PRELIMINARY OFFICIAL STATEMENT DATED MARCH 18, 2024

U.S. Capital Advisors

NEW ISSUE - Book-Entry-Only

Rating: Moody's Investors Service Inc: "___"
(See "OTHER INFORMATION–Rating" herein)

In the opinion of Bond Counsel (defined below), under current law and subject to conditions described in the Section herein "TAX EXEMPTION," interest on the Obligations (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. A holder may be subject to other federal tax consequences as described in the Section herein "TAX EXEMPTION." See "TAX EXEMPTION" for a discussion of the opinion of Bond Counsel with respect to the Obligations.

$870,000*
WAELDER INDEPENDENT SCHOOL DISTRICT
(Gonzales and Caldwell Counties, Texas)
MAINTENANCE TAX NOTES, SERIES 2024

$2,745,000*
WAELDER INDEPENDENT SCHOOL DISTRICT
(Gonzales and Caldwell Counties, Texas)
MAINTENANCE TAX REFUNDING BONDS, SERIES 2024

$1,000,000*
WAELDER INDEPENDENT SCHOOL DISTRICT
(Gonzales and Caldwell Counties, Texas)
TIME WARRANTS, SERIES 2024

(The Notes, Bonds and Time Warrants will be designated as "Qualified Tax-Exempt Obligations" for Financial Institutions)

Dated Date: April 1, 2024
Interest to accrue from the Delivery Date

Due: as shown on the inside cover page hereof

The Waelder Independent School District (the "District") is issuing its Maintenance Tax Notes, Series 2024 (the "Notes"), its Maintenance Tax Refunding Bonds, Series 2024 (the "Bonds"), and its Time Warrants, Series 2024 (the "Time Warrants," and together with the Notes and the Bonds, the "Obligations"). The Obligations are being issued pursuant to (a) the Constitution and general laws of the State of Texas (the "State") including particularly (i) Section 45.108, Texas Education Code, as amended, for the Notes, (ii) Chapter 1207, Texas Government Code, as amended, for the Bonds, and (iii) Section 45.103, Texas Education Code, as amended, for the Time Warrants, (b) a Resolution to be adopted by the Board of Trustees (the "Board") of the District for the Notes (the "Resolution"), (c) an Order to be adopted by the Board of the District for the Bonds (the "Bond Order"), and (d) an Order to be adopted by the Board of the District for the Time Warrants (the "Time Warrant Order," together with the Resolution and the Bond Order, the "Orders"). The Notes and Bonds are direct obligations of the District, secured by and payable from a continuing, direct annual ad valorem tax levied for maintenance and operation purposes by the District against all taxable property located within the District, within the limits prescribed by law, as provided in the Resolution. The Time Warrants are direct obligations of the District, secured by and payable from the District's unintended surplus maintenance and operations tax, from the first payment of any of the District's lawfully available funds, and from any delinquent maintenance and operations taxes of the District, within the limits prescribed by law, as provided in the Order. See "TAX RATE LIMITATIONS," herein.

The Obligations are dated April 1, 2024 (the "Dated Date"). Interest on the Obligations will accrue from the date of delivery to the Initial Purchaser, as defined herein and will be payable on February 15 and August 15 of each year until maturity, commencing August 15, 2024. Principal of the Obligations will be payable by the Paying Agent/Registrar, initially Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar"), upon presentation and surrender of the Obligations for payment. See "THE OBLIGATIONS—Description" herein.

The definitive Obligations will be initially registered and delivered to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Obligations may be acquired in denominations of $5,000 of principal or integral multiples thereof. **No physical delivery of the Obligations will be made to the beneficial owners thereof.** Principal, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amount so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations. See "THE OBLIGATIONS–Book-Entry-Only System" herein.

Proceeds from the sale of the Notes and Time Warrants will be used for the purposes of (1) making various capital improvements and renovations to existing District facilities, including remodeling of the old gym building into a cafetorium, remodeling the middle school, and upgrading the old cafeteria into a classroom, and (2) paying the costs of issuing the Notes and the Time Warrants. Proceeds from the sale of the Bonds will be used for the purposes of (1) refunding the District's outstanding Maintenance Tax Notes, Series 2022 (the "Refunded Notes") and (2) paying the costs of issuing the Bonds.

The Bonds and Time Warrants are subject to optional redemption prior to redemption. The Notes are not subject to redemption prior to maturity. See "THE OBLIGATIONS—Optional Redemption" herein.

SEE MATURITY SCHEDULE ON THE INSIDE COVER PAGE

The Obligations are offered for delivery when, as and if issued and received by the initial purchaser (the "Initial Purchaser") and will be subject to the approving opinion of the Attorney General of Texas and the approval of certain legal matters by Hunton Andrews Kurth LLP, Houston, Texas, Bond Counsel (see "APPENDIX C – FORMS OF BOND COUNSEL'S OPINIONS" attached hereto). It is expected that the Obligations will be available for delivery through the facilities of DTC on or about April 16, 2024 (the "Delivery Date").

BIDS DUE MONDAY, MARCH 25, 2024 @ 11:00 A.M. (CST)

* Preliminary, subject to change.

MATURITY SCHEDULE*

WAELDER INDEPENDENT SCHOOL DISTRICT
(Gonzales and Caldwell Counties, Texas)

$870,000*
MAINTENANCE TAX NOTES, SERIES 2024

Maturity [(a)]	Principal Amount*	Interest Rate	Initial Reoffering Yield [(b)]	CUSIP No [(c)]
2/15/2025	$ 115,000			
2/15/2026	110,000			
2/15/2027	115,000			
2/15/2028	125,000			
2/15/2029	130,000			
2/15/2030	135,000			
2/15/2031	140,000			

.

* Preliminary, subject to change.

[(a)] The Notes are not subject to redemption prior to maturity. See “THE OBLIGATIONS—Optional Redemption” herein. If the principal amounts designated in the serial maturity schedule on the inside cover page hereof are combined to create one or more term notes or term bonds (“Term Notes”) each such Term Note shall be subject to mandatory sinking fund redemption. See “THE OBLIGATIONS—Mandatory Sinking Fund Redemption.”
[(b)] The initial yields at which Obligations are priced are established by and are the sole responsibility of the Initial Purchaser.
[(c)] CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the District, the Financial Advisor or the Purchaser shall be responsible for the selection or correctness of the CUSIP numbers shown herein

MATURITY SCHEDULE*

WAELDER INDEPENDENT SCHOOL DISTRICT
(Gonzales and Caldwell Counties, Texas)

$2,745,000*
MAINTENANCE TAX REFUNDING BONDS, SERIES 2024

Maturity		Principal Amount*	Interest Rate	Initial Reoffering Yield [b]	CUSIP No [c]
2/15/2032	[a]	$ 155,000	%	%	
2/15/2033	[a]	165,000			
2/15/2034	[a]	170,000			
2/15/2035	[a]	180,000			
2/15/2036	[a]	190,000			
2/15/2037	[a]	195,000			

Maturity		Principal Amount	Interest Rate	Initial Reoffering Yield [b]	CUSIP No [c]
2/15/2038	[a]	$ 205,000			
2/15/2039	[a]	220,000			
2/15/2040	[a]	230,000			
2/15/2041	[a]	240,000			
2/15/2042	[a]	250,000			
2/15/2043	[a]	265,000			
2/15/2044	[a]	280,000			

(Interest to accrue from the Delivery Date)

* Preliminary, subject to change.

[a] The Bonds maturing on or after February 15, 2032 are subject to optional redemption in whole or in part on February 15, 2029, or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest from the most recent interest payment date to the date of redemption. See "THE OBLIGATIONS—Optional Redemption" herein. If the principal amounts designated in the serial maturity schedule on the inside cover page hereof are combined to create one or more term bonds ("Term Bonds"), each such Term Bond shall be subject to mandatory sinking fund redemption. See "THE OBLIGATIONS—Mandatory Sinking Fund Redemption."

[b] The initial yields at which Bonds are priced are established by and are the sole responsibility of the Initial Purchaser.

[c] CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the District, the Financial Advisor or the Purchaser shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

MATURITY SCHEDULE

WAELDER INDEPENDENT SCHOOL DISTRICT
(Gonzales and Caldwell Counties, Texas)

$1,000,000*
TIME WARRANTS, SERIES 2024

Maturity		Principal Amount	Interest Rate	Initial Reoffering Yield [b]	CUSIP No [c]	Maturity		Principal Amount	Interest Rate	Initial Reoffering Yield [b]	CUSIP No [c]
2/15/2025		$ 50,000				2/15/2032	[a]	$ 65,000			
2/15/2026		50,000				2/15/2033	[a]	70,000			
2/15/2027		50,000				2/15/2034	[a]	70,000			
2/15/2028		55,000				2/15/2035	[a]	75,000			
2/15/2029		55,000				2/15/2036	[a]	80,000			
2/15/2030	[a]	60,000				2/15/2037	[a]	85,000			
2/15/2031	[a]	60,000				2/15/2038	[a]	85,000			
						2/15/2039	[a]	90,000			

(Interest to accrue from the Delivery Date)

* Preliminary, subject to change.

[a] The Time Warrants maturing on or after February 15, 2030 are subject to optional redemption in whole or in part on February 15, 2029, or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest from the most recent interest payment date to the date of redemption. See "THE OBLIGATIONS—Optional Redemption" herein. Additionally, if the principal amounts designated in the serial maturity schedule on the inside cover page hereof are combined to create one or more term time warrants ("Term Time Warrant"), each such Term Time Warrant shall be subject to mandatory sinking fund redemption. See "THE OBLIGATIONS—Mandatory Sinking Fund Redemption."

[b] The initial yields at which Time Warrants are priced are established by and are the sole responsibility of the Initial Purchaser.

[c] CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the District, the Financial Advisor or the Purchaser shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

DISTRICT OFFICIALS, STAFF AND CONSULTANTS

Board of Trustees

Name	Title	Years of Service	Term Expires May	Occupation
Dora Noyola	President	27	2026	Accounting Associate
Diana Olmos	Vice President	18	2026	Office
Joann Ibarra	Secretary	19	2024	City Clerk II
Avery Williams	Member	12	2025	Retired
Troy Sullivan	Member	7	2025	Lineman
Aldoph Gonzales	Member	5	2024	Electric Dept Superintendent
Jamie Castro	Member	1	2024	City Clerk – City of Waelder

Administrators

Name	Title	Years of Service
Dr. Ron Lilie	Superintendent [a]	11
Angie Arriaga	Business Manager	12
Laura Ratliff	ESC Region III [b]	3

[a] Dr. Lilie has been Superintendent since 2022.
[b] Education Service Center Region III is contracted to provide financial services to the District.

Consultants and Advisors

Certified Public Accountant .... Singleton, Clark & Company, PC
Cedar Park, Texas

Bond Counsel .... Hunton Andrews Kurth LLP
Houston, Texas

Financial Advisor .... USCA Municipal Advisors, LLC
Houston, Texas

USE OF INFORMATION IN 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 Obligations 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.

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

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District, its Bond Counsel, its Financial Advisor or the Initial Purchaser.

The information set forth herein has been obtained from the District and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of Bond Counsel, the Financial Advisor or the Initial Purchaser. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

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

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

NEITHER THE DISTRICT, ITS BOND COUNSEL, NOR ITS FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM DESCRIBED UNDER "THE OBLIGATIONS–BOOK-ENTRY-ONLY SYSTEM" HEREIN.

IN CONNECTION WITH THE OFFERING OF THE OBLIGATIONS, THE INITIAL PURCHASER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE OBLIGATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

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

References to website addresses presented herein are for informational purposes only and may be in the form of hyperlinks solely for the reader's convenience. Unless specified otherwise, such websites 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 Rule 15c2-12.

TABLE OF CONTENTS

MATURITY SCHEDULE ... ii
DISTRICT OFFICIALS, STAFF AND CONSULTANTS ... v
USE OF INFORMATION IN OFFICIAL STATEMENT ... vi
OFFICIAL STATEMENT SUMMARY ... viii
SELECTED FINANCIAL INFORMATION ... x
INTRODUCTION ... 1
THE OBLIGATIONS ... 1
Description ... 1
Authority for Issuance ... 1
Security and Source of Payment ... 2
Use of Proceeds ... 2
Optional Redemption ... 2
Mandatory Sinking Fund Redemption ... 2
Notice of Redemption ... 3
Defeasance ... 3
Book-Entry-Only System ... 3
Paying Agent/Registrar ... 5
Transfer, Exchange and Registration ... 5
Record Date for Interest Payment ... 5
Noteholders', Bondholders', and Time Warrantholders' Remedies ... 5
Sources and Uses of Funds ... 6
STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS ... 7
Litigation Relating to the Texas Public School Finance System ... 7
Possible Effects of Changes in Law on District Bonds and Obligations ... 7
CURRENT PUBLIC SCHOOL FINANCE SYSTEM ... 7
Overview ... 7
Local Funding for School Districts ... 8
State Funding for School Districts ... 8
Local Revenue Level in Excess of Entitlement ... 10
2023 Legislative Sessions ... 11
THE SCHOOL FINANCE SYSTEM AS APPLIED TO THE WAELDER INDEPENDENT SCHOOL DISTRICT ... 12
AD VALOREM TAX PROCEDURES ... 12
Valuation of Taxable Property ... 12
State Mandated Homestead Exemptions ... 13
Local Option Homestead Exemptions ... 13
State Mandated Freeze on School District Taxes ... 13
Personal Property ... 13
Freeport and Goods-In-Transit Exemptions ... 13
Temporary Exemption for Qualified Property Damaged by a Disaster ... 13
Other Exempt Property ... 14
Tax Increment Reinvestment Zones ... 14
Tax Limitation Agreements ... 14
District and Taxpayer Remedies ... 14
Levy and Collection of Taxes ... 15
District's Rights in the Event of Tax Delinquencies ... 15
District Application of Tax Code ... 15
TAX RATE LIMITATIONS ... 15
M&O Tax Rate Limitations ... 15
I&S Tax Rate Limitations ... 16
Public Hearing and Voter-Approval Tax Rate ... 16
EMPLOYEES' BENEFIT PLANS ... 17
THE DISTRICT ... 17
Administration ... 17
District School Operations ... 17
Financial Policies ... 18
INVESTMENTS ... 18
Legal Investments ... 18
Investment Policies ... 19
Additional Provisions ... 20
Current Investments ... 20
TAX EXEMPTION ... 20
Opinion of Bond Counsel ... 20
Alternative Minimum Tax ... 20
Other Tax Matters ... 21
Original Issue Discount ... 21
Obligation Premium ... 21
Designation for Purchase by Financial Institutions ... 21
CONTINUING DISCLOSURE OF INFORMATION ... 22
Annual Reports ... 22
Event Notices ... 22
Availability of Information ... 23
Limitations and Amendments ... 23
Compliance with Prior Undertakings ... 23
OTHER INFORMATION ... 23
Rating ... 23
No Litigation Certificate ... 23
Registration and Qualification of Notes for Sale ... 23
The Obligations as Legal Investments in Texas ... 24
Legal Matters ... 24
Audited Financial Statements ... 24
Financial Advisor ... 24
Sale of Obligations ... 25
MISCELLANEOUS ... 25
Forward-Looking Statements ... 25
Certification of the Official Statement ... 26

APPENDICES
INFORMATION REGARDING THE DISTRICT ... A
THE DISTRICT'S AUDITED FINANCIAL REPORT FOR YEAR ENDED JUNE 30, 2023 ... B
FORMS OF BOND COUNSEL'S OPINIONS ... C

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 Obligations 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 the entire Official Statement.

The District .... The Waelder Independent School District (the "District") operates as an independent school district under the laws of the State of Texas (the "State"). The District is located in Gonzales and Caldwell Counties, Texas. See "THE DISTRICT" herein.

The Obligations............. The District's Maintenance Tax Notes, Series 2024 (the "Notes"), the Maintenance Tax Notes, Series 2024 (the "Bonds") and Time Warrants, Series 2024 (the "Time Warrants" and together with the Notes and the Bonds, the "Obligations") are being issued in the principal amounts and mature on the dates set forth on the inside cover page hereof. The Obligations bear interest from the date of delivery, at the rates per annum set forth on the inside cover hereof, which interest is payable each February 15 and August 15, commencing August 15, 2024, until maturity or prior redemption. See "THE OBLIGATIONS—Description" herein.

Authority for Issuance .. The Notes are being issued pursuant to a Resolution to be adopted by the Board of Trustees (the "Board") of the District (the "Resolution") and the Constitution and general laws of the State, including particularly Section 45.108, Texas Education Code, as amended. The Bonds are being issued pursuant to an Order to be adopted by the Board of the District (the "Bond Order") and the Constitution and general laws of the State, including particularly Chapter 1207, Texas Government Code, as amended. The Time Warrants are being issued pursuant to an Order to be adopted by the Board of the District (the "Time Warrant Order," together with the Resolution and the Bond Order, the "Orders") and the Constitution and general laws of the State, including particularly Section 45.103, Texas Education Code, as amended. See "THE OBLIGATIONS-Authority for Issuance" herein.

Use of Proceeds………… Proceeds from the sale of the Notes and Time Warrants will be used for the purposes of (1) making various capital improvements and renovations to existing District facilities, including remodeling of the old gym building into a cafetorium, remodeling the middle school, and upgrading the old cafeteria into a classroom, and (2) paying the costs of issuing the Notes and the Time Warrants. Proceeds from the sale of the Bonds will be used for the purposes of (1) refunding the District's outstanding Maintenance Tax Notes, Series 2022 (the "Refunded Notes") and (2) paying the costs of issuing the Bonds.

Security for Obligations The Bonds and Notes are direct obligations of the District payable as to principal and interest from and secured by the proceeds of a continuing, direct annual ad valorem tax levied for maintenance purposes by the District, within the limits prescribed by law, against all taxable property located within the District. The Time Warrants are direct obligations of the District, secured by and payable from the District's unintended surplus maintenance and operations tax, from the first payment of any of the District's lawfully available funds, and from any delinquent maintenance and operations taxes of the District, within the limits prescribed by law, as provided in the Order. See "THE OBLIGATIONS – Security and Source of Payment," "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS," "CURRENT SCHOOL FINANCE SYSTEM," and "TAX RATE LIMITATIONS" herein.

Redemption .... The Bonds maturing on or after February 15, 2032 and the Time Warrants maturing on or after February 15, 2030 are subject to optional redemption in whole or in part on February 15, 2029, or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest from the most recent interest payment date to the date of redemption. The Notes are not subject to redemption prior to maturity. See "THE OBLIGATIONS—Optional Redemption" herein. If the principal amounts designated in the serial maturity schedules on the inside cover page hereof are combined to create one or more term notes, term bonds or term time warrant ("Term Notes", "Term Bonds" or "Term Time Warrants"), each such Term Note, Term Bond or Term Time Warrant shall be subject to mandatory sinking fund redemption. See "THE OBLIGATIONS—Mandatory Sinking Fund Redemption."

Tax Exemption.............. In the opinion of Hunton Andrews Kurth LLP, Houston, Texas, Bond Counsel for the District, interest on the Obligations is excludable from gross income for federal income tax purposes described under "TAX EXEMPTION" herein (see "TAX EXEMPTION" and the forms of opinions of Hunton Andrews Kurth LLP in "APPENDIX C – FORMS OF BOND COUNSEL' S OPINIONS").

Qualified Tax-Exempt Obligations .... The District will designate the Obligations as "Qualified Tax-Exempt Obligations" for financial institutions (see TAX EXEMPTION - Designation for Purchase by Financial Institutions").

Rating .... Moody's Investors Service, Inc. ("Moody's) has assigned its municipal bond rating of "___" to the Obligations. See "OTHER INFORMATION-Rating" herein.

Book-Entry-Only System............................ The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. The Obligations will be issued in principal denominations of $5,000 or any integral multiple thereof. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations 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 of the Obligations. See "THE OBLIGATIONS-Book-Entry-Only System" herein.

Payment Record ....The District has never defaulted in the payment of its tax-supported debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year End	Estimated Population [a]	Taxable Assessed Valuation [b]	Per Capita Assessed Valuation	Ad Valorem Tax Supported Debt	Per Capita Tax Supported Debt	Ratio Tax Debt to Assessed Valuation	Tax Year
2020	2,727	$ 226,056,311	$ 82,896	$ 2,820,000	$ 1,034	1.247%	2019
2021	2,511	201,827,718	80,377	2,700,000	1,075	1.338%	2020
2022	2,675	273,139,463	102,108	5,955,000	2,226	2.180%	2021
2023	2,675	305,371,078	114,157	5,550,000	2,075	1.817%	2022
2024	2,675	343,372,615	128,364	6,495,000 [c]	2,428	1.892%	2023

[a] Source: Municipal Advisory Council of Texas.

[b] Source: Gonzales Central Appraisal District and Caldwell Countiy Appraisal District.

[c] Includes the Notes, the Bonds and the Time Warrants. Preliminaray, subject to change.

