This Preliminary Official Statement and the information contained herein are subject to completion or amendment. The securities referenced herein may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

HTS Continuing Disclosure Services
A Division of Hilltop Securities

PRELIMINARY OFFICIAL STATEMENT
Dated: December 23, 2025

Ratings:
Moody's: "Ba3"
S&P: "B+"
See "Other INFORMATION - Ratings") herein

NEW ISSUE - Book-Entry-Only

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

$29,340,000*
HUNT MEMORIAL HOSPITAL DISTRICT
GENERAL OBLIGATION BONDS, SERIES 2026

Dated Date: Date of Delivery (defined below) **Due: February 15, as shown on Page 2**
Interest to Accrue from the Date of Delivery

Payment Terms . . . Interest on the $29,340,000* Hunt Memorial Hospital District General Obligation Bonds, Series 2026 (the "Bonds") will accrue from the date of their delivery to the underwriters identified below (the "Underwriters"), will be payable February 15 and August 15 of each year, commencing August 15, 2026, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar (identified below) 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 Bonds (see "The BONDS - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The BONDS - Paying Agent/Registrar").

Authority for Issuance . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly, Article IX, Section 9 of the Texas Constitution, Texas Special District Local Laws Code, Chapter 1044, as amended, an election held within the District (hereinafter defined) on May 3, 2025, and an order expected to be adopted by the Board of Directors of the District on January 13, 2026 (the "Order"), and are direct obligations of the Hunt Memorial Hospital District (the "District"), payable from an annual ad valorem tax levied on all taxable property within the District, within the limits prescribed by law, as provided in the Order. The Bonds are not payable from any of the operating revenues of the District, and the Bonds are not secured by a mortgage on any of the properties of the District. (See "THE BONDS – Authority for Issuance of the Bonds," "THE BONDS – Security and Source of Payment," and "THE BONDS – Tax Rate Limitation").

Purposes of the Bonds . . . Proceeds from the sale of the Bonds will be used to (i) provide funds for purchasing, constructing, acquiring, repairing, renovating, upgrading, updating, modernizing, and equipping buildings or improvements for hospital purposes, including those at Hunt Regional Medical Center (and any necessary or related removal of existing facilities) and (ii) pay certain costs of issuance for the Bonds.

CUSIP PREFIX: 445656
MATURITY SCHEDULE AND 9 DIGIT CUSIP
See Schedule on Page 2

Legality . . . The Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Dallas, Texas.

Delivery . . . It is expected that the Bonds will be available for delivery through the facilities of DTC on January 28, 2026 (the "Date of Delivery").

PIPER SANDLER & CO. **TEXAS CAPITAL SECURITIES**

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* Preliminary, subject to change.

MATURITY SCHEDULE **CUSIP[1] Prefix: 445656**

$29,340,000*

GENERAL OBLIGATION BONDS, SERIES 2026

Maturity February 15	Principal Amount	Rate	Yield	CUSIP[1] Suffix	Maturity February 15	Principal Amount	Rate	Yield	CUSIP[1] Suffix

(Interest to accrue from the Date of Delivery)

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Factset Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. 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 Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

REDEMPTION OF THE BONDS . . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 20[__], in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 20[__], or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption of the Bonds"). If two or more consecutive serial maturities of the Bonds are grouped into a single maturity (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order and will be described in the final Official Statement (see "THE BONDS – Mandatory Sinking Fund Redemption").

* Preliminary, subject to change.

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

No dealer, broker, salesman or other person has been authorized by the District or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriters. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor or the Underwriters. Any information and expressions of opinion herein contained 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 since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the District's undertaking to provide certain information on a continuing basis.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

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

Neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Bonds or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence.

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

NONE OF THE DISTRICT, ITS FINANCIAL ADVISOR, OR THE UNDERWRITERS 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.

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

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds (defined herein) 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 Hunt Memorial Hospital District (the "District") is a political subdivision of the State of Texas (the "State") that is comprised of Hunt Regional Medical Center, Greenville, Texas (167 licensed beds) and Hunt Regional Medical Partners (Medical Partners). The District provides inpatient, outpatient, occupational, emergency services for residents of Hunt County and surrounding areas (see "APPENDIX A – General Information Regarding the District").

THE BONDS…............................. The District's $29,340,000* General Obligation Bonds, Series 2026 (the "Bonds") are expected to be issued as serial bonds maturing on February 15 in each of the years 2028* through 2045* unless the Underwriters (as defined on the cover page hereof) elect to group two or more consecutive maturities into one or more term bonds (see "THE BONDS - Description of the Bonds").

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the date of their delivery to the Underwriters and is payable on August 15, 2026, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds" and "THE BONDS - Optional Redemption of the Bonds").

AUTHORITY FOR ISSUANCE OF THE BONDS............................ The Bonds are issued pursuant to the general laws of the State, including particularly Article IX, Section 9 of the Texas Constitution, Texas Special District Local Laws Code, Chapter 1044, as amended, an election held within the District on May 3, 2025, and an order expected to be adopted by the Board of Directors of the District on January 13, 2026 (see "THE BONDS - Authority for Issuance").

SECURITY FOR THE BONDS .... The Bonds constitute direct obligations of the District, payable from the levy and collection of an ad valorem tax levied on all taxable property within the District, within the limits prescribed by law (see "THE BONDS – Security and Source of Payment"). All taxes collected for the payment of the Bonds by the Tax Assessor-Collector of Hunt County shall be deposited into the Tax Collection Trust Account - Series 2026 Subaccount held by the Trust Agent (as defined herein) under the Tax Collection Trust Account Agreement (as defined herein). On February 1 and August 1 of each year and 15 days prior to any redemption date for the Bonds, the Trust Agent shall transfer all funds on deposit in the Tax Collection Trust Account - Series 2026 Subaccount to the Paying Agent/Registrar for deposit into the Interest and Sinking Fund, to be held by the Paying Agent/Registrar for the sole purpose of paying interest on and principal of the Bonds (see "THE BONDS – Tax Collection Trust Account").

REDEMPTION .... The District reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 20[__], in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 20[__], or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The BONDS - Optional Redemption of the Bonds"). If two or more consecutive serial maturities of the Bonds are grouped into a single maturity (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order and will be described in the final Official Statement (see "THE BONDS – Mandatory Sinking Fund Redemption").

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

* Preliminary, subject to change.

USE OF BOND PROCEEDS .... Proceeds from the sale of the Bonds will be used to (i) provide funds for purchasing, constructing, acquiring, repairing, renovating, upgrading, updating, modernizing, and equipping buildings or improvements for hospital purposes, including those at Hunt Regional Medical Center (and any necessary or related removal of existing facilities) and (ii) pay certain costs of issuance for the Bonds.

RATINGS .... The Bonds have been assigned ratings of "Ba3" by Moody's Investors Service, Inc. ("Moody's") and "B+" by S&P Global Ratings, a division of S&P Global Inc. ("S&P")(see "OTHER INFORMATION – Ratings").

BOOK-ENTRY-ONLY SYSTEM .... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

PAYMENT RECORD .... The District has never defaulted in payment of its general obligation tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9-30	Estimated Population (1)	Taxable Assessed Valuation (2)	Taxable Assessed Valuation Per Capita	Gross G.O. Tax Debt Outstanding at End of Year	Ratio of Gross G.O. Tax Debt to Taxable Assessed Valuation	Gross G.O. Tax Debt Per Capita
2022	100,644	8,457,688,036	84,035	37,260,000	0.44%	370
2023	101,953	10,696,540,533	104,917	34,490,000	0.32%	338
2024	103,278	13,168,721,876	127,507	31,575,000	0.24%	306
2025	104,621	14,535,683,308	138,937	28,510,000	0.20%	273
2026	105,981	15,849,673,741	149,552	55,585,000 (3)	0.35% (3)	524 (3)

(1) Source: The North Central Texas Council of Governments, see Research and Information Services.
(2) As reported by the Hunt County Appraisal District on the District's annual State Property Tax Board Reports; subject to change during the ensuring year.
(3) Projected. Includes the Bonds. Preliminary, subject to change.

For additional information regarding the District, please contact:

Tammy Walsh
Interim Chief Financial Officer
Hunt Memorial Hospital District
4215 Joe Ramsey Blvd. E
Greenville, Texas 75401
(903) 408-5000

Chris Janning
Managing Director
Hilltop Securities Inc.
717 N. Harwood St., Suite 3400
Dallas, Texas 75201
(214) 953-4042

DISTRICT OFFICIALS, STAFF AND CONSULTANTS

BOARD OF DIRECTORS OF THE DISTRICT

Board of Managers	Length of Service as of July 1, 2025	Term Expires	Occupation
Scott Pierce, D.O., Chair	7 years	2028	ED Physician – Team Health
Michael E. Taylor, Vice Chair	5 years	2028	CPA, Owner of Rutherford Taylor
Janet Peek, Secretary	8 years	2026	Retired Educator
Julia Wensel	7 years	2028	Retired Business Owner
Wesley W. Oswald	3 years	2026	Retired Healthcare Administrator
Deborah Clack	4.5 years	2026	Retired Chief Nursing Officer
Leslie Killgore	3.5 years	2028	CFP, Financial Consultant
William Jefferson Helton	3 years	2026	Pharmacist
John Cecil Nelson, Jr.	21 years	2028	Retired Software Engineer

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service	Length of Healthcare Service
Steven Lee Boles, Jr.	President & CEO	10 Years	38 Years
Tammy Walsh	Interim Chief Financial Officer	1 Year	20 Years
Reese Hurley	Chief Nursing Officer	22 Years	22 Years
Chad Martin	Vice President of Financial Operations	15 Years	30 Years
Travis Potter	Vice President of Business Development	15 Years	15 Years
Brandi Isham	Vice President of Quality/Coordinated Care	16 Years	20 Years
Stuart O'Neil	Vice President of Legal Affairs	34 Years	37 Years
Asim Usman, MD	Vice President of Physician Services	2 Years	29 Years
Dr. Bob Duell	Chief Medical Officer	39 Years	41 Years
Lori Allembaugh	Hunt Regional Medical Center Chief of Staff	18 Years	18 Years

CONSULTANTS AND ADVISORS

Auditors .... Forvis Mazars, LLP
Dallas, Texas

Bond Counsel .... McCall, Parkhurst & Horton L.L.P.
Dallas, Texas

Financial Advisor.. Hilltop Securities Inc.
Dallas, Texas

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OFFICIAL STATEMENT

RELATING TO

$29,340,000*
HUNT MEMORIAL HOSPITAL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2026

INTRODUCTION

This Official Statement, which includes the cover page and the Appendices hereto, provides certain information regarding the issuance of $29,340,000* Hunt Memorial Hospital District General Obligation Bonds, Series 2026(the "Bonds"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Order (defined herein), except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Bonds 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 District's Financial Advisor, Hilltop Securities Inc., Dallas, Texas, upon payment of reasonable copying, handling, and delivery charges.

DESCRIPTION OF THE DISTRICT . . . The District is a political subdivision of the State of Texas. The District has the authority to levy ad valorem taxes on property located within Hunt County. The District is comprised of Hunt Regional Medical Center, Greenville, Texas and Hunt Regional Medical Partners (Medical Partners) (collectively, the "Hospital"). The District provides inpatient, outpatient, occupational, and emergency services for residents of Hunt County and surrounding areas.

For additional information relating to the District, officials of the District, its operations and hospital facilities, see "APPENDIX A – General Information Regarding the District," and "APPENDIX B – Excerpts from the District's Annual Financial Report."

PLAN OF FINANCING

PURPOSE OF THE BONDS . . . Proceeds from the sale of the Bonds will be used to (i) provide funds for purchasing, constructing, acquiring, repairing, renovating, upgrading, updating, modernizing, and equipping buildings or improvements for hospital purposes, including those at Hunt Regional Medical Center (and any necessary or related removal of existing facilities) and (ii) pay certain costs of issuance for the Bonds.

SOURCES AND USES OF FUNDS . . . Proceeds from the sale of the Bonds will be used approximately as follows:

Sources of Funds	
Par Amount	
[Net] Reoffering Premium/Discount	
Total Sources of Funds	
Uses of Funds	
Deposit to Project Fund	
Deposit for Capitalized Interest	
Cost of Issuance	
Underwriters' Discount	
Total Uses of Funds	

* Preliminary, subject to change.

