146,113	17,347,945	17,429,409	16,636,063
Real, Oil & Gas	8,998,059	3,827,671	4,746,261	8,529,100	7,802,436
Real and Tangible, Personal Utilities	53,113,182	50,595,015	40,810,784	42,811,117	41,532,349
Tangible Personal, Commercial & Industrial	6,574,086	5,612,894	16,152,113	4,267,417	11,430,014
Tangible Personal, Mobile Homes	2,304,139	1,955,026	1,752,051	1,825,374	1,146,641
Inventory, Residential / Special	4,562,920	5,092,602	7,029,095	7,000,890	8,025,696
Other Totally Exempt Property	29,775,828	29,786,303	29,304,730	38,443,715	28,051,087
Total Market Value	\$666,692,664	\$623,136,283	\$571,646,940	\$558,921,385	\$482,826,765
Less Exemptions:					
Residential Homestead	\$44,583,569	\$27,515,788	\$27,067,651	\$26,867,327	\$25,566,449
10% Homestead Cap	13,738,085	17,524,351	15,598,754	22,465,789	3,701,733
Over 65	4,099,314	4,163,291	4,058,458	3,831,597	3,684,685
Disabled	414,193	456,855	416,232	406,297	395,713
Veterans	5,923,483	3,425,853	3,343,614	5,363,031	2,630,207
Productivity Loss	155,831,596	152,566,452	145,159,625	143,262,389	132,545,564
Other	29,845,211	29,821,700	29,367,545	36,975,253	28,079,226
Total Exemptions	\$254,435,451	\$235,474,290	\$225,011,879	\$239,171,683	\$196,603,577
Net Certified Taxable Value ⁽²⁾	\$412,257,213	\$387,661,993	\$346,635,061	\$319,749,702	\$286,223,188

⁽¹⁾ Source: Johnson Central Appraisal District and Hill County Appraisal District. Figures shown are Certified Valuations. Assessed Valuations may change during the year due to various supplements and protests.

⁽²⁾ Includes frozen property values for homesteads of taxpayers 65 years or older, their surviving spouses and disabled taxpayers.

<u>Property Use Category</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Real, Residential, Single-Family	21.32%	19.56%	18.27%	17.10%	15.01%
Real, Multi-Family	0.24%	0.26%	0.27%	0.29%	0.16%
Real, Vacant Lots/Tracts	8.91%	9.09%	8.36%	8.00%	8.25%
Real, Acreage (Land Only)	24.60%	25.77%	26.76%	27.03%	28.98%
Real, Farm & Ranch Improvements	26.32%	26.86%	25.84%	26.06%	23.86%
Real, Commercial & Industrial	2.81%	2.91%	3.03%	3.12%	3.45%
Real, Oil & Gas	1.35%	0.61%	0.83%	1.53%	1.62%
Real and Tangible, Personal Utilities	7.97%	8.12%	7.14%	7.66%	8.60%
Tangible Personal, Commercial	0.99%	0.90%	2.83%	0.76%	2.37%
Tangible Personal, Mobile Homes	0.35%	0.31%	0.31%	0.33%	0.24%
Inventory, Residential / Special	0.68%	0.82%	1.23%	1.25%	1.66%
Other Totally Exempt Property	4.47%	4.78%	5.13%	6.88%	5.81%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

TABLE 9 - OUTSTANDING UNLIMITED TAX DEBT SERVICE

Fiscal Year Ending 6/30	Outstanding Debt Service	Plus: The Bonds ⁽¹⁾⁽²⁾			New Total Debt Service Requirements
		Principal	Interest	Total	
2023	\$1,108,963	\$ -	\$ -	\$ -	\$1,108,963
2024	853,350	-	598,333	598,333	1,451,683
2025	853,700	10,000	599,750	609,750	1,463,450
2026	855,400	280,000	592,500	872,500	1,727,900
2027	851,200	300,000	578,000	878,000	1,729,200
2028	900,100	255,000	564,125	819,125	1,719,225
2029	901,900	265,000	551,125	816,125	1,718,025
2030	902,500	240,000	538,500	778,500	1,681,000
2031	808,800	330,000	524,250	854,250	1,663,050
2032	815,700	325,000	507,875	832,875	1,648,575
2033	820,050	320,000	491,750	811,750	1,631,800
2034	635,025	505,000	471,125	976,125	1,611,150
2035	845,625	290,000	451,250	741,250	1,586,875
2036	-	290,000	436,750	726,750	726,750
2037	-	305,000	421,875	726,875	726,875
2038	-	320,000	406,250	726,250	726,250
2039	-	335,000	389,875	724,875	724,875
2040	-	355,000	372,625	727,625	727,625
2041	-	370,000	354,500	724,500	724,500
2042	-	390,000	335,500	725,500	725,500
2043	-	410,000	315,500	725,500	725,500
2044	-	430,000	294,500	724,500	724,500
2045	-	450,000	272,500	722,500	722,500
2046	-	475,000	249,375	724,375	724,375
2047	-	500,000	225,000	725,000	725,000
2048	-	520,000	199,500	719,500	719,500
2049	-	550,000	172,750	722,750	722,750
2050	-	575,000	144,625	719,625	719,625
2051	-	605,000	115,125	720,125	720,125
2052	-	635,000	84,125	719,125	719,125
2053	-	665,000	51,625	716,625	716,625
2054	-	700,000	17,500	717,500	717,500
Total	\$11,152,313	\$12,000,000	\$11,328,083	\$23,328,083	\$34,480,396
Average Annual Debt Service Requirement					\$1,077,512
Maximum Debt Service Requirement					\$1,729,200

⁽¹⁾ Preliminary, subject to change.

⁽²⁾ Interest calculated at assumed rates for purposes of illustration. Preliminary, subject to change.

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TABLE 10 - AUTHORIZED BUT UNISSUED BONDS

Purpose	Date Authorized	Amount Authorized	Amount Issued	Unissued Balance
School Building & Security	11/8/2022	\$12,000,000	\$12,000,000 ⁽¹⁾	\$0 ⁽²⁾

The District's voters could authorize the issuance of additional new money bonds at a future election. In addition, the District may incur other financial obligations payable from its collection of taxes and other sources of revenue, including maintenance tax notes payable from its collection of maintenance taxes, public property finance contractual obligations, delinquent tax notes, and leases for various purposes payable from State appropriations and surplus maintenance taxes.

⁽¹⁾ Includes any premium allocations that the District intends to apply against voted authorization. Preliminary, subject to change

⁽²⁾ Preliminary, subject to change.

TABLE 11 - TAX ADEQUACY - UNLIMITED TAX DEBT SERVICE REQUIREMENTS

2023 Net Principal and Interest Requirements	\$1,108,963 ⁽¹⁾
\$0.2745 Tax Rate at 98% Collection Produces	\$1,109,013 ⁽²⁾
Average Net Annual Principal and Interest Requirements, 2023-2054	\$1,077,512 ⁽¹⁾
\$0.2668 Tax Rate at 98% Collection Produces	\$1,077,904 ⁽²⁾
Maximum Net Principal and Interest Requirements, 2027	\$1,729,200 ⁽¹⁾
\$0.4281 Tax Rate at 98% Collection Produces	\$1,729,576 ⁽²⁾

⁽¹⁾ Includes the Bonds. Preliminary, subject to change.

⁽²⁾ Based upon 2022 Net Taxable Assessed Valuation of \$412,257,213.

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TABLE 12 - OTHER OBLIGATIONSDirect Borrowing

The following schedule lists the outstanding direct borrowings at year end:

Description	Interest Rate	Original Amount	Outstanding Amount
Tax Maintenance Notes, Series 2020	3.05%	\$950,000	\$838,521
Tax Maintenance Notes, Series 2022	3.45%	678,000	678,000
Investment Insights - Computers	3.87%	79,414	32,334
Investment Insights - Interactive Panels	2.29%	424,031	260,145
Investment Insights - Cables & Switches	3.94%	97,705	58,565
Totals			<u>\$1,867,565</u>

Maturity requirements on the outstanding direct borrowings art year end are as follows:

Fiscal Year Ending 6/30	Principal	Interests	Total
2023	\$213,917	\$52,041	\$265,958
2024	213,842	52,135	265,977
2025	202,801	45,822	248,623
2026	97,571	39,985	137,556
2027	100,358	36,853	137,211
2028-2032	552,552	133,869	686,421
2033-2037	486,524	41,576	528,100
Total	\$1,867,565	\$402,281	\$2,269,846

Capital Leases

The detailed schedule of the life and outstanding lease obligations is below:

Description	Interest Rate	Original Amount	Outstanding Amount
Cannon Financial - Copiers	9.00%	\$85,340	\$64,676
Totals			<u>\$64,676</u>

Maturity requirements on the outstanding direct borrowings art year end are as follows:

Fiscal Year Ending 6/30	Principal	Interests	Total
2023	\$20,297	\$4,997	\$25,294
2024	22,202	3,093	25,295
2025	22,177	1,009	23,186
Total	\$64,676	\$9,099	\$73,775

Source: District's Audited Financial Statements.

TABLE 13 - COMBINED GENERAL FUND BALANCE SHEET ⁽¹⁾

For Fiscal Year ended	<u>6/30/2022 ⁽²⁾</u>	<u>8/31/2021</u>	<u>8/31/2020</u>	<u>8/31/2019</u>	<u>8/31/2018</u>
ASSETS:					
Cash and Investments	\$3,424,616	\$2,572,189	\$2,488,640	\$1,180,538	\$1,884,572
Property Taxes Receivable, Net	231,006	177,937	182,908	177,217	174,599
Due from Other Governments	1,971,058	567,903	272,940	1,484,960	561,576
Due from Other Funds	-	\$4,841	-	-	-
Other Receivables	-	-	4,432	-	1,438
Total Assets	\$5,626,680	\$3,322,870	\$2,948,920	\$2,842,715	\$2,622,185
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$37,906	\$57,978	\$205,607	\$45,298	\$19,685
Payroll Deductions & Withholdings	-	58,082	-	(5,687)	31,543
Accrued Wages Payable	627,261	311,722	366,545	439,231	334,639
Due to Other Funds	-	-	-	-	355
Accrued Expenditures	44,839	6,512	7,589	9,093	6,961
Unearned Revenue	-	-	42,091	-	-
Total Liabilities	\$710,006	\$434,294	\$621,832	\$487,935	\$393,183
DEFERRED INFLOWS OF RESOURCES:					
Total Deferred Inflows of Resources	\$231,006	\$177,937	\$182,908	\$177,217	\$174,599
	\$231,006	\$177,937	\$182,908	\$177,217	\$174,599
FUND BALANCES:					
Federal/State Funds Grants	-	-	-	-	-
Capital Acquisitions and Contractual Obligations	408,474	-	-	-	-
Retirement of Long-Term Debt	-	-	-	-	-
Other Restrictions of Fund Balance	-	-	-	-	-
Other Committed Fund Balance	-	-	-	-	-
Unassigned	4,277,194	2,710,639	2,144,180	2,177,563	2,054,403
Total Fund Balances	\$4,685,668	\$2,710,639	\$2,144,180	\$2,177,563	\$2,054,403
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$5,626,680	\$3,322,870	\$2,948,920	\$2,842,715	\$2,622,185

⁽¹⁾ Source: The District's Audited Financial Statements.

⁽²⁾ Represents 10 months. The District changed its fiscal year from August 31 to June 30 on July 1, 2022.