General Fund Consolidated Statement Summary

	2023	2022	2021	2020	2019
Beginning Balance	$4,315,305	$3,637,513	$3,698,193	$3,342,524	$3,127,072
Adjustments to Fund Balance	-	-	-	-	-
Total Revenue	4,379,628	4,757,316	4,267,734	4,101,083	3,962,247
Total Expenses	5,043,684	4,079,524	4,328,414	3,745,414	3,760,032
Net Other Resources (Uses)	-	-	-	-	13,237
Ending Balance	$3,651,249	$4,315,306	$3,637,513	$3,698,193	$3,342,524

For Additional Information Regarding the District Contact:

Dr. Ron Lilie
Superintendent
Waelder Independent School District
201 US Hwy 90 West
P.O. Box 247
Waelder, TX 78959
Phone: 830-788-7161

Erin Suhr
Business Manager
Waelder Independent School District
201 US Hwy 90 West
P.O. Box 247
Waelder, TX 78959
Phone: 830-788-7161

Lewis A. Wilks
USCA Municipal Advisors, LLC
4444 Westheimer, Suite G500
Houston, Texas 77027
Telephone: 713-366-0592

WAELDER INDEPENDENT SCHOOL DISTRICT
(A Political Subdivision of the State of Texas Located in Gonzales and Caldwell Counties, Texas)

$870,000*
MAINTENANCE TAX NOTES, SERIES 2024

$2,745,000*
MAINTENANCE TAX REFUNDING BONDS, SERIES 2024

$1,000,000*
TIME WARRANTS, SERIES 2024

INTRODUCTION

This Official Statement, including Appendices A and B hereto, provides certain information regarding the issuance of by the Waelder Independent School District (the "District") of its Maintenance Tax Notes, Series 2024 (the "Notes"), its Maintenance Tax Refunding Bonds, Series 2024 (the "Bonds"), and its Time Warrants, Series 2024 (the "Time Warrants" and together with the Notes and the Bonds, the "Obligations"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Resolution to be adopted by the Board of Trustees (the "Board") of the District authorizing the issuance of the Notes (the "Resolution"), the Order to be adopted by the Board authorizing the issuance of the Bonds (the "Bond Order"), and the Order to be adopted by the Board of the District authorizing the issuance of the Time Warrants (the "Time Warrant Order," together with the Resolution and the Bond Order, the "Orders").

There follows in this Official Statement descriptions of the Obligations and certain information regarding 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 from the Financial Advisor, USCA Municipal Advisors, LLC, Houston, Texas, by electronic mail or upon payment of reasonable handling, mailing, and delivery charges.

This Official Statement speaks only as to its date, and the information contained herein is subject to change. Copies of the final Official Statement pertaining to the Obligations will be deposited with the Municipal Securities Rulemaking Board at www.emma.msrb.org. See "CONTINUING DISCLOSURE OF INFORMATION" herein for a description of the District's undertaking to provide certain information on a continuing basis.

THE OBLIGATIONS

Description

The following is a description of some of the terms and conditions of the Obligations, which description is qualified in its entirety by the Orders which may be obtained upon request to the District.

The Obligations are dated April 1, 2024 (the "Dated Date"). The Obligations mature on February 15 in each of the years and in the amounts shown on the inside cover page hereof. Interest on the Obligations will accrue from the date of delivery to the Initial Purchaser (the "Delivery Date") and will be payable each August 15 and February 15, commencing August 15, 2024, until maturity. Interest on the Obligations will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The definitive Obligations will be issued only in fully registered form in any integral multiple of $5,000 of principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Obligations will be made to the beneficial owners thereof**. Principal of, premium, if any, and accrued interest on the Obligations be payable by the Paying Agent/Registrar, initially Zions Bancorporation, National Association, Houston, Texas (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 of the Obligations. See "THE OBLIGATIONS-Book-Entry-Only System" herein.

Authority for Issuance

The Obligations are being issued pursuant to (a) the Constitution and general laws of the State of Texas including particularly (i) Section 45.108, Texas Education Code, as amended, for the Notes, (ii) Chapter 1207, Texas Government Code, as amended, for the Bonds, and (iii) Section 45.103, Texas Education Code, as amended, for the Time Warrants, (b) a Resolution to be adopted by the Board of Trustees (the "Board") of the District for the Notes (the "Resolution"), (c) an Order to be adopted by the Board of the District for the Bonds (the "Bond Order"), and (d) an Order to be adopted by the Board of the District for the Time Warrants (the "Time Warrant Order," together with the Resolution and the Bond Order, the "Orders").

* Preliminary, subject to change.

Security and Source of Payment

The Notes and Bonds will be payable from and secured by the proceeds of a continuing, direct annual ad valorem tax levied for maintenance purposes, within the limits prescribed by law, against all taxable property located within the District. The Time Warrants are direct obligations of the District payable as to principal and interest from and secured by the District's unintended surplus maintenance and operations tax, from the first payment of any of the District's lawfully available funds, and from any delinquent maintenance and operations taxes of the District, within limits prescribed by law, and as provided in the Order. See "TAX RATE LIMITATIONS" for an explanation of the limits on such tax.

Use of Proceeds

Proceeds from the sale of the Notes and Time Warrants will be used for the purposes of (1) making various capital improvements and renovations to existing District facilities, including remodeling of the old gym building into a cafetorium, remodeling the middle school, and upgrading the old cafeteria into a classroom, and (2) paying the costs of issuing the Notes and the Time Warrants.

Proceeds from the sale of the Bonds will be used for the purposes of (1) refunding the District's outstanding Maintenance Tax Notes, Series 2022 (the "Refunded Notes") and (2) paying the costs of issuing the Bonds.

Optional Redemption

The Notes. The Notes are not subject to redemption prior to maturity.

The Bonds. The Bonds maturing on or after February 15, 2032 are subject to optional redemption in whole or in part on February 15, 2029, or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest from the most recent interest payment date to the date of redemption. 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.

The Time Warrants. The Time Warrants maturing on or after February 15, 2030 are subject to optional redemption in whole or in part on February 15, 2029, or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest from the most recent interest payment date to the date of redemption. If a Time Warrant (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Time Warrant (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.

Mandatory Sinking Fund Redemption

The Notes. In addition to the foregoing optional redemption provision, if two or more consecutive principal amounts designated in the serial maturity schedule on the inside cover page hereof are combined by the Initial Purchaser to create Term Notes, each such Term Note shall be subject to mandatory sinking fund redemption commencing on February 15 of the first year which has been combined to form such Term Note and continuing on February 15 in each year thereafter until the stated maturity date of that Term Note, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the serial maturity schedule on the inside cover page hereof.

The Bonds. In addition to the foregoing optional redemption provision, if two or more consecutive principal amounts designated in the serial maturity schedule on the inside cover page hereof are combined by the Initial Purchaser to create Term Bonds, each such Term Bond shall be subject to mandatory sinking fund redemption commencing on February 15 of the first year which has been combined to form such Term Bond and continuing on February 15 in each year thereafter until the stated maturity date of that Term Bond, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the serial maturity schedule on the inside cover page hereof.

The Time Warrants. In addition to the foregoing optional redemption provision, if two or more consecutive principal amounts designated in the serial maturity schedule on the inside cover page hereof are combined by the Initial Purchaser to create Term Time Warrants, each such Term Time Warrant shall be subject to mandatory sinking fund redemption commencing on February 15 of the first year which has been combined to form such Term Time Warrant and continuing on February 15 in each year thereafter until the stated maturity date of that Term Time Warrant, and the amount required to be redeemed in any year shall be equal to the principal amount for such year set forth in the serial maturity schedule on the inside cover page hereof.

The particular Term Notes, Term Bonds, Term Time Warrants to be mandatorily redeemed shall be selected by lot or other customary random selection method. The principal amount of the Term Notes, Term Bonds and Term Time Warrants to be mandatorily redeemed on such mandatory redemption date shall be reduced by the principal amount of such Term Notes, Term Bonds and Term Time Warrants which, by the 45th day prior to such mandatory redemption date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Notice of Redemption

Not less than 30 business days prior to a redemption date for the Obligations, the Paying Agent/Registrar shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Obligations to be redeemed, in whole or in part at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE OBLIGATIONS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, NOTWITHSTANDING THAT ANY OBLIGATION OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH OBLIGATION OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the District, so long as a Book-Entry-Only System is used for the Obligations, will send any notice of redemption, notice of proposed amendment to the Orders or other notices with respect to the Obligations 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 Obligations called for redemption or any other action premised on any such notice.

Redemption of portions of the Obligations by the District will reduce the outstanding principal amount of such Obligations held by DTC. In such an event, DTC may implement, through its Book-Entry-Only System, a redemption of such Obligations 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 redemption of such Obligations from the beneficial owners. Any such selection of Obligations to be redeemed will not be governed by the Orders 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 Obligations or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Obligations for redemption (see "THE OBLIGATIONS – Book-Entry-Only System").

Defeasance

The District reserves the right to redeem or defease the Obligations in any manner now or hereinafter permitted by law.

Book-Entry-Only System

This section describes how ownership of the Obligations is to be transferred and how the principal of, premium, if any, and interest on the Obligations are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Obligations are registered in its nominee name. The information in this section concerning DTC and the book-entry-only system has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor and the Initial Purchaser believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurance that (1) DTC will distribute payment of debt service on the Obligations, 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 Obligations), 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.

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities 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 certificate will be issued for each maturity of the Obligations, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmations from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation 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 Obligations 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 Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations 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 Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations 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 Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations 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 Paying Agent/Registrar and request that copies of notices be provided directly to them.

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

Redemption notices shall be sent to DTC. If less than all of the Obligations 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 issue to be redeemed.

Redemption proceeds, principal, and interest payments on the Obligations 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 payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC 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. Payment of redemption proceeds, principal, and interest payments on the Obligations to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and reimbursement 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 Obligations 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, Obligation certificates are required to be printed and delivered. Discontinuance by the District of use of the system of book-entry transfers through DTC may require compliance with DTC operational arrangements.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of the system of book-entry transfers by the District may require the consent of Participants under DTC's operational arrangements. In that event, Obligation certificates will 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 neither the District, the Financial Advisor nor the Initial Purchaser take 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 Obligations 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 Obligations, 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 Orders will be given only to DTC.

Paying Agent/Registrar

The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Houston, Texas. In the Orders, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times while any Obligations are outstanding, and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the United States or any state and duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Obligations. Upon any change in the Paying Agent/Registrar for the Obligations, the District agrees promptly to cause a written notice thereof to be sent to each registered owner of the Obligations by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Transfer, Exchange and Registration

In the event the Book-Entry-Only System should be discontinued, the Obligations may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar at its designated payment office and such transfer or exchange shall be without expenses or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Obligations may be assigned by the execution of an assignment form on the Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Obligation or Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligation or Obligations being transferred or exchanged, at the designated payment office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Obligations issued in an exchange or transfer of Obligations will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Obligations to be canceled, 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 Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 of principal for any one maturity and for a like aggregate principal amount as the Obligation or Obligations surrendered for exchange or transfer. See "THE OBLIGATIONS-Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations.

Record Date for Interest Payment

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

Noteholders', Bondholders', and Time Warrantholders' Remedies

The Orders do not establish specific events of default with respect to the Obligations or provide for an appointment of a trustee to represent the interests of the bondholders upon any failure of the District to perform in accordance with the terms of the Orders. Under Texas law, there is no right to the acceleration of maturity of the Obligations upon the failure of the District to observe any covenant under the Orders.

The Texas Supreme Court has ruled in Tooke v. City of Mexia, 197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the District's sovereign immunity from a suit for money damages, holders may not be able to bring such a suit against the District for breach of the Obligations or covenants in the Orders. 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 Obligations.

In Tooke, the Court noted the enactment in 2005 of sections 271.151-160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act covers school districts and relates to contracts entered into by school districts for providing goods or services to school districts. The District is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings by local governments that relate to their borrowing powers are contracts covered by the Local Government Immunity Waiver Act.

As noted above, the Orders provide that Noteholders', Bondholders' and Time Warrantholders' may exercise the remedy of mandamus to enforce the obligations of the District under the Orders. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in Tooke, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract).

Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders 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 opinions of Bond Counsel will note that all opinions relative to the enforceability of the Orders and the Obligations are qualified with respect to the customary rights of debtors relative to their creditors by general principles of equity which permit the exercise of judicial discretion and by governmental immunity.

Sources and Uses of Funds

Proceeds from the sale of the Notes will be applied in the amounts shown below.

Sources of Funds	
Par Amount of Notes	$
[Net] Premium	
Total	$
Uses of Funds	
Deposit to Project Fund	$
Costs of Issuance	
Deposit to Debt Service Fund (Additional Proceeds)	
Total	$

Proceeds from the sale of the Bonds will be applied in the amounts shown below.

Sources of Funds	
Par Amount of Bonds	$
[Net] Premium	
Total	$
Uses of Funds	
Deposit to Project Fund	$
Costs of Issuance	
Deposit to Debt Service Fund (Additional Proceeds)	
Total	$

Proceeds from the sale of the Time Warrants will be applied in the amounts shown below.

Sources of Funds	
Par Amount of Time Warrants	$
[Net] Premium	
Total	$
Uses of Funds	
Deposit to Project Fund	$
Costs of Issuance	
Deposit to Debt Service Fund (Additional Proceeds)	
Total	$

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 Obligations

The Court's decision in *Morath* upheld the constitutionality of the Finance System but noted that the Financing 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 Obligations, 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 Obligations 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 levy an M&O tax rate for the purpose of creating a surplus in M&O tax revenues for the purpose of paying the school district's debt service. 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 in the school district. 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. 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.

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 "– Local Revenue Level In Excess of Entitlement" herein.

State Compression Percentage. The "State Compression Percentage" ("SCP") is a statutory defined percentage of the rate of $1.00 per $100 that is used to determine a school district's maximum compressed tax rate (defined below). The SCP 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 SCP. For any year, the maximum SCP is 93%. For the State fiscal year ending in 2024, the SCP is set at 68.80%.

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

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

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

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

State Funding for School Districts

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

The first level of funding, Tier One, is the basic level of funding guaranteed to all school districts based on a school district's Tier One Tax Rate. Tier One funding may then be "enriched" with "Tier Two" funding. Tier Two provides a guaranteed entitlement for each cent of a school district's Enrichment Tax Rate, allowing a school district to increase or decrease its Enrichment Tax Rate to supplement Tier One funding at a level of the school district's own choice. While Tier One funding may be used for the payment of debt service (except for school districts subject to the recapture provisions of Chapter 49 of the Texas Education Code, as 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 programmatic funding guaranteed to a school district consisting of a State-appropriated baseline level of funding (the "Basic Allotment") for each student in "Average Daily Attendance" (being generally calculated as the sum of student attendance for each State-mandated day of instruction divided by the number of State-mandated days of instruction, defined herein as "ADA"). The Basic Allotment is revised downward if a school district's Tier One Tax Rate is less than the State-determined threshold. The Basic Allotment is supplemented by additional State funds, allotted based upon the unique school district characteristics, the demographics of students in ADA and the educational programs the students are being served in, to make up most of a school district's Tier One entitlement under the Foundation School Program.

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

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

Tier Two. Tier Two supplements Tier One funding and provides two levels of enrichment with different guaranteed yields (i.e., Golden Pennies and Copper Pennies) depending on the school district's Enrichment Tax Rate. Golden Pennies generate a guaranteed yield equal to the greater of (i) the local revenue per student in WADA per cent of tax effort available to a school district at the ninety-sixth (96th) percentile of wealth per student in WADA, or (ii) the Basic Allotment (or a greater amount as may be provided by appropriation) multiplied by 0.016. For the 2024-2025 State fiscal biennium, school districts are guaranteed a yield of $126.21 per student in WADA in 2024 and $129.52 per student in WADA in 2025 for each Golden Penny levied. Copper Pennies generate a guaranteed yield per student in WADA equal to the school district's Basic Allotment (or a greater amount as may be provided by appropriation) multiplied by 0.008. For the 2024-2025 State fiscal biennium, school districts are guaranteed a yield of $49.28 per student in WADA for each Copper Penny levied. For any school year in which the guaranteed yield of Copper Pennies per student in WADA exceeds the guaranteed yield of Copper Pennies per student in WADA for the preceding school year, a school district is required to reduce its Copper Pennies levied so as to generate no more revenue per student in WADA than was available to the school district for the preceding year.

Existing Debt Allotment, Instruction Facilities Allotment, and New Instructional Facilities Allotment. The Foundation School Program also includes facilities funding components consisting of the IFA and the EDA, subject to legislative appropriation each State fiscal biennium. To the extent funded for a biennium, these programs assist school districts in funding facilities by, generally, equalizing a school district's I&S tax effort. The IFA guarantees each awarded school district a specified amount per student (the "IFA Yield") in State and local funds for each cent of I&S tax levied to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate or improve instructional facilities. The IFA Yield has been $35 since 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 2024-2025 State fiscal biennium and debt service assistance on school district bonds that are not yet eligible for EDA is not available, debt service payments during the 2024-2025. State fiscal biennium on new bonds issued by school districts in the 2024-2025 State fiscal biennium to construct, acquire and improve facilities must be funded solely from local I&S taxes, except to the extent that the bonds of a school district are eligible for hold-harmless funding from the State for local tax revenue lost as a result of an increase in the mandatory homestead exemption from $40,000 to $100,000. See "— 2023 Legislative Sessions." Hold-harmless applies only to bonds authorized by voters prior to September 1, 2023.

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

Tax Rate and Funding Equity. The 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. Additionally, school districts and open-enrollment charter schools may be entitled to receive an allotment in the form of a formula transition grant, but they will not be entitled to an allotment beginning with the 2024-2025 school year. This grant is meant to ensure a smooth transition into the funding formulas enacted by the 86th Texas Legislature.

Furthermore, if the total amount of allotments to which school districts and open enrollment charter schools are entitled for a school year exceeds $400 million, the 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 the 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 (except for Golden Pennies, if applicable), 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.

2023 Legislative Session

The regular session of the 88th Texas Legislature (the "88th Regular Session") began on January 10, 2023 and adjourned on May 29, 2023. The Texas Legislature (the "Legislature") meets in regular session in odd numbered years for 140 days. During the 88th Regular Session, the Legislature considered a general appropriations act and legislation affecting the Finance System and ad valorem taxation procedures and exemptions, and investments, among other legislation affecting school districts and the administrative agencies that oversee school districts. Legislation enacted by the Legislature fully-funded the Foundation School Program for the 2024-2025 State fiscal biennium and increased the State guaranteed yield on the first $0.08 cents of tax effort beyond a school district's Maximum Compressed Tax Rate (as defined herein) to $126.21 per penny of tax effort per student in WADA (as defined herein) in 2024 (from $98.56 in 2023) and $129.52 per penny of tax effort per student in WADA in 2025. See "– State Funding for School Districts – Tier Two." The Legislature also provided for an increase in funding for the school safety allotment to $10.00 (from $9.72 in the prior year) per ADA (as defined herein) and $15,000 per campus. The Legislature set aside approximately $4,000,000,000 in additional funding for public education contingent on certain legislation passing in future special sessions. However, the Legislature did not take action on such funding during either the first, second, third, or fourth called special sessions of the 88th Texas Legislature.

When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor has called and the Legislature has concluded four special sessions during the 88th Texas Legislature, (such special sessions, together with the 88th Regular Session, the "2023 Legislative Sessions"). The proclamation for the fourth called special session included the consideration of legislation related to the public school finance system and state funding, but no bills were passed on these topics.

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

While no legislation addressing school funding was passed during the third and fourth special sessions, the Governor may call additional special sessions. During any additional called special sessions, the Legislature may enact laws that materially change current law as it relates to the funding of public schools, including the District. The District can make no representations or predictions regarding the scope of additional legislation that may be considered during any additional called special sessions or the potential impact of such legislation at this time.

THE SCHOOL FINANCE SYSTEM AS APPLIED TO THE WAELDER INDEPENDENT SCHOOL DISTRICT

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

A district's "excess local revenue" must be tested for each future school year and, if it exceeds the maximum permitted level, the District must reduce its wealth per student by the exercise of one of the permitted wealth equalization options. Accordingly, if the District's wealth per student should exceed the maximum permitted value in future school years, it may be required each year to exercise one or more of the wealth reduction options. If the District were to consolidate (or consolidate its tax base for all purposes) with a property-poor district, the outstanding debt of each district could become payable from the consolidated district's combined property tax base, and the District's ratio of taxable property to debt could become diluted. If the District were to detach property voluntarily, a portion of its outstanding debt (including the Obligations) could be assumed by the district to which the property is annexed, in which case timely payment of the Obligations 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.

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 countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the District is the responsibility of the Gonzales Central Appraisal District and the Caldwell County Appraisal District (collectively, 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 $100,000 exemption of the appraised value of all homesteads (increased from $40,000 beginning with the 2023 tax year), (2) a $10,000 exemption of the appraised value of the homesteads of persons 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.

See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2023 Legislative Sessions" for a discussion of legislation passed during the second called special session and the November 7, 2023 State-wide election at which voters approved an amendment to the Texas Constitution to increase the general residential homestead exemption for school districts from $40,000 to $100,000.

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 market 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. Additionally, at an election held on May 7, 2022, the voters in the State approved a constitutional amendment which requires a recalculation of the school district tax limitations (i.e. the tax ceiling) on residence homesteads for persons sixty-five (65) years of age or older or disabled persons to reflect the reductions in MCR (as defined herein) for 2019 and subsequent tax years. Senate Bill 1, which was also passed during the Third Special Session of the 87th Texas Legislature made provisions for additional State aid to hold school districts harmless for tax revenue losses resulting from these recalculations.

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 outside the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or outside 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.

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 physically damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

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.