THE BONDS

DESCRIPTION OF THE BONDS. . . The Bonds are dated their date of delivery and mature on February 15 in each of the years and in the amounts shown on page two hereof. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months and will be payable on February 15 and August 15 of each year, commencing August 15, 2026, until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar (defined herein) 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 Bonds (see "THE BONDS - Book-Entry-Only System" herein).

Interest on the Bonds is payable to the registered owner appearing on the bond registration books of the Paying Agent/Registrar on the Record Date (as defined below) and such interest shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the bond register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. The principal of the Bonds is payable at maturity or upon prior redemption, upon their presentation and surrender to the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS - Book-Entry-Only System" herein. If the date for any payment on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

AUTHORITY FOR ISSUANCE OF THE BONDS. . . The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Article IX, Section 9 of the Texas Constitution, Texas Special District Local Laws Code, Chapter 1044, as amended (the "Enabling Act"), an election held within the District on May 3, 2025, and an order expected to be adopted by the Board of Directors of the District on January 13, 2026 (the "Order").

SECURITY AND SOURCE OF PAYMENT. . . All taxable property within the District is subject to an annual ad valorem tax levied by the District sufficient to provide for the payment of principal of and interest on all obligations payable in whole or in part from ad valorem taxes, which tax must be levied within limits prescribed by law.

TAX COLLECTION TRUST ACCOUNT. . . The Order creates a special Interest and Sinking Fund (the "Interest and Sinking Fund") and a Tax Collection Trust Account (as defined below) (and a Tax Collection Trust Account - Series 2026 Subaccount therein) , such Interest and Sinking Fund and Tax Collection Trust Account - Series 2026 Subaccount to be held solely for the benefit of the Bonds. The Interest and Sinking Fund shall be maintained by The Bank of New York Mellon Trust Company, N.A., as paying agent/registrar (the "Paying Agent/Registrar"). The Tax Collection Trust Account and the Tax Collection Trust Account - Series 2026 Subaccount shall be maintained by The Bank of New York Mellon Trust Company, N.A., as trust agent (the "Trust Agent"), pursuant to the Tax Collection Trust Account Agreement between the District and the Trust Agent (the "Trust Agreement"). Pursuant to the Instructions to Tax Assessor-Collector executed by the District and the Tax Assessor-Collector of Hunt County, and acknowledged by the Trust Agent (the "Instructions to Tax Assessor-Collector"), all ad valorem taxes levied and collected for the payment of the Bonds, the District's General Obligation Refunding and Improvement Bonds, Series 2014 (the "Series 2014 Bonds") and the District's General Obligation Refunding and Improvement Bonds, Series 2020 (the "Series 2020 Bonds" and, together with the Bonds and the Series 2014 Bonds, the "Outstanding General Obligation Bonds") by the Tax Assessor-Collector of Hunt County shall be deposited directly into the Hunt Memorial Hospital District Tax Collection Trust Account (the "Tax Collection Trust Account"). Upon receipt of such amounts, the Trust Agent shall provide written notice to the District of such deposit. Within five business days of receiving such notice, the District shall provide written instructions to the Trust Agent for transferring the amounts on deposit in the Tax Collection Trust Account to each subaccount created within the Tax Collection Trust Account for each series of Outstanding General Obligation Bonds, including the Tax Collection Trust Account - Series 2026 Subaccount on a pro rata basis corresponding to the debt service payments next coming due for each series of Outstanding General Obligation Bonds. If the District does not provide such written instructions to the Trust Agent by the required date, the Trust Agent shall transfer such funds to each respective subaccount on a pro rata basis corresponding to the debt service payments next coming due for the Outstanding General Obligation Bonds of each series, in accordance with the Debt Service Schedules (as defined in the Trust Agreement and provided to the Trust Agent in connection with the execution thereof).

Pursuant to the Trust Agreement, on February 1 and August 1 of each year and 15 days prior to any redemption date for the respective series of Outstanding General Obligation Bonds, the Trust Agent shall transfer all amounts on deposit in the respective subaccount of the Tax Collection Trust Account to the paying agent/registrar for the respective series of Outstanding General Obligation Bonds for deposit into the respective interest and sinking fund created under the respective order authorizing the issuance of the applicable series of Outstanding General Obligation Bonds, including the Interest and Sinking Fund. With respect to the Bonds, the Paying Agent/Registrar shall deposit such funds upon receipt into the Interest and Sinking Fund, to be held by the Paying Agent/Registrar for the sole purpose of paying interest on and principal of the Bonds. The Interest and Sinking Fund and the Tax Collection Trust Account - Series 2026 Subaccount shall be kept separate and apart from all other funds and accounts of the District, and shall be used only for paying the interest on and principal of the Bonds.

TAX RATE LIMITATION. . . All taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article IX, Section 9, of the Texas Constitution is applicable to the District and limits its maximum ad valorem tax to $0.75 per $100 assessed valuation for all purposes. The District's Enabling Act adopts the constitutional maximum tax rate.

By the later of September 30 or the 60th day after the date the certified appraisal roll is received by the District, the Board of Directors of the District must adopt a tax rate per $100 taxable value for the current year. The tax rate consists of two components: (1) a rate of funding of maintenance and operation expenditures, and (2) a rate for debt service (see "TAX INFORMATION" herein).

OPTIONAL REDEMPTION OF THE BONDS. . . The District reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 20[__], in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 20[__], or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the District may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY SINKING FUND REDEMPTION. . . If two or more consecutive serial maturities of the Bonds are grouped into a single maturity (the "Term Bonds") by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Order and will be described in the final Official Statement.

NOTICE OF REDEMPTION. . . Not less than 30 days prior to a redemption date for the Bonds, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. 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 BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

AMENDMENTS TO THE ORDER. . . In the Order, the District has reserved the right to amend the Order, without the consent of any holder for the purpose of amending or supplementing the Order to (i) cure any ambiguity, defect or omission therein that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of the Order that do not materially adversely affect the interests of the holders, (iv) qualify the Order under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under the Order that are not inconsistent with the provisions thereof and which, in the opinion of Bond Counsel for the District, do not materially adversely affect the interests of the holders.

The Order further provides that the holders of 51% or more in aggregate principal amount of the outstanding Bonds that are the subject of a proposed amendment shall have the right from time to time to approve any amendment not described above to the Order if it is deemed necessary or desirable by the District; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the outstanding Bonds, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Bonds, (ii) reducing the rate of interest borne by any of the outstanding Bonds, (iii) reducing the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds, (iv) modifying the terms of payment of principal of, or of interest or redemption premium on outstanding Bonds or imposing any condition with respect to such payment; or (v) changing the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment. Reference is made to the Order for further provisions relating to the amendment thereof.

DISCHARGE OF THE BONDS. . . The Order provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on the Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent, in trust (1) money sufficient to make such payment and/or (2) Defeasance Securities maturing as to principal and interest in such amounts and at such times to ensure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds being defeased, and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased Bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The Order provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the District's Board of Directors authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the District's Board of Directors authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities for the Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid. Provided, however, the District has reserved the option, to be exercised at the time of the defeasance of the Bonds, to call for redemption, at an earlier date, those Bonds which have been defeased to their maturity date, if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Order does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Defeasance Securities or that for any other Defeasance Security will be maintained at any particular rating category.

BOOK-ENTRY-ONLY SYSTEM. . . *This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The District and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or any notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or any 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 Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participant to whose account such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar on payable dates 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 in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments on the Bonds to DTC are the responsibility of the District, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District and the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered. (See "REGISTRATION, TRANSFER AND EXCHANGE" herein)

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) with respect to the Bonds. In that event, Bonds will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Order will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the District, the Financial Advisor or the Underwriters.

Effect of Termination of Book-Entry-Only System. In the event the Book-Entry-Only System with respect to the Bonds is discontinued by DTC, or the use of the Book-Entry-Only System with respect to the Bonds is discontinued by the District, printed Bond certificates will be issued to the respective holders of the Bonds, and the respective Bonds will be subject to transfer, exchange, and registration provisions as set forth in the Order, summarized under "THE BONDS - Registration, Transfer and Exchange" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Order, 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 until the Bonds are duly paid and any successor Paying Agent/Registrar shall be a commercial bank, financial institution, or trust company organized under the laws of the United States or any state or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds.

Upon any change in the Paying Agent/Registrar for the Bonds, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar, and the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

REGISTRATION, TRANSFER AND EXCHANGE . . . In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds 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 Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the District nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date 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, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Registered Owner of a Bond 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..

BONDHOLDERS' REMEDIES . . . The Order establishes specific events of default with respect to the Bonds. If the District defaults in the payment of the principal of or interest on the Bonds when due or the District defaults in the observance or performance of any of the covenants, agreements, or obligations of the District, the failure to perform which materially, adversely affects the rights of the owners of the Bonds, including but not limited to, their prospect or ability to be repaid in accordance with the Order, and the continuation thereof for a period of 60 days after notice of such default is given by any owner to the District, the Order provides that any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the District to make such payment or observe and perform such covenants, agreements, or obligations. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Bonds or the Order and the District's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Order does not provide for the appointment of a trustee to represent the interest of the owners of the Bonds upon any failure of the District to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

The Texas Supreme Court 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 governmental immunity from a suit for money damages, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or covenants set forth in the Order. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds.

Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

TAX INFORMATION

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

VALUATION OF TAXABLE PROPERTY . . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board ("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 Hunt County Appraisal District (the "Appraisal District"). Except as 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 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 (the "10% Homestead Cap"). See Table 1 for the reduction in taxable valuation attributable to the 10% Homestead Cap.

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2025 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,160,000 (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026 (unless extended by the Texas Legislature), the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity ("Productivity Value"). 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 "TAX INFORMATION – District and Taxpayer Remedies."

STATE MANDATED HOMESTEAD EXEMPTIONS. . . State law grants, with respect to each taxing unit in the State, 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 Table 1 for the reduction in taxable valuation attributable to state-mandated homestead exemptions.

LOCAL OPTION HOMESTEAD EXEMPTIONS . . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons 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. Cities, counties and school districts that adopted an optional homestead exemption described in (1), above, for the 2022 tax year are prohibited from repealing or reducing the exemption through December 31, 2027. The exemption described in (2), above, may be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. See Table 1 for the reduction in taxable valuation attributable to local option homestead exemptions.

Local Option Freeze for the Elderly and Disabled . . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

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. Legislation passed by the State legislature, signed by the Governor of Texas (the "Governor") during the 89th Regular Session (as defined herein) and approved by voters at the Statewide election on November 4, 2025 provides a person with an exemption from taxation by a taxing unit of $125,000 of the appraised value of tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit (or, if the person leases such property, regardless of where the property is located in the taxing unit).

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 to tax Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, principally inventory, that are stored for the purposes of assembling, storing, manufacturing, processing or fabricating the goods in a location that is not owned by the owner of the goods and are transferred from that location to another location within 175 days ("Goods-in-Transit"), are exempt from ad valorem taxation unless a taxing unit takes official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax Goods-in-Transit beginning the following tax year. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include special inventories such as motor vehicles or boats in a dealer's retail 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 damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. The Texas Legislature amended Section 11.35, Tax Code to clarify that "damage" for purposes of such statute is limited to "physical damage." For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

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. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

Tax Increment Financing 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.

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

For a discussion of how the various exemptions, TIRZ and tax abatement agreement participation described above are applicable to the District, see "TAX INFORMATION – District Application of Property Tax Code" herein.

PUBLIC HEARING AND MAINTENANCE AND OPERATION TAX RATE LIMITATIONS . . . The following terms as used in this section have the meanings provided below:

"adjusted" means lost values are not included in the calculation of the prior year's taxes and new values are not included in the current year's taxable values.

"no-new-revenue tax rate" means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year's total tax levy (adjusted) from the current year's total taxable values (adjusted).

"voter-approval tax rate" means the maintenance and operations tax rate that will produce the prior year's maintenance and operation tax levy (adjusted) from the current year's values (unadjusted) multiplied by 1.08, plus a rate that will produce the current year's debt service from the prior year's values (adjusted).

The portion of the District's overall tax rate used to pay current expenses is herein referred to as the "maintenance and operations tax rate" and the portion of the tax rate used for funding debt service in the current year is referred to herein as the "debt service tax rate." As a general matter, the District's maintenance and operations tax rate cannot increase by more than 8% from one year to the next, subject to various exceptions. Such limitation does not apply to the District's debt service tax rate.

Under State law, the Hunt County assessor-collector must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the District to the District by August 1 or as soon as practicable thereafter. The District must then calculate its annual "voter-approval tax rate" and "no-new-revenue tax rate" (as such terms are defined above) in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the District and the Hunt County tax assessor-collector. The District must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If the District fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the District for the preceding tax year.