TABLE 14 - COMPARATIVE STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES ⁽¹⁾

For Fiscal Year ended	<u>6/30/2022 ⁽²⁾</u>	<u>8/31/2021</u>	<u>8/31/2020</u>	<u>8/31/2019</u>	<u>8/31/2018</u>
REVENUES:					
Total Local and Intermediate Sources	\$3,693,300	\$3,795,260	\$3,439,168	\$3,324,518	\$3,125,762
State Program Revenues	6,247,006	5,960,481	5,590,288	4,885,968	4,061,201
Federal Program Revenues	90,919	97,485	54,737	67,126	138,545
Total Revenues	\$10,031,225	\$9,853,226	\$9,084,193	\$8,277,612	\$7,325,508
EXPENDITURES:					
Instruction	\$4,153,475	\$4,714,239	\$5,342,999	\$4,204,468	\$3,468,567
Instructional Resources & Media Services	1,026	38,537	105,771	134,313	115,803
Curriculum and Staff Development	91,802	106,989	9,356	150	-
School Leadership	558,322	488,619	504,450	519,623	441,361
Guidance, Counseling & Evaluation					
Services	203,419	243,533	206,463	206,750	176,717
Health Services	104,004	106,854	136,561	122,970	121,666
Student Transportation	192,422	183,263	291,014	134,509	181,119
Food Services	11,895.00	1,951	13,110	11,517	11,403
Extracurricular Activities	368,285	384,473	387,235	324,429	263,228
General Administration	449,702	624,368	684,100	608,086	614,998
Facilities Maintenance and Operations	1,203,872	1,385,234	1,144,350	1,115,468	989,987
Security Monitoring and Services	69,374	109,656	49,627	7,851	27,944
Data Processing Services	234,359	243,386	197,412	177,043	146,112
Community Services	579	40	1,047	2,103	-
Debt Service:					
Principal on Long Term Debt	234,853.00	278,037	-	-	-
Interest on Long Term Debt	46,643.00	36,182	-	-	-
Debt Service Cost and Fees	26,130	-	-	-	-
Capital Outlay	240,822	21,374	1,049,777	169,954	-
Payments to SSA	483,723	404,586	388,516	376,575	360,104
Intergovernmental Charges	59,489	61,136	61,147	0	-
Total Expenditures	\$8,734,196	\$9,432,457	\$10,572,935	\$8,115,809	\$6,919,009
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$1,297,029	\$420,769	(\$1,488,742)	\$161,803	\$406,499
Issuance of Capital Leases	-	\$139,766	\$674,229	-	-
Issuance of Non-Current Debt	678,000	-	950,000	-	-
Transfers In/(Out)	-	5,924	(87,756)	(38,643)	(301)
Net Change in Fund Balances	1,975,029	566,459	47,731	123,160	406,198
Fund Balances - Beginning	2,710,639	2,144,180	2,177,563	2,054,403	1,648,205
Prior Period Adjustment	-	-	(81,114)	-	-
Fund Balances - Ending ⁽²⁾	\$4,685,668	\$2,710,639	\$2,144,180	\$2,177,563	\$2,054,403

⁽¹⁾ Source: The District's Audited Financial Statements.

⁽²⁾ Represents 10 months. The District changed its fiscal year from August 31 to June 30 on July 1, 2022.

TABLE 15 - CURRENT INVESTMENTS ⁽¹⁾

As of December 1, 2022, the District's investable funds amounted to \$16,609.

The following summary itemizes the District's investment portfolio by type of security:

	<u>Percent</u>	<u>Book Value</u>	<u>Market Value</u>
Logic Investment Pool	50.76%	\$8,431	\$8,431
Certificates of Deposit	49.24%	8,178	8,178
Total Investments	100.00%	\$16,609	\$16,609

⁽¹⁾ Source: District's records.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS

The information contained in this appendix consists of the Rio Vista Independent School District Audited Financial Statements (the "Report") for the fiscal year ended June 30, 2022.

The information presented represents only a part of the Report and does not purport to be a complete statement of the District's financial condition. Reference is made to the complete Annual Audit Report for additional information.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
TEN MONTHS ENDED JUNE 30, 2022

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

RIO VISTA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
TEN MONTHS ENDED JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibits</u>
INTRODUCTORY SECTION		
Certificate of Board.....	3	
FINANCIAL SECTION		
<u>Independent Auditor's Reports:</u>		
Report on Basic Financial Statements	5	
Report on Compliance and Internal Controls (<i>Government Auditing Standards</i>).....	8	
Report on Compliance and Internal Control over Compliance in Accordance with OMB Circular A-133	10	
Schedule of Findings and Questioned Costs	12	
Management's Discussion and Analysis (Required Supplementary Information).....	17	
<u>Basic Financial Statements:</u>		
Government-wide Financial Statements:		
Statement of Net Position.....	26	A-1
Statement of Activities.....	27	B-1
Fund Financial Statements:		
Balance Sheet – Governmental Funds	28	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	29	C-2
Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds.....	30	C-3
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31	C-4
Statement of Net Position – Proprietary Funds.....	32	D-1
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	33	D-2
Statement of Cash Flows – Proprietary Funds.....	34	D-3
Statement of Fiduciary Net Position – Fiduciary Funds	35	E-1
Statement of Changes Fiduciary Net Position – Fiduciary Funds	36	E-2
Notes to the Basic Financial Statements.....	37	
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedule – General Fund.....	59	G-1
Schedule of District's Proportionate Share of the Net Pension Liability	60	G-2
Schedule of District Net Pension Contributions.....	61	G-3
Schedule of District's Proportionate Share of the OPEB Liability.....	62	G-4
Schedule of District OPEB Contributions	63	G-5
Notes to Required Supplementary Information	64	
<u>Other Supplementary Information:</u>		
Schedule of Delinquent Taxes Receivable.....	69	J-1
Budgetary Comparison Schedules Required by the Texas Education Agency:		
School Breakfast and National School Lunch Program.....	70	J-3
Debt Service Fund.....	71	J-4
Schedule of Required Responses to Selected Schools First Indicators.....	72	J-5
Schedule of Required Responses to State Mandated Program Requirements	73	J-6
FEDERAL AWARDS SECTION		
Schedule of Expenditures of Federal Awards	75	K-1
Notes to Schedule of expenditures of Federal Awards	76	K-2

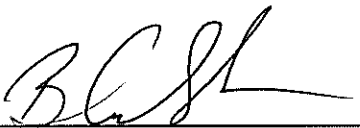
CERTIFICATE OF BOARD

Rio Vista Independent School District
Name of School District


Johnson
County

126-907
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's report of the above-named school district was reviewed and
X approved/ _____ disapproved for the ten months ended June 30, 2022, at a meeting of the board of
school trustees of such school district on November 3, 2022



Signature of Board Secretary



Signature of Board President

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

FINANCIAL SECTION

RUTHERFORD,
TAYLOR &
COMPANY, P.C.
Certified Public Accountants

3500 Joe Ramsey Blvd.

Greenville, Texas 75401

(903) 455-6252

Fax (903) 455-6667

INDEPENDENT AUDITOR'S REPORT

Members of the Board
Rio Vista Independent School District

Report on the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rio Vista Independent School District as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the ten months then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Rutherdale, Taylor & Company, P.C." The signature is written in a cursive, flowing style.

October 31, 2022
Greenville, Texas

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

Members of the Board
Rio Vista Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rio Vista Independent School District (District), as of and for the ten months ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 31, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rutherford, Taylor & Company PC

October 31, 2022
Greenville, Texas

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

Members of the Board
Rio Vista Independent School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud, or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

Internal Control over Compliance with the Uniform Guidance – Continued

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

Purpose of This Report

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



October 31, 2022
Greenville, Texas

RIO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
TEN MONTHS ENDED JUNE 30, 2022

Summary of Auditor's Results (Section I)

Financial Statements –

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

Federal Awards –

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

RIO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
TEN MONTHS ENDED JUNE 30, 2022

Financial Statement Findings (Section II)

NONE

RIO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
TEN MONTHS ENDED JUNE 30, 2022

Federal Award Findings and Questioned Costs (Section III)

NONE

RIO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
TEN MONTHS ENDED JUNE 30, 2022

Prior Year Findings (Section IV)

NONE

RIO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
TEN MONTHS ENDED JUNE 30, 2022

Corrective Action Plans (Section V)

NONE

RIO VISTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
TEN MONTHS ENDED JUNE 30, 2022

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

FINANCIAL HIGHLIGHTS

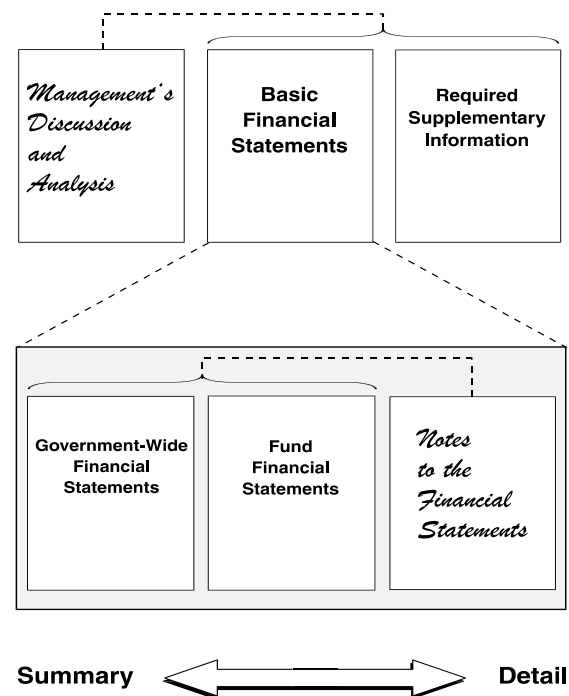
- The District changed its fiscal reporting period to end on June 30 thus resulting in a financial report presenting ten months of operation.
- The District's total combined net position was \$ 80,887 at June 30, 2022.
- During the period, the District's expenses were \$ 2,358,763 less than the \$ 12,882,501 generated in local property taxes and other revenues for governmental activities.
- The District experienced disruption in traditional educational services due to the state and national responses to the COVID-19 pandemic during the ten-month period.
- The District's General Fund balance is \$ 4,685,668 at June 30, 2022, an increase of \$ 1,975,029 from the prior year.
- The District issued new debt during the ten months to finance various facility renovations and improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the government operates like businesses, such as a print shop.
- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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



The basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

**RIO VISTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
TEN MONTHS ENDED JUNE 30, 2022**

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

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current ten months' revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

The two government-wide statements report the District's net position and how they have changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or position.

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

The government-wide financial statements of the District include the governmental activities. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

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

The District has the following kinds of funds:

- Governmental funds—Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at ten months-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explain the relationship (or differences) between them.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
TEN MONTHS ENDED JUNE 30, 2022

- Proprietary funds—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. We use internal service funds to report activities that provide supplies and services for the District's other programs and activities.
- Fiduciary funds—The District is the trustee, or fiduciary, for certain funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position was \$ 80,887 at June 30, 2022.

Rio Vista Independent School District's Net Position			Table A-1
	Governmental Activities		Total Percentage Change 2021-2022
	2022	2021	
Assets:			
Cash and Investments	\$ 6,038,365	\$ 4,094,091	47.49%
Other Assets	2,532,809	889,996	184.59%
Capital Assets less Accumulated Depreciation	10,096,289	10,709,565	-5.73%
Total Assets	\$ 18,667,463	\$ 15,693,652	18.95%
Total Deferred Outflows of Resources	\$ 2,494,610	\$ 2,942,153	-15.21%
Liabilities:			
Current Liabilities	\$ 888,136	\$ 611,520	45.23%
Long-term Liabilities	16,118,905	17,154,602	-6.04%
Total Liabilities	\$ 17,007,041	\$ 17,766,122	-4.27%
Total Deferred Inflows of Resources	\$ 4,074,145	\$ 3,147,307	29.45%
Net Position:			
Net Investment in Capital Assets	\$ (1,796,726)	\$ (1,119,054)	-60.56%
Restricted	2,612,386	1,389,288	88.04%
Unrestricted	(734,773)	(2,547,858)	71.16%
Total Net Position	\$ 80,887	\$ (2,277,624)	103.55%

Approximately \$ 2,499,711 of the District's restricted net position represents funds available for debt retirement. These funds are restricted for retirement of tax supported debt. The unrestricted net position represents resources available to fund the programs of the District next ten months.