Tax Increment Reinvestment Zones

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

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

Tax Limitation Agreements

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

During the Regular Session of the 88th Texas Legislature, House Bill 5 ("HB 5") was enacted into law. HB 5 is intended as a replacement of former Chapter 313, Texas Tax Code ("Chapter 313"), but it contains significantly different provisions than the prior program under Chapter 313. Under HB 5, a school district may offer a 50% abatement on taxable value for maintenance and operations property taxes for certain eligible projects, except that projects in a federally designated economic opportunity zone receive a 75% abatement. HB 5 also provides a 100% abatement of maintenance and operations taxes for eligible property during a project's construction period. Eligible projects must relate to manufacturing, provision of utility services, dispatchable electric generation (such as non-renewable energy), development of natural resources, critical infrastructure, or research and development for high-tech equipment or technology, and projects must create and maintain jobs and meet certain minimum investment requirements. The District is still in the process of reviewing HB 5 and cannot make any representations as to what impact, if any, HB 5 will have on its finances or operations.

For a discussion of how the various exemptions described above are applied by the District, see "– District Application of Tax Code" herein.

District and Taxpayer Remedies

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

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

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

Levy and Collection of Taxes

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

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.

District Application of Tax Code

The District has not granted an 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 has not granted an additional exemption of the market value of residence homesteads.

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 District does permit split payments, and discounts are not allowed. The District does tax Freeport Property. The District has not adopted a tax abatement policy and does not participate in any TIFs. The District does tax Goods-In-Transit.

TAX RATE LIMITATIONS

M&O Tax Rate Limitations

A school district is authorized to levy 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 next succeeding paragraph. 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 January 26, 1957 pursuant to Article 2784e-1, Texas Revised Civil Statues Annotated, as amended

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

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

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.

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 Obligations are payable from and secured by the annual ad valorem maintenance tax levied by the District and are not secured by and payable from the unlimited ad valorem tax levied annually to pay the District's voted general obligation bonds as described in this subsection and the Obligations are therefore not subject to the 50-cent Test. The District has not used projected property values or State assistance (other than EDA or IFA allotment funding) to satisfy this threshold test.

Public Hearing and Voter-Approval Tax Rate

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

A school district is required to adopt its annual tax rate before the later of September 30 or the sixtieth (60^{th}) 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 (71^{st}) 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 (60^{th}) 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 (71^{st}) 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 (60^{th}) day after receipt of the certified appraisal roll. "No-new-revenue tax rate" means the rate that will produce the prior year's total tax levy from the current year's total taxable values, adjusted such that lost values are not included in the calculation of the prior year's taxable values and new values are not included in the current year's taxable values.

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

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

The calculation of the Voter-Approval Tax Rate imposes a limit and will impact the District's ability to set a maintenance tax rate in each year sufficient to pay debt service on the Notes.

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

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

EMPLOYEES' BENEFIT PLANS

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

In addition to the TRS retirement plan, the District provides health care 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.

Formal collective bargaining agreements relating directly to wages and other conditions of employment are prohibited by Texas law, as are strikes by teachers. There are various local, state and national organized employee groups who engage in efforts to better the 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.

THE DISTRICT

The District is an independent school district and political subdivision of the State of Texas, located within Gonzales and Caldwell Counties, Texas. The District includes the community of Waelder, a semi-rural area located off Highway 10 and Highway 90 West, west of Houston. Gonzales County, Caldwell County and the City of Waelder each have authority to levy ad valorem taxes. See APPENDIX A – Table 6 – "Estimated Overlapping Debt."

Administration

The Board of Trustees is the governing body of the District and consists of seven members (one position is currently vacant), who serve three-year terms without salary. The District is under the administrative supervision of the Superintendent of Schools, who is employed by the Board of Trustees.

District School Operations

As of March 1, 2023, the District owned and operated a high school, a middle school and an elementary school. The following table provides information regarding student enrollment in the District.

	For the Year Ending June 30				
	2024[(a)]	2023	2022	2021	2020
Student Enrollment	322	309	315	298	317
Average Daily Attendance	279	262	272	255	283
Cost Per Student	$14,889	$13,423	$15,252	$13,283	$13,235

[(a)] Projected.

Financial Policies

Special Revenue Funds – accounts for recourses restricted to, or designated for, specific purposes by the District or a grantor. Most Federal and some State financial assistance are accounted for in the Special Revenue Funds.

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

Internal Service Funds – accounts for the District's self-funded Worker's Compensation Insurance Fund. Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an Internal Service Fund.

Agency Funds – accounts for resources held by the District for others in a custodial capacity. The District's Agency Funds consist of various school activity funds.

Private Purpose Trust Funds - is used to account for donations for scholarship monies. These are donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District.

INVESTMENTS

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

Legal Investments

Under State law, the District is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations 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 are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation 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 of the District 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 United States Securities and Exchange Commission ("SEC") and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of Chapter 2256, Texas Government Code (the "Public Funds Investment Act"), 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 Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and 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), 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 as defined in the Public Funds Investment Act, that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) or (13) in this paragraph, 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) 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 (13) through (15) below, 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; (12) certain bankers' acceptances with stated maturity of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated not less than "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 United States or state bank; (14) no-load money market mutual funds registered with and regulated by the 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 (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and have 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.

A political subdivision such as the District may enter into 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, other than the prohibited obligations described below, (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 (13) through (15) 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.

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 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.

Investment Policies

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for District funds, maximum allowable stated maturity of any individual investment owned by the District, 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 Public Funds Investment Act. 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 Texas law, District investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived". At least quarterly the investment officers of the District shall submit an investment report detailing: (1) the investment position of the District, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest District funds without express written authority from the Board of Trustees.

Additional Provisions

Under Texas law, the District is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt 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 entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Board of Trustees; (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 District's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual 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 non-money market 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.

Current Investments

As of November 30, 2023, the District had approximately $3,456,041.00 (unaudited) invested with TexPool. The market value of such investments is approximately 100% of their book value. No funds of the District are invested in derivative securities, i.e., securities whose rate of return is determined by reference to some other instrument, index or commodity.

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Bond Counsel, under current law, interest on the Obligations (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Obligations.

Bond Counsel's opinion is given in reliance upon certifications by representatives of the District as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and is subject to the condition that there is compliance subsequent to the issuance of the Obligations with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The District has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Obligations and the timely payment to the United States of any arbitrage rebate amounts with respect to the Obligations. Failure by the District to comply with such covenants, among other things, could cause interest on the Obligations to be included in gross income for federal income tax purposes retroactively to their date of issue.

Customary practice in the giving of legal opinions includes not detailing in the opinion all the assumptions, limitations and exclusions that are a part of the conclusions therein. See "Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions", 63 Bus. Law. 1277 (2008) and "Legal Opinion Principles", 53 Bus. Law. 831 (May 1998). Purchasers of the Obligations should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Obligations.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is not a guarantee of result or binding on the Internal Revenue Service (the "Service") or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

Alternative Minimum Tax

Individuals – Bond Counsel's opinion states that under current law interest on the Obligations is not an item of reference and is not subject to the alternative minimum tax on individuals.

Applicable Corporations – Bond Counsel's opinion also states that under current law interest on the Obligations is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. Under current law, an "applicable corporation" generally is a corporation with average annual adjusted financial statement income for a 3-taxable-year period ending after December 31, 2021 that exceeds $1 billion.

Other Tax Matters

The Obligations will be designated as qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

In addition to the matters addressed above, prospective purchasers of the Obligations should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Obligations should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Obligations should consult their own tax advisors as to the status of interest on the Obligations under the tax laws of any state, local, or foreign jurisdiction.

The Service has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Obligations, under current Service procedures, the Service will treat the District as the taxpayer and the owners of the Obligations will have only limited rights, if any, to participate.

There are many events that could affect the value and liquidity or marketability of the Obligations after their issuance, including but not limited to public knowledge of an audit of the Obligations by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, federal or state legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Obligations who purchase Obligations after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations and purchasers of the Obligations should seek advice concerning such matters as they deem prudent in connection with their purchase of Obligations.

Original Issue Discount

Some of the Obligations may be sold at initial sale prices that are less than their respective stated redemption prices payable at maturity (collectively, the "Discount Obligations"). The excess of (i) the stated redemption price at maturity of each maturity of the Discount Obligations, over (ii) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the Discount Obligations is sold will constitute original issue discount. Original issue discount will accrue for federal income tax purposes on a constant-yield-to-maturity method based on regular compounding; and a holder's basis in such a Obligation will be increased by the amount of original issue discount treated for federal income tax purposes as having accrued on the Obligation while the holder holds the Obligation.

Under the Code, for purposes of determining a holder's adjusted basis in a Discount Obligation, original issue discount treated as having accrued while the holder holds the Obligation will be added to the holder's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on semiannual compounding. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of a Discount Obligation.

Prospective purchasers of Discount Obligations should consult their own tax advisors as to the calculation of accrued original issue discount and the state and local tax consequences of owning or disposing of such Obligations.

Obligation Premium

Obligations purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder's basis in such a Obligation must be reduced by the amount of premium which accrues while such Obligation is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Obligations while so held. Purchasers of such Obligations should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Obligations.

Designation for Purchase by Financial Institutions

The Code generally provides that financial institutions may not deduct any of the interest expense (the "cost of carry") allocable to tax-exempt obligations acquired after August 7, 1986, other than qualified tax-exempt obligations. Financial institutions may not deduct 20% of the cost of carry allocable to qualified tax-exempt obligations. An obligation's status as a qualified tax-exempt obligation is dependent upon an affirmative act of designation by the issuer and is subject to, among other things, the issuer and its "subordinate entities," within the meaning of Section 265(b)(3) of the Code, complying with limitations on the amount of obligations that may be issued and designated in the same calendar year.

The District has designated the Obligations as qualified tax-exempt obligations and has covenanted to comply with the provisions of Section 265(b)(3).

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Obligations qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the District's continuing disclosure obligations because the District does not have more than $10,000,000 in aggregate amount of outstanding debt that is offered pursuant to Rule 15c2-12 and no person is committed by contract or other arrangement with respect to payment of the Obligations. Pursuant to the exemption, the District in the Orders has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Obligations. Under the agreement, the District will be obligated to provide certain updated financial information and operating data and timely notice of specified events to the MSRB through its EMMA system.

Annual Report

The District will provide certain updated financial information and operating data, which is customarily prepared by the District and is publicly available, to the MSRB on an annual basis. Such information to be provided consists of the District's financial statements of the type attached hereto as Appendix B. The District will update and provide this information within 12 months after the end of each fiscal year, commencing with the fiscal year ending June 30, 2024. The financial statements of the District will be 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. 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 the last day of June. Accordingly, the District must provide updated information 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.

Event Notices

The District shall notify the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Obligations: (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 Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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 trustee or the change of name of trustee, if material; (15) incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Noteholders', Bondholders' and TimeWarrantholders' , if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties. Neither the Obligations nor the Orders make any provision for debt service reserves, credit enhancement, or liquidity enhancement. In the Orders, the District will adopt policies and procedures to ensure timely compliance of its continuing disclosure undertakings. The District shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with the Rule. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

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

Availability of Information

All information and documentation filing required to be made by the District in accordance with its undertaking made for the Obligations will be made with the MSRB in electronic format in accordance with MSRB guidelines, by and through EMMA. Access to such filings will be provided, without charge to the general public, by the MSRB through EMMA at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that has been provided except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Obligations may seek a writ of mandamus to compel the District to comply with its agreement. Nothing in this paragraph is intended or shall act to disclaim, waive or limit the District's duties under federal or state securities laws.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if, but only if, (1) the agreement, as so amended, would have permitted underwriters to purchase or sell Obligations in the initial primary offering in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Obligations consent or (b) any qualified person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. If the District amends its agreement, it has agreed to include with the financial information and operating data next provided, in accordance with its agreement described above under "Annual Reports," an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and operating data so provided.

Compliance with Prior Undertakings

The District failed to timely file its 2021 audited financial statements. The 2021 audit was filed on December 22, 2022, and an event notice relating to the late filing was filed on January 26, 2024. Otherwise, during the past five years, the District has complied in all material respects with its previous continuing disclosure agreements in accordance with the Rule.

OTHER INFORMATION

Rating

Moody's Investors Service, Inc. ("Moody's") has assigned its municipal rating of "____" to the Obligations. The rating reflects only the view of Moody's, 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 Moody's if in the judgment of the company circumstances so warrant. Any such downward revision or withdrawal by such rating may have an adverse effect on the market price of the Obligations.

No Litigation Certificate

The District will furnish to the Initial Purchaser a certificate, dated as of the date of delivery of the Obligations, executed by an authorized officer of the District, to the effect that, except as disclosed in this Official Statement, no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Obligations; restraining or enjoining the issuance, execution or delivery of the Obligations; affecting the provisions made for the payment of or security for the Obligations; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Obligations; or affecting the validity of the Obligations.

Registration and Qualification of Obligations for Sale

No registration statement relating to the Obligations has been filed with the Securities and Exchange Commission under the federal Securities Act of 1933, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Obligations have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been registered or qualified under the securities acts of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Obligations under the securities laws of any other jurisdiction in which the Obligations may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration and qualification for sale or other disposition of the Obligations shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdictions.

The Obligations as Legal Investments in Texas

Under the Texas Public Security Procedures Act (Texas Government Code, Chapter 1201), the Obligations (1) are negotiable instruments, (2) are investment securities to which Chapter 8 of the Texas Business and Commerce Code applies, and (3) 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 Obligations 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. With respect to investment in the Obligations by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires the Obligations to be assigned a rating of "A" or its equivalent as to investment quality by a national rating agency. (See "Rating" above). In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations 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 Obligations for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Obligations for such purposes. The District has made no review of laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

Legal Matters

The delivery of the Obligations is subject to the approving opinion of the Attorney General of Texas to the effect that the Obligations are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property in the District, and the approving legal opinion of Hunton Andrews Kurth LLP, Houston, Texas, Bond Counsel to the District ("Bond Counsel"), in substantially the form attached hereto as Appendix C. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent upon the sale and delivery of the Obligations.

In its capacity as Bond Counsel, Hunton Andrews Kurth LLP, has not independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation into the affairs of the District and Bond Counsel has no opinion as to the accuracy or completeness of this Official Statement. Bond Counsel's role in connection with this Official Statement was limited to reviewing the information describing the Obligations in the Official Statement to verify that such descriptions conform to the provisions of the Orders. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained herein.

The various legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Audited Financial Statements

Singleton, Clark & Company, PC, the District's independent auditor, has consented to the inclusion of its opinion on the financial statements of the District as of and for the year ended June 30, 2023, however, Singleton, Clark & Company, PC has not been engaged to perform and has not performed, since the date of its report included herein any procedures on the financial statements addressed in that report. Singleton, Clark & Company, PC also has not performed any procedures relating to this offering document.

Financial Advisor

USCA Municipal Advisors, LLC ("USCA" or the "Financial Advisor"), a subsidiary of U.S. Capital Advisors, LLC, is employed as Financial Advisor to the District in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. USCA, in its capacity as Financial Advisor, has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

USCA has reviewed the information in this Official Statement in accordance with its responsibilities to the District and, as applicable, to investors under federal securities laws as applied to the facts and circumstances of this transaction, but USCA does not guarantee the accuracy or completeness of such information.

Sale of Obligations

The Notes

After requesting competitive bids for the Notes, the District has accepted a bid tendered by ____________________ (the "Initial Purchaser") to purchase the Notes at the rates shown on the inside cover page of this Official Statement at a price of $_____________. No assurance can be given that any trading market will be developed for the Notes after their initial sale by the District. The District has no control over the prices at which the Notes will initially be re-offered to the public.

The Bonds

After requesting competitive bids for the Bonds, the District has accepted a bid tendered by ____________________ (the "Initial Purchaser") to purchase the Bonds at the rates shown on the inside cover page of this Official Statement at a price of $_____________. No assurance can be given that any trading market will be developed for the Bonds after their initial sale by the District. The District has no control over the prices at which the Bonds will initially be re-offered to the public.

The Time Warrants

After requesting competitive bids for the Time Warrants, the District has accepted a bid tendered by ____________________ (the "Initial Purchaser") to purchase the Time Warrants at the rates shown on the inside cover page of this Official Statement at a price of $_____________. No assurance can be given that any trading market will be developed for the Time Warrants after their initial sale by the District. The District has no control over the prices at which the Time Warrants will initially be re-offered to the public.

MISCELLANEOUS

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 such 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 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.

Certification of the Official Statement

At the time of payment for and delivery of the Obligations, the Initial Purchaser will be furnished a certificate, executed by a proper officer acting in his or her official capacity, to the effect that to the best of his or her knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Obligations and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the District, and their activities contained in such Official Statement are concerned, such statements, and data have been obtained from sources which the District believes to be reliable and the District has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the District since the date of the last audited financial statements of the District.

WAELDER INDEPENDENT SCHOOL DISTRICT

/s/ ______________________________
President, Board of Trustees

ATTEST:

/s/ ______________________
Secretary, Board of Trustees

APPENDIX A

INFORMATION REGARDING THE DISTRICT

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT

2023 Certified Net Taxable Valuation (100% of Estimated Market Value)	$ 343,372,615	[a]
Outstanding Debt (December 1, 2023)	$ 5,120,000	
Less: Refunded Notes	2,810,000	*
Plus: The Notes	870,000	*
Plus: The Bonds	2,745,000	*
Plus: The Time Warrants	1,000,000	*
Total Direct Debt	$ 6,925,000	*
As a % of Assessed Valuation	2.02%	

[a] Source: Gonzales Central Appraisal District and the Caldwell Counties Appraisal District.
* Preliminary, subject to change.

TABLE 2 - ASSESSED VALUATION BY CATEGORY [a]

	Tax Year 2023	Tax Year 2022	Tax Year 2021	Tax Year 2020	Tax Year 2019
Real Property	$ 900,897,446	$ 782,575,201	$ 673,700,211	$ 606,664,144	$ 600,052,454
Personal Property	26,112,120	24,828,510	131,273,090	76,296,310	89,182,680
Gross Value	$ 927,009,566	$ 807,403,711	$ 804,973,301	$ 682,960,454	$ 689,235,134
Less Adjustments [b][c]	583,636,951	502,032,633	531,833,838	481,132,736	463,178,823
Net Taxable Value	$ 343,372,615	$ 305,371,078	$ 273,139,463	$ 201,827,718	$ 226,056,311

[a] Values may differ from those shown elsewhere in the documents due to subsequent additions, deletions, and adjustments to the tax rolls.
[b] Includes exemptions, productivity loss.
[c] Excludes Frozen Values of $12,293,663 for 2023; $16,814,478 for 2022; $35,665,996 for 2021, $14,377,697 for 2020, and $12,826,836 for 2019.

TABLE 3 - TAX RATE, LEVY AND COLLECTION HISTORY; TAX RATE DISTRIBUTION

Fiscal Year End	Tax Year	Taxable Assessed Valuation [b]	Tax Rate	Tax Levy	Percent Collected Current	Percent Collected Total [a]
2020	2019	$ 226,056,311	$ 1.0728	$ 2,335,278	91.29%	93.79%
2021	2020	201,827,718	1.0697	2,113,401	95.80%	102.08%
2022	2021	273,139,463	0.9531	2,446,032	95.15%	98.39%
2023	2022	305,371,078	0.9289	2,788,755	96.42%	98.59%
2024	2023	343,372,615	0.7364	3,968,335	In process of collection	

[a] Excludes penalties and interest.
[b] Values may differ from those shown elsewhere in the documents due to subsequent additions, deletions, and adjustments to the tax rolls.

Tax Rate Distribution

	2023	2022	2021	2020	2019
Maintenance	$ 0.6692	$ 0.8546	$ 0.8720	$ 0.9664	$ 0.9700
Debt Service	0.0672	0.0743	0.0811	0.1033	0.1028
Total	$ 0.7364	$ 0.9289	$ 0.9531	$ 1.0697	$ 1.0728

TABLE 4 - TEN LARGEST TAX PAYERS

Name	2023 Net Taxable Assessed Valuation	% of Total 2023 Net Taxable [(a) (b)] Assessed Valuation
Permian Hwy Pipeline	$ 51,930,450	15.124%
Cal Maine Foods	39,352,930	11.461%
Union Pacific Railway	16,500,030	4.805%
J & B Sausage Co	10,904,430	3.176%
ROCC Oil & Gas LLC	7,502,230	2.185%
Flint Hills Resources	4,494,440	1.309%
CBTR Holdings	3,844,200	1.120%
Danny Van Janecka	1,987,180	0.579%
LCRA Transmission Services	1,640,060	0.478%
Candelaria Ranch LLC	1,514,910	0.441%
	$ 139,670,860	40.676%

(a) Source: Gonzales Central Appraisal District and Caldwell County Appraisal District.

(b) As shown in the table above, the top ten taxpayers in the District currently account for approximately 41% of the District's tax base. Adverse developments in economic conditions, especially in the oil and natural gas industry, could adversely impact the businesses that own oil and/or natural gas properties in the District and the tax values in the District, resulting in less local tax revenue. If any major taxpayer were to default in the payment of taxes, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, to raise the tax rate applicable to all District taxpayers, which can only occur annually, or, perhaps, to sell tax anticipation notes until such amounts could be collected, if ever. See "THE OBLIGATIONS – Noteholders', Bondholders' and Time Warrantholders' Remedies" and "AD VALOREM TAX PROCEDURES - District's Rights in the Event of Tax Delinquencies" in this Official Statement.

TABLE 5 - TAX ADEQUACY

Unlimited Tax Obligations

Average Annual Debt Service Requirements	$	226,489
$ 0.0695 per $100 AV against the 2023 Net Taxable AV, at 95% collection, produces	$	226,712
Maximum Annual Debt Service Requirements (2031)	$	231,075
$ 0.0710 per $100 AV against the 2023 Net Taxable AV, at 95% collection, produces	$	231,605

Limited Tax Obligations (Maintenance Tax Notes and Maintenance Tax Refunding Bonds)

Estimataed Average Annual Debt Service Requirements	$	289,031
$ 0.0889 per $100 AV against the 2023 Net Taxable AV, at 95% collection, produces	$	289,995 (a)
Estimated Maximum Annual Debt Service Requirements (2024)	$	294,500
$ 0.0904 per $100 AV against the 2023 Net Taxable AV, at 95% collection, produces	$	294,888 (a)

(a) Includes the Notes and Bonds. Does not include the Time Warrants. Preliminary, subject to change.