The Property Tax Code provides that if a District adopts a tax rate that exceeds its voter-approval tax rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

The District may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until the Appraisal District has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the District has held a public hearing on the proposed tax increase.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the District's ability to set a debt service tax rate in each year sufficient to pay debt service on all of the District's tax-supported debt obligations, including the Bonds, subject only to constitutional limitations (see "THE BONDS – Tax Rate Limitation" herein).

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT . . . Property within the District is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65-years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1. Taxpayers who are 65-years old or older may also defer payment of taxes on a homestead without penalty until 181 days after the person no longer owns the property or occupies it as a residence homestead.

DISTRICT AND TAXPAYER REMEDIES . . . Under certain circumstances, the District and its taxpayers 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 1.2 million or more as of the most recent federal decennial census may additionally 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 $61,349,201 for the 2025 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 "– Public Hearing and Maintenance and Operation Tax Rate Limitations".) The Property Tax Code also establishes a procedure for 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.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

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

After July, the penalty remains at 12%, and interest accrues at the rate of 1% for each month or portion of a month the tax remains unpaid. A delinquent tax continues to incur the penalty as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition, a taxing unit may contract with an attorney for the collection of delinquent taxes and the amount of compensation as set forth in such contract may provide for a fee up to 20% of the amount of the delinquent tax, penalty, and interest collected.

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 taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of all other such taxing units. A tax lien on real property has 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. The ability of the District to collect delinquent taxes by foreclosure 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.

2025 REGULAR AND SPECIAL LEGISLATIVE SESSIONS . . . The regular session of the 89th Texas Legislature (the "Legislature") commenced on January 14, 2025, and concluded on June 2, 2025 (the "89th Regular Session"). The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor called a first special session, which began on July 21, 2025 and ended on August 15, 2025. The Governor called a second special session, which began on August 15, 2025 and ended on September 4, 2025. Additional special sessions may be called by the Governor and, during such time, the Legislature may enact laws that materially change current law as it relates to property tax exemption and procedures, which could impact the District and its finances.

The District is in the process of analyzing the effect of legislation adopted during the 89th Regular Session. The District can make no representations or predictions regarding any actions the Legislature may take during any special session, or concerning the substance or effect of any legislation that may be passed during a future session of the Legislature.

DISTRICT APPLICATION OF PROPERTY TAX CODE . . . The District grants an exemption to the market value of the residence homestead of persons 65 years of age or older of $30,000.

The District has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of $5,000.

See Table 1 for a listing of the amounts of the exemptions described above.

The District has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

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 nonbusiness personal property; and the Hunt County Tax Collector collects taxes for the District.

The District does not permit split payments, and discounts are not allowed.

The District does not tax freeport property.

The District does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The District has adopted a tax abatement policy.

Tax Increment Financing Zones . . . The City of Greenville created Tax Reinvestment Zone Number One ("Greenville TIRZ #1") in December 2008 pursuant to Chapter 311 of the Tax Code. Greenville TIRZ #1 will expire the earlier of (i) December 31, 2043 or (ii) the date on which all project costs, bonds and other obligations have been paid in full. Greenville TIRZ #1 was created for the purpose of financing public improvements associated with future retail and commercial development along the I-30 corridor, downtown redevelopment and industrial development at Highway 380 and Highway 69. The District's board authorized the District to participate in Greenville TIRZ #1. The initial taxable assessed value of Greenville TIRZ #1 at its creation was $33,507,448. The 2025 taxable assessed value of Greenville TIRZ #1 is $263,242,397.

The City of Caddo Mills created Reinvestment Zone Number One ("Caddo Mills TIRZ #1") in April 2024 pursuant to Chapter 311 of the Tax Code. Caddo Mills TIRZ #1 will expire the earlier of (i) December 31, 2054 or (ii) the date on which all project costs have been paid in full. Caddo Mills TIRZ #1 was created for the purpose of gathering and allowing public tax dollars to fund public infrastructure to enable development of property in and around the Caddo Mills TIRZ #1. The District's board authorized the District to participate in Caddo Mills TIRZ #1 and, on May 28, 2024, the District executed the related participation agreement with the City of Caddo Mills. The initial taxable assessed value of Caddo Mills TIRZ #1 at its creation was $63,845,070. The 2025 taxable assessed value of Caddo Mills TIRZ #1 is $77,846,006.

The City of Caddo Mills created Reinvestment Zone Number Two ("Caddo Mills TIRZ #2") in September 2025 pursuant to Chapter 311 of the Tax Code. Caddo Mills TIRZ #2 will expire the earlier of (i) December 31, 2055 or (ii) the date on which all project costs have been paid in full. Caddo Mills TIRZ #2 was created for the purpose of gathering and allowing public tax dollars to fund public infrastructure to enable development of property in and around the Caddo Mills TIRZ #2. On December 16, 2025, the District's board authorized the District to participate in Caddo Mills TIRZ #2. The District has not yet executed a participation agreement. The initial taxable assessed value of Caddo Mills TIRZ #2 at its creation was estimated to be $4,629,780.

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2025/26 Taxable Assessed Valuation (excluding totally exempt property)		$ 22,760,558,122
Less Exemptions/Reductions at 100% Market Value:	$ 381,275,797	
Disabled or Deceased Veterans	9,784,370	
Pollution Control	15,135,222	
Solar	5,330,380,016	
Agricultural and Timberland Use Reductions	287,253,316	
Leased Vehicle	150,315,287	
Over 65	610,615,762	
Freeport Exemption	126,124,611	$6,910,884,381
2025/26 Net Taxable Assessed Valuation		$ 15,849,673,741
General Obligation Debt Payable from Ad Valorem Taxes (as of 1/31/2026)		$ 28,510,000
The Bonds(1)		$ 29,340,000
Total General Obligation Debt Payable from Ad Valorem Taxes (as of 1/31/2026)(1)		$ 57,850,000
Interest & Sinking Fund (as of 9/30/2025)		$ 30,947
Ratio Tax-Supported Debt to 2025/2026 Taxable Assessed Valuation(1)		0.36%

2026 Estimated Population – 105,981
2025/2026 Per Capita Taxable Assessed Valuation - $149,552
2025/2026 Per Capita General Obligation Debt Payable from Ad Valorem Taxes - $546(1)

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

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TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY*

	Fiscal Year Ended September 30,					
	2026		2025		2024	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 7,863,579,364	34.55%	$7,222,805,277	34.02%	$6,492,270,053	33.10%
Real, Residential, Multi-Family	442,996,877	1.95%	419,737,007	1.98%	391,239,771	1.99%
Real, Vacant Lots/Tracts	452,834,222	1.99%	457,013,415	2.15%	402,889,786	2.05%
Real, Acreage (Land Only)	5,491,811,864	24.13%	5,307,862,899	25.00%	5,054,082,662	25.77%
Real, Farm and Ranch Improvements	4,489,360,331	19.72%	4,209,524,743	19.83%	3,929,819,669	20.04%
Real, Commercial & Industrial	2,002,247,048	8.80%	1,599,009,405	7.53%	1,514,808,813	7.72%
Real and Tangible Personal, Utilities	493,679,247	2.17%	442,721,893	2.09%	359,500,900	1.83%
Tangible Personal, Business	1,280,217,173	5.62%	1,392,753,860	6.56%	1,298,506,643	6.62%
Tangible Personal, Other	146,983,172	0.65%	112,180,993	0.53%	100,789,942	0.51%
Real Property, Inventory	63,617,484	0.28%	36,823,118	0.17%	33,368,726	0.17%
Special Inventory	33,231,340	0.15%	31,511,730	0.15%	34,885,120	0.18%
Total Appraised Value Before Exemptions	$ 22,760,558,122	100.00%	$21,231,944,340	100.00%	$ 19,612,162,085	100.00%
Less: Total Exemptions/Reductions	(6,910,884,381)		(6,696,261,032)		(6,443,440,209)	
Taxable Assessed Value	$ 15,849,673,741		$14,535,683,308		$ 13,168,721,876	

	Fiscal Year Ended September 30,			
	2023		2022	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$5,057,630,843	32.28%	$ 3,665,315,377	32.83%
Real, Residential, Multi-Family	329,683,937	2.10%	246,137,653	2.20%
Real, Vacant Lots/Tracts	322,990,670	2.06%	236,316,411	2.12%
Real, Acreage (Land Only)	3,946,929,107	25.19%	2,210,490,494	19.80%
Real, Farm and Ranch Improvements	3,326,431,090	21.23%	2,560,581,975	22.93%
Real, Commercial & Industrial	1,251,566,375	7.99%	970,988,454	8.70%
Real and Tangible Personal, Utilities	224,331,802	1.43%	201,211,881	1.80%
Tangible Personal, Business	1,050,839,882	6.71%	951,171,540	8.52%
Tangible Personal, Other	88,754,880	0.57%	64,953,325	0.58%
Real Property, Inventory	33,179,524	0.21%	28,194,859	0.25%
Special Inventory	35,854,520	0.23%	29,886,700	0.27%
Total Appraised Value Before Exemptions	$ 15,668,192,630	100.00%	$ 11,165,248,669	100.00%
Less: Total Exemptions/Reductions	(4,971,652,097)		(2,707,560,633)	
Taxable Assessed Value	$ 10,696,540,533		$ 8,457,688,036	

* Valuations shown are certified taxable assessed values reported by the Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

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TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9-30	Estimated Population [(1)]	Taxable Assessed Valuation [(2)]	Taxable Assessed Valuation Per Capita	Gross G.O. Tax Debt Outstanding at End of Year	Ratio of Gross G.O. Tax Debt to Taxable Assessed Valuation	Gross G.O. Tax Debt Per Capita
2022	100,644	8,457,688,036	84,035	37,260,000	0.44%	370
2023	101,953	10,696,540,533	104,917	34,490,000	0.32%	338
2024	103,278	13,168,721,876	127,507	31,575,000	0.24%	306
2025	104,621	14,535,683,308	138,937	28,510,000	0.20%	273
2026	105,981	15,849,673,741	149,552	55,585,000 [(3)]	0.35% [(3)]	524 [(3)]

(1) Source: The North Central Texas Council of Governments, see Research and Information Services.
(2) As reported by the Appraisal District on the District's annual State Property Tax Board Reports; subject to change during the ensuring year.
(3) Projected. Includes the Bonds. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

FYE 9-30	Tax Rate	Operation and Maintenance	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2022	0.2358	0.185632	0.050199	18,972,599	102.77%	106.75%
2023	0.2090	0.169445	0.039511	22,113,911	97.82%	100.58%
2024	0.1978	0.165387	0.032405	25,740,360	91.87%	99.96%
2025	0.2004	0.170772	0.029590	28,817,378	93.11%	93.11%
2026	0.2072	0.177651	0.029590	32,847,022 [(1)]	N/A	N/A

(1) Calculated.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2025/26 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
BT Cunningham Storage LLC	Energy Storage	$ 189,955,000	1.20%
L-3 Communications Integrated Systems LP	Aircraft	151,182,268	0.95%
Explorer Pipeline Co	Oil & Gas	112,456,710	0.71%
Oncor Electric Delivery Co	Utility	101,339,910	0.64%
Spectrum Gulf Coast LLC	Utility	67,093,600	0.42%
Cytec Engineered Materials Inc	Chemicals & Materials	64,751,380	0.41%
BT Signal Ranch LLC	Solar Power	55,343,580	0.35%
Sabert	Food Package Manufacturer	41,897,170	0.26%
Atmos Energy/Mid-Tex Distribution	Utility	41,463,590	0.26%
D R Horton - Texas LTD	Home Builder	37,570,988	0.24%
		$ 863,054,196	5.45%

*Numbers may not sum due to rounding. Information derived from the Tax Assessor-Collector of Hunt County as of July 25, 2025.

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GENERAL OBLIGATION DEBT LIMITATION . . . The District's ability to issue general obligation debt is limited by tax rate limitations imposed on the District by the State Constitution. The District's ad valorem tax rate for all purposes cannot exceed $0.75 per $100 of valuation. Administratively, the Attorney General of the State of Texas will not approve limited tax obligations in an amount which produces debt service requirements exceeding that which can be paid from two-thirds (2/3) of the foregoing $0.75 maximum tax rate, as calculated at the time of issuance. (see "THE BONDS - Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY(1)

2026 Principal and Interest Requirements	$ 4,407,533
$0.0284 Tax Rate at 98% Collection Produces	$ 4,411,281
Average Principal and Interest Requirements (2026-2045)	$ 4,292,053
$0.0277 Tax Rate at 98% Collection Produces	$ 4,302,552
Maximum Principal and Interest Requirements, 2030	$ 6,092,994
$0.0393 Tax Rate at 98% Collection Produces	$ 6,104,343

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

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TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the District.