CHANGES IN NET POSITION

The District's total revenues were \$ 12,882,501. 39% of the District's revenue comes from local property taxes (See Table A-2). 60% comes from state aid and federal grants, while only 1% relates to charges for services and other miscellaneous revenues, including investment earnings.

The total cost of all programs and services was \$ 10,523,738. 53% of these costs are for instruction and instructional related staff and student services.

The District's tax collection percentage rate (current and delinquent base tax only) was 98.07%. The total tax collection percentage rate (base tax and penalty and interest) was 99.46%.

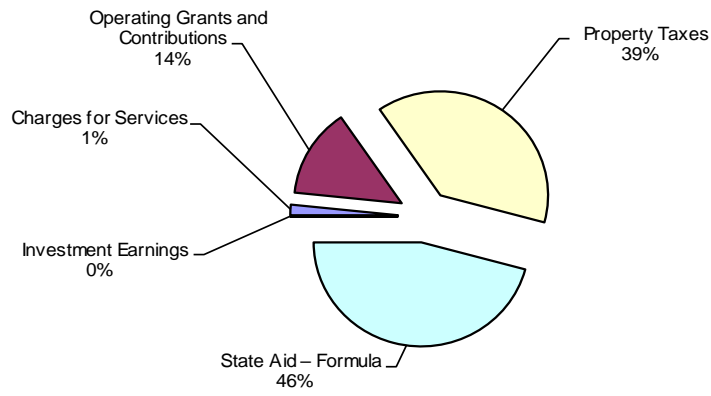
RIO VISTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
TEN MONTHS ENDED JUNE 30, 2022

GOVERNMENTAL ACTIVITIES

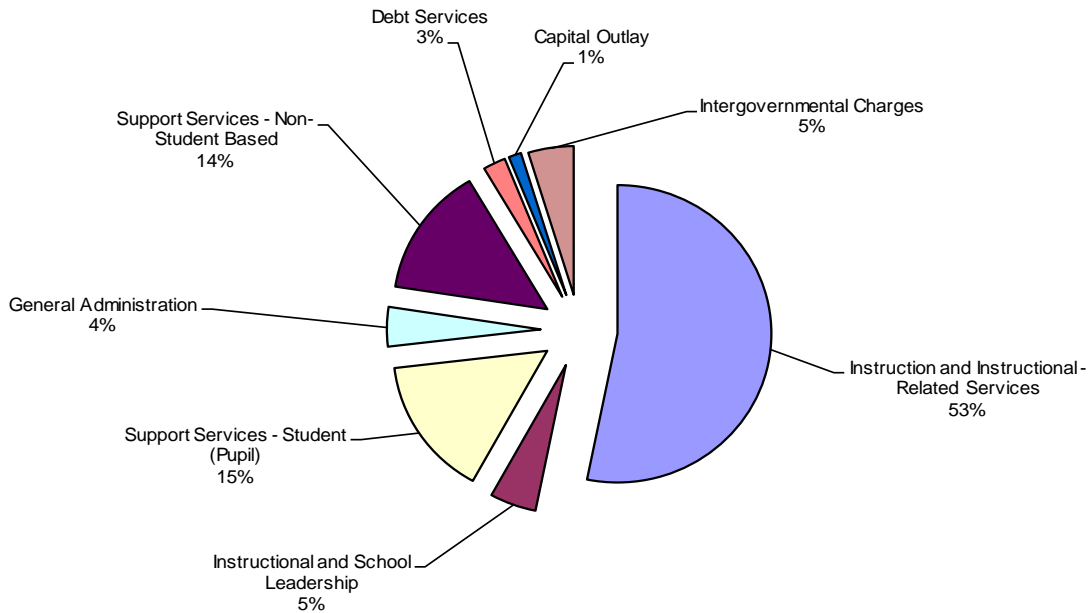
Changes in Rio Vista Independent School District's Net Position			Table A-2
	Governmental Activities		Total Percentage Change
	2022	2021	2021-2022
Program Revenues:			
Charges for Services	\$ 209,209	\$ 129,097	62.06%
Operating Grants and Contributions	1,771,823	1,855,102	-4.49%
General Revenues:			
Property Taxes	4,960,062	4,718,142	5.13%
State Aid – Formula	5,867,971	5,509,873	6.50%
Investment Earnings	759	2,166	-64.96%
Miscellaneous	72,677	84,255	-13.74%
Total Revenues	<u>\$ 12,882,501</u>	<u>\$ 12,298,635</u>	4.75%
Expenses:			
Instruction	\$ 5,447,623	\$ 6,030,404	-9.66%
Instructional Resources and Media Services	22,183	62,914	-64.74%
Curriculum and Staff Development	86,935	118,488	-26.63%
School Leadership	508,513	521,498	-2.49%
Guidance, Counseling and Evaluation Services	182,968	256,471	-28.66%
Health Services	101,756	119,452	-14.81%
Student (Pupil) Transportation	227,684	251,502	-9.47%
Food Services	486,812	503,044	-3.23%
Cocurricular/Extracurricular Activities	579,272	590,871	-1.96%
General Administration	447,917	677,512	-33.89%
Plant Maintenance and Operations	1,174,090	1,426,730	-17.71%
Security and Monitoring Services	83,570	126,568	-33.97%
Data Processing	216,359	251,906	-14.11%
Community Services	14,340	20,318	-29.42%
Debt Service	247,637	445,677	-44.44%
Capital Outlay	138,234	-	100.00%
Payments for Shared Service Arrangements	498,356	404,586	23.18%
Other Intergovernmental Charges	59,489	61,136	-2.69%
Total Expenses	<u>\$ 10,523,738</u>	<u>\$ 11,869,077</u>	-11.33%
Excess (Deficiency) Before Other Resources, Uses and Transfers	<u>\$ 2,358,763</u>	<u>\$ 429,558</u>	449.11%
Increase (Decrease) in Net Position	<u>\$ 2,358,763</u>	<u>\$ 429,558</u>	449.11%
Net Position - Beginning (September 1)	\$ (2,277,624)	\$ (2,707,182)	-15.87%
Prior Period Adjustments	(252)	-	-100.00%
Net Position - Beginning, as Restated	<u>\$ (2,277,876)</u>	<u>\$ (2,707,182)</u>	-15.86%
Net Position - Ending (June 30)	<u>\$ 80,887</u>	<u>\$ (2,277,624)</u>	103.55%

RIO VISTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
TEN MONTHS ENDED JUNE 30, 2022

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



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



RIO VISTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
TEN MONTHS ENDED JUNE 30, 2022

- Table A-3 presents the cost of selected functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.
- The cost of all governmental activities this ten months was \$ 10,523,738.
- However, the amount that our taxpayers paid for these activities through local property taxes was only \$ 4,960,062.
- Some of the cost was paid by those who directly benefited from the programs, \$ 209,209, or
- By grants and contributions, \$ 1,771,823.

Rio Vista Independent School District's Net Cost of Selected District Functions						Table A-3
	Total Cost of Services			Net Cost of Services		
	2022	2021	% Change	2022	2021	% Change
Instruction	\$ 5,447,623	\$ 6,030,404	-9.66%	\$ 4,175,945	\$ 4,992,881	-16.36%
School Leadership	508,513	521,498	-2.49%	524,579	477,580	9.84%
General Administration	447,917	677,512	-33.89%	454,504	627,414	-27.56%
Plant Maintenance and Operations	1,174,090	1,426,730	-17.71%	1,187,099	1,353,808	-12.31%
Debt Service	247,637	445,677	-44.44%	215,066	407,420	-47.21%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues in the governmental funds totaled \$ 13,373,200. This represents an increase of \$ 418,929 from the prior year revenues of \$ 12,243,742. The change represents an increase of state aid collected for enrollment during the fiscal period.

Expenditures in the governmental funds totaled \$ 10,821,228. This represents a decrease of \$ 857,091 from the prior year expenditures of \$ 11,678,319. The change represents a decrease in instruction, general administration and plant maintenance and operations costs. The change in fiscal year reporting August from June attributed to the overall decrease in expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the ten months, the District revised its General Fund budget several times. With these adjustments, actual expenditures were \$ 1,614,537 below final General Fund budget amounts. The most significant positive variance occurred in instruction, pupil transportation, plant maintenance and operations and capital outlay.

Resources available were \$ 388,955 above the final General Fund budgeted amount. The favorable variance is reflective of the increase in state program revenues above the anticipated levels related to enrollment and attendance.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
TEN MONTHS ENDED JUNE 30, 2022

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At ten months end, the District had invested \$ 28,375,102 in a broad range of capital assets, including land, equipment, buildings and vehicles (See Table A-4).

Rio Vista Independent School District's Capital Assets			Table A-4
	Governmental Activities		Total Percentage Change 2021-2022
	2022	2021	
Land	\$ 289,426	\$ 289,426	0.00%
Construction in Progress	15,000	-	100.00%
Buildings and Improvements	26,320,782	26,279,684	0.16%
Equipment	523,114	487,765	7.25%
Vehicles	1,141,440	1,182,924	-3.51%
Right to Use Leases	85,340	1,182,924	-92.79%
Totals at Historical Cost	\$ 28,375,102	\$ 28,239,799	0.48%
Less Accumulated Depreciation	(18,278,813)	(17,530,234)	4.27%
Net Capital Assets	<u>\$ 10,096,289</u>	<u>\$ 10,709,565</u>	-5.73%

DEBT

At ten months end, the District had \$ 12,301,489 in debt outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the basic financial statements.

Bond Ratings -
The District's bonds presently carry "AAA" ratings.

Rio Vista Independent School District's Debt			Table A-5
	Governmental Activities		Total Percentage Change 2021-2022
	2022	2021	
Bonds Payable	\$ 9,835,000	\$ 9,835,000	0.00%
Other Debt Payable	2,466,489	1,993,619	23.72%
Total Debt Payable	<u>\$ 12,301,489</u>	<u>\$ 11,828,619</u>	4.00%

RIO VISTA INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
TEN MONTHS ENDED JUNE 30, 2022

ECONOMIC FACTORS

The District's property valuation continues to fluctuate without large gains or losses. Local property tax rates for maintenance and operations are restricted by state to \$.96, without local elections. The State Legislature passed HB3 which included various changes to the property tax rate setting process thus limiting school districts' opportunities for tax modifications and compressing the rates charged to taxpayers. The additional changes required under HB3 could impact the District's financial operations, including cash flow.

Student population has remained at a steady historical growth rate in the District. The economic outlook for the area is for growth to be relatively slow, as indicated by generally level increases in property values from the prior periods. Housing has not expanded at the rate of other north central Texas communities. These economic conditions allow the District to maintain constant funding and staffing levels.

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Paul Ryan, Superintendent for the District.