TABLE 6 - ESTIMATED OVERLAPPING DEBT

The following summary of estimated ad valorem tax bonds of taxing entities in the District was compiled from a variety of sources listed below. No representation is made with respect to the accuracy or completion of the information obtain from sources other than the District. Furthermore, certain entities listed below my have issued substantial amounts of bonds since the dates shown in this table and may have capital improvement programs requiring the issuance of a substantial amounts of additional bonds. Sources include: The Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas, the Caldwall County Appraisal District and the Gonzales Central Appraisal District.

Taxing Jurisdiction	Total Debt [a]	Estimated % Overlapping	Overlapping Debt
Caldwell County	$ 15,270,000	1.10%	$ 167,970
Gonzales County	-	5.90%	$ -
Waelder, City of	-	100.00%	-
Estimated Overlapping Debt	$ 15,270,000		$ 167,970
The District	$ 6,925,000	100.00%	6,925,000 [b]
Total Estimated & Overlapping Debt			$ 7,092,970

[a] Gross Debt as of November 30, 2023.

[b] Includes the Notes, the Bonds and the Time Warrants. Preliminary, subject to change.

TABLE 7 - TAX SUPPORTED DEBT SERVICE REQUIREMENTS

UNLIMITED TAX DEBT

FYE	Outstanding Debt Service
2024	$ 222,863
2025	222,463
2026	227,913
2027	228,038
2028	228,000
2029	227,800
2030	227,025
2031	231,075
2032	224,775
2033	228,475
2034	226,825
2035	225,000
2036	227,000
2037	223,600
	$ 3,170,850

Average Annual Debt Service Requirements	$ 226,489
Maximum Annual Debt Service Requirements (2031)	$ 231,075

TABLE 7 (continued) - LIMITED TAX DEBT AND TIME WARRANTS

FYE	Outstanding Debt Service	Less Refunded Notes	The Notes* Principal*	The Notes* Interest*	The Notes* Total*	The Bonds* Principal*	The Bonds* Interest*	The Bonds* Total*	The Time Warrants* Principal*	The Time Warrants* Interest*	The Time Warrants* Total*	Total Debt Service*
2024	$ 397,465	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 397,465
2025	402,730	402,730	115,000	36,586	151,586	-	113,994	113,994	50,000	43,271	89,444	355,024
2026	402,500	402,500	110,000	38,300	148,300	-	137,250	137,250	50,000	47,750	87,800	373,350
2027	401,940	401,940	115,000	32,250	147,250	-	137,250	137,250	50,000	45,000	90,800	375,300
2028	406,050	406,050	125,000	26,500	151,500	-	137,250	137,250	55,000	42,500	88,600	377,350
2029	404,665	404,665	130,000	20,250	150,250	-	137,250	137,250	55,000	39,750	91,400	378,900
2030	407,950	407,950	135,000	13,750	148,750	-	137,250	137,250	60,000	37,000	89,000	375,000
2031	410,740	410,740	140,000	7,000	147,000	-	137,250	137,250	60,000	34,000	91,600	375,850
2032	408,035	408,035	-	-	-	155,000	137,250	292,250	65,000	31,000	89,000	381,250
2033	-	-	-	-	-	165,000	129,500	294,500	70,000	27,750	91,400	385,900
2034	-	-	-	-	-	170,000	121,250	291,250	70,000	24,250	88,600	379,850
2035	-	-	-	-	-	180,000	112,750	292,750	75,000	20,750	90,800	383,550
2036	-	-	-	-	-	190,000	103,750	293,750	80,000	17,000	87,800	381,550
2037	-	-	-	-	-	195,000	94,250	289,250	85,000	13,000	89,800	379,050
2038	-	-	-	-	-	205,000	84,500	289,500	85,000	8,750	86,600	376,100
2039	-	-	-	-	-	220,000	74,250	294,250	90,000	4,500	88,400	382,650
2040	-	-	-	-	-	230,000	63,250	293,250	-	-	-	293,250
2041	-	-	-	-	-	240,000	51,750	291,750	-	-	-	291,750
2042	-	-	-	-	-	250,000	39,750	289,750	-	-	-	289,750
2043	-	-	-	-	-	265,000	27,250	292,250	-	-	-	292,250
2044	-	-	-	-	-	280,000	14,000	294,000	-	-	-	294,000
	$ 3,642,075	$ 3,244,610	$ 870,000	$ 174,636	$ 1,044,636	$ 2,745,000	$ 1,990,994	$ 4,735,994	$ 1,000,000	$ 436,271	$ 1,341,044	$ 7,519,139

Estimataed Average Annual Debt Service Requirements	$ 378,634
Estimated Maximum Annual Debt Service Requirements (2024)	$ 397,465

* Preliminary, subject to change. Interest is shown for illustration purposes only.

TABLE 8 - AUTHORIZED BUT UNISSUED UNLIMITED TAX BONDS

Date Authorized	Purpose	Amount Authorized	Heretofore Issued	The New Money Bonds	Authorized but Unissued

The District has no authorized but unissued bonds.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION [(a)]

Tax Supported Debt Service Requirements, FYE 2024		$ 222,863
Debt Service Fund, FYE 2023	$ 221,502	
Estimated Interest and Sinking Fund Tax Levy @ 95% collection	219,209	440,711.08
Estimated Debt Service Fund Balance, FYE 2024		$ 217,849

[(a)] Does not include the Notes, the Bonds or the Time Warrants.

TABLE 10 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY [(a)]

For Fiscal Year End	2023	2022	2021	2020	2019
REVENUES					
Local and Intermediate Sources	$ 2,805,255	$ 2,611,660	$ 2,192,554	$ 2,184,484	$ 2,278,407
State Program Revenues	1,323,138	1,857,888	1,817,383	1,655,218	1,418,214
Federal Program Revenues	251,235	287,768	257,797	261,381	265,626
Total Revenues	$ 4,379,628	$ 4,757,316	$ 4,267,734	$ 4,101,083	$ 3,962,247
EXPENDITURES					
Instruction	$ 2,316,515	$ 1,589,437	$ 2,059,961	$ 1,965,136	$ 2,040,008
Instructional Resources and Media	48,496	48,343	38,248	37,388	29,869
Curriculum & Staff Dev.	39,852	85,482	7,019	10,163	28,199
School and Instructional Leadership	249,352	311,614	261,039	239,469	246,606
Guidance, Counsel & Evaluation. Serv.	75,589	74,939	70,993	80,358	5,801
Health Services	66,400	64,977	69,044	60,129	54,151
Student (Pupil) Transportation	180,538	192,299	142,621	79,131	96,298
Food Services	295,528	274,709	258,502	238,676	213,455
Extracurricular Activities	119,153	142,064	90,569	77,850	74,295
General Administration	494,606	357,761	333,232	300,993	333,984
Plant Maintenance and Operations	456,474	554,611	678,985	327,018	310,023
Security and Monitoring Services	54,451	15,990	12,911	4,036	3,068
Data Processing Services	174,297	240,758	221,437	227,127	227,243
Principal on Long-Term Debt	287,432	12,397	2,264	13,135	11,501
Interest on long-term debt	63,616	135	16	545	1,147
Capital Outlay	-	29,574	-	-	-
Pmts related to Shared Serv. Arrang.	56,200	22,940	31,400	24,678	22,490
Other Intergovernmental Charges	65,185	61,494	50,173	59,582	61,894
Total Expenditures	$ 5,043,684	$ 4,079,524	$ 4,328,414	$ 3,745,414	$ 3,760,032
Excess (Deficiency) Rev. Over Exp.	$ (664,056)	$ 677,792	$ (60,680)	$ 355,669	$ 202,215
Proceeds from capital lease/sale of property					
Transfers In (Out)	-	33,990	-	-	-
Other (Uses)		(33,990)			13,237
Excess (Deficiency) of Rev. and Other Resources Over Exp. and Other Uses	$ (664,056)	$ 677,792	$ (60,680)	$ 355,669	$ 215,452
Fund Balance - July 1 (Beginning)	$ 4,315,305	$ 3,637,513	$ 3,698,193	$ 3,342,524	$ 3,127,072
Increase (Decrease) in Fund Balance		-		-	-
Fund Balance - June 30 (Ending)	$ 3,651,249	$ 4,315,305	$ 3,637,513	$ 3,698,193	$ 3,342,524

[(a)] Source: District's audited financial reports.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

**THE DISTRICT'S
AUDITED FINANCIAL REPORT
FOR YEAR ENDED
JUNE 30, 2023**

[THIS PAGE INTENTIONALLY LEFT BLANK]

WAELDER INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL AND
COMPLIANCE REPORT

FOR THE YEAR ENDED
JUNE 30, 2023

SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

WAELDER INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

Exhibit		Page
	CERTIFICATE OF BOARD	1
	FINANCIAL SECTION	
	Independent Auditor's Report	5
	Management's Discussion and Analysis	9
	Basic Financial Statements:	
	Government-wide Statements:	
A-1	Statement of Net Position	18
B-1	Statement of Activities	19
	Governmental Fund Financial Statements:	
C-1	Balance Sheet – Governmental Funds	20
C-1R	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
C-2	Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	22
C-2R	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	23
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	25
	Proprietary Fund Financial Statements:	
D-1	Statement of Net Position – Proprietary Funds	26
D-2	Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	27
D-3	Statement of Cash Flows – Proprietary Funds	29
	Fiduciary Fund Financial Statements:	
E-1	Statement of Fiduciary Net Position – Fiduciary Funds	30
E-2	Statement of Changes in Fiduciary Net Position – Fiduciary Funds	31
	Notes to the Financial Statements	33
	Required Supplementary Information:	
G-1	Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System	64
G-2	Schedule of District Contributions – Teacher Retirement System	66
G-3	Schedule of the District's Proportionate Share of the Net OPEB Liability – Texas Public School Retired Employees Group Insurance Plan	68
G-4	Schedule of District Contributions – Texas Public School Retired Employees Group Insurance Plan	70
	Notes to Required Supplementary Information	73
	Combining and Individual Fund Statements and Schedules:	
H-1	Combining Balance Sheet – Nonmajor Governmental Funds	76
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	78

WAELDER INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS
(Continued)

FINANCIAL SECTION (Continued)

	Combining and Individual Fund Statements and Schedules (Continued):	
J-1	Schedule of Delinquent Taxes Receivable	80
J-3	Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	83
J-4	Use of Funds Report – Select State Allotment Programs	85
L-1	Schedule of Required Responses to Selected School First Indicators	87

FEDERAL AWARDS SECTION

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*	91
Schedule of Findings and Questioned Costs	95
Corrective Action Plan	101

CERTIFICATE OF BOARD

Waelder Independent School District	Gonzales	089-905
Name of School District	County	Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ✓ approved _______ disapproved for the year ended June 30, 2023, at a meeting of the Board of Trustees of such school district on the 27th day of November, 2023.

Signature of Board Secretary

Signature of Board President

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

THIS PAGE LEFT BLANK INTENTIONALLY

FINANCIAL SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Waelder Independent School District

Report on the Audit of 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 Waelder Independent School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Waelder Independent School 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 Waelder Independent School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Cedar Park Office (HQ)
1130 Cottonwood Creek Trail, B4
Cedar Park, Texas 78613

(800) 272-9922
www.SingletonClark.com

Alpine Office
108 N. 5th Street
Alpine, Texas 79830

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section which precedes the basic financial statements and the pension and other post-employment benefits liabilities related schedules following the notes to the financial statements 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 Waelder Independent School District's basic financial statements. The accompanying combining schedules of non-major governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules of non-major governmental funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included within the annual report. The other information comprises exhibits required by the Texas Education Agency which present property tax collection and receivable information, budget-to-actual comparisons for the Child Nutrition Fund and Debt Service Fund, and information related to expenditure levels of selected state funding allotments. Our opinions on the basic financial statements do not cover this other 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 information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2023 on our consideration of Waelder Independent School 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 Waelder Independent School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Waelder Independent School District's internal control over financial reporting and compliance.

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Cedar Park, Texas

September 8, 2023

THIS PAGE LEFT BLANK INTENTIONALLY

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Waelder Independent School District (the "District") discuss and analyze the financial performance of the District for the fiscal year ended June 30, 2023. Please read this information in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position for governmental activities decreased by $687,639 as a result of this year's current operations, to end at $2,190,813.

- Total governmental funds of the District (the General Fund plus all Special Revenue Funds, the Capital Projects Fund, and the Debt Service Fund) reported an overall fund balance increase of $780,306, to end at $5,298,844.

- The General Fund of the District reported a fund balance decrease of $664,056 for the year, to end at $3,651,249.

OVERVIEW OF THE FINANCIAL SECTION

The Financial Section is the most substantial part of this Annual Financial and Compliance Report. It consists of the independent auditor's report, management's discussion and analysis (this section), a set of basic financial statements with required note disclosures, and finally, required supplementary information and other supporting statements and schedules as applicable.

Independent Auditor's Report

State law requires the District's financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual audit is for the auditor to express an opinion as to whether the financial statements of the District appear to be free from material misstatement. The audit is required to be conducted 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. The District received an *Unmodified* opinion on its financial statements this year.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) section of the report is intended to introduce the financial statements and to provide discussion and analysis regarding the financial performance of the District during the year. The MD&A is written by management of the District and provides for a less formal presentation of the financial activities of the District than is found within the basic financial statements themselves.

Basic Financial Statements

The Basic Financial Statements consist of a series of financial statements and required note disclosures. These statements include government-wide financial statements which present the District in a consolidated and long-term manner using full-accrual accounting similar to that of a business enterprise, and fund financial statements which present a more detailed view of the District using a more short-term view and traditional modified-accrual governmental accounting. These financial statements are followed with detailed notes which provide narrative explanations and additional data for full disclosure of information.

Required Supplementary Information

The previously discussed Management's Discussion and Analysis section is considered to be required supplementary information, however, the governmental reporting framework requires that it be presented before the financial statements. When applicable, additional required supplementary information must follow the financial statements. Within this financial report, the District presents required schedules related to its participation in the Teacher Retirement System of Texas and the Texas Public School Retired Employees Group Insurance Plan.

Combining and Individual Fund Statements and Schedules

The combining statements provide detailed information about the District's nonmajor funds. While the primary financial statements present the nonmajor funds in a consolidated manner, the combining statements list all of the nonmajor funds separately, each in its own column. In addition, this section also includes schedules required by the Texas Education Agency to report tax collection information and budget to actual information for the District's debt service functions.

OVERVIEW OF THE FEDERAL AWARDS SECTION

Report on Internal Controls and Compliance

In accordance with *Government Auditing Standards*, the auditor is required to consider the internal controls the District has in place over financial reporting and whether any noncompliance with rules, laws, and regulations was noted during the audit. This report describes the scope of the testing of internal control and compliance, however, it does not provide an opinion on the effectiveness of internal control or on compliance.

Schedule of Findings and Questioned Costs

The Schedule of Findings and Questioned Costs provides an overall summary of auditor results, including identification of the type of opinion on the financial statements, whether any significant deficiencies or material weaknesses in internal controls were observed by the audit firm, and whether any material noncompliance was noted. This schedule also lists any audit findings reported by the audit firm for the year.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows, liabilities, and deferred inflows at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

The Statement of Net Position and the Statement of Activities report the District's net position and changes in net position. The District's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) provides one measure of the District's financial health. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, school districts divide up their financial activities as follows:

- Governmental activities – School districts report basic services here, including the instruction of students, counseling, co-curricular activities, child nutrition services, transportation, maintenance, community services, and general administration. Property taxes, state block grants based on student attendance and demographics, and other state and federal grants finance most of these activities.

- Business-type activities – School districts may charge a fee to "customers" to help it cover all or most of the cost of services it provides for child care programs or other activities that closely model a business venture.

Our school district reported governmental activities this year, however, we did not engage in business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements follow the government-wide statements and provide detailed information about the most significant funds of the District, not the District as a whole. Laws and regulations require the District to establish separate funds, such as for grants received from the state and federal government, money received from bond issues for capital projects, or for money raised specifically for debt service purposes, in order to clearly display financial accountability for use of these funds.

School districts use two different kinds of funds for operations, governmental funds and proprietary funds, which use different accounting approaches.

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

- A school district will use *proprietary funds* to account for the activities for which it charges users (whether outside customers or other units of the District). Proprietary funds use the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, when a district utilizes enterprise funds, (one category of proprietary funds) these are the business-type activities reported in the government-wide statements but they contain more detail and additional information, such as cash flows. Internal service funds (the other category of proprietary funds) report activities that provide supplies and services for a district's other programs and activities, such as a district's self-insurance programs.

Our District reported several governmental funds this year, however, we did not utilize proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumni scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages that follow the governmental fund and proprietary fund financial statements. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is however responsible for applying sound financial internal controls over these funds and for ensuring that these resources are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities decreased from $2,878,452 to $2,190,813. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was $1,371,114 at June 30, 2023. The decrease in governmental net position was primarily due to factors such as the issuance of a tax note which substantially increased the district's Long-Term Liabilities.

Table I
Waelder Independent School District
Net Position

	Governmental Activities 2023	Governmental Activities 2022	Change
Current & Other Assets	$ 6,057,755	$ 5,325,770	$ 731,985
Capital Assets	4,615,245	3,106,850	1,508,395
Total Assets	10,673,000	8,432,620	2,240,380
Deferred Outflows of Resources	1,800,229	803,896	996,333
Current Liabilities	550,447	586,338	(35,891)
Long-Term Liabilities	7,888,119	4,280,174	3,607,945
Total Liabilities	8,438,566	4,866,512	3,572,054
Deferred Inflows of Resources	1,843,850	1,491,552	352,298
Net Position:			
Net Investment in Capital Assets	406,360	405,290	1,070
Restricted	413,339	406,134	7,205
Unrestricted	1,371,114	2,067,028	(695,914)
Total Net Position	$ 2,190,813	$ 2,878,452	$ (687,639)

Table II
WAELDER INDEPENDENT SCHOOL DISTRICT
Changes in Net Position

	Governmental Activities 2023	Governmental Activities 2022	Change
Revenues:			
Program Revenues:			
Charges for Services	$ 33,956	$ 16,751	$ 17,205
Operating Grants & Contributions	383,832	1,051,508	(667,676)
General Revenues:			
Maintenance & Operations Taxes	2,601,837	2,467,539	134,298
Debt Service Taxes	226,241	230,554	(4,313)
State Aid - Formula Grants	1,109,407	1,638,231	(528,824)
Grants & Contributions not Restricted	266,419	305,623	(39,204)
Investment Earnings	134,552	10,420	124,132
Miscellaneous	65,716	118,784	(53,068)
Total Revenue	4,821,960	5,839,410	(1,017,450)
Expenses:			
Instruction	2,477,867	2,539,396	(61,529)
Instructional Resources & Media Services	49,396	47,315	2,081
Curriculum & Instructional Staff Development	42,441	90,602	(48,161)
Instructional Leadership	2,803	25,052	(22,249)
School Leadership	252,537	288,183	(35,646)
Guidance, Counseling, & Evaluation Services	77,967	72,010	5,957
Health Services	67,284	62,491	4,793
Student Transportation	176,571	131,340	45,231
Food Services	230,079	229,483	596
Extracurricular Activities	153,775	131,908	21,867
General Administration	517,721	359,416	158,305
Facilities Maintenance and Operations	482,317	521,399	(39,082)
Security and Monitoring Services	390,591	16,784	373,807
Data Processing Services	180,991	236,664	(55,673)
Debt Service	277,988	94,502	183,486
Payments to Fiscal Agent	59,851	22,940	36,911
Other Intergovernmental Charges	69,420	61,494	7,926
Total Expenses	5,509,599	4,930,979	578,620
Change in Net Position	(687,639)	908,431	(1,596,070)
Net Position at 7/1/22 and 7/1/21	2,878,452	1,970,021	908,431
Net Position at 6/30/23 and 6/30/22	$ 2,190,813	$ 2,878,452	$ (687,639)

THE DISTRICT'S FUNDS

As the District completed this annual period, the General Fund reported a fund balance of $3,651,249, which is $664,056 less than last year's total of $4,315,305. The District had initially planned for a fund balance increase of just over $880,000 in the originally adopted budget, however during the year significant amendments were made to the expenditures budget to reflect higher than anticipated costs, primarily in Function 11. Final year end expenditures were approximately $1.1 million higher than originally budgeted. This overage however was partially offset by a budgeted transfer out of the General Fund of $373,000 which was ultimately not needed.

The District's Capital Projects Fund reported a fund balance of $1,449,513 which is $1,449,513 more than last year's total of $0. This fund balance was the result of the District issuing capital debt during the fiscal year in the amount of $3,380,000 and then spending down those proceeds by year end by $1,930,487. The purpose of the Capital Projects Fund is to provide for the separate and clear accountability of the use of funds raised for specific capital projects.

The District's other governmental funds reported a combined fund balance decrease of $5,151 as a result of the current year's operations, to end at $198,082.