Taxing Jurisdiction	2025/2026 Taxable Assessed Value (1)	2025/2026 Tax Rate	Total G.O. Tax Debt as of 9/30/25	Estimated % Applicable	District's Overlapping G.O. Tax Debt as of 9/30/25
Bland ISD	479,533,886	$ 0.8723	$ 11,685,000	93.85%	$ 10,966,373
Boles ISD	47,572,385	0.9657	1,785,000	100.00%	1,785,000
Caddo Mills ISD	1,601,426,864	1.2552	221,151,463	100.00%	221,151,463
Caddo Mills MMD #1	405,687,957	0.3400	20,555,000	100.00%	20,555,000
Caddo Mills, City of	776,612,309	0.4850	23,095,000	100.00%	23,095,000
Campbell ISD	216,935,973	0.6669	883,000	100.00%	883,000
Campbell, City of	54,364,640	0.2698	290,000	100.00%	290,000
Celeste ISD	318,650,344	0.9252	4,750,000	100.00%	4,750,000
Commerce ISD	868,048,982	1.2552	80,585,000	99.64%	80,294,894
Commerce, City of	663,804,006	0.7989	41,403,000	100.00%	41,403,000
Community ISD	3,319,693,008	1.2552	427,065,000	4.66%	19,901,229
Cooper ISD	4,453,936	0.9175	7,600,000	0.83%	63,080
Cumby ISD	22,542,304	1.2352	7,171,000	13.73%	984,578
Fannindel ISD	1,168,559	0.8375	535,000	8.09%	43,282
Greenville ISD	4,395,313,362	0.9669	41,610,000	100.00%	41,610,000
Greenville, City of	4,029,030,576	0.5580	219,770,000	100.00%	219,770,000
Hawk Cove, City of	33,163,071	0.7741	1,093,000	100.00%	1,093,000
Hunt Co	16,036,507,589	0.3332	9,125,000	100.00%	9,125,000
Josephine, City of	356,278,186	0.4681	34,130,000	1.52%	518,776
Leonard ISD	74,494,127	1.2252	38,355,000	6.41%	2,458,556
Lone Oak ISD	720,384,840	1.1569	45,162,000	98.16%	44,331,019
Lone Oak, City of	86,009,273	0.2902	2,880,000	100.00%	2,880,000
Magnolia Pointe MUD #1	626,154,012	0.9500	81,425,000	19.97%	16,260,573
Poetry Road MUD	113,130	1.0000	4,010,000	0.31%	12,431
Quinlan ISD	1,998,941,068	0.9252	28,800,000	98.09%	28,249,920
Quinlan, City of	201,777,317	0.4640	2,013,000	100.00%	2,013,000
Riverfield MUD #1	107,138,144.00	1.0000	14,505,000	97.37%	14,123,519
Royse City ISD	1,635,306,005	1.2552	689,014,290	26.14%	180,108,335
Royse City, City of	1,007,271,180	0.5780	110,400,000	19.41%	21,428,640
Terrell ISD	147,900,985	1.0552	294,375,782	4.18%	12,304,908
Verandah MUD	565,568,881	0.8500	67,135,000	98.69%	66,255,532
West Tawakoni, City of	193,916,348	0.3506	-	100.00%	-
Wolfe City ISD	247,155,122	0.9396	4,935,000	96.01%	4,738,094
Wolfe City, City of	107,418,636	0.5580	7,840,000	100.00%	7,840,000
Total Overlapping Debt:					$1,101,287,199
Hunt Memorial Hospital(1):	15,849,673,741	0.2004	57,850,000	100.00%	$ 57,850,000
Total Direct and Overlaping Debt:					$1,159,137,199
Total Direct and Overlaping Debt to 2025/2026 Taxable Assessed Valuation					7.31%
Total Direct and Overlaping Debt per Capita:					$ 10,937

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

TABLE 8 – PRO FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending	General Obligation Debt Service			The Bonds (1)(2)			Total Outstanding
9/30	Principal	Interest	Total	Principal	Interest	Totals	Debt Service (1)
2026	$ 2,265,000	$ 1,178,963	$ 3,443,963	-	963,570	$ 963,570	$4,407,533
2027	2,375,000	1,068,563	3,443,563	-	1,598,550	1,598,550	5,042,113
2028	2,490,000	952,538	3,442,538	285,000	1,591,781	1,876,781	5,319,319
2029	2,610,000	830,250	3,440,250	685,000	1,568,744	2,253,744	5,693,994
2030	2,735,000	707,238	3,442,238	1,125,000	1,525,756	2,650,756	6,092,994
2031	1,760,000	605,850	2,365,850	1,225,000	1,469,944	2,694,944	5,060,794
2032	1,840,000	526,731	2,366,731	1,285,000	1,410,331	2,695,331	5,062,063
2033	1,925,000	442,900	2,367,900	1,350,000	1,347,750	2,697,750	5,065,650
2034	2,015,000	354,588	2,369,588	1,415,000	1,282,081	2,697,081	5,066,669
2035	1,285,000	283,700	1,568,700	1,480,000	1,213,325	2,693,325	4,262,025
2036	1,335,000	231,300	1,566,300	1,560,000	1,133,325	2,693,325	4,259,625
2037	1,390,000	176,800	1,566,800	1,650,000	1,041,038	2,691,038	4,257,838
2038	1,445,000	120,100	1,565,100	1,750,000	943,288	2,693,288	4,258,388
2039	1,495,000	68,775	1,563,775	1,855,000	839,644	2,694,644	4,258,419
2040	1,545,000	23,175	1,568,175	1,965,000	729,819	2,694,819	4,262,994
2041	-	-	-	2,080,000	613,525	2,693,525	2,693,525
2042	-	-	-	2,205,000	490,331	2,695,331	2,695,331
2043	-	-	-	2,335,000	359,806	2,694,806	2,694,806
2044	-	-	-	2,470,000	221,663	2,691,663	2,691,663
2045	-	-	-	2,620,000	75,325	2,695,325	2,695,325
	$28,510,000	$7,571,469	$36,081,469	$29,340,000	$20,419,595	$ 49,759,595	$85,841,064

(1) Preliminary, subject to change.
(2) Average life of the Bonds is 12.713 years. Interest calculated at an average rate for purposes of illustration. Preliminary, subject to change.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year ending 9/30/2026		$4,407,533
Interest and Sinking Fund Balance, 9/30/2025	$30,914	
2026 Interest and Sinking Fund Tax Levy @ 100% Collection	$4,689,918	
Projected Balance, 9/30/2025		$313,300

TABLE 10 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Approved	Amount	Amount Previously Issued	Amount Being Issued (1)	Unissued (2)
Healthcare Facility	05/03/2025	$29,340,000	-	$29,340,000	-

(1) Includes premium generated and counted against voter authorization, if any. Preliminary, subject to change.
(2) This amount may be increased as provided in the Order if the amount being issued is reduced. Preliminary, subject to change.

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The District does not anticipate the issuance of additional general obligation bonds in the next twelve months.

OTHER OBLIGATIONS . . . In addition to its outstanding general obligation bonds, the District has incurred the following outstanding obligations which are secured by hospital revenues that are not ad valorem taxes:

Hospital Revenue Bonds: On October 11, 2023, the District issued its $6,070,000 Hospital Revenue Bonds, Series 2023A and $13,150,000 Hospital Revenue Bonds, Series 2023B (collectively, the "Revenue Bonds"), pursuant to an order dated September 26, 2023 (the "2023 Bond Order"). The Revenue Bonds were purchased by Texas Capital Bank Community Development Corporation ("Texas Capital"), an affiliate of TCBI Securities, Inc., doing business as Texas Capital Securities, one of the Underwriters of the Bonds, and have final maturities of February 15, 2030, and February 15, 2033, respectively. Principal payments on the Revenue Bonds are due annually, commencing in February 2024, and interest payments are due quarterly, beginning in February 2024. See "APPENDIX A – Long Term Debt of the Hospital" for the District's debt service requirements on the Revenue Bonds.

The 2023 Bond Order specifies certain financial covenants to be met by the District on a quarterly and annual basis, including that the District must maintain a debt service coverage ratio of at least 1.50:1 for each fiscal year (the "Debt Service Coverage Ratio"), and at least 65 Days Cash on Hand and a Cash to Indebtedness Ratio of at least 0.80:1, as of March 31, June 30, and December 31 of each year (together, the "Cash Covenants"). If the Debt Service Coverage Ratio is less than 1.50:1, the District is required to retain a Management Consultant within 30 days following the calculation to make recommendations with respect to the rates, fees and charges of the District and the District's methods of operation and other factors affecting its financial condition in order to increase the Debt Service Coverage Ratio to at least 1.50:1 for the following fiscal year. At fiscal year-end 2024 and 2025, the District was not in compliance with the Debt Service Coverage Ratio. The District has retained a Management Consultant as required by the 2023 Bond Order.

Additionally, for the fiscal quarter ending December 31, 2024, the District was in default with respect to the Cash Covenants (the "Cash Defaults"). On August 15, 2025, the District and Texas Capital entered into a Forbearance Agreement (the "Forbearance Agreement"), whereby Texas Capital, without waiving any of its rights or remedies under the bond documents related to the Revenue Bonds (the "Revenue Bond Documents") and the Loan Documents (as defined below), agreed to forbear exercising its rights or remedies arising from the Cash Defaults until any of the following events shall occur: (i) the District breaches or fails to perform any of its agreements, representations, warranties, covenants, obligations or undertakings under the Revenue Bond Documents, the Loan Documents and the Forbearance Agreement, including, but not limited to, failing to comply with the Cash Covenants for the fiscal quarters ending December 31, 2025 and beyond; (ii) any event of default shall occur under any of the Revenue Bond Documents or the Loan Documents other than the Cash Defaults; or (iii) the District initiates any judicial, administrative or arbitration proceedings against Texas Capital. (See "FINANCIAL IMPROVEMENT PLAN INITIATIVES" in Appendix A for a description of the District's initiatives to improve the Debt Service Coverage Ratio, Days Cash on Hand and Cash to Indebtedness Ratio.)

Notes Payable: On November 15, 2024, the District entered into a Loan Agreement and a Security Agreement with Texas Capital (the "Loan Agreement" and, together with all documents executed in connection therewith, the "Loan Documents"), in which Texas Capital provided the District with a line of credit in the amount of $6,000,000, evidenced by a $6,000,000 Promissory Note. The main purpose of the line of credit was to fund the District's intergovernmental transfers. In connection with the Loan Agreement, the District covenanted to maintain a debt service coverage ratio of at least 1.50:1, tested at the end of each of the District's fiscal quarters. Pursuant to the Loan Agreement, any event of default of the District in regard to any other outstanding indebtedness of the District, including the Revenue Bonds, is an event of default under the Loan Agreement. In connection with the Cash Defaults, the District and Texas Capital entered into the Forbearance Agreement, as described above.

The District and Texas Capital entered into a First Amendment to Loan Agreement and an Amended and Restated Security Agreement on June 9, 2025, in which Texas Capital increased the line of credit to $14,000,000 and the District increased the principal amount of the Promissory Note to $14,000,000. Additionally, on July 29, 2025, the District and Texas Capital entered into a Second Amendment to Loan Agreement and a Second Amended and Restated Security Agreement, in which Texas Capital further increased the line of credit to $20,000,000 and the District increased the principal amount of the Promissory Note to $20,000,000 (the "Note"). The Note is secured by all revenues and income of the District, subject and subordinate only to the District's pledge of revenues and income securing the Revenue Bonds, excluding all taxes, restricted gifts, grants, bequests, donation and contributions, and any other amounts received by the District that may not be pledged to secure debt by State law. The Note is currently outstanding in the amount of $16,020,035.49, maturing on February 12, 2026, and bearing interest at a variable rate which is payable on the first day of each month, commencing July 1, 2025.

On June 7, 2023, the District entered into an asset purchase agreement for $1,997,000 to purchase the equipment, furnishings, inventories, supplies, etc., of an urgent care facility. A $500,000 downpayment was due in two equal payments—the first $250,000 was paid at the preliminary closing in June 2023, and the second $250,000 was paid at the final closing in October 2023. The remaining balance of the purchase price is being seller financed at eight percent (8%) for 24 months at $67,705 per month, which commenced in October 2023.