BASIC FINANCIAL STATEMENTS

RIO VISTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

Data Control Codes		1
		Governmental Activities
	ASSETS	
1110	Cash and Investments	\$ 6,038,365
1225	Property Taxes Receivable, Net	308,608
1240	Due from Other Governments	2,223,874
1290	Other Receivables, Net	327
	Capital Assets:	
1510	Land	289,426
1520	Buildings and Improvements, Net	9,398,918
1530	Furniture and Equipment, Net	330,718
1550	Right to Use, Net	62,227
1580	Construction in Progress	15,000
1000	Total Assets	\$ 18,667,463
	DEFERRED OUTFLOWS OF RESOURCES	
1701	Deferred Outflows - Debt Refunding	\$ 468,807
1705	Deferred Outflows - Pensions	785,285
1706	Deferred Outflows - OPEB	1,240,518
1700	Total Deferred Outflows of Resources	\$ 2,494,610
	LIABILITIES	
2110	Accounts Payable	\$ 88,867
2140	Interest Payable	35,983
2165	Accrued Liabilities	739,712
2300	Unearned Revenue	23,574
	Noncurrent Liabilities:	
2501	Due within One Year	999,214
2502	Due in More Than One Year	11,302,275
2540	Net Pension Liability	1,121,247
2545	Net OPEB Liability	2,696,169
2000	Total Liabilities	\$ 17,007,041
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred Inflows - Pensions	\$ 1,305,132
2606	Deferred Inflows - OPEB	2,769,013
2600	Total Deferred Inflows of Resources	\$ 4,074,145
	NET POSITION	
3200	Net Investment in Capital Assets	\$ (1,796,726)
	Restricted For:	
3820	Federal and State Programs	89,986
3850	Debt Service	2,499,711
3890	Other Purposes	22,689
3900	Unrestricted	(734,773)
3000	Total Net Position	\$ 80,887

The accompanying notes are an integral part of this statement.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
TEN MONTHS ENDED JUNE 30, 2022

		1	3	4	
			Program Revenues		Net (Expense) Revenue and Changes in Net Position
Data				Operating	
Control			Charges for	Grants and	Governmental
Codes Functions/Programs	Expenses		Services	Contributions	Activities
Governmental Activities:					
11 Instruction	\$ 5,447,623	\$ 24,712	\$ 1,246,725	\$ (4,176,186)	
12 Instructional Resources and Media Services	22,183	-	2,897	(19,286)	
13 Curriculum and Staff Development	86,935	48	(2,253)	(89,140)	
23 School Leadership	508,513	290	(16,356)	(524,579)	
31 Guidance, Counseling and Evaluation Services	182,968	106	(6,981)	(189,843)	
33 Health Services	101,756	54	(2,411)	(104,113)	
34 Student (Pupil) Transportation	227,684	100	(2,215)	(229,799)	
35 Food Services	486,812	33,212	511,874	58,274	
36 Cocurricular/Extracurricular Activities	579,272	121,922	2,083	(455,267)	
41 General Administration	447,917	1,093	(7,680)	(454,504)	
51 Plant Maintenance and Operations	1,174,090	626	(13,635)	(1,187,099)	
52 Security and Monitoring Services	83,570	36	18,031	(65,503)	
53 Data Processing Services	216,359	122	(5,196)	(221,433)	
61 Community Services	14,340	26,888	(285)	12,263	
72 Interest on Long-term Debt	220,657	-	32,571	(188,086)	
73 Debt Issuance Costs and Fees	26,980	-	-	(26,980)	
81 Capital Outlay	138,234	-	-	(138,234)	
93 Payments for Shared Service Arrangements	498,356	-	14,654	(483,702)	
99 Other Intergovernmental Charges	59,489	-	-	(59,489)	
TG Total Governmental Activities	<u>\$ 10,523,738</u>	<u>\$ 209,209</u>	<u>\$ 1,771,823</u>	<u>\$ (8,542,706)</u>	
TP Total Primary Government	<u>\$ 10,523,738</u>	<u>\$ 209,209</u>	<u>\$ 1,771,823</u>	<u>\$ (8,542,706)</u>	
General Revenues:					
MT Property Taxes, Levied for General Purpose				\$ 3,628,175	
DT Property Taxes, Levied for Debt Service				1,331,887	
IE Investment Earnings				759	
GC Grant and Contributions Not Restricted to Specific Programs				5,867,971	
MI Miscellaneous				72,677	
TR Total General Revenues				<u>\$ 10,901,469</u>	
CN Change in Net Position				<u>\$ 2,358,763</u>	
NB Net Position - Beginning (September 1)				<u>\$ (2,277,624)</u>	
PA Prior Period Adjustment				(252)	
				<u>\$ (2,277,876)</u>	
NE Net Position - Ending (June 30)				<u>\$ 80,887</u>	

The accompanying notes are an integral part of this statement.

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
1110 Cash and Investments	\$ 3,424,616	\$ 2,460,164	\$ 104,386	\$ 5,989,166
1225 Property Taxes Receivable, Net	231,006	77,602	-	308,608
1240 Due from Other Governments	1,971,058	-	252,816	2,223,874
1290 Other Receivables	-	-	327	327
1000 Total Assets	<u>\$ 5,626,680</u>	<u>\$ 2,537,766</u>	<u>\$ 357,529</u>	<u>\$ 8,521,975</u>
LIABILITIES				
Current Liabilities:				
2110 Accounts Payable	\$ 37,906	\$ -	\$ 16,434	\$ 54,340
2160 Accrued Wages Payable	627,261	-	58,257	685,518
2200 Accrued Expenditures	44,839	-	9,355	54,194
2300 Unearned Revenue	-	2,072	21,502	23,574
2000 Total Liabilities	<u>\$ 710,006</u>	<u>\$ 2,072</u>	<u>\$ 105,548</u>	<u>\$ 817,626</u>
DEFERRED INFLOWS OF RESOURCES				
2610 Deferred Property Tax Revenue	\$ 231,006	\$ 77,602	\$ -	\$ 308,608
2600 Total Deferred Inflows of Resources	<u>\$ 231,006</u>	<u>\$ 77,602</u>	<u>\$ -</u>	<u>\$ 308,608</u>
FUND BALANCES				
Restricted Fund Balances:				
3450 Federal/State Funds Grants	\$ -	\$ -	\$ 89,986	\$ 89,986.00
3470 Capital Acquisitions and Contractual Obligations	408,474	-	-	408,474
3480 Retirement of Long-Term Debt	-	2,458,092	-	2,458,092
3490 Other Restrictions of Fund Balance	-	-	22,689	22,689
Committed Fund Balances:				
3545 Other Committed Fund Balance	-	-	139,306	139,306
3600 Unassigned	4,277,194	-	-	4,277,194
3000 Total Fund Balances	<u>\$ 4,685,668</u>	<u>\$ 2,458,092</u>	<u>\$ 251,981</u>	<u>\$ 7,395,741</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 5,626,680</u>	<u>\$ 2,537,766</u>	<u>\$ 357,529</u>	<u>\$ 8,521,975</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - Balance Sheet (governmental funds)	\$ 7,395,741
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not reported in the funds.	10,096,289
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	308,608
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	14,672
Payables for bond principal which are not due in the current period are not reported in the funds.	(9,835,000)
Payables for right to use leases which are not due in the current period are not reported in the funds.	(64,676)
Payables for debt interest which are not due in the current period are not reported in the funds.	(35,983)
Payables for direct borrowings which are not due in the current period are not reported in the funds.	(1,867,565)
Bond premiums are amortized in the SNA but not in the funds.	468,807
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	(1,121,247)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(1,305,132)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	785,285
Deferred Resource Outflows related to the pension plan are not reported in the funds.	(534,248)
Recognition of the District's proportionate share of the net OPEB liability is not reported in the funds.	(2,696,169)
Deferred Resource Inflows related to the OPEB plan are not reported in the funds.	(2,769,013)
Deferred Resource Outflows related to the OPEB plan are not reported in the funds.	1,240,518
Net position of governmental activities - Statement of Net Position	<u>\$ 80,887</u>

The accompanying notes are an integral part of this statement.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
TEN MONTHS ENDED JUNE 30, 2022

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES				
5700 Local and Intermediate Sources	\$ 3,693,300	\$ 1,311,996	\$ 179,187	\$ 5,184,483
5800 State Program Revenues	6,247,006	32,571	12,165	6,291,742
5900 Federal Program Revenues	90,919	-	1,806,056	1,896,975
5020 Total Revenues	\$ 10,031,225	\$ 1,344,567	\$ 1,997,408	\$ 13,373,200
EXPENDITURES				
Current:				
0011 Instruction	\$ 4,153,475	\$ -	\$ 1,158,575	\$ 5,312,050
0012 Instructional Resources and Media Services	1,026	-	4,400	5,426
0013 Curriculum and Staff Development	91,802	-	-	91,802
0023 School Leadership	558,322	-	-	558,322
0031 Guidance, Counseling and Evaluation Services	203,419	-	-	203,419
0033 Health Services	104,004	-	-	104,004
0034 Student (Pupil) Transportation	192,422	-	105,550	297,972
0035 Food Services	11,895	-	464,413	476,308
0036 Cocurricular/Extracurricular Activities	368,285	-	113,328	481,613
0041 General Administration	449,702	-	1,839	451,541
0051 Plant Maintenance and Operations	1,203,872	-	-	1,203,872
0052 Security and Monitoring Services	69,374	-	20,440	89,814
0053 Data Processing Services	234,359	-	-	234,359
0061 Community Services	579	-	14,841	15,420
0071 Principal on Long-term Debt	234,853	-	-	234,853
0072 Interest on Long-term Debt	46,643	188,163	-	234,806
0073 Debt Issuance Cost and Fees	26,130	850	-	26,980
0081 Capital Outlay	240,822	-	-	240,822
0093 Payments for Shared Service Arrangements	483,723	-	14,633	498,356
0099 Other Intergovernmental Charges	59,489	-	-	59,489
6030 Total Expenditures	\$ 8,734,196	\$ 189,013	\$ 1,898,019	\$ 10,821,228
1100 Excess (Deficiency) of Revenues Over Expenditures	\$ 1,297,029	\$ 1,155,554	\$ 99,389	\$ 2,551,972
OTHER FINANCING SOURCES (USES)				
7914 Direct Borrowing Proceeds	\$ 678,000	\$ -	\$ -	\$ 678,000
7080 Net Other Financing Sources (Uses)	\$ 678,000	\$ -	\$ -	\$ 678,000
1200 Net Change in Fund Balances	\$ 1,975,029	\$ 1,155,554	\$ 99,389	\$ 3,229,972
0100 Fund Balances - Beginning (September 1)	2,710,639	1,302,538	152,592	4,165,769
3000 Fund Balances - Ending (June 30)	\$ 4,685,668	\$ 2,458,092	\$ 251,981	\$ 7,395,741

The accompanying notes are an integral part of this statement.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
TEN MONTHS ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds	\$ 3,229,972
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are not reported as expenditures in the SOA.	207,097
The depreciation of capital assets used in governmental activities is not reported in the funds.	(900,379)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	73,683
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	7,007
Repayment of right to use lease is an expenditure in the funds but is not an expense in the SOA.	15,578
Repayment of direct borrowings principal is an expenditure in the funds but is not an expense in the SOA.	219,275
(Increase) decrease in accrued interest expense from beginning of period to end of period.	7,142
The net revenue (expense) of internal service funds is reported with governmental activities.	(322)
Proceeds of direct borrowings do not provide revenue in the SOA, but are reported as current resources in the funds.	(678,000)
Pension Expense is recorded in the SOA but not in the funds.	20,629
Pension contributions in the CY are de-expended and recorded as deferred resource outflows.	171,167
Pension contributions deferred in the PY are expended in the CY.	(160,238)
OPEB Expense is recorded in the SOA but not in the funds,	143,217
OPEB contributions in the CY are de-expended and recorded as deferred resources outflows.	48,464
OPEB contributions deferred in the PY are expended in the CY.	(45,529)
Change in net position of governmental activities - Statement of Activities	<u>\$ 2,358,763</u>