Over the course of the year, the Board of Trustees generally revises the District's budget based on financial updates provided by management of the District. These amendments involve moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs, or to react to originally unforeseen circumstances, such as unanticipated new revenues or unavoidable new costs. Budget amendments to Local, State, and Federal Revenues as well as Instruction, Student Transportation, Food Services, General Administration, Debt Service, and Facilities Acquisition & Construction Expenditures were considered significant.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the District had $4,615,245 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

A summary of the ending balances of capital assets by major category for both 2023 and 2022 is as follows:

	Governmental Activities 2023	Governmental Activities 2022	Change
Land	$ 69,040	$ 69,040	$ -
Construction in Progress	22,374	22,374	-
Buildings	8,131,821	6,421,166	1,710,655
Furniture and Equipment	1,044,553	920,073	124,480
Right to Use Leased Assets	65,370	65,370	-
Total	9,333,158	7,498,023	1,835,135
Less Accumulated Depreciation	(4,717,913)	(4,391,173)	(326,740)
Capital Assets, Net of Depreciation	$ 4,615,245	$ 3,106,850	$ 1,508,395

Debt

At year-end, the District had $5,658,398 in bonds and other long-term debt outstanding versus $2,701,560 last year. The increase is attributable to the issuance of Maintenance Tax Note during the fiscal year.

A summary of the ending balances of long-term debt by type for both 2023 and 2022 is as follows:

	Governmental Activities 2023	Governmental Activities 2022	Change
Bonds Payable	$ 2,525,219	$ 2,660,949	$ (135,730)
Notes Payable	3,105,000	-	3,105,000
Leases Payable	28,179	40,611	(12,432)
Total	$ 5,658,398	$ 2,701,560	$ 2,956,838

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2023- 2024 budget and tax rates. Those factors include property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates. The District has adopted a General Fund budget of $4.02 million for the 2023-2024 fiscal year. This reflects an approximate decrease $4.75 million in budgeted expenditures from the fiscal year 2022-2023 amended budget to fiscal year 2023-2024.

For the 2023-2024 budget year, the District has decreased its maintenance and operations tax rate at $0.6692 per hundred of taxable value. The District adopted a debt service tax rate of $0.0672 for the 2023-2024 budget year in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2023-2024 budget year is $0.7364 per hundred of taxable value.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office, at Waelder Independent School District, 201 US Hwy 90 West, Waelder, Texas 78959, or by calling (830) 239-5600.

THIS PAGE LEFT BLANK INTENTIONALLY

BASIC FINANCIAL STATEMENTS

EXHIBIT A-1

WAELDER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

Data Control Codes		Primary Government 1 Governmental Activities
	ASSETS	
1110	Cash and Cash Equivalents	$ 2,122,995
1120	Investments - Current	3,392,006
1225	Property Taxes Receivable, net	265,943
1240	Due from Other Governments	276,811
	Capital Assets:	
1510	Land Purchase and Improvements	69,040
1520	Buildings and Improvements, net	4,089,544
1530	Furniture and Equipment, net	408,139
1550	Right to Use Assets, net	26,148
1580	Construction in Progress	22,374
1000	Total Assets	10,673,000
	DEFERRED OUTFLOWS OF RESOURCES	
1700	Deferred Outflows-Bond Refundings	82,903
1705	Deferred Outflows-Pension	1,188,640
1706	Deferred Outflows-OPEB	528,686
	Total Deferred Outflows of Resources	1,800,229
	LIABILITIES	
2110	Accounts Payable	12,549
2140	Interest Payable	71,373
2150	Payroll Deductions and Withholdings	2,136
2160	Accrued Wages Payable	261,605
2180	Due to Other Governments	4,000
2200	Accrued Expenses	36,920
2300	Unearned Revenue	161,864
	Noncurrent Liabilities:	
2501	Due Within One Year	442,468
2502	Due in More Than One Year	5,215,930
2540	Net Pension Liability	1,450,625
2545	Other Post-Employment Benefits Liability	779,096
2000	Total Liabilities	8,438,566
	DEFERRED INFLOWS OF RESOURCES	
2605	Deferred Inflows-Pension	582,884
2606	Deferred Inflows-OPEB	1,260,966
	Total Deferred Inflows of Resources	1,843,850
	NET POSITION	
3200	Net Investment in Capital Assets	406,360
	Restricted for:	
3820	Federal & State Programs	191,837
3850	Debt Service	221,502
3900	Unrestricted	1,371,114
3000	Total Net Position	$ 2,190,813

The notes to the financial statements are an integral part of this statement.

WAELDER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		1 Expenses	Program Revenues 3 Charges for Services	Program Revenues 4 Operating Grants and Contributions	Net (Expense) Rev. & Changes in Net Position 6 Primary Gov. Governmental Activities
Primary Government:					
	GOVERNMENTAL ACTIVITIES:				
11	Instruction	$ 2,477,867	$ -	$ 141,110	$ (2,336,757)
12	Instructional Resources & Media Services	49,396	-	884	(48,512)
13	Curriculum & Instructional Staff Development	42,441	-	-	(42,441)
21	Instructional Leadership	2,803	-	2,628	(175)
23	School Leadership	252,537	-	5,053	(247,484)
31	Guidance, Counseling, & Evaluation Services	77,967	-	941	(77,026)
33	Health Services	67,284	-	1,345	(65,939)
34	Student Transportation	176,571	-	2,277	(174,294)
35	Food Services	230,079	16,894	2,233	(210,952)
36	Extracurricular Activities	153,775	9,462	23,768	(120,545)
41	General Administration	517,721	7,600	4,694	(505,427)
51	Facilities Maintenance and Operations	482,317	-	14,743	(467,574)
52	Security and Monitoring Services	390,591	-	177,708	(212,883)
53	Data Processing Services	180,991	-	1,813	(179,178)
72	Interest on Long-Term Debt	200,597	-	4,635	(195,962)
73	Bond Issuance Cost & Fees	77,391	-	-	(77,391)
93	Payments to Fiscal Agent of SSA	59,851	-	-	(59,851)
99	Other Intergovernmental Charges	69,420	-	-	(69,420)
TG	Total Governmental Activities:	5,509,599	33,956	383,832	(5,091,811)
TP	TOTAL PRIMARY GOVERNMENT:	$ 5,509,599	$ 33,956	$ 383,832	(5,091,811)
	General Revenues:				
	Taxes:				
MT	Property Taxes, Levied for General Purposes				2,601,837
DT	Property Taxes, Levied for Debt Service				226,241
SF	State Aid - Formula Grants				1,109,407
GC	Grants and Contributions, not Restricted				266,419
IE	Investment Earnings				134,552
MI	Miscellaneous Local and Intermediate Revenue				65,716
	Total General Revenues				4,404,172
CN	Change in Net Position				(687,639)
NB	Net Position -- Beginning				2,878,452
NE	Net Position -- Ending				$ 2,190,813

The notes to the financial statements are an integral part of this statement.

WAELDER INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		10 General Fund	60 Capital Projects Fund	Other Funds	98 Total Governmental Funds
	ASSETS				
1110	Cash and Cash Equivalents	$ 455,358	$ 1,449,513	$ 203,439	$ 2,108,310
1120	Investments - Current	3,385,922	-	6,084	3,392,006
1220	Property Taxes - Delinquent	484,503	-	47,396	531,899
1230	Allowance for Uncollectible Taxes (Credit)	(242,255)	-	(23,701)	(265,956)
1240	Due from Other Governments	133,085	-	143,726	276,811
1260	Due from Other Funds	151,769	-	-	151,769
1000	Total Assets	$ 4,368,382	$ 1,449,513	$ 376,944	$ 6,194,839
	LIABILITIES				
2110	Accounts Payable	$ 11,464	$ -	$ -	$ 11,464
2150	Payroll Deductions and Withholdings	2,136	-	-	2,136
2160	Accrued Wages Payable	246,478	-	15,127	261,605
2170	Due to Other Funds	29,929	-	129,089	159,018
2177	Due to Trust and Custodial Funds	-	-	-	-
2180	Due to Other Governments	-	-	4,000	4,000
2200	Accrued Expenditures	25,914	-	4,051	29,965
2300	Unavailable Revenues	158,964	-	2,900	161,864
2400	Payable from Restricted Assets	-	-	-	-
2000	Total Liabilities	474,885	-	155,167	630,052
	DEFERRED INFLOWS OF RESOURCES				
2600	Deferred Inflows-Unavailable Revenues	242,248	-	23,695	265,943
	Total Deferred Inflows of Resources	242,248	-	23,695	265,943
	FUND BALANCES				
	Restricted for:				
3450	Federal or State Funds Restricted	191,837	-	-	191,837
3480	Retirement of Long-Term Debt	-	-	197,807	197,807
	Committed for:				
3510	Construction	1,675,000	-	-	1,675,000
3545	Other Committed Fund Balance	-	-	275	275
	Assigned for:				
3550	Construction	-	1,449,513	-	1,449,513
3570	Capital Expenditures for Equipment	28,515	-	-	28,515
3600	Unassigned Fund Balance	1,755,897	-	-	1,755,897
3000	Total Fund Balances	3,651,249	1,449,513	198,082	5,298,844
4000	Total Liabilities, Deferred Inflows, and Fund Balances	$ 4,368,382	$ 1,449,513	$ 376,944	$ 6,194,839

The notes to the financial statements are an integral part of this statement.

WAELDER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

				1
	Total Fund Balances - Governmental Funds			$ 5,298,844
1	Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.			
		Governmental capital assets	$ 9,333,158	
		Less accumulated depreciation	(4,717,913)	4,615,245
2	Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
		Bonds payable, including unamortized premiums	(2,525,219)	
		Notes and right to use assets payable	(3,105,000)	
		Lease & SBITA payables	(28,179)	
		Deferred charges on refunding	82,903	
		Net pension liability	(1,450,625)	
		Net OPEB liability	(779,096)	(7,805,216)
3	Accrued interest on long-term debt related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds.			(71,373)
4	Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds.			
		Deferred outflows of resources related to pensions	1,188,640	
		Deferred inflows of resources related to pensions	(582,884)	
		Deferred outflows of resources related to OPEB	528,686	
		Deferred inflows of resources related to OPEB	(1,260,966)	(126,524)
5	Property taxes are recognized as revenue in the governmental funds when collected, but recognized on the Statement of Activities in the year levied. Therefore, property taxes receivable, net of allowance for uncollectible accounts, is added to the Statement of Net Position for governmental activities.			265,943
6	The District uses an Internal Service Fund to charge the costs of certain activities, such as the provision of workers compensation insurance, to other individual funds. Even though the Internal Service Fund is a proprietary fund, the assets and liabilities of this fund are added to the Statement of Net Position for governmental activities.			13,894
19	**Net Position of Governmental Activities**			$ 2,190,813

The notes to the financial statements are an integral part of this statement.

EXHIBIT C-2

WAELDER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		10 General Fund	60 Capital Projects Fund	Other Funds	98 Total Governmental Funds
	REVENUES				
5700	Local and Intermediate Sources	$ 2,805,255	$ -	$ 227,638	$ 3,032,893
5800	State Program Revenues	1,323,138	-	205,552	1,528,690
5900	Federal Program Revenues	251,235	-	121,980	373,215
5020	Total Revenues	4,379,628	-	555,170	4,934,798
	EXPENDITURES				
0011	Instruction	2,316,515	-	107,931	2,424,446
0012	Instructional Resources & Media Services	48,496	-	-	48,496
0013	Curriculum & Instructional Staff Development	39,852	-	-	39,852
0021	Instructional Leadership	-	-	2,632	2,632
0023	School Leadership	249,352	-	-	249,352
0031	Guidance, Counseling & Evaluation Services	75,589	-	-	75,589
0033	Health Services	66,400	-	-	66,400
0034	Student Transportation	180,538	-	-	180,538
0035	Food Services	295,528	-	-	295,528
0036	Extracurricular Activities	119,153	-	36,578	155,731
0041	General Administration	494,606	-	-	494,606
0051	Facilities Maintenance and Operations	456,474	-	11,417	467,891
0052	Security and Monitoring Services	54,451	-	177,950	232,401
0053	Data Processing Services	174,297	-	-	174,297
0071	Debt Service - Principal	287,432	-	130,000	417,432
0072	Debt Service - Interest	63,616	-	93,063	156,679
0073	Debt Service - Bond Issuance Costs	-	76,641	750	77,391
0081	Facilities Acquisition and Construction	-	1,853,846	-	1,853,846
0093	Payments to Fiscal Agent of SSA	56,200	-	-	56,200
0099	Other Intergovernmental Charges	65,185	-	-	65,185
6030	Total Expenditures	5,043,684	1,930,487	560,321	7,534,492
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(664,056)	(1,930,487)	(5,151)	(2,599,694)
	OTHER FINANCING SOURCES (USES)				
7914	Non-Current Loan Proceeds	-	3,380,000	-	3,380,000
7080	Total Other Financing Sources (Uses)	-	3,380,000	-	3,380,000
1200	Net Change in Fund Balance	(664,056)	1,449,513	(5,151)	780,306
0100	Fund Balance - Beginning	4,315,305	-	203,233	4,518,538
3000	Fund Balance - Ending	$ 3,651,249	$ 1,449,513	$ 198,082	$ 5,298,844

The notes to the financial statements are an integral part of this statement.

WAELDER INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Total Net Change in Fund Balances – Governmental Funds		$ 780,306
1	Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
	Expenditures for capitalized assets	$ 1,835,135	
	Less current year depreciation	(326,740)	1,508,395
2	Repayment of principal on bonds, notes, leases and SBITA is an expenditure in the governmental funds, but this expenditure is removed from the Statement of Activities and these repayments instead reduce long-term liabilities on the Statement of Net Position.		417,432
3	Issuance of long-term debt increases current financial resources to governmental funds, but this increase is not shown on the Statement of Activities and instead increases long-term liabilities on the Statement of Net Position.		(3,380,000)
4	Accumulated accretion on bonds issued by governmental activities is recognized only when paid in the governmental funds, but is treated as interest expense on the Statement of Activities as it accretes.		(13,173)
5	Since long-term debt is not recorded in governmental funds, amortization of related issuance premiums and discounts is also not recorded.		5,730
6	The change in accrued interest due on long-term debt issued for governmental activities does not affect current financial resources and therefore is not reported in the governmental funds.		(36,475)
7	Property taxes are recognized as revenue in the governmental funds when collected but recognized on the Statement of Activities in the year levied. Therefore the uncollected amount of the current year levy is added to current year property tax revenue on the Statement of Activities.		29,392
8	Governmental funds report pension contributions as expenditures. However, pension contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net pension liability measurement date. In addition, the change in the net pension liability, adjusted for changes in deferred pension items, is reported as pension expense in the Statement of Activities.		(83,597)
9	Governmental funds report OPEB contributions as expenditures. However, OPEB contributions are reported as deferred outflows of resources on the Statement of Net Position if made after the net OPEB liability measurement date. In addition, the change in the net OPEB liability, adjusted for changes in deferred OPEB items, is reported as OPEB expense in the Statement of Activities.		89,698
10	The District uses an Internal Service Fund to charge the costs of certain activities, such as the provision of workers compensation insurance, to other individual funds. Even though the Internal Service Fund is a proprietary fund, this fund is consolidated with the governmental activities column on the Statement of Activities.		(5,347)
19	**Change in Net Position of Governmental Activities**		$ (687,639)

The notes to the financial statements are an integral part of this statement.

THIS PAGE LEFT BLANK INTENTIONALLY

WAELDER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget
	REVENUES				
5700	Local & Intermediate Sources	$ 3,019,394	$ 2,750,353	$ 2,805,255	$ 54,902
5800	State Program Revenues	1,435,328	1,719,096	1,323,138	(395,958)
5900	Federal Program Revenues	400	222,000	251,235	29,235
5020	Total Revenues	4,455,122	4,691,449	4,379,628	(311,821)
	EXPENDITURES				
	Current:				
0011	Instruction	1,723,156	2,549,793	2,316,515	233,278
0012	Instructional Resources & Media Svcs.	47,324	50,324	48,496	1,828
0013	Curriculum & Instructional Staff Dev.	54,175	54,175	39,852	14,323
0021	Instructional Leadership	6,000	6,000	-	6,000
0023	School Leadership	233,515	251,515	249,352	2,163
0031	Guidance, Counseling & Evaluation Svcs.	76,525	81,525	75,589	5,936
0033	Health Services	68,229	73,229	66,400	6,829
0034	Student Transportation	142,287	188,500	180,538	7,962
0035	Food Services	5,000	289,246	295,528	(6,282)
0036	Extracurricular Activities	170,897	170,897	119,153	51,744
0041	General Administration	502,286	569,935	494,606	75,329
0051	Facilities Maintenance & Operations	610,453	613,753	456,474	157,279
0052	Security and Monitoring Services	6,000	69,200	54,451	14,749
0053	Data Processing Services	202,538	202,538	174,297	28,241
	Debt Service:				
0071	Principal on Long Term Debt	-	386,503	287,432	99,071
0072	Interest on Long Term Debt	-	63,616	63,616	-
	Capital Outlay:				
0081	Facilities Acquisition & Construction	-	3,303,359	-	3,303,359
	Intergovernmental:				
0093	Payments to Fiscal Agent	26,000	59,000	56,200	2,800
0099	Other Intergovernmental Charges	70,000	70,000	65,185	4,815
6030	Total Expenditures	3,944,385	9,053,108	5,043,684	4,009,424
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	510,737	(4,361,659)	(664,056)	3,697,603
	OTHER FINANCING SOURCES (USES)				
8911	Transfers Out	373,478	-	-	-
7080	Total Other Financing Sources (Uses)	373,478	-	-	-
1200	Net Change in Fund Balances	884,215	(4,361,659)	(664,056)	3,697,603
0100	Fund Balance - July 1	4,315,305	4,315,305	4,315,305	-
3000	Fund Balance - June 30	$ 5,199,520	$ (46,354)	$ 3,651,249	$ 3,697,603

The notes to the financial statements are an integral part of this statement.

EXHIBIT D-1

WAELDER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

Data Control Codes		Governmental Activities Internal Service Fund
	ASSETS	
1110	Cash and Cash Equivalents	$ 14,685
1260	Due from Other Funds	7,249
1000	Total Assets	21,934
	LIABILITIES	
	Current Liabilities:	
2110	Accounts Payable	1,086
2200	Accrued Expenditures	6,955
2000	Total Liabilities	8,041
	NET POSITION	
3800	Restricted Net Position	22,453
3900	Unrestricted Net Position	(8,560)
3000	Total Net Position	$ 13,893

The notes to the financial statements are an integral part of this statement.

WAELDER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		Governmental Activities Internal Service Fund
	OPERATING REVENUES	
5700	Local and Intermediate Sources	$ 17
5020	Total Revenues	17
	OPERATING EXPENSES	
6200	Professional and Contracted Services	5,365
6030	Total Expenses	5,365
	Income (Loss) before Contributions and Transfers	(5,348)
1300	Change in Net Position	(5,348)
0100	Total Net Position - Beginning	19,241
3300	Total Net Position - Ending	$ 13,893

The notes to the financial statements are an integral part of this statement.

THIS PAGE LEFT BLANK INTENTIONALLY

EXHIBIT D-3

WAELDER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities	
Cash Received from User Charges	$ 17
Cash Payments to Suppliers	(7,036)
Net Cash Provided by (Used for) Operating Activities	(7,019)
Net Increase (Decrease) in Cash and Cash Equivalents	(7,019)
Cash and Cash Equivalents at the Beginning of the Year	21,704
Cash and Cash Equivalents at the End of the Year:	$ 14,685
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss):	$ (5,348)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (Decrease) in Accounts Payable	1,086
Increase (Decrease) in Accrued Expenses	(2,757)
Net Cash Provided by (Used for) Operating Activities	$ (7,019)

The notes to the financial statements are an integral part of this statement.

EXHIBIT E-1

WAELDER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

Data Control Codes		829 Private-Purpose Trust Fund	865 Custodial Fund
ASSETS			
1110	Cash and Cash Equivalents	$ 62,529	$ 12,712
1000	Total Assets	62,529	12,712
NET POSITION			
	Restricted for:		
3800	Individuals and Organizations	62,529	12,712
3000	Total Net Position	$ 62,529	$ 12,712

The notes to the financial statements are an integral part of this statement.

WAELDER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		829 Private-Purpose Trust Fund	865 Custodial Fund
	ADDITIONS		
	Contributions:		
5744	Foundations, Gifts, and Bequests	$ 16,300	$ -
5750	Fundraising Activities	-	6,821
5020	Total Contributions	16,300	6,821
	Investment Earnings:		
5742	Interest, Dividends, and Other	59	25
	Total Additions	16,359	6,846
	DEDUCTIONS		
6200	Professional and Contracted Services	11,907	-
6300	Supplies and Materials	-	5,180
6030	Total Deductions	11,907	5,180
1200	Net Increase/(Decrease) in Fiduciary Net Position	4,452	1,666
0100	Net Position - Beginning	58,077	11,046
3000	Net Position - Ending	$ 62,529	$ 12,712

The notes to the financial statements are an integral part of this statement.

THIS PAGE LEFT BLANK INTENTIONALLY

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

This report includes those activities, organizations and functions related to Waelder Independent School District (the "District"), which are controlled by or dependent upon the District's governing body, the Board of Trustees (the "Board"). The Board, a seven member group, is the level of government having governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental "reporting entity" as defined by Statement No. 14 of the Governmental Accounting Standards Board (GASB), since Board members are elected by the public and have decision making authority. Furthermore, there are no legally separate organizations, known as "component units", included within the reporting entity.