On October 4, 2022, the District entered into a loan agreement for $6,500,000 with a bank to finance an equipment purchase related to a capital improvement project. The loan is payable in quarterly installments of $723,869 beginning April 4, 2023 and continuing through October 4, 2027. The loan carries an interest rate of 4.01% and is secured by the equipment purchased with the loan proceeds.

On April 19, 2021, the District entered into a loan agreement for $6,000,000 with a bank to finance an equipment purchase related to a capital improvement project. The loan is payable in quarterly installments of $313,454 beginning July 28, 2021, and continuing through April 28, 2026. The loan carries an interest rate of 1.68% and is secured by the equipment purchased with the loan proceeds.

FINANCIAL INFORMATION

TABLE 11 – STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

	Fiscal Years Ended September 30,					
	2025(1)	2024(2)	2023(2)	2022(3)	2021(3)	2020
Operating Revenue:						
Net Patient Service Revenue	$ 220,978,446	$ 201,026,632	$ 186,650,665	$ 176,176,485	$168,213,452	$ 140,576,393
Supplemental Operating Revenue	8,275,330	5,885,663	10,707,015	12,262,877	13,266,867	15,436,689
Other Operating Revenue	6,157,661	5,866,830	3,106,958	2,494,321	2,856,112	2,625,644
Total Operating Revenues	$ 235,411,436	$ 212,779,125	$ 200,464,638	$ 190,933,683	$184,336,431	$ 158,638,726
Operating Expenses:						
Salaries and wages and employee benefits	$ 157,466,056	$ 142,315,345	$ 125,722,582	$ 106,545,754	$103,103,805	$90,485,272
Purchased services and professional fees	38,202,458	42,943,005	45,403,520	50,129,337	40,345,015	33,538,737
Depreciation and amortization	16,255,800	13,889,217	11,811,417	8,590,986	8,129,180	7,557,749
Other operating expenses	59,795,029	62,146,342	56,438,372	46,872,239	47,087,150	38,923,993
Total Operating Expenses	$ 271,719,344	$ 261,293,909	$ 239,375,891	$ 212,138,316	$198,665,150	$ 170,505,751
Operating Revenue (Loss):	$(36,307,908)	$(48,514,784)	$(38,911,253)	$(21,204,633)	$(14,328,719)	$(11,867,025)
Non-Operating Revenue (Expenses):						
Property Tax Revenue	$ 29,247,129	$ 25,591,705	$ 22,202,383	$ 19,539,479	$ 17,934,881	$ 15,026,465
Non-Capital Grants and Contributions	524,890	2,293,245	128,613	837,935	1,084,115	78,237
Investment Income	379,694	1,352,784	1,221,920	(450,831)	42,242	376,207
Interest Expense	(5,922,992)	(4,298,176)	(2,403,795)	(1,624,149)	(1,346,696)	(680,928)
Provider Relief Funds	-	-	-	6,077,956	10,245,392	6,336,948
Other, net	-	-	951,481	(590,865)	113,028	(300,163)
Total Non-Operating Revenue	24,228,720	24,939,558	22,100,602	23,789,525	28,072,962	20,836,766
Excess of Revenues over Expenses before Capital Grants and Contributions	$(12,079,187)	$(23,575,226)	$(16,810,651)	$ 2,584,892	$ 13,744,243	$ 8,969,741
Capital Grants and Contributions	$ 348,210	$ 400,794	$ 249,240	$ 765,820	$ 177,444	$ 224,183
Increase (Decrease) in Net Position	$(11,730,978)	$(23,174,432)	$(16,561,411)	$ 3,350,712	$ 13,921,687	$ 9,193,924
Beginning Fund Balance	54,380,265	77,554,697	94,116,108	90,765,396	76,843,709	67,649,785
Ending Fund Balance	$ 42,649,287	$ 54,380,265	$ 77,554,697	$ 94,116,108	$ 90,765,396	$ 76,843,709

(1) Unaudited.
(2) At the end of the fiscal year ended September 30, 2023, the District converted to a new electronic health record system. This conversion led to a significant slowdown in cash collections and a material increase in the allowance for doubtful accounts. The conversion also resulted in substantial one-time conversion costs that reduced cash balances. In order to resolve the resulting liquidity concerns, the District has engaged a third party to accelerate cash collections over the next several months.
(3) Restated.

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FINANCIAL POLICIES

Proprietary Fund Accounting . . . The District utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Substantially all revenue and expenses are subject to accrual.

Use of Estimates . . . The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Patient Accounts Receivable . . . The District reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients, and others. The District provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions.

Supplies . . . Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

Investments and Investment Income . . . The District invests in Texas Local Government Investment Pool ("TexPool"), which is considered an investment for financial reporting. The District has an undivided beneficial interest in the pool of assets held by the TexPool. Authorized investments include obligations of the United States or its agencies, direct obligations of the State or its agencies, certificates of deposit, and repurchase agreements.

The District's interest in TexPool is carried at amortized cost per share under Government Accounting Standards Board ("GASB") Statement No. 79, *Certain External Investment Pools and Pool Participants*.

Investments in U.S. Treasury, agency, and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in non-negotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes dividend and interest income and the net change for the year in the fair value of investments carried at fair value.

Capital Assets . . . Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the District:

Land improvements	2–25 years
Buildings	35–40 years
Leasehold improvements	5–10 years
Equipment	3–5 years
Computer software	3–5 years

Lease Assets . . . Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets . . . Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement ("SBITA") term, less any SBITA vendor incentives received from the SBITA vendor and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying information technology asset.

Capital, Lease, and Subscription Asset Impairment . . . The District evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended September 30, 2024 and 2023.

Compensated Absences . . . The District's policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized.

Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Risk Management . . . The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than general and professional liability and employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The District is self-insured for a portion of its exposure to risk of loss from general and professional liability and employee health claims. Annual estimated provisions are accrued for the self-insured portion of these claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Deferred Inflows of Resources . . . The District reports an acquisition of net assets that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheets.

Net Position . . . Net position of the District is classified in two components on its balance sheets. Net investment in capital assets consists of capital, lease, and subscription assets net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings used to finance the purchase, use, or construction of those assets.

Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Net Patient Service Revenue . . . The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

Charity Care . . . The District provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the District does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

The costs of charity care provided under the District's charity care policy were approximately $2,383,000 and $2,719,000 for September 30, 2024, and 2023, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Property Taxes . . . The District received approximately 11% and 10% of its financial support from property taxes in 2024 and 2023, respectively. These funds were allocated as follows:

	2024	2023
Percentage used to support operations	84%	81%
Percentage used for debt service on bonds	16%	19%
	100%	100%

Property taxes are levied by the District on October 1 of each year based on the preceding January 1 assessed property values. To secure payment, an enforceable lien attaches to the property on January 1 when the value is assessed. Property taxes become due and payable when levied on October 1. This is the date on which an enforceable legal claim arises and the District records a receivable for the property tax assessment, less an allowance for uncollectible property taxes. Property taxes are considered delinquent after January 31 of the following year. The District recorded an allowance for uncollectible property taxes of approximately $1,120,000 and $902,000 at September 30, 2024, and 2023, respectively.

The District's property tax rate was $0.165387 and $0.169445 per $100 valuation for 2024 and 2023, respectively, for the maintenance and operation fund. Property tax revenue for this fund was approximately $21,399,000 and $18,004,000 in 2024 and 2023, respectively. The District's property tax rate was $0.032405 and $0.039511 per $100 valuation for 2024 and 2023, respectively, for the interest and sinking fund. Property tax revenue for this fund was approximately $4,193,000 and $4,198,000 in 2023 and 2022, respectively.

Income Taxes . . . As a political subdivision under the laws of the state of Texas, the District is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code (IRC) and a similar provision of state law. Hunt Regional Medical Partners ("Medical Partners") is exempt from income taxes under Section 501(a) of the IRC. Medical Partners is subject to federal income tax on any unrelated business taxable income.

Foundation . . . The District is the beneficiary of the Hunt Memorial Hospital District Charitable Health Foundation (the "Foundation"), a separate legal entity with its own board of trustees. The Foundation is not reflected in the District's financial statements due to the insignificance (or immateriality) of the Foundation's activities to the District thus far. The District received approximately $401,000 and $294,000 in contributions from the Foundation in 2024 and 2023, respectively, which is included as capital grants and gifts in the District's financial statements attached hereto as "APPENDIX C" of revenues, expenses and changes in net position.

INVESTMENTS

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

LEGAL INVESTMENTS . . . Under State law, the District is authorized to invest in obligations meeting the requirements of the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended (the "PFIA"), which may include: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which 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 the State that the District selects from a list the governing body or designated investment committee of the District adopts as required by Section 2256.025 Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the District selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the District's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the District appoints as the District's custodian of the banking deposits issued for the District's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for District deposits, or (ii) certificates of deposit where (a) the funds are invested by the District through (I) 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 (II) a depository institution that has its main office or a 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, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1), 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 value of the securities loaned under the program must be not less than 100% collateralized, including accrued income, 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 the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the District with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7; and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have either (a) a duration of one year or more and are invested exclusively in obligations described in this paragraph or (b) have 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 in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

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 “AAA-m” 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 Advisors 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 and 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 funds’ investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, 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, the ending market value, and the fully accrued interest during the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest District funds without express written authority from the Board of Directors.

ADDITIONAL PROVISIONS . . . Under State 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 Directors; (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, requires an interpretation of subjective investment standards or relates to investment transactions of the entity that are not made through accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) 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 repurchase agreement; (8) restrict its investment in no-load mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; (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.

TABLE 12 – CURRENT INVESTMENTS*

As of September 30, 2025, the District's investable funds were invested in the following categories:

Description	Amount	Percent
Cash and cash equivalents	$ 2,777,940	97.7%
TexPool	65,721	2.3%
Total	$ 2,843,661	100.00%

*Unaudited.

For a summary of the District's cash and cash equivalents, short-term investments, noncurrent cash and investments, and days cash on hand as of September 30, 2025 to 2022, see "APPENDIX A – GENERAL INFORMATION REGARDING THE DISTRICT – Selected Financial Information – Cash and Investments."

TAX MATTERS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

INFORMATION REPORTING AND BACKUP WITHHOLDING . . . Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of holders who are not United States citizens or entities created or organized under the laws of the United States of America, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

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

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

CONTINUING DISCLOSURE OF INFORMATION

In the Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains an "obligated person" with respect to the Bonds within the meaning of the United States Securities and Exchange Commission ("SEC") Rule 15c2-12 (the "Rule"). Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB").

ANNUAL REPORTS . . . The District will provide to the MSRB updated financial information and operating data annually. The information to be updated includes quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 12 and in Appendix B. The District will update and provide the information in the above-referenced Tables in the Official Statement within six months after the end of each fiscal year ending in or after 2025. If not submitted as part of such information, the District will provide its audited annual financial statements when and if available, and in any event within 12 months after the end of each fiscal year ending in or after 2025. 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 year, when and if such audit report on such statements becomes available. Any financial statements to be so provided shall be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet website or filed with the SEC, as permitted by the Rule.

The District's current fiscal year end is September 30. Accordingly, it must provide updated financial information and operating data in the above-referenced Tables in the Official Statement by March 31 in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 of each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this section.

NOTICE OF CERTAIN EVENTS . . . The District will also provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a 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 security holders, 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. In addition, the District will provide timely notice of any failure by the District to provide annual financial information or operating data in accordance with their agreement described above under "Annual Reports."

For these purposes, (a) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District, and (b) the District intends the words used in items (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

AVAILABILITY OF INFORMATION . . . The District has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The District has agreed to update information and to provide notices of certain specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell the Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders and beneficial owners of the Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if (1) the agreement, as amended would have permitted an underwriter to purchase or sell the Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances, and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of the Order that authorizes such amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the District amends its agreement, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in type of information and data provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . Except as described below, during the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule. On October 4, 2022, the District entered into a loan agreement for $6,500,000 with a bank to finance an equipment purchase related to a capital improvement project (the "2022 Loan"). On June 7, 2023, the District entered into an asset purchase agreement for $1,997,000 to purchase the equipment, furnishings, inventories, supplies, etc., of an urgent care facility (the "2023 Agreement"). On November 15, 2024, the District entered into the Loan Agreement. Notice of the Loan Agreement was filed on the MSRB's Electronic Municipal Market Access ("EMMA") website on a timely basis. The District and Texas Capital entered into a First Amendment to Loan Agreement and an Amended and Restated Security Agreement on June 9, 2025, in which Texas Capital increased this line of credit to $14,000,000 and the District increased the principal amount of the Promissory Note to $14,000,000 (the "June 2025 Increase"). Additionally, on July 29, 2025, the District and Texas Capital entered into a Second Amendment to Loan Agreement and a Second Amended and Restated Security Agreement, in which Texas Capital further increased this line of credit to $20,000,000 and the District increased the principal amount of the Promissory Note to $20,000,000 (the "July 2025 Increase"). The District did not timely file event notices on EMMA with respect to the 2022 Loan, 2023 Agreement, June 2025 Increase or July 2025 Increase. On September 25, 2025, the District filed a notice of failure to file, along with an event notice with respect to such events.