The accompanying notes are an integral part of this statement.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2022

Data Control <u>Codes</u>	<u>Internal Service Fund</u>
ASSETS	
Current Assets:	
1110 Cash and Investments	\$ 49,199
1000 Total Assets	<u>\$ 49,199</u>
LIABILITIES	
Current Liabilities:	
2110 Accounts Payable	\$ 34,527
2000 Total Liabilities	<u>\$ 34,527</u>
NET POSITION	
3900 Unrestricted Net Position	\$ 14,672
3000 Total Net Position	<u><u>\$ 14,672</u></u>

The accompanying notes are an integral part of this statement.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
TEN MONTHS ENDED JUNE 30, 2022

Data Control <u>Codes</u>	Internal Service <u>Fund</u>
OPERATING REVENUES	
5700 Local and Intermediate Sources	<u>\$ 87,006</u>
5020 Total Operating Revenues	<u>\$ 87,006</u>
OPERATING EXPENSES	
6200 Professional and Contracted Services	\$ 26,931
6400 Other Operating Costs	<u>60,397</u>
6030 Total Operating Expenses	<u>\$ 87,328</u>
1300 Change in Net Position	\$ (322)
0100 Total Net Position - Beginning (September 1)	<u>14,994</u>
3000 Total Net Position - Ending (June 30)	<u><u>\$ 14,672</u></u>

The accompanying notes are an integral part of this statement.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
TEN MONTHS ENDED JUNE 30, 2022

	Internal Service Fund
Cash Flows from Operating Activities	
Cash Receipts from Quasi-External Operating Transfers	\$ 87,006
Cash Payments for Claims	(93,167)
Cash Payments for Reinsurance and Administration	(23,485)
	<u> </u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (29,646)</u>
Cash Flows from Capital and Other Related Financing Activities	
NONE	
Cash Flows for Noncapital Financing Activities	
NONE	
Cash Flows from Investing Activities	
NONE	
Net Increase (Decrease) in Cash and Investments	\$ (29,646)
Cash and Investments - Beginning (September 1)	<u>78,845</u>
Cash and Investments - Ending (June 30)	<u>\$ 49,199</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (322)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Increase (Decrease) in Accounts Payable	(172)
Increase (Decrease) in Claims Liability	(29,152)
	<u> </u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (29,646)</u>

The accompanying notes are an integral part of this statement.

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

Data Control Codes	Custodial Fund Student Activity
ASSETS	
1110 Cash and Investments	\$ 50,196
1000 Total Assets	\$ 50,196
LIABILITIES	
2110 Accounts Payable	\$ 834
2000 Total Liabilities	\$ 834
NET POSITION	
Restricted for:	
3490 Student Groups	\$ 49,362
3000 Total Net Position	\$ 49,362

The accompanying notes are an integral part of this statement.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
TEN MONTHS ENDED JUNE 30, 2022

Data Control Codes		Custodial Funds Student Activity
	ADDITIONS	
5755	Fundraising Activities	\$ 78,058
	Total Additions	\$ 78,058
	DEDUCTIONS	
6400	Group Activities	\$ 65,401
	Total Deductions	\$ 65,401
	Changes in Net Position	\$ 12,657
0100	Net Position - Beginning (September 1)	36,705
3000	Net Position - Ending (June 30)	\$ 49,362

The accompanying notes are an integral part of this statement.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of School Trustees (Board), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and as a body corporate has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

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

2. Basis of Presentation – Basis of Accounting

a. Basis of Presentation

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

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

Fund Financial Statements – The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

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

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

A. Summary of Significant Accounting Policies (Continued)

In addition, the District reports the following fund types:

Special Revenue Funds – The District accounts for resources restricted to or designated for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project ten 15 ten months. The Board can commit specific types of resources to specific purposes which are included as special revenue funds.

Internal Service Funds – These funds are proprietary type funds. These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements. The District uses internal service funds for self insured workers compensation and self insured technology repair activities.

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

b. **Measurement Focus – Basis of Accounting**

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

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

The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after ten months-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally measurable until received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital lease are reported as other financing sources.

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

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

A. Summary of Significant Accounting Policies (Continued)

3. Budgetary Data

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

- a. Prior to August 20 of the preceding fiscal ten months, the District prepares a budget for the next succeeding fiscal ten months beginning September 1.
- b. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
- c. Prior to the expenditure of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the function level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the ten months end. Budget amendments throughout the ten months were not significant.

4. Encumbrance Accounting

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

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

General Fund	\$	-0-
Special Revenue Fund		-0-
Debt Service Fund		-0-
		<hr/>
Total	\$	<u>-0-</u>

5. Financial Statement Amounts

Cash and Investments

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

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

Inventories

The purchase method is used to account for inventories of school supplies, athletic equipment and food products. Under this method, supplies and materials are debited as expenditures when purchased.

Prepaid Items

Certain payments to vendors reflect cost applicable to future accounting ten 15 ten months and are recorded as prepaid items. Prepaid items are recorded as expenditures when the items are consumed or occur.

Fund Balance

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

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

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

A. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

	General	Debt Service	Other Governmental	Total
Restricted				
Child Nutrition	\$ -	\$ -	\$ 89,986	\$ 89,986
Capital Acquisitions/ Construction	408,474	-	-	408,474
Retirement of Long Term Debt	-	2,458,092	-	2,458,092
Scholarships	-	-	22,689	22,689
Committed				
SPARK - Afterschool	-	-	29,815	29,815
Mustang Foundation	-	-	4,344	4,344
Campus Activity	-	-	105,147	105,147
Unassigned	4,277,194	-	-	4,277,194
Totals	<u>\$ 4,685,668</u>	<u>\$ 2,458,092</u>	<u>\$ 251,981</u>	<u>\$ 7,395,741</u>

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$ 5,000 is used.

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

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

Right of Use Assets and Liabilities

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

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

A. Summary of Significant Accounting Policies (Continued)

Unearned Revenues

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

6. Deferred Outflows and Inflows of Resources

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

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

7. Receivable and Payable Balances

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

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

8. Interfund Activities

Interfund activity results from loans, service provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfer" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

9. Vacation, Sick Leave, and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave accrues at various rates established by the State and adopted by the Board of Trustees. Sick leave does not vest but accumulates and is recorded as an expenditure as it is paid.

10. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement System of Texas (TRS) and additions to/ deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

A. Summary of Significant Accounting Policies (Continued)

11. Other Post-Employment Benefits (OPEB)

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

12. Use of Estimates

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

13. New Accounting Pronouncements

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

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

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

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

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

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

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

14. Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the *Guide*. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

15. Accounting System

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Guide*. Mandatory codes are utilized in the form provided in that section.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

B. Deposits, Securities and Investments

Cash Deposits

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

Investments

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

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

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

District investments include investments in certificates of deposit at the local depository. All investments are reported at fair value and are presented as cash and investments.

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

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Governmental Activities:		
Cash Deposits	\$ 6,080,401	N/A
Certificate of Deposit	<u>8,160</u>	N/A
Total	<u>\$ 6,088,561</u>	

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

a. Credit Risk

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

b. Custodial Credit Risk

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

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

B. Deposits, Securities and Investments (Continued)

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

The largest combined balances of cash, saving and time deposit accounts amounted to \$ 6,389,638 and occurred in February 2022. The amount of bond or market value of securities pledged as of the date of the highest combine balance on deposit was \$ 7,793,957. The total amount of FDIC coverage at the time of the highest combined balance was \$ 519,863. Pinnacle Bank of Cleburne, Texas is the District's depository.

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

f. Fair Value Measurements

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

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

The fair value of the certificates of deposit at year end was determined based on level 2 inputs. The District estimated the fair value of these investments using inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The District's investment in the various local government investment pools is not required to be measured at fair value but is measured at amortized cost.

C. Property Taxes

Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the ten months following the October 1 levy date. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property tax revenues are considered available when collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

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

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

C. Property Taxes (Continued)

The District levied taxes on property within the District at \$ 0.9672 to fund general operations and \$ 0.35579 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 371,338,792. The District contracts with a tax attorney for the collection of all delinquent taxes. Delinquent taxes are subject to both penalty and interest plus a 20% delinquent tax attorney collection fee.

D. Capital Assets

Capital asset activities during the ten months were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities:</u>				
Capital Assets not being depreciated:				
Land	\$ 289,426	\$ -	\$ -	\$ 289,426
Construction in Progress	-	15,000	-	15,000
Total Capital Assets not being depreciated	\$ 289,426	\$ 15,000	\$ -	\$ 304,426
Capital Assets being depreciated:				
Buildings and Improvements	\$ 26,279,684	\$ 41,098	\$ -	\$ 26,320,782
Vehicles	1,182,924	104,509	145,993	1,141,440
Equipment	487,765	46,490	11,141	523,114
Total Capital Assets being depreciated	\$ 27,950,373	\$ 192,097	\$ 157,134	\$ 27,985,336
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 16,116,625	\$ 805,239	\$ -	\$ 16,921,864
Vehicles	1,067,652	50,720	145,993	972,379
Equipment	345,957	26,641	11,141	361,457
Total Accumulated Depreciation	\$ 17,530,234	\$ 882,600	\$ 157,134	\$ 18,255,700
Total Capital Assets being depreciated, net	\$ 10,420,139	\$ (690,503)	\$ -	\$ 9,729,636
Lease Assets:				
Equipment	\$ 85,340	\$ -	\$ -	\$ 85,340
Total Lease Assets, being amortized	\$ 85,340	\$ -	\$ -	\$ 85,340
Less Accumulated Amortization for:				
Equipment	\$ 5,334	\$ 17,779	\$ -	\$ 23,113
Total Accumulated Amortization	\$ 5,334	\$ 17,779	\$ -	\$ 23,113
Total Lease Assets being amortized, net	\$ 80,006	\$ (17,779)	\$ -	\$ 62,227
Governmental Activities Capital Assets, net	\$ 10,789,571	\$ (693,282)	\$ -	\$ 10,096,289

Depreciation was charged to governmental activities functions as follows:

Instruction	\$ 594,041
Instructional Resources and Media Services	16,757
Curriculum and Instructional Staff Development	4,838
School Leadership	14,341
Guidance, Counseling and Evaluation Services	4,780
Health Services	7,200
Student (Pupil) Transportation	44,349
Food Services	39,748
Cocurricular/Extracurricular Activities	122,978
General Administration	28,498
Plant Maintenance and Operations	20,749
Security & Monitoring	2,100
Total	<u>\$ 900,379</u>

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

E. Long Term Obligations

Long Term Obligation Activity

Long-term obligation activities during the ten months were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 9,835,000	\$ -	\$ -	\$ 9,835,000	\$ 765,000
Right to Use Lease - Payable	80,254	-	15,578	64,676	20,297
Direct Borrowings Payable	1,408,840	678,000	219,275	1,867,565	213,917
Unamortized Premium (Discount)	584,779	-	50,531	534,248	-
Total Governmental Activities	<u>\$ 11,828,619</u>	<u>\$ 678,000</u>	<u>\$ 285,384</u>	<u>\$ 12,301,489</u>	<u>\$ 999,214</u>

Bonds

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

The following bonded debt issues are outstanding at period end:

Description	Interest Rate	Original Balance	Outstanding Balance
Unlimited Tax Refunding Bonds, Series 2011	2.0% to 4.0%	\$ 3,255,000	\$ 1,250,000
Unlimited Tax Refunding Bonds, Series 2017	2.0% to 5.0%	9,915,000	8,585,000
Totals			<u>\$ 9,835,000</u>