The accounting policies of the District comply with the rules prescribed by the Texas Education Agency (TEA) in its Financial Accountability System Resource Guide (FASRG). These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Currently however, the District has no business-type activities.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Custodial funds have no measurement focus. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include state and federal program revenues and property taxes. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred inflows of resources within the governmental fund financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Major Funds and Fund Types

The District reports the following major governmental funds:

The General Fund includes financial resources that are not required to be reported separately in another fund. It is a budgeted fund, and any unrestricted fund balances are considered to be resources available for current operations.

The Capital Projects Fund is used to account for the construction, improvement and renovation of school buildings in the District along with the acquisition of land and equipment. This fund is budgeted on a project basis rather than annually.

Additionally, the District reports the following fund types:

Special Revenue Funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor or the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds.

Internal Service Funds are proprietary funds used to account for activities such as workers’ compensation self-insurance, self-funded health insurance, and employee health savings accounts. The District utilizes an Internal Service Fund to account for its participation in a workers’ compensation shared risk pool.

Private Purpose Trust Funds are fiduciary funds used to account for donations for which the donors have stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District utilizes this fund type to account for money collected and held for the purpose of awarding scholarships to selected students.

Custodial Funds are fiduciary funds used to account for resources held for others in a custodial capacity. The District utilizes this fund type to account for funds held on behalf of student clubs and organizations.

Budgetary Information

Budgets are prepared annually for the General Fund, the Child Nutrition Fund, and the Debt Service Fund on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by the end of June and is adopted by the Board at a public meeting after public notice of the meeting has been given no earlier than the 30th day or later than the 10th day before the public hearing. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was monitored by the administration throughout the year and amendments were brought to the Board as needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Investments - The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The types of investments allowed under the Public Funds Investment Act are detailed in Note 2 - Deposits and Investments. The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policies. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. Temporary investments throughout the year consisted of investments in external investment pools, which are recognized at amortized cost, and money market accounts.

Inventories **-** Inventories are generally not recorded in the General Fund or Child Nutrition Fund due to amounts of expendable supplies held or purchased food not being deemed material. When inventories are recorded, they are charged to expenditures when consumed. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the inventory does not represent "available expendable resources."

Capital Assets **-** Capital assets, which include land, buildings and improvements, construction in progress, furniture and equipment, and vehicles are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least $5,000 and a useful life of greater than one year. Such assets are recorded at historical cost, if purchased, or estimated fair value at the date of donation, if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and construction in progress) are depreciated using the straight line method over the following estimated useful lives: buildings and improvements **-** fifteen to thirty years, furniture and equipment **-** three to twenty years, and vehicles **-** five to ten years.

Prepaid Items **-** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are charged to expenditures when consumed. When prepaid items are recorded, they are charged to expenditures when the value represented by the prepaid item has been used. Amounts recorded are offset by a fund balance classification titled "nonspendable" which indicates that the prepaid item amount does not represent "available expendable resources."

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

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

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

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

Lessee - The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

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

Ad Valorem Property Taxes **-** Delinquent taxes, when received, are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Accumulated Sick Leave Liability **-** The State of Texas has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district's local Board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum.

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. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

Deferred Outflows and Deferred Inflows of Resources **-** The District complies with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent a consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period.

The District complies with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Fund Balance/Deficit **-** The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Statement of Cash Flows **-** For purposes of the statement of cash flows when Proprietary Funds are used, cash and cash equivalents include demand deposits.

Fair Value Measurements **-** The District adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access
- Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity
- Level 3 are unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available

There are three general valuation techniques that may be used to measure fair value:

- Market approach **-** uses prices generated by market transactions involving identical or comparable assets or liabilities
- Cost approach **-** uses the amount that currently would be required to replace the service capacity of an asset (replacement cost)
- Income approach **-** uses valuation techniques to convert future amounts to present amounts based on current market expectations

Data Control Codes

The Data Control Codes shown on the financial statements refer to the account code structure prescribed by the FASRG. TEA requires school districts to display these codes in their financial statements to ensure accuracy in building a state-wide data base for policy development and funding plans.

2. DEPOSITS AND INVESTMENTS

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board. The primary objectives of the District's investment strategy for operating and custodial funds, in order of priority, are safety, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements. The primary objective of the District's investment strategy for Debt Service and Capital Projects Funds is sufficient investment liquidity to meet related obligations.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Securities lending programs
- Banker's acceptances
- Commercial paper
- No-load money market mutual funds and no-load mutual funds
- Guaranteed investment contracts as an investment vehicle for bond proceeds
- Public funds investment pools

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore the District is not exposed to custodial credit risk.

Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At June 30, 2023, the carrying amount of the District's deposits was $2,198,236 and the bank balance was $2,202,741. The District's deposits with financial institutions at June 30, 2023 and during the year ended June 30, 2023 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and the District maintains copies of all safekeeping receipts in the name of the District.

The District maintains a cash pool consisting of demand deposits. The combined pool is available for use by most Special Revenue Funds. If a fund overdraws its share of the pool, the overdraft is reported as an interfund payable in that fund. The offsetting interfund receivable is reported in the General Fund.

The following is disclosed regarding coverage of combined balances on the date of highest deposit:

a) Name of depository bank: South Star Bank, Texas
b) The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was $5,155,068.
c) The largest cash, savings and time deposit combined account balance amounted to $4,017,507 and occurred during the month of February 2023.
d) Total amount of FDIC coverage at the time of highest combined balance was $250,000.

Investments held at June 30, 2023 consisted of the following:

Investment Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Government Investment Pools:			
TexPool	$ 3,392,006	1	AAAm
Total Investments	$ 3,392,006		

The District had investments in one external local governmental investment pool at June 30, 2023, consisting of the Texas Local Governmental Investment Pool ("TexPool").

TEXPOOL is a local government investment pool. It offers a safe, efficient, and liquid investment alternative to local governments in the State of Texas. The primary objectives of the pool are to preserve capital and protect principal, maintain sufficient liquidity, provide safety of funds and investments, diversify to avoid unreasonable or avoidable risks, and maximize the return on the pool. Cities, counties, school districts, institutions of higher education, special districts, and other public entities of Texas make up the investor base.

TEXPOOL was originally rated in March 1995, but effective April 2002, the Texas Comptroller of Public Accounts contracted with Federated Investors, Inc. for the day-to-day operations of TEXPOOL. Federated Investors, Inc. performs the pool's investment management and custodial functions. It also provides the marketing function, working closely with participants. Federated Securities Corp. acts as the distributor for the portfolio. Oversight of TEXPOOL continues to be provided by the Texas Comptroller, as well as the TEXPOOL advisory board. In January 1995, the advisory board adopted and implemented long-term policy changes to provide for a stable net asset value (NAV) pool, which, in effect, operates like an SEC regulated Rule 2a-7 money-market fund. These changes were made to ensure a more conservative investment strategy and to provide a much higher level of investment safety for local government funds.

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 June 30, 2023, investments were included in local governmental investment pools with ratings from Standard & Poor's in compliance with the District's investment policy.

Custodial Credit Risk **-** Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At June 30, 2023, the District was not exposed to custodial credit risk.

Concentration of Credit Risk **-** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Information regarding investments in any one issuer that represents five percent or more of the District's total investments must be disclosed under GASB Statement No. 40, excluding investments issued or explicitly guaranteed by the U.S. government. At June 30, 2023, the District had 100% of its investments in money market accounts and local governmental investment pools.

Interest Rate Risk **-** As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for any internally created pool fund group and one year from the time of purchase for any other individual investment. The Board may specifically authorize a longer maturity for a given investment, within legal limits. The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At June 30, 2023, investments were included in local government investment pools which have a weighted average maturity of one day.

3. PROPERTY TAXES

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the "Code") which established a county-wide appraisal district and an appraisal review board in each county in the State. The Gonzales County Appraisal District (the "Appraisal District") is responsible for the recording and appraisal of all property in the District. Under the Code, the school board sets the tax rates on property and the Gonzales County Tax Assessor/Collector provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

Property taxes are levied as of October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes and penalties and interest that are ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period, including those property taxes expected to be collected during a 60 day period after the end of the District's fiscal year. The assessed value at January 1, 2022, upon which the October 2022 levy was based was $300,221,229. The District levied taxes based on a combined tax rate of $0.92890 per $100 of assessed valuation for local maintenance (general governmental services) and debt service.

4. DUE FROM/TO OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully fund certain activities. The District also receives entitlements from the State through the School Foundation and Per Capita Programs. Grants and entitlements are recorded as revenue when earned, therefore at year end amounts earned but not yet received in cash may be recorded as due from the grantor government. Amounts already received in cash but not yet earned are recorded as due to the grantor government.

A summary of amounts recorded as Due From/Due To Other Governments in the basic financial statements as of June 30, 2023 are summarized below:

Due From Other Governments:	General Fund	Non-Major Governmental Funds	Total
Governmental Activities:			
State Grants	$ 133,085	$ 93,595	$ 226,680
Federal Grants	-	50,131	50,131
Total - Governmental Activities	$ 133,085	$ 143,726	$ 276,811

Due To Other Governments:	Non-Major Governmental Funds	Total
Governmental Activities:		
State Grants	$ 4,000	$ 4,000
Total - Governmental Activities	$ 4,000	$ 4,000

5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of operations, the individual funds of the District may engage in temporary borrowings of money between one another to meet liquidity needs. These interfund receivables and payables are recorded on the balance sheet of the loaning fund as "Due from Other Funds" and on the balance sheet of the borrowing fund as "Due to Other Funds". Amounts are repaid when funds are available in the borrowing fund.

Individual funds may also make payments between one another which are intended to be permanent and therefore not repaid. These transactions are recorded on the statement of revenues, expenditures, and changes in fund balance as "Transfers Out" for the paying fund and "Transfers In" for the receiving fund.

The composition of interfund balances as of June 30, 2023 was as follows:

Receivable Fund	Payable Fund	Amount
General Fund	General Fund	$ 538
	Special Revenue Funds	151,231
Total General Fund		151,769
Internal Service Fund	General Fund	7,249
Total Internal Service Fund		7,249
Grand Total		$ 159,018

6. CAPITAL ASSETS

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

	Beginning Balance 7/1/22	Additions	Retirements	Ending Balance 6/30/23
Governmental Activities:				
Capital Assets, not Being Depreciated:				
Land	$ 69,040	$ -	$ -	$ 69,040
Construction in Progress	22,374	-	-	22,374
Total Capital Assets, not Being Depreciated	91,414	-	-	91,414
Capital Assets, Being Depreciated:				
Buildings and Improvements	6,421,166	1,710,655	-	8,131,821
Furniture and Equipment	920,073	124,480	-	1,044,553
Right to Use Leased Assets	65,370	-	-	65,370
Total Capital Assets, Being Depreciated	7,406,609	1,835,135	-	9,241,744
Less Accumulated Depreciation for:				
Buildings and Improvements	(3,800,769)	(241,508)	-	(4,042,277)
Furniture and Equipment	(564,256)	(72,158)	-	(636,414)
Right to Use Leased Assets	(26,148)	(13,074)	-	(39,222)
Total Accumulated Depreciation	(4,391,173)	(326,740)	-	(4,717,913)
Governmental Activities Capital Assets, Net	$ 3,106,850	$ 1,508,395	$ -	$ 4,615,245

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

Function	Depreciation Allocation
Instruction	$ 157,515
Instructional Resources & Media Services	3,151
Curriculum & Instructional Staff Development	2,589
Instructional Leadership	171
School Leadership	16,200
Guidance, Counseling & Evaluation Services	4,911
Health Services	4,314
Student Transportation	11,729
Food Services	19,200
Extracurricular Activities	10,118
General Administration	32,134
Facilities Maintenance and Operations	30,399
Security and Monitoring Services	15,099
Data Processing Services	11,324
Payments to Fiscal Agent of SSA	3,651
Other Intergovernmental Charges	4,235
Totals	$ 326,740

7. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

Governmental activities long-term debt obligations at June 30, 2023 consisted of the following:

General Long-Term Debt Description	Outstanding at June 30, 2023
$3,230,000 Series 2014 Unlimited Tax Refunding Bonds due in remaining annual installments of $130,000 to $215,000 through February 15, 2037; interest at 0.35% to 3.10%.	$ 2,445,000
$3,380,000 Maintenance Tax Note due in remaining semi-annual installments of $275,000 to $395,000 through June 2032; interest at 3.30%.	3,105,000
$65,370 Right-to-Use Lease for Copier Machines, issued 2020, due in remaining monthly installments of $1,044 through September 2025; interest at 0.285%	28,179
Total General Long-Term Debt	$ 5,578,179

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

Type	Outstanding 7/1/22	Additions	Deletions	Outstanding 6/30/23	Due in One Year
Bonds Payable:					
General Obligation & Refunding Bonds	$ 2,575,000	$ -	$ (130,000)	$ 2,445,000	$ 135,000
Premium on Issuance of Bonds	85,949	-	(5,730)	80,219	-
Total Bonds Payable	2,660,949	-	(135,730)	2,525,219	135,000
Other Long-Term Liabilities:					
Notes Payable	-	3,380,000	(275,000)	3,105,000	295,000
Right-to-use Leased Assets Payable	40,611	-	(12,432)	28,179	12,468
Total Other Long-Term Liabilities	40,611	3,380,000	(287,432)	3,133,179	307,468
Total Governmental Activities	$ 2,701,560	$ 3,380,000	$ (423,162)	$ 5,658,398	$ 442,468

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness would exceed $0.50 per $100 of assessed valuation of taxable property within the District.

Annual principal installments for outstanding bonds vary each year. The debt service requirements to maturity for general obligation bonds as of June 30, 2023 are as follows:

Year Ended June 30,	Bonds Payable Principal	Bonds Payable Interest	Total Requirements
2024	$ 135,000	$ 87,863	$ 222,863
2025	140,000	82,463	222,463
2026	150,000	77,913	227,913
2027	155,000	73,038	228,038
2028	160,000	68,000	228,000
2029-2033	885,000	254,150	1,139,150
2034-2037	820,000	82,425	902,425
Total	$ 2,445,000	$ 725,852	$ 3,170,852

The debt service requirements for notes payable as of June 30, 2023 are as follows:

Year Ended June 30,	Notes Payable Principal	Notes Payable Interest	Total Requirements
2024	$ 295,000	$ 102,465	$ 397,465
2025	310,000	92,730	402,730
2026	320,000	82,500	402,500
2027	330,000	71,940	401,940
2028	345,000	61,050	406,050
2029-2032	1,505,000	-	1,505,000
Total	$ 3,105,000	$ 410,685	$ 3,515,685

8. RIGHT TO USE LEASES

Leases are defined by the general government as the right to use an underlying asset. As lessee, the District recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

The District calculates the amortization of the discount on the lease liability and report that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

For additional information, refer to the disclosures below:

Lessee

On September 15, 2020, the District entered into a 63 month lease as lessee for the use of Ricoh Copiers. An initial lease liability was recorded in the amount of $107,897. As of June 30, 2023, the value of the lease liability is $65,370. The District is required to make monthly fixed payments of $1,044. The lease has an interest rate of 0.285%. The value of the right to use asset as of June 30, 2023, of $65,370 with accumulated amortization of $39,222, for a net value of $26,148.

The debt service requirements for right to use leased assets payable as of June 30, 2023 are as follows:

Year Ended June 30,	Leases Payable Principal	Leases Payable Interest	Total Requirements
2024	$ 12,468	$ 64	$ 12,532
2025	12,504	28	12,532
2026	3,207	4	3,211
Total	$ 28,179	$ 96	$ 28,275

9. TEACHER RETIREMENT SYSTEM OF TEXAS PENSION PLAN

A. Pension Plan Description

The Teacher Retirement System of Texas (TRS or System or Plan) is a public employee retirement system (PERS) that is a multiple-employer, cost-sharing, defined benefit pension plan with a special funding situation. The Plan is administered by the Board of Trustees of TRS. Information regarding the Board of TRS and its composition can be found within the separately issued TRS Annual Comprehensive Financial Report within Note 1 to the financial statements. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

Benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits.

B. Benefits Provided

TRS provides retirement, disability, and death benefits. Membership in the Plan includes all employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempt from membership under Texas Government Code, Title 8, Section 822.002.

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers and active employees for the fiscal years 2019 through 2024.

C. Contributors to the Plan

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

The number of participating employers during fiscal year 2022 are disclosed in the following table.

Participating Employers	
Independent School Districts	1,021
Charter Schools (open enrollment only)	197
Community and Junior Colleges	50
Senior Colleges and Universities	48
Regional Service Centers	20
Medical Schools	9
Educational Districts	2
State Agency	1
Total	1,348

Plan membership as of August 31, 2021 is shown in the following table. Because the actuarial valuation was based on a roll forward from fiscal year 2021 (see Section F), the Plan membership counts are as of August 31, 2021.

Pension Plan Membership	
Retired plan members or beneficiaries currently receiving benefits	458,133
Inactive plan members entitled to but not yet receiving benefits	501,241
Active plan members	918,545
	1,877,919

The Average Expected Remaining Service Life (AERSL) of 5.7052 years is based on membership information as of the beginning of the fiscal year.

D. Contributions

Contribution requirements are established or amended pursuant to the following state laws:

- Article 16, Section 67 of the Texas Constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the System during the fiscal year.

- Government Code section 821.006 prohibits benefit improvements if it increases the amortization period of TRS' unfunded actuarial liability to greater than 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

As the non-employer contributing entity, the State of Texas contributes to the retirement system the current employer contribution rate times the aggregate annual compensation of all members of the Plan during the fiscal year, reduced by the employer contributions described below.

All participating employers and the State of Texas, as the employer for senior universities and medical schools, are required to pay the employer contribution rate in the following situations:

- On the portion of a 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, private, local or non-educational and general funds
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees and 100 percent of the state contribution rate for all other employees.

Employers are also required to pay surcharges in the following cases:

- All public schools, charter schools and regional education service centers must contribute 1.7 percent of the member's salary beginning in fiscal year 2022, gradually increasing to 2 percent in fiscal year 2025.
- When employing a retiree of TRS, the employer shall pay an amount equal to the member contribution and the state contribution as an employment after retirement surcharge.

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown on the next page:

Contribution Rates		2022		2023
Members		8.00%		8.00%
Employer		7.75%		8.00%
State of Texas (NECE)		7.75%		8.00%
Contribution Amounts				
Members	$	232,942	$	219,089
Employer		110,626		103,492
State of Texas (NECE)		171,532		169,196

E. Net Pension Liability

Components of the Net Pension Liability of the Plan as of August 31, 2022 are disclosed below.

Components of Pension Liability		Total
Total Pension Liability	$	243,553,045,455
Less: Plan Fiduciary Net Position		(184,185,617,196)
Net Pension Liability	$	59,367,428,259
Net Position as Percentage of Total Pension Liability		75.62%

F. Actuarial Methods and Assumptions

Roll Forward

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

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The 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 four year period ending August 31, 2021 and were adopted in July 2022.

The post-retirement mortality rates for healthy lives were based on the 2021 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 the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

The long-term expected rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2022 are summarized in the chart below:

Asset Class	Target Allocation %**	Long-Term Expected Geometric Real Rate of Return*	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	75.00%
Private Equity*	14.00%	7.70%	1.50%
Stable Value			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return*	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	18.00%
Real Return			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Risk Parity	8.00%	4.60%	43.00%
Asset Allocation Leverage			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	(6.00)%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag****			-0.91%
Expected Return	100.00%		8.19%

**Absolute Return includes Credit Sensitive Investments.*
***Target allocations are based on the FY2022 policy model.*
****Capital Market Assumptions come from Aon Hewitt (as of 08/31/2022)*
*****The volatility drag results from the conversion between arithmetic and geometric mean returns.*

The following table discloses the assumptions that were applied to this measurement period.

<u>Actuarial Methods and Assumptions</u>

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-Term Expected Rate	7.00%
Municipal Bond Rate as of August 2022	3.91% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Ad hoc post-employment benefit changes	None

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

G. Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the nonemployer contributing entity will be made at the rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

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

H. Change of Assumptions Since the Prior Measurement Date

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

I. Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

The following table presents the net pension liability of the plan using the discount rate of 7.00 percent, and what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption			
	1% Decrease 6.00%	Current Single Discount Rate 7.00%	1% Increase 8.00%
District's Proportionate Share of the Net Pension Liability:	$ 2,256,623	$ 1,450,625	$ 797,326

J. District Net Pension Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, and Pension Expense

The Net Pension Liability of the Plan as a whole was last measured as of August 31, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The District was assigned a proportion of the Plan's Net Pension Liability based on the District's contributions to the Plan relative to the contributions of all employers for the period September 1, 2021 through August 31, 2022.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net Pension Liability, as well as the State's proportionate share of the Net Pension Liability associated with the District.

	Measurement Date 8/31/21	Measurement Date 8/31/22	Change
District's Proportion of the Collective Net Pension Liability	0.000019082206	0.000024434699	0.000005352493
District's Proportionate Share of the Net Pension Liability	$ 485,956	$ 1,450,625	$ 964,669
State's Proportionate Share of the Net Pension Liability Associated with the District	957,445	2,005,186	1,047,741
Total Pension Liability	$ 1,443,401	$ 3,455,811	$ 2,012,410

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 21,034	$ 31,626
Changes in actuarial assumptions	270,299	67,366
Difference between projected and actual investment earnings	563,626	420,309
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	248,077	63,583
Contributions paid to TRS subsequent to the measurement date	85,604	-
Total	$ 1,188,640	$ 582,884

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions (not including the deferred contribution paid subsequent to the measurement date) will be recognized in pension expense as follows:

Measurement Year Ended August 31,	Pension Expense Amount
2023	$ 129,820
2024	80,183
2025	45,180
2026	210,914
2027	54,055
Thereafter	-

For the year ended June 30, 2023, Waelder Independent School District recognized pension expense of ($83,597) and revenue of $191,673 for support provided by the State.