OTHER INFORMATION

RATINGS

The Bonds have been assigned ratings of "Ba3" by Moody's Investors Service, Inc. and "B+" by S&P Global Ratings, a division of S&P Global Inc. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and none of the District, the Financial Advisor or the Underwriters make any representation as to the appropriateness of the ratings. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds.

Periodically, rating agencies will evaluate and, on occasion as a result of these evaluations revise, their rating methodologies and criteria for issuers such as the District. A revision in a rating agency's rating methodology could result in a positive or negative change in a rating assigned by that agency, even if the rated entity has experienced no material change in financial condition or operation. Any of the rating agencies at any time while the Bonds remain outstanding could undertake such an evaluation process.

LITIGATION

It is the opinion of the Vice President of Legal Affairs of the District and District staff that there is no pending litigation against the District that would have a material adverse financial impact upon the District or its operations or has been filed or is pending to enjoin the issuance and delivery of the Bonds or which would affect the provisions made for payment or security or in any manner questioning the validity of the Bonds.

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

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041, Texas Government Code, provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the PFIA requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" above. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Public Funds Collateral Act, Chapter 2257, Texas Government Code, provides that the Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the District has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

The District has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The District has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL MATTERS

The District will furnish the Underwriters a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel with respect to the Bonds issued in compliance with the provisions of applicable law and the interest on the Bonds being excludable from gross income for purposes of federal income tax. The form of Bond Counsel's opinion is attached hereto as Appendix C. Bond Counsel has been engaged by and only represents the District in connection with the issuance of the Bonds. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds which would affect the provision made for their payment or security, or in any manner questioning the validity of said Bonds will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions and subcaptions "PLAN OF FINANCING" (excluding the information under the subcaption "Sources and Uses of Funds"), "THE BONDS" (excluding the information under the subcaptions "Book-Entry-Only System" and "Bondholders' Remedies"), "TAX MATTERS,"

"CONTINUING DISCLOSURE OF INFORMATION" (excluding the information under the subcaption "Compliance with Prior Undertakings"), "OTHER INFORMATION - Registration and Qualification of Bonds for Sale," "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas" and "OTHER INFORMATION - Legal Matters" (excluding the last sentence of the first paragraph thereof), and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the provisions of the Order. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Dallas, Texas, whose legal fees are contingent upon the sale and delivery of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds 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 that 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.

FINANCIAL ADVISOR

Hilltop Securities Inc. is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Hilltop Securities Inc., 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 Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

UNDERWRITING

The Underwriters have agreed to purchase from the District, upon the satisfaction of certain conditions, all of the Bonds, if any are purchased, at a purchase price equal to the aggregate principal amount of the Bonds, less an underwriting discount of $____________, and will offer the Bonds initially at the offering prices stated on page two hereof. The Underwriters may offer and sell the Bonds to certain dealers (including depositing the Bonds into investment trusts) and to others at prices lower than the prices stated on page two hereof. After the Bonds are released for sale, the public offering prices and other selling terms may from time to time be varied by the Underwriters.

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

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

CYBERSECURITY

Computer networks and data transmission and collection are vital to the operations of the District. Information technology and infrastructure of the District may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the District. To mitigate these risks, the District continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture, including required training for District staff and administration.

In Fiscal Year ending September 30, 2024, the District was affected by the attack on Change Healthcare, a subsidiary of UnitedHealth Group's Optum unit ("Optum"), which caused interruption of numerous administrative and billing processes, including electronic claims submission and provider payments, leading to short-term cash flow needs. As a result of the cash flow issues due to the breach, Optum loaned the District $8,504,900. Optum recouped $1,238,914 through patient claims and the District has been paying $399,083 on the loan. The balance is approximately $6, 185,163.

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

MISCELLANEOUS

The financial data and other information contained herein have been obtained from the District's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Any statements made in this Official Statement or the Appendices hereto involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such opinions or estimates will be realized. The District has reviewed the information contained herein which relates to it, its property and operations, and has approved all such information for use within this Official Statement. Reference is made to original documents in all respects.

The Order approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorized its use in the reoffering of the Bonds by the Underwriters.

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APPENDIX A

GENERAL INFORMATION REGARDING THE DISTRICT

HUNT MEMORIAL HOSPITAL DISTRICT

General

The Hunt Memorial Hospital District (the "District"), a body politic and corporate, was established pursuant to Acts 1967, 60th Legislature, page 230, Chapter 125, Section 20, as amended (the "Act"), to provide acute hospital care for the residents of Hunt County, Texas (the "County"). The District began operation of Hunt Regional Medical Center, Greenville, Texas, on November 3, 1981. The District's boundaries are coterminous with the boundaries of the County, which is located in North Texas. The County is located approximately 50 miles northeast of the city of Dallas. The District is comprised of the largest independent hospital in northeast Texas. Hunt County is the only county in Texas which borders eight (8) other counties.

Board of Directors

The District is governed by a nine member Board of Directors (the "Board"). There are no term limits. The Board appoints the Chief Executive Officer, who is responsible for the management of the Hospital (defined below) and the Chief Financial Officer. The names, offices held on the Board and occupations of the current members of the Board are as follows:

Name and Office Held	Occupation	Member Since	Term Expires
Scott Pierce, D.O., Chair	Physician	05/2018	2028
Michael E. Taylor, Vice Chair	CPA, Owner of Rutherford Taylor	05/2020	2028
Janet Peek, Secretary	Retired Educator	09/2017	2026
Julia Wensel, Member	Retired Business Owner	10/2018	2028
Wesley W. Oswald, Member	Retired Healthcare Administrator	09/2022	2026
Deborah Clack, Member	Retired Chief Nursing Officer	11/2020	2026
Leslie Killgore, Member	CFP, Financial Consultant	11/2021	2028
William Jefferson Helton, Member	Pharmacist	05/2022	2026
John Cecil Nelson, Jr., Member	Retired Software Engineer	06/2004	2028

HUNT REGIONAL MEDICAL CENTER

History

Hunt Regional Medical Center (together with HRMP (as defined herein), the "Hospital") began operation in the County on September 15, 1960, as a general acute care healthcare facility. The Hospital operates a 190-licensed bed (156 of which are currently staffed) facility employing approximately 1,392 full-time equivalent personnel with a medical staff of 233 physicians (including 153 active staff members and 80 consulting staff members).

Service Area and Medical Services

The Hunt Regional Medical Center's primary service area is Hunt County. The secondary service area expands to include the surrounding communities of Farmersville, Leonard, Cumby, Wills Point, Emory, Royse City, Sulphur Springs, Celeste, Nevada, Josephine and Cooper. Based on United States Census Bureau data, the 2024 population of Hunt County is estimated at 113,347 and the aggregate population of the secondary service area is 150,662 based on the Texas Hospital Association's 2025 zip code analysis.

In addition to inpatient acute care, the Hospital also provides inpatient rehab, a Level 3 Trauma/Emergency Department, a maternity center and Level III NICU, a surgery center, a wide range of diagnostic imaging services, clinical laboratory, cardiopulmonary, cath lab and rehabilitation. Other outpatient services available include Cardiac Rehab Center, a Diabetes Self-Management Center, Sleep Disorder Clinic, Wound Care Center, Occupational Health, Infusion Center, Lab Solutions outreach, and two imaging centers.

The Hospital received approval from the Accreditation Counsel for Graduate Medical Education (ACGME) for an internal medicine residency program. This program launched on July 1, 2024 with eight residents and added nine more in the summer of 2025 (the program will reach twenty-four residents in the summer of 2026). Residents are under the medical direction of Asim Usman, MD. Dr. Usman is board certified in internal medicine and palliative medicine. The mission of the Hunt Regional Internal Medicine Residency Program is to provide an advanced education in internal medicine of the highest quality, combining teaching, clinical service, comprehensive patient care, and research, while producing competent academic and clinical leaders in internal medicine who are committed to lifelong learning. The Hospital has sponsored a podiatry residency since 2004 with six residents practicing at the healthcare system.

HUNT REGIONAL MEDICAL PARTNERS

Hunt Regional Medical Partners ("HRMP") is the 501(c)(3) corporation started by the District in December 2009 to employ physicians and mid-level providers in clinics owned and operated by the District. The original clinic established was the Hunt Regional Medical Partners Gastroenterology followed soon after by practices for neurology and Family Practice at Greenville. HRMP has continued to grow today employing 10 primary care physicians, 14 physician specialists, and 47 mid-level providers. The following is summary of each clinic by name and location:

Hunt Regional Family Medicine Caddo Mills	Caddo Mills, Texas
Hunt Regional Family Medicine Emory	Emory, Texas
Hunt Regional Family Medicine Fate	Fate, Texas
Hunt Regional Family Medicine Greenville	Greenville, Texas
Hunt Regional Family Medicine Leonard	Leonard, Texas
Hunt Regional Family Medicine Live Oak	Commerce, Texas
Hunt Regional Family Medicine Royse City	Royse City, Texas
Hunt Regional Family Medicine Westlake	Quinlan, Texas
Hunt Regional Pediatric Clinic Greenville	Greenville, Texas
Hunt Regional Family Medicine Wellington	Greenville, Texas
Hunt Regional Pediatric Clinic Royse City	Royse City, Texas
Hunt Regional Medical Partners Specialists	Greenville, Texas
Hunt Regional Gastroenterology	Greenville, Texas
Hunt Regional General Surgery	Greenville, Texas
Hunt Regional Neurology and Pain Management	Greenville, Texas
Hunt Regional Orthopedics and Sports Medicine	Greenville, Texas
Hunt Regional Urology	Greenville, Texas
Hunt Regional Obstetrics and Gynecology	Greenville, Texas
Hunt Regional Obstetrics and Gynecology	Royse City, Texas
Hunt Regional Orthopedics and Sports Medicine	Royse City, Texas
Hunt Regional Urgent Care Commerce	Commerce, Texas
Hunt Regional Urgent Care Emory	Emory, Texas
Hunt Regional Urgent Care Farmersville	Farmersville, Texas
Hunt Regional Urgent Care Fate	Fate, Texas
Hunt Regional Urgent Care Greenville	Greenville, Texas
Hunt Regional Urgent Care Rockwall	Rockwall, Texas
Hunt Regional Urgent Care Royse City	Royse City, Texas

GENERAL INFORMATION

Accreditations, Memberships and Approvals

The Hospital is licensed by the Texas Department of Health and are accredited or certified by, or a member of, the following organizations, agencies or programs:

- United States Department of Health and Human Services for participation in the Medicare program
- State of Texas for participation in the Medicaid program
- Blue Cross of Texas
- Texas Hospital Association; Texas Medical Association
- Joint Commission on Accreditation of Healthcare Organizations
- Joint Commission Advanced Primary Stroke Certification
- Accreditation Council for Graduate Medical Education
- Council of Podiatric Medical Education
- Teaching Hospitals of Texas
- American College of Radiology and the Mammography Quality Standards Act for Mammography Advanced
- Intersocietal Accreditation Commission for Echocardiography

- College of American Pathologist for Laboratory Services
- Texas Vaccines for Children
- Texas Department of State Health Services designations for the following programs:
  - Maternal Level II designation
  - NICU Level III designation
  - Trauma Level III designation
  - Primary Stroke Center
  - Rural Health Clinics

Administration of Hospital

Day-to-day management of the Hospital is under the direction of Steven Lee Boles, Jr., Chief Executive Officer. Resumes of the key administrative staff members are shown below:

Steven Lee Boles, Jr., President and Chief Executive Officer. Mr. Boles is the Chief Executive Officer (CEO) of the District. Mr. Boles is responsible for the overall leadership and management affairs of the District, including Hunt Regional Medical Center, Hunt Regional Medical Partners, Hunt County EMS and various medical offices. He has been employed by the District since March 2015 serving as Chief Financial Officer until his appointment to CEO in October 2021.