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

Year Ending June 30	Principal	Interest	Total Requirements
2023	765,000	364,263	1,129,263
2024	790,000	339,150	1,129,150
2025	820,000	309,700	1,129,700
2026	855,000	276,200	1,131,200
2027	880,000	241,500	1,121,500
2028-2032	3,565,000	763,999	4,328,999
2033-2037	2,160,000	140,700	2,300,700
Totals	<u>\$ 9,835,000</u>	<u>\$ 2,435,512</u>	<u>\$ 12,270,512</u>

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

Direct Borrowing

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

The District issued "Rio Vista Independent School District Tax Maintenance Notes, Series 2022" totaling \$ 678,000 to make facility improvements and renovations. The notes require annual principal payments along with semi annual payments of interest at 3.35%. The notes will mature in 2037.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

E. Long Term Obligations (Continued)

The following schedule lists the outstanding direct borrowings at period end:

Description	Interest Rate	Original Amount	Outstanding Balances
Tax Maintenance Notes, Series 2020	3.05%	\$ 950,000	\$ 838,521
Tax Maintenance Notes, Series 2022	3.45%	678,000	678,000
Insight Investments - Computers	3.87%	79,414	32,334
Insight Investments - Interactive Panels	2.29%	424,031	260,145
Insight Investments - Cables and Switches	3.94%	97,705	58,565
Totals			<u>\$ 1,867,565</u>

Maturity requirement on direct borrowings at period end are as follows:

Year Ending June 30	Principal	Interest	Total Requirements
2023	213,917	52,041	265,958
2024	213,842	52,135	265,977
2025	202,801	45,822	248,623
2026	97,571	39,985	137,556
2027	100,358	36,853	137,211
2028-2032	552,552	133,869	686,421
2033-2037	486,524	41,576	528,100
Totals	<u>\$ 1,867,565</u>	<u>\$ 402,281</u>	<u>\$ 2,269,846</u>

Right of Use - Leases

The District executed various agreements identified here as leases. Leases represent an obligation that presents the net present value of the obligations to be paid over a specified term in which the agreement does not transfer ownership of the asset.

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

Description	Interest Rate	Original Balances	Outstanding Balances
Canon Financial Services - Copiers	9.00%	\$ 85,340	\$ 64,676
Totals			<u>\$ 64,676</u>

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

Year Ending June 30	Principal	Interest	Total Requirements
2023	\$ 20,297	\$ 4,997	\$ 25,294
2024	22,202	3,093	25,295
2025	22,177	1,009	23,186
Totals	<u>\$ 64,676</u>	<u>\$ 9,099</u>	<u>\$ 73,775</u>

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

F. Defined Benefits Pension Plan

1. *Plan Description*

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

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

2. *Pension Plan Fiduciary Net Position*

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

Net Pension Liability	2021	2020
Total Pension Liability	\$ 227,273,463,630	\$ 218,974,205,084
Less: Plan Fiduciary Net Position	(201,807,002,496)	(165,416,245,243)
Net Pension Liability	<u>\$ 25,466,461,134</u>	<u>\$ 53,557,959,841</u>
Net Position as percentage of Total Pension Liability	88.79%	78.54%

3. *Benefits Provided*

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (1) above.

Texas Government Code Section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

F. Defined Benefits Pension Plan (Continued)

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018, received an extra annuity check in either the matching amount of their monthly annuity or \$ 2,000, whichever was less.

4. *Contributions*

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

Employee contribution rates are set in state statute, Texas Government Code Section 825.402. The TRS Pension Reform Bill (SB12) of the 86th Texas Legislature amended Texas Government Code Section 825.402 for member contributions and increased employee and employer contribution rates for fiscal ten 15 ten months 2022 thru 2025.

	<u>Contribution Rates</u>	
	<u>2021</u>	<u>2022</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
Current Year Employer Contributions		\$ 196,622
Current Year Member Contributions		\$ 486,592
Measurement Period NECE ON-Behalf Contributions		\$ 345,972

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

As the non-employer contributing entity for public education, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers including public schools are required to pay the employer contribution rate in the following situations:

- 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.

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

When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

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

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

F. Defined Benefits Pension Plan (Continued)

5. *Actuarial Assumptions*

The actuarial valuation was performed as of August 31, 2020. Update procedures were used to roll forward the total pension liability to August 31, 2021.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the TRS Board of Trustees based upon analysis and recommendations by the TRS System's actuary. The TRS Board of Trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ended August 31, 2017 and were adopted in July 2018.

The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioners 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 90 percent of the RP-2014 Employee Mortality Tables for males and females, also was full generational mortality.

The long-term expected rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the TRS System's target asset allocation as August 31, 2021, are summarized below:

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

* Absolute Return includes Credit Sensitive Investments.

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

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

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

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

F. Defined Benefits Pension Plan (Continued)

The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

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

The actuarial assumptions used in this determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. A full description of the assumptions are included with the report dated November 9, 2017.

6. *Discount Rate*

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

7. *Assumption Changes Since the Prior Actuarial Valuation*

There were no changes in assumptions that affected measurement of the total pension liability during the measurement period.

8. *Discount Rate Sensitivity Analysis*

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

	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 2,450,103	\$ 1,121,247	\$ 43,142

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

At June 30, 2022, the District reported a liability of \$ 1,121,247 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 1,121,247
State's proportionate share that is associated with the District	<u>2,064,614</u>
Total	<u>\$ 3,185,861</u>

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

F. Defined Benefits Pension Plan (Continued)

The net pension liability was measured as of August 31, 2020, and rolled to August 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contribution to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020, thru June 30, 2021.

At August 31, 2021, the employer's proportion of the collective net pension liability was 0.0044028385%, which was a decrease of 0.0001203744% from its proportion measured as of August 31, 2020.

Changes Since the Prior Actuarial Valuation

There were no changes of the actuarial assumption or other inputs that affects the measurement of the total pension liability since the measurement date.

For the current ten months, the District recognized pension expense of \$ 147,863 and revenue of \$ 8,254 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 1,876	\$ 78,937
Changes of actuarial assumptions	396,339	172,770
Differences between projected and actual investment earnings	-	940,151
Changes in proportion and differences between the employer's contributions and the proportionate share of contributions	215,903	113,274
Total as of August 31, 2021 measurement date	\$ 614,118	\$ 1,305,132
Contributions paid to TRS subsequent to the measurement date	171,167	-
Total at fiscal year end	<u>\$ 785,285</u>	<u>\$ 1,305,132</u>

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

Year Ending June 30	Amount
2023	\$ (94,800)
2024	(109,084)
2025	(184,387)
2026	(278,557)
2027	(19,286)
Thereafter	(4,900)

G. Other Post-Employment Benefit Plans

1. *Plan Description*

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

G. Other Post-Employment Benefit Plans (Continued)

2. *OPEB Plan Fiduciary Net Position*

Detail Information about the TRS-Care's fiduciary net position is available in the separately issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <http://www.trs.state.tx.us/about/documents/cafr/pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

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

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

3. *Benefits Provided*

TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 ten 15 ten months of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

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

TRS-Care Monthly Premium Rates		
	Employer	Employee
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

4. *Contributions*

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal ten months. 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 1.0% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

G. Other Post-Employment Benefit Plans (Continued)

Contribution Rates		
	2021	2022
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%
Current Year Employer Contributions		\$ 56,469
Current Year Member Contributions		\$ 417,996
Measurement Year NECE On-Behalf Contributions		\$ 73,157

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

A supplemental appropriation was authorized by Senate Bill 1264 of 86th Texas Legislature to provide \$ 2,208,137 for fiscal year 2020 and \$ 3,312,206 for fiscal year 2022, for consumer protection against medical and healthcare billing by certain out-of-network providers. Funding will be in fiscal year 2022.

5. *Actuarial Assumptions*

The total OPEB liability in the August 31, 2020, actuarial valuation was rolled forward to August 31, 2021.

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

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

The actuarial valuation of TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, rates of retirement, termination, and disability including general inflation and salary increases are identical to those used in the respective TRS Pension valuation. These assumptions were developed in the experience study performed for TRS for the measurement period ended 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, with full generational projection using the ultimate improvement rates from the mortality projection scale MP-2018.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate	1.95% as of August 31, 2021
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Payroll Growth Rate	2.50%
Salary Increases	3.05% to 9.05%, including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

G. Other Post-Employment Benefit Plans (Continued)

Health Care Trend Rates

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

6. *Discount Rate*

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

7. *Assumption Changes Since the Prior Actuarial Valuation*

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

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

8. *Discount Rate Sensitivity Analysis*

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

	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,252,201	\$ 2,696,169	\$ 2,258,554

9. *Healthcare Cost Trend Rates Sensitivity Analysis*

The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate (8.5%), as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,183,808	\$ 2,696,169	\$ 3,383,631

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

At ten months end, the District reported a liability of \$ 2,696,169 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 2,696,169
State's proportionate share that is associated with the District	<u>3,612,266</u>
Total	<u>\$ 6,308,435</u>

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

G. Defined Other Post-Employment Benefit Plans (Continued)

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

At August 31, 2021, the District's proportion of the collective net OPEB liability was 0.0069895168%, which was a decrease of 0.0006482021% from its proportion measured as of August 31, 2020.

The District recognized OPEB expense of \$ (231,008) and revenue of \$ (133,320) for support provided by the State during the current year.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual actuarial experience	\$ 116,083	\$ 1,305,134
Changes in actuarial assumptions	298,632	570,190
Differences between projected and actual investment earnings	2,927	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	774,412	893,689
Total as of August 31, 2021 measurement date	\$ 1,192,054	\$ 2,769,013
Contributions paid to TRS subsequent to the measurement date	48,464	-
Total at fiscal year end	<u>\$ 1,240,518</u>	<u>\$ 2,769,013</u>

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

Year Ending June 30	Amount
2023	\$ (290,423)
2024	(290,492)
2025	(290,474)
2026	(219,502)
2027	(123,420)
Thereafter	(362,648)

H. Medicare Part D Coverage

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the ten 15 ten months ended June 30, 2022, 2021 and 2020, the subsidy payments received by TRS-Care on behalf of the District were \$ 19,597, \$ 26,214, and \$ 23,850, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

I. Risk Management

Health Care

During the ten months, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$ 317 per month per employee and employees, at their opinion, authorized payroll withholdings to provide dependents coverage under the Plan. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

I. Risk Management (Continued)

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

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

Workers Compensation

The District participates in the East Texas Educational Insurance Association Workers Compensation Self Insurance Joint Fund. The District is partially self-funded to a loss fund maximum of \$ 61,867 for the 21-22 fiscal ten months. Additionally, the District incurred fixed costs of \$ 23,485 for their share of claims administration, loss control, record keeping, and cost of excess insurance.

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

The accrued liability for workers' compensation self-insurance of \$ 34,327 includes \$ 34,327 of incurred but not reported claims. This liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," which require that a liability for claims be reported if information indicates that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The liability recorded is an undiscounted actuarial calculation.

Changes in the workers' compensation claims liability amounts in the fiscal periods 2022 are represented below:

	2022	2021
Beginning Claims Liability	\$ 63,479	\$ 37,955
Claims Incurred (Reduced)	39,864	44,290
Claims Paid	(69,016)	(18,766)
Ending Claims Liability	<u>\$ 34,327</u>	<u>\$ 63,479</u>

Unemployment Compensation Pool

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

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

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

Auto, Liability and Property Programs

During the year, the District participated in the following TASB Risk Management Fund (the Fund) programs:

Auto Liability and Physical Damage	General and School Board Liability
Privacy & Information Security	Cyber Security
Property & Casualty	

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

I. Risk Management (Continued)

The Fund was created and is operated under the provision of the interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreement 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. The fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the current year, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

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

Other Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal period 2022, the District purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal periods.