10. EMPLOYEE HEALTH CARE COVERAGE

During the year ended June 30, 2023, employees of the District were covered by the state-wide health insurance plan, TRS Active Care. The District contributed $225 per month per employee to the Plan, the State provided an additional $75 per month per employee, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. TRS manages TRS Active Care. The Plan is administered by Aetna while Caremark was assigned the prescription drug plan.

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – TRS-CARE

A. Plan Description

The Texas Public School Retired Employees Group Insurance Program (TRS-Care) is a multiple- employer, cost-sharing, defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The Board of Trustees of TRS administers the TRS-Care program and the related fund in accordance with the Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards. Further detailed information regarding TRS and TRS-Care is available in a separately issued Annual Comprehensive Financial Report for TRS that includes financial statements and required supplementary information. That report may be obtained online at www.trs.texas.gov; by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698; or by calling (512) 542-6592.

B. Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional service centers, and other educational districts who are members of the TRS pension system. Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at $300,000,000 as of August 31, 2022.

C. Contributors to TRS-Care

Contributors to the plan include active and retired members, employers, and the State of Texas as the only non-employer contributing entity.

During fiscal year 2022, the number of participating employers are presented in the following table.

Participating Employers	
Independent School Districts	1,020
Open Enrollment Charter Schools	197
Regional Service Centers	20
Other Educational Districts	2
Total	1,239

TRS-Care plan membership as of August 31, 2021 is shown in the following table. Because the actuarial valuation was based on a roll-forward (See Section F), the counts are as of that date.

TRS-Care Plan Membership	
Active plan members	751,105
Inactive plan members currently receiving benefits	188,016
Inactive plan members entitled to but not yet receiving benefits	13,014
Total	952,135

The Average Expected Remaining Service Life (AERSL) of 9.2179 is based on the membership information as of the beginning of the fiscal year.

D. Contributions

Contribution rates for the TRS-Care plan are established in State Statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions; and contributions from the state, active employees, and participating employers are based on active employee compensation. The TRS Board does not have the authority to set or amend contribution rates.

At the inception of the plan, funding was projected to last 10 years through fiscal year 1995. The original funding was sufficient to maintain the solvency of the fund through fiscal year 2000. Since that time, appropriations and contributions have been established to fund the benefits for each successive biennium.

Section 1575.202 of the Texas Insurance Code establishes the State's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee rate which is 0.65 percent of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2022.

Contribution rates and amounts for active employees, participating employers, and the State of Texas for the current and prior fiscal year are shown below:

Contribution Rates	2022	2023
Members	0.65%	0.65%
Employer	0.75%	0.75%
State of Texas	1.25%	1.25%
Federal/Private Funding*	1.25%	1.25%
Contribution Amounts		
Members	$ 19,050	$ 17,801
Employer	25,865	27,342
State of Texas (NECE)	30,270	29,858

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

All employers whose employees are covered by the TRS pension plan are also required to pay a surcharge of $535 per month when employing a retiree of TRS. The TRS-Care surcharges for fiscal year 2022 totaled $11,849,525.

A supplemental appropriation was authorized by Senate Bill 8 of the third-called legislature that granted $83 million to TRS-Care from the federal American Rescue Plan Act (ARPA) to help defray Covid-19-related health care costs during fiscal year 2022. The premium rates for retirees are reflected in the following table.

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

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

E. Net OPEB Liability

Components of the Net OPEB Liability of the TRS-Care plan as of August 31, 2022 are disclosed in the following table.

Components of OPEB Liability	Total
Total OPEB Liability	$ 27,061,942,520
Less: Plan Fiduciary Net Position	(3,117,937,218)
Net OPEB Liability	$ 23,944,005,302
Net Position as a Percentage of Total OPEB Liability	11.52%

The Net OPEB Liability decreased by $14.7 billion, from $38.6 billion as of August 31, 2021, to $23.9 billion as of August 31, 2022. The decrease was due to a combination of favorable claims experience, changes in participation assumptions, and a large increase in the discount rate from 1.95 percent to 3.91 percent.

F. Actuarial Methods and Assumptions

Roll Forward

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

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex.

Demographic Assumptions

The rates of mortality, retirement, termination and disability incidence are identical to the assumptions used to value the pension liabilities of the Teacher Retirement System of Texas (TRS). The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

Mortality Assumptions

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

Election Rates

Normal Retirement - 65 percent participation rate prior to age 65 and 25 percent participation rate after age 65.
Pre-65 retirees - 30 percent of pre-65 retirees are assumed to discontinue coverage at age 65.

Health Care Trend Rates

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

Actuarial Methods and Assumptions

Valuation Date	August 31, 2021, rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05%, including inflation
Ad Hoc Post-Employment Benefit Changes	None

G. Discount Rate

A single discount rate of 3.91 percent was used to measure the total OPEB liability. This was an increase of 1.96 percent in the discount rate since the previous year. Since the plan is a pay-as-you-go plan, the single discount rate is equal to the prevailing municipal bond rate.

H. Change of Assumptions Since the Prior Measurement Date

The single discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent, as of August 31, 2022. Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the Total OPEB Liability.

I. Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption

The following presents the Net OPEB Liability of the plan using the discount rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower, 2.91 percent or one percentage point higher, 4.91 percent, than the AA/Aa rate. The source for the rate is the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index", as of August 31, 2022.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumption			
	1% Decrease 2.91%	Current Single Discount Rate 3.91%	1% Increase 4.91%
District's Proportionate Share of the Net OPEB Liability	$ 918,616	$ 779,096	$ 666,067

K. Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions

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

Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumption			
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	$ 641,979	$ 779,096	$ 956,851

L. District Net OPEB Liabilities, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and OPEB Expense

The Net OPEB Liability of the TRS-Care program as a whole was last measured as of August 31, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District was assigned a proportion of TRS Care's Net OPEB Liability based on the District's contributions to the program relative to the contributions of all employers for the period September 1, 2021 through August 31, 2022.

The table below presents a two-year comparison of the District's assigned proportion and resulting proportionate share of the collective Net OPEB Liability, as well as the State's proportionate share of the Net OPEB Liability associated with the District.

	Measurement Date		
	8/31/21	8/31/22	Change
District's Proportion of the Collective Net OPEB Liability	0.000028325950	0.000032538258	0.000004212308
District's Proportionate Share of the Net OPEB Liability	$ 1,092,658	$ 779,096	$ (313,562)
State's Proportionate Share of the Net OPEB Liability Associated with the District	1,463,919	950,375	(513,544)
Total OPEB Liability	$ 2,556,577	$ 1,729,471	$ (827,106)

At June 30, 2023, Waelder Independent School District reported its proportionate share of 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 economic experience	$ 43,315	$ 649,057
Changes in actuarial assumptions	118,672	541,270
Difference between projected and actual investment earnings	2,329	8
Change in proportion and difference between the employer's contributions and the proportionate share of contributions	341,647	70,631
Contributions paid to TRS subsequent to the measurement date	22,723	-
Total	$ 528,686	$ 1,260,966

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB (not including the deferred contribution paid subsequent to the measurement date) will be recognized in OPEB expense as follows:

Measurement Year Ended August 31,	OPEB Expense Amount
2023	$ (150,218)
2024	(150,210)
2025	(117,171)
2026	(72,442)
2027	(104,870)
Thereafter	(160,092)

For the year ended June 30, 2023, Waelder Independent School District recognized OPEB expense of 89,698 and revenue of ($134,866) for support provided by the State.

12. FRINGE BENEFITS PAID BY OTHER GOVERNMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended June 30, 2023 and June 30, 2022, the subsidy payments received by TRS-Care on behalf of the District were $15,069 and $13,225, respectively.

13. FUND BALANCES

The District complies with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below:

Nonspendable **-** Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted **-** Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed **-** Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned **-** For the General Fund, the Board, or an official or body that has been delegated authority by the Board, may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned **-** Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

A detail of the fund balance amounts within each category is included on the governmental funds balance sheet.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the Superintendent to assign fund balance for a specific purpose. 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, committed fund balance, assigned fund balance, and unassigned fund balance.

14. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

Type	General Fund	Non-Major Governmental Funds	Proprietary Funds	Trust Funds	Custodial Funds	Total
Property Taxes	$ 2,574,223	$ 224,473	$ -	$ -	$ -	$ 2,798,696
Investment Income	134,115	410	17	59	25	134,626
Rent	7,600	-	-	-	-	7,600
Gifts	500	-	-	16,300	-	16,800
Food Sales	16,894	-	-	-	-	16,894
Athletics	6,707	-	-	-	-	6,707
Enterprising Revenues	-	2,755	-	-	6,821	9,576
Misc. Local Revenue	65,216	-	-	-	-	65,216
Total	$ 2,805,255	$ 227,638	$ 17	$ 16,359	$ 6,846	$ 3,056,115

15. UNEARNED REVENUE

Unearned revenue at June 30, 2023 consisted of the following amounts:

Fund	Foundation & Per Capita Entitlements	State Grants	Total
General Fund	$ 161,682	$ -	$ 161,682
Non-Major Governmental Funds	-	182	182
Total	$ 161,682	$ 182	$ 161,864

16. RISK MANAGEMENT

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers' compensation, and other miscellaneous bonds. During the year ended June 30, 2023, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past three years.

17. COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of *Government Auditing Standards* and when applicable, the Uniform Guidance, for the year ended June 30, 2023, these programs are subject to financial and compliance audits performed by the specific grantors. These audits, if performed, could result in amounts of expenditures being disallowed by the granting agencies and subject to repayment. The District however expects that such amounts, if any, would be immaterial.

18. SELF-INSURANCE FUND

The District has a partially self-insured workers' compensation plan administered by Texas Public School's Workers' Compensation Project ("SchoolComp") which is an insurance pool. The District established an Internal Service Fund to account for and finance this partially uninsured risk of loss. The District is obligated to pay its own claims up to $75,000 per claim. The claim liability below is an estimate of potential loss exposure on workers' compensation claims at year end which includes incurred but not reported ("IBNR") claims and claims reported but not paid.

A reconciliation of the estimated claim liability is as follows:

Year Ended June 30,	Beginning Liability	Estimated Current Year Claims	Claim Payments	Ending Liability
2021	7,896	1,378	(2,774)	6,500
2022	6,500	4,660	(1,448)	9,712
2023	9,712	(2,558)	(199)	6,955

THIS PAGE LEFT BLANK INTENTIONALLY

19. UNEMPLOYMENT COMPENSATION POOL

During the year ended June 30, 2023, Waelder Independent School 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 monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended June 30, 2023, the Fund anticipates that Waelder Independent School District has no additional liability beyond the contractual obligation for payment of contribution. 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, 2022, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

THIS PAGE LEFT BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

WAELDER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2023

	Measurement Year			
	2022	2021	2020	2019
District's Proportion of the Net Pension Liability	0.0024434699%	0.0019082206%	0.0017678264%	0.0020232160%
District's Proportionate Share of the Net Pension Liability	$ 1,450,625	$ 485,956	$ 946,812	$ 1,051,731
State's Proportionate Share of the District Net Pension Liability	2,005,186	957,445	1,885,760	1,899,985
Total Pension Liability	$ 3,455,811	$ 1,443,401	$ 2,832,572	$ 2,951,716
District's Covered-Employee Payroll	$ 2,930,742	$ 2,539,305	$ 2,493,544	$ 2,507,128
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	49.50%	19.14%	37.97%	41.95%
Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability	75.62%	88.79%	75.54%	75.24%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects the available years of data since the adoption of GASB 68.

Measurement Year				
2018	2017	2016	2015	2014
0.0020610334%	0.0019841543%	0.0018677139%	0.0024635000%	0.0016930000%
$ 1,134,433	$ 634,426	$ 705,780	$ 870,813	$ 452,115
1,961,043	1,159,708	1,404,454	1,309,121	1,019,010
$ 3,095,476	$ 1,794,134	$ 2,110,234	$ 2,179,934	$ 1,471,125
$ 2,367,862	$ 2,268,109	$ 2,167,828	$ 2,038,839	$ 1,842,923
47.91%	27.97%	32.56%	42.71%	24.53%
73.74%	82.17%	78.00%	78.43%	83.25%

WAELDER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS –
TEACHER RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2023

	Fiscal Year			
	2023	2022	2021	2020
Contractually Required Contribution	$ 103,492	$ 110,626	$ 72,648	$ 73,002
Contribution in Relation to the Contractually Required Contribution	(103,492)	(110,626)	(72,648)	(73,002)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered-Employee Payroll	$ 2,738,609	$ 2,930,742	$ 2,539,305	$ 2,493,544
Contributions as a Percentage of Covered-Employee Payroll	3.78%	3.77%	2.86%	2.93%

The amounts presented are as of the District's fiscal year end of June 30.

This schedule reflects the available years of data since the inception of GASB 68 and will eventually reflect ten years of data.

	Fiscal Year				
	2019	2018	2017	2016	2015
	$ 69,810	$ 67,289	$ 57,246	$ 59,344	$ 72,944
	(69,810)	(67,289)	(57,246)	(59,344)	(72,944)
	$ -	$ -	$ -	$ -	$ -
	$ 2,507,128	$ 2,367,862	$ 2,268,109	$ 2,167,828	$ 2,038,839
	2.78%	2.84%	2.52%	2.74%	3.58%

WAELDER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY –
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2023

	Measurement Year			
	2022	2021	2020	2019
District's Proportion of the Net Liability for Other Post Employment Benefits	0.0032538258%	0.0028325950%	0.0027481684%	0.0029071898%
District's Proportionate Share of the Net Post Employment Benefit Liability	$ 779,096	$ 1,092,658	$ 1,044,703	$ 1,374,847
State's Proportionate Share of the Net Post Employment Benefit Liability Associated with the District	950,375	1,463,919	1,403,830	1,826,862
Total Other Post Employment Benefits Liability	$ 1,729,471	$ 2,556,577	$ 2,448,533	$ 3,201,709
District's Covered Payroll	$ 2,930,742	$ 2,539,305	$ 2,493,544	$ 2,507,128
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	26.58%	43.03%	41.90%	54.84%
Plan Fiduciary Net Position as a Percentage of the Total Net OPEB Liability	11.52%	6.18%	4.99%	2.66%

The amounts presented are determined as of the Plan's measurement year which was as of August 31 in each prior calendar year from the District's fiscal year end.

This schedule reflects the available years of data since the adoption of GASB 75.

Measurement Year	
2018	2017
0.0029177058%	0.0026349241%
$ 1,456,837	$ 1,145,830
1,974,341	1,784,979
$ 3,431,178	$ 2,930,809
$ 2,367,862	$ 2,268,109
61.53%	50.52%
1.57%	0.91%

WAELDER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS –
TEXAS PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2023

	Fiscal Year			
	2023	2022	2021	2020
Contractually Required Contribution	$ 27,342	$ 25,865	$ 20,306	$ 20,895
Contribution in Relation to the Contractually Required Contribution	(27,342)	(25,865)	(20,306)	(20,895)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 2,738,609	$ 2,930,742	$ 2,539,305	$ 2,493,544
Contributions as a Percentage of Covered Payroll	1.00%	0.88%	0.80%	0.84%

The amounts presented are as of the District's fiscal year end of June 30.

This schedule reflects the available years of data since the inception of GASB 75 and will eventually reflect ten years of data.

Fiscal Year		
2019	2018	2017
$ 16,770	$ 18,803	$ 13,873
(16,770)	(18,803)	(13,873)
$ -	$ -	$ -
$ 2,507,128	$ 2,367,862	$ 2,268,109
0.67%	0.79%	0.61%

THIS PAGE LEFT BLANK INTENTIONALLY

Teacher Retirement System

Actuarial Assumptions

The information presented in the required supplementary schedules was used in the actuarial valuation for determining the actuarially determined contribution rate and the Net Pension Liability in accordance with GASB 68. Actuarial methods and assumptions used for funding purposes can be found in the Teacher Retirement System of Texas Pension Plan note to the financial statements.

Changes of Benefit Terms

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers and active employees for the fiscal years 2019 through 2024.

Changes of Assumptions

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

Texas Public School Retired Employees Group Insurance Plan

Actuarial Assumptions

Actuarial methods and assumptions used for funding purposes can be found in the Other Post-Employment Benefits (OPEB) Plan – TRS-Care note to the financial statements.

Changes of Benefit Terms

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at $300,000,000 as of August 31, 2022.

Changes of Assumptions Since the Prior Measurement Date

The following assumptions, methods and plan changes which are specific to TRS-Care were updated from the prior year’s report:

- The single discount rate changed from 1.95 percent as of August 31, 2021 to 3.91 percent, as of August 31, 2022.
- Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the Total OPEB Liability.

THIS PAGE LEFT BLANK INTENTIONALLY

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

WAELDER INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		206 ESEA, Title X, Part C Homeless	211 ESEA, Title I, Part A	255 ESEA, Title II, Part A	281 ESSER II	287 Federally Funded Spec. Rev. Fund
	ASSETS					
1110	Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ -
1120	Investments - Current	-	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-	-
1240	Due from Other Governments	3,478	43,625	3,028	1,707	-
1000	Total Assets	3,478	43,625	3,028	1,707	-
	LIABILITIES					
2160	Accrued Wages Payable	-	15,127	-	-	-
2170	Due to Other Funds	3,478	24,447	3,028	1,707	-
2180	Due to Other Governments	-	-	-	-	-
2200	Accrued Expenditures	-	4,051	-	-	-
2300	Unearned Revenues	-	-	-	-	-
2000	Total Liabilities	3,478	43,625	3,028	1,707	-
	DEFERRED INFLOWS OF RESOURCES					
2600	Unavailable Revenue	-	-	-	-	-
	Total Deferred Inflows of Resources	-	-	-	-	-
	FUND BALANCES					
	Restricted for:					
3480	Retirement of Long-Term Debt	-	-	-	-	-
	Committed for:					
3545	Other Committed Fund Balance	-	-	-	-	-
3000	Total Fund Balances	-	-	-	-	-
4000	Total Liab., Def. Inflows & Fund Balances	$ 3,478	$ 43,625	$ 3,028	$ 1,707	$ -

289	397	429	461	488	599	
Federally Funded Spec. Rev. Fund	Advanced Placement Incentives	State Funded Special Revenue Funds	Campus Activity Funds	Locally Funded Special Revenue Fund	Debt Service Fund	Total Non-Major Governmental Funds
$ 2,718	$ 182	$ -	$ 11,998	$ -	$ 188,541	$ 203,439
-	-	-	-	-	6,084	6,084
-	-	-	-	-	47,396	47,396
-	-	-	-	-	(23,701)	(23,701)
-	-	66,246	-	22,460	3,182	143,726
2,718	182	66,246	11,998	22,460	221,502	376,944
-	-	-	-	-	-	15,127
-	-	62,246	11,723	22,460	-	129,089
-	-	4,000	-	-	-	4,000
-	-	-	-	-	-	4,051
2,718	182	-	-	-	-	2,900
2,718	182	66,246	11,723	22,460	-	155,167
-	-	-	-	-	23,695	23,695
-	-	-	-	-	23,695	23,695
-	-	-	-	-	197,807	197,807
-	-	-	275	-	-	275
-	-	-	275	-	197,807	198,082
$ 2,718	$ 182	$ 66,246	$ 11,998	$ 22,460	$ 221,502	$ 376,944

WAELDER INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		206 McKinney-Vento Homeless Assistance	211 ESEA, Title I, Part A	255 ESEA, Title II, Part A	281 ESSER II	287 Federally Funded Spec. Rev. Fund
	REVENUES					
5700	Local and Intermediate Sources	$ -	$ -	$ -	$ -	$ -
5800	State Program Revenues	-	-	-	-	-
5900	Federal Program Revenues	2,319	103,309	3,028	1,707	11,417
5020	Total Revenues	2,319	103,309	3,028	1,707	11,417
	EXPENDITURES					
0011	Instruction	2,319	101,190	2,715	1,707	-
0021	Instructional Leadership	-	2,119	313	-	-
0036	Extracurricular Activities	-	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-	11,417
0052	Security and Monitoring Services	-	-	-	-	-
0071	Debt Service - Principal	-	-	-	-	-
0072	Debt Service - Interest	-	-	-	-	-
0073	Debt Service - Bond Issuance Costs	-	-	-	-	-
6030	Total Expenditures	2,319	103,309	3,028	1,707	11,417
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-	-
0100	Fund Balance - Beginning	-	-	-	-	-
3000	Fund Balance - Ending	$ -	$ -	$ -	$ -	$ -

289 Federally Funded Spec. Rev. Fund	397 Advanced Placement Incentives	429 State Funded Special Revenue	461 Campus Activity Funds	488 Locally Funded Special Revenue	599 Debt Service Fund	Total Non-Major Governmental Funds
$ -	$ -	$ -	$ 2,755	$ -	$ 224,883	$ 227,638
-	-	177,950	-	22,967	4,635	205,552
200	-	-	-	-	-	121,980
200	-	177,950	2,755	22,967	229,518	555,170
-	-	-	-	-	-	107,931
200	-	-	-	-	-	2,632
-	-	-	13,611	22,967	-	36,578
-	-	-	-	-	-	11,417
-	-	177,950	-	-	-	177,950
-	-	-	-	-	130,000	130,000
-	-	-	-	-	93,063	93,063
-	-	-	-	-	750	750
200	-	177,950	13,611	22,967	223,813	560,321
-	-	-	(10,856)	-	5,705	(5,151)
-	-	-	(10,856)	-	5,705	(5,151)
-	-	-	11,131	-	192,102	203,233
$ -	$ -	$ -	$ 275	$ -	$ 197,807	$ 198,082