Tammy Walsh, CPA, District Interim Chief Financial Officer. Ms. Walsh is the Interim Chief Financial Officer (CFO) of the District. As the CFO, Ms. Walsh has responsibility for the overall financial reporting operations of the District, including but not limited to budget development, governmental reimbursement issues, financial reporting, and interaction with the Board of Directors in regard to other financial issues on a routine monthly basis through the Finance Committee and the monthly meeting of the Board of Directors. Ms. Walsh has over 25 years of healthcare finance experience and has been a CFO in both the physician group and hospital space for 20+ years. She is a Certified Healthcare Financial Professional and Certified Revenue Cycle Representative.

Reese Hurley, Chief Nursing Officer. Mr. Hurley is the Chief Nursing Officer (CNO) for the District and is responsible for all nursing areas. He has been employed by the District since 2003. Prior to assuming the role of CNO, he was the Director of Intensive Care, Cath. Lab, and Dialysis. He has held other nursing leadership positions since 2006. Mr. Hurley received his Master's Degree in Nursing Science with specialty in Administration from University of Texas Tyler, a Bachelor's of Science in Nursing from the University of Texas Tyler, and an Associate's Degree of Nursing Science from Tyler Junior College.

Chad Martin, Vice President of Financial Operations. Mr. Martin serves as Vice President of Financial Operations for the District, providing leadership over end-to-end revenue cycle. He focuses on optimizing revenue integrity, cash flow, compliance, and scalable financial processes through enterprise standardization and performance improvement. With a clinical background as a Registered Respiratory Therapist, he aligns clinical workflows with financial outcomes. Mr. Martin has been with the District since 2010 and brings nearly 30 years of healthcare experience.

Travis Potter, Vice President of Business Development. Travis Potter is the VP of Business Development for the District. As the VP of Business Development, Mr. Potter has responsibility for supporting the District as it pertains to business/service line development, marketing, community outreach, communications and customer experience. Mr. Potter is accountable for leading the targeted growth initiatives for both primary and secondary market areas for the organization. The District has employed Mr. Potter since 2010.

Brandi Isham, Vice President of Quality and Coordinated Care. Mrs. Isham is the Vice President of Quality and Coordinated Care for the District. She is responsible for quality, patient safety, accreditation, case management, utilization review, and oversight of all quality metric reporting across the District. She also has oversight for Medical Staff Services, the Internal Medicine and Podiatry Residency Programs, and several other departments within the district. Mrs. Isham has led multiple successful Joint Commission surveys, including the development of the District's Primary Stroke Program, which earned certification and national recognition from the American Heart Association. She has been employed by the District since 2009 and has over 20 years of experience as a Registered Nurse. Mrs. Isham earned a Doctor of Nursing Practice from the University of South Alabama in 2019, where her work focused on improving the care of patients with chronic conditions. She also holds a Master of Science in Nursing – Family Nurse Practitioner from Texas A&M University – Corpus Christi (2015), a Bachelor of Science in Nursing from the University of Texas at Tyler (2010), and an Associate Degree in Nursing from Trinity Valley Community College (2005).

Stuart O'Neil, District General Counsel. Mr. O'Neil is the General Counsel and VP of Legal Affairs for the District. As General Counsel, he provides legal advice to the Board of Directors, executive leadership, and medical Staff. Mr. O'Neil further ensures District compliance with applicable laws and regulations. Additionally, he manages litigation involving the District, often working with outside counsel, and provides legal support for claims management and risk mitigation. Finally, he is involved in drafting and reviewing contracts, agreements, subpoenas, and other legal documents on behalf of the District. Mr. O'Neil has been representing the District since 1992, but has served as the District's General Counsel since June 2022.

Dr. Bob Deuell, Chief Medical Officer. Dr. Deuell is a Family Medicine physician practicing in Greenville and currently serves as the hospital's Chief Medical Officer. He attended medical school at the Virginia Commonwealth University Medical School in

Richmond, Virginia. He attended an internship at HCA Virginia Chippenham Hospital in Richmond, Virginia and fulfilled his residency at the Pinnacle Health Harrisburg campus in Harrisburg, Pennsylvania 1984-1986. Dr. Deuell is board certified as a Diplomate of the American Board of Family Medicine and has served in the Texas Senate. He has served the hospital's medical staff since July 1986.

Lori Allembaugh, DO. Dr. Allembaugh is a pediatrician practicing in Greenville and currently serves the hospital's medical staff as Chief of Staff. She attended medical school at University of North Texas Health Science Center- College of Osteopathic Medicine in Fort Worth, Texas. She completed her residency at Texas Tech University in Lubbock, Texas.

Strategic Planning

The Vision Statement is "To create a healthier future together." The Mission Statement is "Providing quality healthcare in a compassionate environment that strengthens our community."

The Board and the administrative personnel have created a strategic plan to accomplish the District's vision and mission statements. Their long-term and short-term goals are categorized as follows: meeting the community's healthcare needs; improvements in organization work flow to improve care; improving access to care for rural communities in our service area; shifting of unnecessary emergency department encounters to the appropriate site of care; focus on growth among pediatric/woman's health; physician recruitment; development of outpatient services; development of consumer focused primary care; market pricing transparency; community health models to help the uninsured; EHR (as defined herein) optimization; growth of residency program in rural communities; and development of telehealth services.

The 2025 bond issuance will focus on the District's strategic mission of expansion in core needs in the community. The District will be adding a hybrid room and new technology to the operating area to focus on vascular and cardiology surgeries (cardiovascular disease is the #1 cause of death in East Texas). The funding will also support the construction of a second radiation oncology vault and the purchase of a new linear accelerator addressing the need for increased access to cancer care in the area. Bond proceeds will also be used on updates to the Hunt Regional Medical Center's emergency department area to facilitate the trauma needs of this area. Monies will also be spent to ensure the Hospital has sufficient patient room capacity along with infrastructure investments in firewalls, roofs, exterior waterproofing, elevators and other smaller projects improving the capabilities of the health care system.

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Medical Staff

As of June 2025, the Hospital's medical staff was comprised of 153 active staff members and 80 consulting staff members. Consulting staff members do not admit patients to the Hospital. All admissions come from active staff. The following table presents the Hospital's physicians by specialty and staff status within each specialty group as of June 2025:

Specialty	Active Staff	Consulting Staff	Total
Anesthesiology	5	-	5
Cardiology	6	25	31
Emergency	52	-	52
Family Practice	8	-	8
Gastroenterology	2	-	2
General Surgery	5	-	5
Infectious Disease	3	1	4
Internal Medicine	16	1	17
Neonatology/Perinatology	2	-	2
Nephrology	1	8	9
Neurology	2	-	2
OB/GYN	4	-	4
Oncology	1	2	3
Ophthalmology/Optometry	2	-	2
Orthopedic Surgery	6	-	6
Pathology	3	-	3
Pediatrics	4	-	4
Pediatric Cardiology	-	11	11
Physical Medicine/ Rehabilitation	1	-	1
Podiatry	7	-	7
Psychiatry	1	2	3
Pulmonology	3	-	3
Radiation Oncology	-	1	1
Radiology	14	28	42
Urology	1	1	2
Vascular Surgery	3	-	3
Wound Care	1	-	1
Total	**153**	**80**	**233**

Source: Hospital's Management.

Managed Care Developments

Managed Care patients account for 28.7% of total charges. The District anticipates the managed care population will decrease due to an observed healthcare trend that employers are reducing healthcare benefits for employees. However, the District anticipates the reimbursement rates per managed care patient will slightly increase due to more successful contract negotiations with major managed care payors and success in challenging payors on medical necessity and service level determinations.

The Hospital has implemented monitoring software to ensure contract compliance by payors. Policies and training have improved up-front collections. Technology is being used to record authorizations and pre-certs to reduce payor denials. The major focus of the organization is to hold payors accountable for accurate payment in a timely manner. The District has given the staff the tools to accomplish this goal for all payors and the results have had a significant impact on the organization's success.

Nursing Services

A shared governance council, comprised of the nursing directors, directs the Nursing Department. Members of the nursing department include registered nurses, licensed vocational nurses, nurse's aides and ward clerks. Each member is assigned clinical and/or managerial responsibilities based on educational preparation, applicable licensing and an assessment of current competence.

Employees

As of June, 2025, the District had a total of 1,392 full time equivalent employees with 121 of those employed by Hunt Regional Medical Partners and 53 of those employed by Hunt Regional Urgent Care. The employees of the District are not represented by a union and no union organization activity at the District is known to be currently underway. The District maintains a comprehensive benefit plan for its employees.

Pension Plan

The Hospital established a defined contribution pension plan, also known as a Section 401A Plan, in September 1990, which covers substantially all employees meeting age and service requirements. Employee contributions to the plan are voluntary; the Hospital does make a matching contribution of 100% of the first 4% contributions made by staff.

Training Programs

All non-PRN employees attend a one-day orientation seminar upon hire and a safety reorientation seminar annually thereafter. The one-day seminar addresses such issues as confidentiality, safety, infection control, compliance, and HIPPA. Orientation for PRN staff is provided on-line. Employees of the Hospital may also participate in continuing education programs. Each department head is responsible for assuring that an employee’s license and/or certification is current. The Hospital has a tuition reimbursement program for relevant courses of study for all full-time employees.

Education and Community Service Program

The Hospital provides various training and educational programs for its staff and personnel directly or through affiliation with other organizations. Management development, behavioral training and employee education opportunities are planned, provided and coordinated throughout the Hospital by professional staff.

OPERATING STATISTICS

Utilization of Facilities

Utilization for the past three fiscal years is in the following table:

	Fiscal Years ended September 30,		
	2025	2024	2023
Licensed Beds	190	190	190
Beds in Service	173	173	173
Staffed Beds	156	156	156
Average Daily Census	100.0	103.4	102.9
Average Annual Occupancy		72.4%	70.6%
Inpatient Admissions	7,732	7,747	7,722
Surgeries	7,376	4,973	4,699
Cath Lab Procedures	1,046	987	945
Emergency Department Visits	62,853	64,787	65,167
Hunt Clinic Visits	124,225	122,276	114,803
Hunt Urgent Care Visits	64,244	67,098	53,472
Births	1,266	1,289	1,339
Outpatient Procedures	154,535	155,282	148,631

Sources of Gross Patient Revenue

Payments on behalf of certain patients are presently made to the Hospital pursuant to the provisions of the Medicare Program and the Medicaid Program and other commercial insurance carriers. The following table shows the average percentage of patient service revenue, by source of payment for the four most recent fiscal years:

	Fiscal Years ended September 30,			
	2025	2024	2023	2022
Medicare	37.2%	36.3%	38.0%	38.1%
Medicaid	9.6%	10.4%	13.6%	13.1%
Commercial	33.6%	33.2%	27.1%	26.7%
Self Pay	6.6%	7.9%	12.7%	14.2%
HMO/Other	13.0%	12.4%	8.6%	7.9%

Service Area and Selected Comparative Data

Hunt County is the Hospital's primary inpatient service area. The secondary service area includes surrounding counties. The following chart summarizes market share data from twelve months ending March 31, 2025.

Primary Service Area Patients	HMHD	Other Hospitals
Greenville (75401)	97.0%	3.0%
Greenville (75402)	95.7%	4.3%
Quinlan	95.0%	5.0%
Caddo Mills	93.2%	6.8%
Commerce	88.0%	12.0%
Point	55.7%	44.3%
Lone Oak	82.1%	17.9%
Wolfe City	94.5%	5.5%
Campbell	91.4%	8.6%
Secondary Service Area		
Celeste	97.0%	3.0%
Cooper	30.7%	69.3%
Cumby	39.6%	60.4%
Emory	22.8%	77.2%
Farmersville	90.2%	9.8%
Josephine	100.0%	0.0%
Leonard	90.6%	9.4%
Merit	87.5%	12.5%
Nevada	79.1%	20.9%
Royse City	79.1%	20.9%
Sulphur Springs	8.2%	91.8%
Wills Point	30.6%	69.4%

SELECTED FINANCIAL INFORMATION

Sources of Revenue

Ad Valorem Tax Revenues. The District has the authority to levy ad valorem taxes at a rate not to exceed $0.75 on each $100 valuation of taxable real property in the District. For a discussion on ad valorem taxing procedures, see "TAX INFORMATION" in the forepart of this Official Statement.