J. Litigation

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

K. Commitments and Contingencies

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

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

L. Shared Service Arrangements

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

<u>Shared Service Agreement</u>	<u>Fiscal Agent</u>	<u>Service</u>
Johnson County AEP	Keene Independent School District	AEP Services
Johnson County Special ED SSA	Godley Independent School District	Special Education Services

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

M. Revenue from Local and Intermediate Sources

During the period, the District received revenue from local and intermediate in the District's major funds and aggregate non major funds consisting of the following:

	General	Debt Service	Other Governmental	Totals
Property Tax Collections	\$ 3,575,106	\$ 1,311,277	\$ -	\$ 4,886,383
Tuition	22,229	719	26,308	49,256
Investment Income	-	-	40	40
Food Service Income	-	-	33,206	33,206
Gifts and Bequests	-	-	15,460	15,460
Cocurricular/Extracurricular Activities	18,991	-	-	18,991
Rent	2,050	-	-	2,050
Insurance Claim Proceeds	27,995	-	-	27,995
Other	46,929	-	104,173	151,102
Total	<u>\$ 3,693,300</u>	<u>\$ 1,311,996</u>	<u>\$ 179,187</u>	<u>\$ 5,184,483</u>

N. Receivables

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

	General	Debt Service	Other Governmental	Totals
Due from Other Governments	\$ 1,971,058	\$ -	\$ 252,816	\$ 2,223,874
Property Taxes Receivable	256,673	86,224	-	342,897
Less: Allowance for Uncollectible Property Taxes	(25,667)	(8,622)	-	(34,289)
Other Receivables	-	-	327	327
Totals	<u>\$ 2,202,064</u>	<u>\$ 77,602</u>	<u>\$ 253,143</u>	<u>\$ 2,532,809</u>

O. State Aid Reconciliation

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

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

	Available	Foundation	IFA	EDA
CY Summary of Finances (SOF)	\$ 364,178	\$ 5,773,060		\$ 31,605
Prior Period Settle-ups	-	53,796	Not	966
August Instructional Days Change	(16,590)	(306,473)	Eligible	-
Financial Statement Earnings	<u>\$ 347,588</u>	<u>\$ 5,520,383</u>	<u>\$ -</u>	<u>\$ 32,571</u>
Financial Statement Classifications:				
SOF Receivable (Overpayment) *	\$ 75,186	\$ 1,894,588	\$ -	\$ (2,072)

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

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
TEN MONTHS ENDED JUNE 30, 2022

P. Compliance, Stewardship, and Accountability

Expenditures over Appropriations

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

	Budget	Actual	Excess
General Fund:			
School Leadership	\$ 520,969	\$ 558,322	\$ 37,353
Debt Service	294,859	307,626	12,767

Q. Change in Accounting Principle

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

R. Prior Period Adjustments

During the year, the District implemented GASB 87, *Leases*, required the reclassification and establishment of new asset and Liability accounts. The change requires an adjustment to the beginning net position. The implementation effects only the government-wide financial statements. Beginning net position has decreased by \$ 252.

S. Subsequent Events

Management has evaluated all events or transactions that occurred after June 30, 2022, up through October 31, 2022 the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

RIO VISTA INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
TEN MONTHS ENDED JUNE 30, 2022

TEN MONTHS ENDED JUNE 30, 2022				Variance with Final Budget Positive (Negative)	
Data Control Codes	Budgeted Amounts		Actual		
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 3,599,200	\$ 3,869,357	\$ 3,693,300	\$ (176,057)
5800	State Program Revenues	5,852,563	5,680,913	6,247,006	566,093
5900	Federal Program Revenue	-	92,000	90,919	(1,081)
5020	Total Revenues	\$ 9,451,763	\$ 9,642,270	\$ 10,031,225	\$ 388,955
EXPENDITURES					
Instruction and Instructional Related Services:					
0011	Instruction	\$ 4,737,656	\$ 4,731,906	\$ 4,153,475	\$ 578,431
0012	Instructional Resources and Media Services	10,455	10,455	1,026	9,429
0013	Curriculum and Staff Development	101,312	101,313	91,802	9,511
	Total Instruction and Instr. Related Services	\$ 4,849,423	\$ 4,843,674	\$ 4,246,303	\$ 597,371
Instructional and School Leadership:					
0023	School Leadership	\$ 476,769	\$ 520,969	\$ 558,322	\$ (37,353)
	Total Instructional and School Leadership	\$ 476,769	\$ 520,969	\$ 558,322	\$ (37,353)
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	\$ 239,218	\$ 239,218	\$ 203,419	\$ 35,799
0033	Health Services	116,179	116,180	104,004	12,176
0034	Student (Pupil) Transportation	404,875	404,875	192,422	212,453
0035	Food Service	-	13,500	11,895	1,605
0036	Cocurricular/Extracurricular Activities	396,368	398,968	368,285	30,683
	Total Support Services - Student (Pupil)	\$ 1,156,640	\$ 1,172,741	\$ 880,025	\$ 292,716
Administrative Support Services:					
0041	General Administration	\$ 563,241	\$ 501,241	\$ 449,702	\$ 51,539
	Total Administrative Support Services	\$ 563,241	\$ 501,241	\$ 449,702	\$ 51,539
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	\$ 1,435,946	\$ 1,461,159	\$ 1,203,872	\$ 257,287
0052	Security and Monitoring Services	101,915	109,115	69,374	39,741
0053	Data Processing Services	245,751	246,251	234,359	11,892
	Total Support Services - Nonstudent Based	\$ 1,783,612	\$ 1,816,525	\$ 1,507,605	\$ 308,920
Ancillary Services:					
0061	Community Services	\$ -	\$ 1,000	\$ 579	\$ 421
	Total Ancillary Services	\$ -	\$ 1,000	\$ 579	\$ 421
Debt Service:					
0071	Principal on Long-Term Debt	\$ 247,300	\$ 239,712	\$ 234,853	\$ 4,859
0072	Interest on Long-Term Debt	19,559	27,147	46,643	(19,496)
0073	Bond Issuance Processing Services	-	28,000	26,130	1,870
	Total Debt Service	\$ 266,859	\$ 294,859	\$ 307,626	\$ (12,767)
Capital Outlay:					
0081	Capital Outlay	\$ -	\$ 650,000	\$ 240,822	\$ 409,178
	Total Capital Outlay	\$ -	\$ 650,000	\$ 240,822	\$ 409,178
Intergovernmental Charges:					
0093	Payments for Shared Service Arrangements	\$ 483,726	\$ 484,726	\$ 483,723	\$ 1,003
0099	Other Intergovernmental Charges	62,000	63,000	59,489	3,511
	Total Intergovernmental Charges	\$ 545,726	\$ 547,726	\$ 543,212	\$ 4,514
6030	Total Expenditures	\$ 9,642,270	\$ 10,348,735	\$ 8,734,196	\$ 1,614,539
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ (190,507)	\$ (706,465)	\$ 1,297,029	\$ 2,003,494
OTHER FINANCING SOURCES (USES)					
7914	Direct Borrowing Proceeds	\$ -	\$ 678,000	\$ 678,000	\$ -
7080	Net Other Financing Sources (Uses)	\$ -	\$ 678,000	\$ 678,000	\$ -
1200	Net Change in Fund Balance	\$ (190,507)	\$ (28,465)	\$ 1,975,029	\$ 2,003,494
0100	Fund Balance - Beginning (September 1)	2,710,639	2,710,639	2,710,639	-
3000	Fund Balance - Ending (June 30)	\$ 2,520,132	\$ 2,682,174	\$ 4,685,668	\$ 2,003,494

RIO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
TEN MONTHS ENDED JUNE 30, 2022

	2021*	2020*	2019*	2018*	2017*	2016*	2015*	2014*
District's proportion of the net pension liability	0.0044028385%	0.0045232129%	0.0046611538%	0.0036304003%	0.0038008292%	0.0038107445%	0.0037501000%	0.0022970000%
District's proportionate share of the net pension liability	\$ 1,121,247	\$ 2,422,541	\$ 2,423,013	\$ 1,998,260	\$ 1,215,300	\$ 1,440,024	\$ 1,325,610	\$ 613,560
State's proportionate share of the net pension liability associated with the District	2,064,614	4,218,406	3,853,522	3,533,754	2,371,269	3,064,468	2,980,012	2,617,877
Total	<u>\$ 3,185,861</u>	<u>\$ 6,640,947</u>	<u>\$ 6,276,535</u>	<u>\$ 5,532,014</u>	<u>\$ 3,586,569</u>	<u>\$ 4,504,492</u>	<u>\$ 4,305,622</u>	<u>\$ 3,231,437</u>
District's covered-employee payroll (for Measurement Year)	\$ 5,886,663	\$ 5,576,430	\$ 4,963,971	\$ 4,089,817	\$ 4,423,050	\$ 4,496,037	\$ 4,352,432	\$ 4,378,988
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	19.05%	43.44%	48.81%	48.86%	27.48%	32.03%	30.46%	14.01%
Plan fiduciary net position as a percentage of the total pension liability	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

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

* The years above present data for the measurement period ending date. The measurement period represents the period for which the pensions plan prepares its reports which provides a 12 month delay for financial reporting in accordance with GASB 68.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
TEN MONTHS ENDED JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 196,622	\$ 185,694	\$ 186,544	\$ 159,470	\$ 122,074	\$ 124,569	\$ 120,214	\$ 101,477
Contributions in relations to the contractual required contributions	<u>(196,622)</u>	<u>(185,694)</u>	<u>(186,544)</u>	<u>(159,470)</u>	<u>(122,074)</u>	<u>(124,569)</u>	<u>(120,214)</u>	<u>(101,477)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 6,118,886	\$ 5,886,663	\$ 5,576,430	\$ 4,963,971	\$ 4,089,817	\$ 4,423,050	\$ 4,496,037	\$ 4,352,432
Contributions as a percentage of covered employee payroll	3.21%	3.15%	3.35%	3.21%	2.98%	2.82%	2.67%	2.33%

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

RIO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
TEN MONTHS ENDED JUNE 30, 2022

	<u>2021*</u>	<u>2020 *</u>	<u>2019 *</u>	<u>2018 *</u>	<u>2017 *</u>
District's proportion of the Net OPEB Liability (Asset)	0.0069895168%	0.0076377189%	0.0082022119%	0.0063389943%	0.0071003887%
District's proportionate share of the Net OPEB Liability (Asset)	\$ 2,696,169	\$ 2,903,442	\$ 3,878,928	\$ 3,165,118	\$ 3,087,693
State's proportionate share of the Net OPEB Liability (Asset) associated with the District	<u>3,612,266</u>	<u>3,901,530</u>	<u>5,154,226</u>	<u>3,558,189</u>	<u>3,522,269</u>
Total	<u>\$ 6,308,435</u>	<u>\$ 6,804,972</u>	<u>\$ 9,033,154</u>	<u>\$ 6,723,307</u>	<u>\$ 6,609,962</u>
District's covered-employee payroll (for Measurement Year)	\$ 5,886,663	\$ 5,576,430	\$ 4,963,971	\$ 4,089,817	\$ 4,423,050
District's proportionate share of the Net OPEB Liability as a percentage of it's covered-employee payroll	45.80%	52.07%	78.14%	77.39%	69.81%
Plan fiduciary net position as a percentage of the Total OPEB Liability	6.18%	4.99%	2.66%	1.57%	0.91%

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

* The years above present data for the measurement period ending date. The measurement period represents the period for which the pension plan prepares its reports which provides a 12 month delay for financial reporting in accordance with GASB 75.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
TEN MONTHS ENDED JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 56,469	\$ 53,534	\$ 57,785	\$ 56,677	\$ 43,618
Contributions in relations to the contractual required contributions	<u>(56,469)</u>	<u>(53,534)</u>	<u>(57,785)</u>	<u>(56,677)</u>	<u>(43,618)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 6,118,886	\$ 5,886,663	\$ 5,576,430	\$ 4,963,971	\$ 4,089,817
Contributions as a percentage of covered employee payroll	0.92%	0.91%	1.04%	1.14%	1.07%

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

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEN MONTHS ENDED JUNE 30, 2022

A. Budget

The official budget was prepared for adoption for all Government Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to 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.