WAELDER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2023

Last 10 Years Ended June 30,		1	2	3
		Tax Rates		Assessed/Appraised Value for School Tax Purposes
		Maintenance	Debt Service	
2014	and prior years	Various	Various	Various
2015		1.04000	0.09500	$ 211,007,300
2016		1.04000	0.09500	211,218,326
2017		1.04000	0.10950	182,816,616
2018		1.04000	0.12660	186,473,034
2019		1.04000	0.11620	195,966,096
2020		0.97000	0.10280	217,680,649
2021		0.96640	0.10330	197,569,505
2022		0.87200	0.08110	277,387,787
2023	(School year under audit)	0.85460	0.07430	300,221,229
	TOTALS			

Total amount of Taxes Refunded under Section 26.1115, Tax Code, for owners who received an exemption as provided by Section 11.42(f), Tax Code

10 Beginning Balance 7/1/22	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/23
$ 57,757	$ -	$ 7,792	$ 712	$ (10,093)	$ 39,160
32,369	-	939	86	(506)	30,838
80,069	-	898	82	(45)	79,044
59,789	-	987	104	(338)	58,360
63,538	-	1,660	202	(280)	61,396
21,591	-	2,468	276	(371)	18,476
29,140	-	5,840	619	-	22,681
50,349	-	9,530	1,019	(103)	39,697
78,508	-	24,993	2,325	(666)	50,524
-	2,788,755	2,473,765	215,072	31,805	131,723
$ 473,110	$ 2,788,755	$ 2,528,872	$ 220,497	$ 19,403	$ 531,899
		$ -			

THIS PAGE LEFT BLANK INTENTIONALLY

WAELDER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts (GAAP BASIS)	Variance With Final Budget
	REVENUES				
5700	Local & Intermediate Sources	$ 221,719	$ 221,719	$ 224,883	$ 3,164
5800	State & Federal Program Revenues	375,572	375,572	4,635	(370,937)
5020	Total Revenues	597,291	597,291	229,518	(367,773)
	EXPENDITURES				
	Debt Service:				
0071	Principal on Long Term Debt	130,000	130,000	130,000	-
0072	Interest on Long Term Debt	93,063	93,063	93,063	-
0073	Bond Issuance Cost and Fees	750	750	750	-
6030	Total Expenditures	223,813	223,813	223,813	-
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	373,478	373,478	5,705	(367,773)
1200	Net Change in Fund Balances	373,478	373,478	5,705	(367,773)
0100	Fund Balance-July 1 (Beginning)	192,102	192,102	192,102	-
3000	Fund Balance-June 30 (Ending)	$ 565,580	$ 565,580	$ 197,807	$ (367,773)

THIS PAGE LEFT BLANK INTENTIONALLY

WAELDER INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT – SELECT STATE ALLOTMENT PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes	Section A: Compensatory Education Programs	1 Responses
	Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.104.	
AP1	Did your District expend any state compensatory education program state allotment funds during the District's fiscal year?	Yes
AP2	Does the District have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the District's fiscal year.	$ 429,558
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	$ 295,219
	Section B: Bilingual Education Programs	
	Districts are required to use at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code §48.105.	
AP5	Did your District expend any bilingual education program state allotment funds during the District's fiscal year?	Yes
AP6	Does the District have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	$ 47,016
AP8	Actual direct program expenditures for bilingual education programs during the District's fiscal year. (PICs 25, 35)	$ 105,614

THIS PAGE LEFT BLANK INTENTIONALLY

EXHIBIT L-1

WAELDER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		1 Responses
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/or other sources of 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 Teachers Retirement System (TRS), Texas Workforce Comission (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 warrant 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 warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued 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 district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules in effect at the fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values 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.	$ -

THIS PAGE LEFT BLANK INTENTIONALLY

FEDERAL AWARDS SECTION

THIS PAGE LEFT BLANK INTENTIONALLY

SINGLETON, CLARK & COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

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*

To the Board of Trustees of
Waelder 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 Waelder Independent School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Waelder Independent School District's basic financial statements and have issued our report thereon dated September 8, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waelder Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

THIS PAGE LEFT BLANK INTENTIONALLY

Waelder Independent School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Waelder Independent School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Waelder Independent School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Cedar Park, Texas

September 8, 2023

THIS PAGE LEFT BLANK INTENTIONALLY

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	☐	Yes	☒	No
• Significant deficiencies identified that are not considered to be material weaknesses?	☒	Yes	☐	None reported
Noncompliance material to financial statements noted?	☐	Yes	☒	No

FEDERAL AWARDS

Under the guidelines of the federal Uniform Guidance, a Single Audit was not required for the year ended June 30, 2023 due to expenditures of federal awards being below $750,000.

SECTION II – FINANCIAL STATEMENT FINDINGS

<u>Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:</u>

2023-001 Accounting and Financial Reporting

Criteria: As part of the regular accounting and financial reporting process, the account balances of the general ledger should be reviewed and monitored on an ongoing basis in order to ensure their accuracy and provide for good financial reporting. This review process is particularly important at year-end during the preparation of the accounting records for external financial reporting.

Condition Found: During the audit we noted several beginning of the year account balances had not been carried forward properly from the prior year. In addition, the grants accounting area of the books required several adjusting entries during the year to record items such as grant receivables or to balance revenue and expenditures in the cost-reimbursement grants. We also noted the District's bank reconciliations contained some problematic issues at year-end that required resolution during the audit.

Cause: Beginning account balances were not verified for accuracy and during the year-end close the state and federal grants were not closely reviewed for accurate reporting.

Effect: In order to correct these issues for accurate external financial reporting, several audit adjusting entries were required during the year.

Recommendation: We recommend the District receive assistance from the Education Service Center on more complex accounting matters such as these.

THIS PAGE LEFT BLANK INTENTIONALLY

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

Prior year financial statement findings as required to be restated with current status:

2022-001	Public Bid Law
Criteria:	Under Texas Education Code Sect. 44.031 (a);(b), "All contracts, except contracts for the purchase of produce or vehicle fuel, valued at $50,000 or more in the aggregate, for each 12-month period shall be made by one of the following methods, that provides the best value for the district: (1) competitive bidding; (2) competitive sealed proposals; (3) request for proposals, for services other than construction services; (4) inter-local contracts; (5) design-build contracts; (6) contract to construct, or repair facilities that involve using a construction manager; (7) a job order contract for the minor construction or repair of a facility; (8) reverse auction procedure; or (9) the formation of a political subdivision corporation."
Condition Found:	During the year, the District contracted for various projects with a single vendor. The costs of these projects exceeded $50,000 in aggregate and were not procured in accordance with State purchasing law.
Cause:	The District did not publicly solicit bids or utilize other required competitive purchasing methods.
Effect:	The effect of this condition is technical noncompliance with State purchasing law.
Recommendation:	We recommend going forward, the District utilize approved procurement methods in accordance with State purchasing law for all applicable contracts with vendors expected to exceed $50,000 in aggregate.
Current Status:	We did not observe material noncompliance related to Public Bid Law during the fiscal year 2023 audit.

THIS PAGE LEFT BLANK INTENTIONALLY

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which are Required to be Reported in Accordance with Uniform Guidance:

Not applicable.

THIS PAGE LEFT BLANK INTENTIONALLY

Waelder Independent School District

201 US Hwy 90 West P. O. Box 247 830-239-5600 Fax 830-239-5603

Waelder, Texas 78959

Dr. Ron Lilie
Superintendent

Ashley Taylor
Principal

Austin Johaningmeier
Assistant Principal

Sarah Lott
District Counselor

Angie Arriaga
Business Office

Current Year Audit Findings:

2023-001 Accounting and Financial Reporting

Corrective Action Planned:

Going forward, the district will get assistance from the Education Service Center on more complex accounting matters.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

[THIS PAGE INTENTIONALLY LEFT BLANK]

HUNTON
ANDREWS KURTH

Hunton Andrews Kurth LLP
600 Travis, Suite 4200
Houston, Texas 77002
+1.713.220.4200 Phone
+1.713.220.4285 Fax
HuntonAK.com

April __, 2024

WE HAVE ACTED as Bond Counsel for the Waelder Independent School District (the "District") in connection with an issue of notes (the "Notes") described as follows:

> WAELDER INDEPENDENT SCHOOL DISTRICT MAINTENANCE TAX NOTES, SERIES 2024, dated April 1, 2024, in the aggregate principal amount of $_________.
>
> The Notes mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Notes and in the resolution (the "Resolution") adopted by the Board of Trustees of the District authorizing their issuance.

WE HAVE ACTED as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Notes under the Constitution and laws of the State of Texas and with respect to the exclusion of interest on the Notes from gross income under federal income tax law. In such capacity we have examined the Constitution and laws of the State of Texas; federal income tax law; and a transcript of certain certified proceedings pertaining to the issuance of the Notes, as described in the Resolution. The transcript contains certified copies of certain proceedings of the District; certain certifications and representations and other material facts within the knowledge and control of the District, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Notes. We have also examined executed Note No. I-1 of this issue.

WE HAVE NOT BEEN REQUESTED to examine, and have not investigated or verified, any original proceedings, records, data or other material, but have relied upon the transcript of certified proceedings. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Notes.

BASED ON SUCH EXAMINATION, it is our opinion as follows:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Note in full compliance with the Constitution and laws of the State of Texas presently in effect; the Note constitutes a valid and legally binding obligation of the District enforceable in accordance with the terms and conditions thereof, except to the extent that the rights and remedies of the owners of the Note may be limited by laws heretofore or hereafter enacted relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors of political subdivisions and the exercise of judicial discretion in appropriate cases; and the Note has been authorized and delivered in accordance with law; and

(2) The Notes are payable, both as to principal and interest, from the receipts of an annual ad valorem maintenance tax, within the limits prescribed by law, upon all taxable property located within the District, which taxes have been pledged irrevocably to pay the principal of and interest on the Notes.

BASED ON OUR EXAMINATION AS DESCRIBED ABOVE, it is further our opinion that, subject to the restrictions hereinafter described, interest on the Notes (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. The opinion in (a) and (b) of the preceding sentence is subject to the condition that there is compliance subsequent to the issuance of the Notes with all requirements of the Code that must be satisfied in order that interest thereon not be included in gross income for federal income tax purposes. Failure by the District to comply with the Covenants (as defined below), among other things, could cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to their date of issue. The District may in its discretion, but has not covenanted to, take any and all such actions as may be required by future changes in the Code and applicable regulations in order that interest on the Notes remain excludable from gross income for federal income tax purposes.

IN PROVIDING THE FOREGOING OPINIONS, we have relied upon representations of the District with respect to matters solely within the knowledge of the District, which we have not independently verified, and have assumed the accuracy and completeness thereof.

EXCEPT AS DESCRIBED ABOVE, we express no opinion as to any federal, state or local tax consequences under present law, or future legislation, resulting from the ownership of, receipt or accrual of interest on, or the acquisition or disposition of, the Notes. Prospective purchasers of the Notes should be aware that the ownership of tax-exempt obligations, such as the Notes, may result in collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, and individuals otherwise qualified for the earned income credit. For the foregoing reasons, prospective purchasers should consult their tax advisors as to the consequences of investing in the Notes.

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. Our services as Bond Counsel to the District have been limited to delivering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Notes and the tax-exempt status of the interest thereon. Our services have not included any financial or other non-legal advice. We express no opinion herein as to the financial resources of the District, its ability to provide for payment of the Notes or the accuracy or completeness of any information, including the District's Preliminary Official Statement dated March 18, 2024 and the District's Official Statement dated March __, 2024, that may have been relied upon by anyone in making the decision to purchase Notes. 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; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

HUNTON
ANDREWS KURTH

Hunton Andrews Kurth LLP
600 Travis, Suite 4200
Houston, Texas 77002
+1.713.220.4200 Phone
+1.713.220.4285 Fax
HuntonAK.com

April __, 2024

WE HAVE ACTED as Bond Counsel for the Waelder Independent School District (the “District”) in connection with an issue of bonds (the “Bonds”) described as follows:

> WAELDER INDEPENDENT SCHOOL DISTRICT MAINTENANCE TAX REFUNDING BONDS, SERIES 2024, dated April 1, 2024, in the aggregate principal amount of $______________.
>
> The Bonds mature, bear interest, are subject to redemption prior to maturity and may be transferred and exchanged as set out in the Bonds and in the Order (the “Order”) adopted by the Board of Trustees of the District authorizing their issuance.

WE HAVE ACTED as Bond Counsel for the sole purpose of rendering an opinion 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 of interest on the Bonds from gross income under federal income tax law. In such capacity we have examined the Constitution and laws of the State of Texas; federal income tax law; and a transcript of certain certified proceedings pertaining to the issuance of the Bonds and the notes that are being refunded (the “Refunded Notes”) with the proceeds of the Bonds, as described in the Order. The transcript contains certified copies of certain proceedings of the District and Zions Bancorporation, N.A. (the “Paying Agent”); the certificate (the “Certificate”) of USCA Municipal Advisors, LLC, in its capacity as financial advisor to the District, which verifies the sufficiency of the deposits made with the Paying Agent for the defeasance of the Refunded Notes; certain certifications and representations and other material facts within the knowledge and control of the District, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Bonds and the firm banking and financial arrangements for the discharge and final payment of the Refunded Notes. We have also examined executed Bond No. I-1 of this issue.

WE HAVE NOT BEEN REQUESTED to examine, and have not investigated or verified, any original proceedings, records, data or other material, but have relied upon the transcript of certified proceedings. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Bonds. Our role in connection with the District’s Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

BASED ON SUCH EXAMINATION, it is our opinion as follows:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently in effect; the Bonds constitute valid and legally binding obligations of the District enforceable in accordance with the terms and conditions thereof, except to the extent that the rights and remedies of the owners of the Bonds may be limited by laws heretofore or hereafter enacted relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors of political subdivisions and the exercise of judicial discretion in appropriate cases; and the Bonds have been authorized and delivered in accordance with law;

(2) The Bonds are payable, both as to principal and interest, from the receipts of an annual ad valorem maintenance tax levied, within the limits prescribed by law, upon all taxable property located within the District, which taxes have been pledged irrevocably to pay the principal of and interest on the Bonds; and

(3) The deposit with the Paying Agent for the Refunded Notes pursuant to the Order and the order authorizing the issuance of the Refunded Notes (the "Refunded Note Order") constitutes the discharge and final payment of the Refunded Notes; in reliance upon the representations contained in the Certificate, the Refunded Notes, having been discharged and paid, are no longer outstanding and the lien on and pledge of ad valorem taxes as set forth in the Refunded Note Order will be appropriately and legally defeased; the holders of the Refunded Notes may obtain payment of the principal of, redemption premium, if any, and interest on the Refunded Notes only out of the funds provided therefor now held by the Paying Agent for the Refunded Notes; and therefore the Refunded Notes are deemed to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided therefor.

BASED ON OUR EXAMINATION AS DESCRIBED ABOVE, it is further our opinion that, subject to the restrictions hereinafter described, interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. The opinion in (a) and (b) of the preceding sentence is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order that interest thereon not be included in gross income for federal income tax purposes. Failure by the District to comply with the Covenants (as defined below), among other things, could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. The District may in its discretion, but has not covenanted to, take any and all such actions as may be required by future changes in the Code and applicable regulations in order that interest on the Bonds remain excludable from gross income for federal income tax purposes.

EXCEPT AS DESCRIBED HEREIN, we express no opinions as to any other matters except with respect to the excludability of the interest on the Bonds from gross income from the owners thereof for federal income tax purposes.

IN PROVIDING THE FOREGOING OPINIONS, we have relied upon representations of the District with respect to matters solely within the knowledge of the District, which we have not independently verified, and have assumed the accuracy and completeness thereof.

EXCEPT AS DESCRIBED ABOVE, we express no opinion as to any federal, state or local tax consequences under present law, or future legislation, resulting from the ownership of, receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations, such as the Bonds, may result in collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, and individuals otherwise qualified for the earned income credit. For the foregoing reasons, prospective purchasers should consult their tax advisors as to the consequences of investing in the Bonds.

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. Our services as Bond Counsel to the District have been limited to delivering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Bonds and the tax-exempt status of the interest thereon. Our services have not included any financial or other non-legal advice. We express no opinion herein as to the financial resources of the District, its ability to provide for payment of the Bonds or the accuracy or completeness of any information, including the District's Preliminary Official Statement dated March 18, 2024 and the District's Official Statement dated March __, 2024, that may have been relied upon by anyone in making the decision to purchase Bonds. 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; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

HUNTON
ANDREWS KURTH

Hunton Andrews Kurth LLP
600 Travis, Suite 4200
Houston, Texas 77002
+1.713.220.4200 Phone
+1.713.220.4285 Fax
HuntonAK.com

April __, 2024

WE HAVE ACTED as Bond Counsel for the Waelder Independent School District (the "District") in connection with the issuance of time warrants (the "Time Warrants") described as follows:

> WAELDER INDEPENDENT SCHOOL DISTRICT TIME WARRANTS, SERIES 2024, dated April 1, 2024, in the aggregate principal amount of $___________. The Time Warrants bear interest and may be transferred and exchanged as set out in the Time Warrants and in the order (the "Order") adopted by the Board of Trustees of the District (the "Board") authorizing their issuance.

WE HAVE ACTED as Bond Counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Time Warrants under the Constitution and laws of the State of Texas and the excludability of interest on the Time Warrants from gross income for federal income tax purposes. In such capacity we have examined the Constitution and laws of the State of Texas; federal income tax law; and a transcript of certain certified proceedings of the Board pertaining to the issuance of the Time Warrants. The transcript contains certified copies of certain proceedings of the District; certain certifications and representations and other material facts within the knowledge and control of the District, upon which we rely; and certain other customary documents and instruments authorizing and relating to the issuance of the Time Warrants. We also have examined executed Time Warrant No. I-1 of this issue.

WE HAVE NOT BEEN REQUESTED to examine, and have not investigated or verified, any original proceedings, records, data or other material, but have relied upon the transcript of certified proceedings. We have not assumed any responsibility with respect to the financial condition or capabilities of the District or the disclosure thereof in connection with the sale of the Time Warrants.

BASED ON SUCH EXAMINATION, it is our opinion as follows:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Time Warrants in full compliance with the Constitution and laws of the State of Texas presently in effect; the Time Warrants constitute valid and legally binding obligations of the District enforceable in accordance with the terms and conditions thereof, except to the extent that the rights and remedies of the owner of the Time Warrants may be limited by laws heretofore or hereafter enacted relating to bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors of political subdivisions and the exercise of

judicial discretion in appropriate cases; and the Time Warrants have been authorized and delivered in accordance with law; and

(2) The Time Warrants are payable, both as to principal and interest, from the first lawfully available funds received in each fiscal year of the District, if any, including any delinquent maintenance taxes that may be collected, if any, and including the interest and penalties on such delinquent maintenance taxes, which funds have been pledged irrevocably to pay the principal of and interest on the Time Warrants.

BASED ON OUR EXAMINATION AS DESCRIBED ABOVE, it is further our opinion that, subject to the restrictions hereinafter described, interest on the Time Warrants (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum tax and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. The opinion in (a) and (b) of the preceding sentence is subject to the condition that there is compliance subsequent to the issuance of the Time Warrants with all requirements of the Code that must be satisfied in order that interest thereon not be included in gross income for federal income tax purposes. Failure by the District to comply with the Covenants (as defined below), among other things, could cause interest on the Time Warrants to be included in gross income for federal income tax purposes retroactively to their date of issue. The District may in its discretion, but has not covenanted to, take any and all such actions as may be required by future changes in the Code and applicable regulations in order that interest on the Time Warrants remain excludable from gross income for federal income tax purposes.

IN PROVIDING THE FOREGOING OPINIONS, we have relied upon representations of the District with respect to matters solely within the knowledge of the District, which we have not independently verified, and have assumed the accuracy and completeness thereof.

EXCEPT AS DESCRIBED ABOVE, we express no opinion as to any federal, state or local tax consequences under present law, or future legislation, resulting from the ownership of, receipt or accrual of interest on, or the acquisition or disposition of, the Time Warrants. Prospective purchasers of the Time Warrants should be aware that the ownership of tax-exempt obligations, such as the Time Warrants, may result in collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who are deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, and individuals otherwise qualified for the earned income credit. For the foregoing reasons, prospective purchasers should consult their tax advisors as to the consequences of investing in the Time Warrants.

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. Our services as Bond Counsel to the District have been limited to delivering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Time

Warrants and the tax-exempt status of the interest thereon. Our services have not included any financial or other non-legal advice. We express no opinion herein as to the financial resources of the District, its ability to provide for payment of the Time Warrants or the accuracy or completeness of any information, including the District's Preliminary Official Statement dated March 18, 2024 and the District's Official Statement dated March __, 2024, that may have been relied upon by anyone in making the decision to purchase Time Warrants. 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; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

[THIS PAGE INTENTIONALLY LEFT BLANK]

WAELDER INDEPENDENT SCHOOL DISTRICT • MAINTENANCE TAX NOTES, SERIES 2024, MAINTENANCE TAX REFUNDING BONDS, SERIES 2024 AND TIME WARRANTS, SERIES 2024

USCA MUNICIPAL ADVISORS, LLC

Financial Advisor to the District

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com