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

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

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

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

B. Defined Benefit Pension Plan

1. Changes of Assumptions Since the Prior Measurement Date

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

2. Changes of Benefit Terms Since the Prior Measurement Date

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

C. OPEB Healthcare Plan

1. Changes of Assumptions Since the Prior Measurement Date

The following changes occurred in the plan assumptions.

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

2. Changes of Benefit Terms Since the Prior Measurement Date

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

OTHER SUPPLEMENTARY INFORMATION

RIO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
TEN MONTHS ENDED JUNE 30, 2022

Tax Roll Year	Last Ten Years Ended August 31	1	2	3	10	20	30	30a	40	50
		Tax Rates		Assessed/Appraised	Beginning	Current	Maintenance	Debt Service	Entire	Ending
		Maintenance	Debt Service	Value For School Tax Purposes	Balance 9/1/2021	Year's Total Levy	Tax Collections	Tax Collections	Year's Adjustments	Balance 6/30/2022
XXXX	2013 and Prior Years	Various	Various	Various	67,370	\$ -	6,327	1,697	(620)	58,726
2013	2014	1.170000	0.420000	287,272,704	9,733	-	1,351	485	(1,312)	6,585
2014	2015	1.170000	0.451300	274,657,340	(6,047)	-	663	256	(2,529)	(9,495)
2015	2016	1.170000	0.400000	266,972,115	19,004	-	892	305	(2,132)	15,675
2016	2017	1.170000	0.430000	259,734,971	6,672	-	826	304	(996)	4,546
2017	2018	1.170000	0.430000	261,533,375	10,847	-	1,434	527	(530)	8,356
2018	2019	1.170000	0.430000	278,357,063	23,014	-	4,923	1,809	(571)	15,711
2019	2020	1.068350	0.430000	317,937,567	36,384	-	8,416	3,387	(1,659)	22,922
2020	2021	1.041600	0.355790	335,818,502	94,056	-	44,854	15,456	(5,935)	27,811
2021	2022	0.967200	0.355790	371,338,792	-	4,912,775	3,454,352	1,269,537	3,174	192,060
1000	TOTALS				\$ 261,033	\$ 4,912,775	\$ 3,524,038	\$ 1,293,763	\$ (13,110)	\$ 342,897
July 2022 Collections							26,743	9,773		
August 2022 Collections							14,424	5,279		
Total Collections							\$ 3,565,205	\$ 1,308,815		

RIO VISTA INDEPENDENT SCHOOL DISTRICT
SCHOOL BREAKFAST AND NATIONAL LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
TEN MONTHS ENDED JUNE 30, 2022

Data Control Codes				Variance with Final Budget Positive (Negative)					
Budgeted Amounts									
Original				Final					
Actual									
REVENUES									
5700	Local and Intermediate Sources	\$	33,500	\$	33,500	\$	33,206	\$	(294)
5800	State Program Revenues		-		-		1,056		1,056
5900	Federal Program Revenues		324,200		345,647		516,695		171,048
5020	Total Revenues	\$	357,700	\$	379,147	\$	550,957	\$	171,810
EXPENDITURES									
Current:									
Support Services - Student (Pupil):									
0035	Food Services	\$	373,051	\$	470,867	\$	464,413	\$	6,454
	Total Support Services - Student (Pupil)	\$	373,051	\$	470,867	\$	464,413	\$	6,454
6030	Total Expenditures	\$	373,051	\$	470,867	\$	464,413	\$	6,454
1100	Excess (Deficiency) of Revenues Over Expenditures	\$	(15,351)	\$	(91,720)	\$	86,544	\$	178,264
1200	Net Change in Fund Balance	\$	(15,351)	\$	(91,720)	\$	86,544	\$	178,264
0100	Fund Balance - Beginning (September 1)		3,442		3,442		3,442		-
3000	Fund Balance - Ending (June 30)	\$	(11,909)	\$	(88,278)	\$	89,986	\$	178,264

RIO VISTA INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
TEN MONTHS ENDED JUNE 30, 2022

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
REVENUES					
5700	Local and Intermediate Sources	\$ 1,347,000	\$ 1,347,000	\$ 1,311,996	\$ (35,004)
5800	State Program Revenues	-	-	32,571	32,571
5020	Total Revenues	\$ 1,347,000	\$ 1,347,000	\$ 1,344,567	\$ (2,433)
EXPENDITURES					
Debt Service:					
0071	Principal on Long-term Debt	\$ 740,000	\$ 765,000	\$ -	\$ 765,000
0072	Interest on Long-term Debt	398,525	376,222	188,163	188,059
0073	Debt Issuance Costs and Fees	1,500	1,500	850	650
	Total Debt Service	\$ 1,140,025	\$ 1,142,722	\$ 189,013	\$ 953,709
6030	Total Expenditures	\$ 1,140,025	\$ 1,142,722	\$ 189,013	\$ 953,709
1100	Excess (Deficiency) of Revenues Over Expenditures	\$ 206,975	\$ 204,278	\$ 1,155,554	\$ 951,276
1200	Net Change in Fund Balance	\$ 206,975	\$ 204,278	\$ 1,155,554	\$ 951,276
0100	Fund Balance - Beginning September 1)	1,302,538	1,302,538	1,302,538	-
3000	Fund Balance - Ending (June 30)	\$ 1,509,513	\$ 1,506,816	\$ 2,458,092	\$ 951,276

RIO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2022

<u>Data Control Codes</u>		<u>Response</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and / other sources information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warranty hold was issued, the school district is considered to not have made timely payments). Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial hold was resolved and cleared within 30 days, the shool district is considered to have been insued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state or federal funds?	No
SF7	Did the school post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Administrative Code and other statues, laws and rules that were in effect at the school districts fiscal year-end?	Yes
SF8	Did the school board members discuss the school districts property value at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ -0-

RIO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO
STATE MANDATED PROGRAM REQUIREMENTS
TEN MONTHS ENDED JUNE 30, 2022

Exhibit J-4

Data
Control
Codes

Response

Section A: Compensatory Education Programs

<u>AP1</u>	Did your District expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
<u>AP2</u>	Does the District have written policies and procedures for its state compensatory education program?	Yes
<u>AP3</u>	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$ 746,284
<u>AP4</u>	List the actual direct program expenditures for state compensatory education programs during the District's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 524,455

Section B: Bilingual Education Programs

<u>AP5</u>	Did your District expend any bilingual education program state allotment funds during the District's	Yes
<u>AP6</u>	Does the District have written policies and procedures for its bilingual education program?	Yes
<u>AP7</u>	List the total state allotment funds received for bilingual education programs during the District's fiscal year.	\$ 19,196
<u>AP8</u>	List the actual direct program expenditures for bilingual education programs during the District's fiscal year. (PIC's 25, 35)	\$ 1,092

FEDERAL AWARDS SECTION

RIO VISTA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
TEN MONTHS ENDED JUNE 30, 2022

Federal Grantor/ Pass-through Grantor/ Program Title	Federal ALN Number	Passthrough Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through the Texas Education Agency:			
ESSA Title I Part A - Improving Basic Programs	84.010a	22610101126907	\$ 226,316
ESSA Title I Part A - Focused Support	84.010a	226101577110025	90,838
ESSA Title I Part A - School Improvement	84.010a	22610141126907	27,842
<i>Total ALN 84.010</i>			<u>344,996</u>
ESSA Title II Part A - Supporting Effective Education	84.367a	22694501126907	4,830
<i>Total ALN 84.367</i>			<u>4,830</u>
ESSA Title V Part B - Rural & Low Income School	84.358b	22696001126907	21,278
<i>Total ALN 84.358</i>			<u>21,278</u>
Elementary and Secodary Schools Emergency Relief - II - D*	84.425d	21521001126907	397,682
Elementary and Secodary Schools Emergency Relief - III - D*	84.425u	21528001126907	500,136
<i>Total ALN 84.425</i>			<u>897,818</u>
ESSA Title IV Part A - Student Support & Academic Achievement	84.424a	22680101126907	20,440
<i>Total ALN 84.424</i>			<u>20,440</u>
Total passed through the Texas Education Agency			<u>1,289,362</u>
Total Department of Education			<u>1,289,362</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Texas Department of Agriculture:			
School Breakfast Program - A	10.553	00669	111,426
National School Lunch Program - A	10.555	00669	376,854
USDA Commodity Food Distribution	10.565	00669	28,414
Total Department of Agriculture			<u>516,694</u>
Total Expenditures of Federal Awards			<u>\$ 1,806,056</u>

* - Major Program

A - Child Nutrition Cluster - Cluster Total - \$ 488,280

D - Education Stablization Fund Cluster - Cluster Total - \$ 897,818

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

RIO VISTA INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF FEDERAL AWARDS
TEN MONTHS ENDED JUNE 30, 2022

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal activity of the Rio Vista Independent School District and is presented on the modified accrual basis of accounting. Expenditures are recognized in the accounting period in which a fund liability occurs. Funds are considered earned to the extent of expenditures made.

The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

B. Summary of Significant Accounting Policies

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types are accounted for using a current financial resources measurement focus. All federal expenditures were accounted for in the General Fund and Special Revenue Funds which are governmental fund types. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant.

C. Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and used. No provision has been made for amounts on hand on June 30, 2022.

D. Indirect Cost

The District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

E. Reconciliation of Federal Revenue with Financial Statements

The District records amounts received from the federal government or other recipients of federal grant as federal revenue in the financial statements. This reconciliation identifies the difference between the financial statement revenues and the schedule of expenditures of federal awards:

Total Federal Expenditures (Exhibit K-1)	\$ 1,806,056
School Health and Related Services	<u>90,919</u>
Federal Revenue (Exhibit C-3)	<u>\$ 1,896,975</u>

APPENDIX C
FORM OF BOND COUNSEL'S OPINION

Proposed Form of Opinion of Bond Counsel

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

**RIO VISTA INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2023**

IN THE AGGREGATE PRINCIPAL AMOUNT OF \$12,000,000

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

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

BASED ON SAID EXAMINATION, IT IS OUR OPINION that the Bonds have been authorized and issued and the Bonds delivered concurrently with this opinion have been duly delivered and that, assuming due authentication, Bonds issued in exchange therefore will have been duly delivered, in accordance with law, and that the Bonds, except as may be limited by laws applicable to the Issuer relating to bankruptcy, reorganization and other similar matters affecting creditors' rights generally, and by general principles of equity and sovereign immunity of political subdivisions which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the Issuer, and ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds have been levied and pledged for such purpose, without limit as to rate or amount.

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

IN EXPRESSING THE AFOREMENTIONED OPINIONS, we have relied on and assume continuing compliance with, certain representations contained in the federal tax certificate of the Issuer and covenants set forth in the order adopted by the Issuer to authorize the issuance of the Bonds, relating to, among other matters, the use of the project being financed and the investment and expenditure of the proceeds and certain other amounts used to pay or to secure the payment of



debt service on the Bonds, the accuracy of which we have not independently verified. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

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

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

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

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

Respectfully,

APPENDIX D

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

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