For the tax year 2024, the District's net taxable assessed valuation was $14,535,683,308 and the District levied a unified tax rate of $0.2004 per $100 taxable assessed valuation and consisting of $0.170772 for maintenance and operations and $0.029590 for interest and sinking fund. The District levied a unified tax rate of $0.2072 per $100 taxable assessed valuation for tax year 2025, consisting of $0.177651 for maintenance and operations and $0.029590 for interest and sinking fund. For the fiscal year 2026, the District's Board voted to increase the tax levy by a greater amount than in prior years. The District's unified tax rate cannot exceed $0.75 per $100 taxable assessed valuation for any fiscal year. The Bonds are obligations of the District supported by ad valorem taxes levied by the District. See "TABLE 4 - Tax Rate, Levy and Collection history" and "TABLE 6 - Tax Adequacy" in the forepart of this Official Statement.

Non-Tax Revenues. During fiscal year 2024, the District derived approximately 89% of its net revenues from non-tax revenues. Non-tax revenues include, among other items, revenues from the Medicare and Medicaid programs and patients or their third-party carriers who pay for care in the District's facilities. The non-tax revenues are not pledged as security for the payment of the Bonds.

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Summary Balance Sheets

The following table summarizes the District's balance sheets as of the dates indicated. It should be read together with the information under "— Management's Discussion and Analysis of Operating and Financial Performance" below and the audited financial statements of the District for the fiscal years ended September 30, 2024 and 2023 and the notes to such audited financial statements included in APPENDIX B to this Official Statement. The summary balance sheet as of fiscal year ended September 30, 2022 is derived from the District's audited financial statements not included in this Official Statement. The summary balance sheet as of fiscal year ended September 30, 2025 is unaudited.

	Fiscal Years Ended September 30,			
	2025	2024	2023	2022
ASSETS				
Cash and cash equivalents	$ 2,777,940	$ 2,926,367	$ 796,091	$ 5,843,406
Patient accounts receivable, net	42,077,790	37,575,408	32,334,444	26,659,476
Other current assets	26,043,860	16,116,478	13,970,395	14,021,609
Capital assets, net	107,703,652	104,182,898	93,160,465	83,721,552
Lease assets, net	39,396,833	18,418,917	10,611,835	6,782,854
Subscription assets, net	17,364,098	18,357,996	21,432,360	281,036
Other noncurrent assets	4,157,154	8,634,279	13,139,783	34,953,885
Deferred Outflows of Resources	-	-	-	-
Total Assets and deferred outflows of resources	$239,521,326	$206,212,343	$185,445,373	$172,263,818
LIABILITIES				
Long-term debt	$ 45,151,683	$ 52,631,297	$ 42,519,758	$ 41,682,351
Lease liabilities	37,846,324	19,046,926	10,981,600	6,953,169
Subscription liabilities	14,351,361	18,205,912	20,872,235	203,702
Other current and noncurrent liabilities	97,744,963	60,050,341	32,009,605	27,470,527
Total Liabilities	$195,094,330	$149,934,476	$106,383,198	$ 76,309,749
DEFERRED INFLOWS OF RESOURCES	$ 1,616,063	$1,897,602	$1,507,478	$ 1,837,961
Total Net Position	$ 42,810,933	$ 54,380,265	$ 77,554,697	$ 94,116,108
Total Liabilities, Deferred Inflows of Resources, and Net Position	$239,521,326	$206,212,343	$185,445,373	$172,263,818

Cash and Investments

A summary of cash and investments of the District as of September 30, 2025 to 2022 is set forth below:

	Fiscal Year Ended September 30,			
	2025	2024	2023	2022
Cash and Cash Equivalents	$2,777,940	$2,926,367	$796,091	$5,843,406
Short-term Investments	65,721	1,529,123	909,776	2,197,843
Noncurrent cash and investments	4,091,433	6,635,653	11,515,215	33,379,371
Total Cash and Investments	$6,935,094	$11,091,143	$13,221,082	$41,420,620
Unrestricted days cash on hand	8.47	12.7	14.2	59.6

Source: Annual Financial Reports and District records.
Information for fiscal year ended September 30, 2025 is unaudited.
Days cash on hand includes proceeds of the District's outstanding general obligation bonds.

Management's Discussion and Analysis of Operating and Financial Performance

	Fiscal Years Ended September 30,					
	2025(1)	2024(2)	2023(2)	2022(3)	2021(3)	2020
Operating Revenue:						
Net Patient Service Revenue	$ 220,978,446	$ 201,026,632	$ 186,650,665	$ 176,176,485	$168,213,452	$ 140,576,393
Supplemental Operating Revenue	8,275,330	5,885,663	10,707,015	12,262,877	13,266,867	15,436,689
Other Operating Revenue	6,157,661	5,866,830	3,106,958	2,494,321	2,856,112	2,625,644
Total Operating Revenues	$ 235,411,436	$ 212,779,125	$ 200,464,638	$ 190,933,683	$184,336,431	$ 158,638,726
Operating Expenses:						
Salaries and wages and employee benefits	$ 157,466,056	$ 142,315,345	$ 125,722,582	$ 106,545,754	$103,103,805	$90,485,272
Purchased services and professional fees	38,202,458	42,943,005	45,403,520	50,129,337	40,345,015	33,538,737
Depreciation and amortization	16,255,800	13,889,217	11,811,417	8,590,986	8,129,180	7,557,749
Other operating expenses	59,795,029	62,146,342	56,438,372	46,872,239	47,087,150	38,923,993
Total Operating Expenses	$ 271,719,344	$ 261,293,909	$ 239,375,891	$ 212,138,316	$198,665,150	$ 170,505,751
Operating Revenue (Loss):	$(36,307,908)	$(48,514,784)	$(38,911,253)	$(21,204,633)	$(14,328,719)	$(11,867,025)
Non-Operating Revenue (Expenses):						
Property Tax Revenue	$ 29,247,129	$ 25,591,705	$ 22,202,383	$ 19,539,479	$ 17,934,881	$ 15,026,465
Non-Capital Grants and Contributions	524,890	2,293,245	128,613	837,935	1,084,115	78,237
Investment Income	379,694	1,352,784	1,221,920	(450,831)	42,242	376,207
Interest Expense	(5,922,992)	(4,298,176)	(2,403,795)	(1,624,149)	(1,346,696)	(680,928)
Provider Relief Funds	-	-	-	6,077,956	10,245,392	6,336,948
Other, net	-	-	951,481	(590,865)	113,028	(300,163)
Total Non-Operating Revenue	24,228,720	24,939,558	22,100,602	23,789,525	28,072,962	20,836,766
Excess of Revenues over Expenses before Capital Grants and Contributions	$(12,079,187)	$(23,575,226)	$(16,810,651)	$ 2,584,892	$ 13,744,243	$ 8,969,741
Capital Grants and Contributions	$ 348,210	$ 400,794	$ 249,240	$ 765,820	$ 177,444	$ 224,183
Increase (Decrease) in Net Position	$(11,730,978)	$(23,174,432)	$(16,561,411)	$ 3,350,712	$ 13,921,687	$ 9,193,924
Beginning Fund Balance	54,380,265	77,554,697	94,116,108	90,765,396	76,843,709	67,649,785
Ending Fund Balance	$ 42,649,287	$ 54,380,265	$ 77,554,697	$ 94,116,108	$ 90,765,396	$ 76,843,709

(1) Unaudited.
(2) At the end of the fiscal year ended September 30, 2023, the District converted to a new electronic health record system. This conversion led to a significant slowdown in cash collections and a material increase in the allowance for doubtful accounts. The conversion also resulted in substantial one-time conversion costs that reduced cash balances. In order to resolve the resulting liquidity concerns, the District has engaged a third party to accelerate cash collections over the next several months.
(3) Restated.

Fiscal Year ended September 30, 2025, compared to Fiscal Year ended September 30, 2024.

Financial Highlights

The District's current net position was ($11,730,978) as of September 30, 2025 (unaudited) and ($23,174,432) as of September 30, 2024, an improvement of $11,443,454 or 49%.

- Total assets increased in fiscal year 2025 by $33,308,983 or 16.2% from fiscal year 2024, mainly due to the lease obligation GAPP rule changes in amortization recognition for the Royse City building of $20,977,916 and Supplemental Medicaid Funding Receivable of $10,266,428, which will be received in fiscal year 2026.
- Total liabilities increased by $45,159,854 or 30.1%, from fiscal year 2024 to 2025. The fiscal year 2025 liability increase was driven by the advance payments of supplemental Medicaid revenue, which will be received in fiscal year 2026.
- The District reported operating losses during fiscal year 2025 of $36,307,908 (unaudited) which is 25.1% improvement over fiscal year 2024. Net patient revenue was higher by $19,951,814 (9.9%), which was largely contributed to higher supplemental operating revenue of approximately $2.3 million. Overall, operating revenue improved by 10.6%. Offsetting this improvement in operating revenue was unfavorable operating expenses from fiscal year 2024 by $10,425,435 (3.9%), which was mainly due to purchased services of the medical record conversion and continued support needed.

Fiscal Year ended September 30, 2024, compared to Fiscal Year ended September 30, 2023.

Financial Highlights

The District's net position was $54,380,265 in 2024 and $77,554,697 in 2023, a decrease of $23,174,432 or 29.9%.

- Cash and investments decreased in 2024 by $2,129,939, or 16.1%, and decreased in 2023 by $28,199,538, or 68.1%.
- Total liabilities increased by $43,551,278, or 40.9%, in 2024, and increased by $30,073,449 or 39.4% in 2023.
- The District reported operating losses in 2024 of $48,514,784 and in 2023 of $38,911,253, an increase of $9,603,531. The operating loss in 2023 increased by $17,706,620, or 83.5%, over the operating loss reported in 2022.
- Net nonoperating revenues increased by $2,838,956, or 12.8%, in 2024 compared to 2023 and decreased by $1,688,923, or 7.1%, in 2023 compared to 2022.

Balance Sheet Comparisons

Total cash and investments decreased at September 30, 2024 by $2,129,939, or 16.1%, as compared to total cash and investments at September 30, 2023. This decrease was primarily due to the District's utilization of bond proceeds from issuance of the District's General Obligation Refunding and Improvement Bonds, Series 2020 (the "Series 2020 Bonds") for construction and facility expansion projects.

The most significant changes in the District's liabilities in 2024 is the increase in accounts payable, which increased by $24,408,602 due to decreased cash flows to pay off current liabilities. Long-term debt increased in 2024 due to the issuance of new debt.

Fiscal Year ended September 30, 2023, compared to Fiscal Year ended September 30, 2022.

Financial Highlights

The District's net position was $77,554,697 in 2023 and $94,116,108 in 2022, a decrease of $16,561,411.

- Cash, cash equivalents and investments decreased in 2023 by $28,199,538 or 68.1%, and decreased in 2022 by $43,116,402 or 51.0%.
- Total liabilities increased by $30,073,449 or 39.4% in 2023, and decreased by $18,287,542 or 19.3% in 2022.
- The District reported operating losses in 2023 of $38,911,253, and in 2022 of $21,204,633, an increase of $17,706,620. The operating loss in 2022 increased by $6,875,914 or 48.0% over the operating loss reported in 2021.
- Net nonoperating revenues decreased by $1,688,923 or 7.1% in 2023 compared to 2022 and decreased by $4,283,437 or 15.3% in 2022 compared to 2021.
- In June 2023, the District went live with a new enterprise resource planning system, as well as a new electronic health record ("EHR") system in July 2023. These two system conversions resulted in one-time costs of $3,017,646.

Balance Sheet Comparisons

Total cash and investments decreased at September 30, 2023 by $28,199,538 or 68.1%, as compared to total cash and investments at September 30, 2022. This decrease was primarily due to the District's utilization of bond proceeds from the issuance of the Series 2020 Bonds for construction and facility expansion projects.

The most significant changes in the District's liabilities in 2023 is the increase in subscription liabilities, due to the addition of significant SBITA agreements in 2023, as discussed more fully in Note 9 to the District's audited financial statements for fiscal year ended September 30, 2023.

FINANCIAL IMPROVEMENT PLAN INITIATIVES

As a mid-size vital community hospital serving rural communities, the District faces many of the same challenges as rural communities across the nation: higher comorbidities, higher uninsured rates, higher Medicare Advantage rates, rural managed care contracts paying substantially lower than urban counterparts, lack of physician access, behavioral health issues, and higher occurrence of social determinants of health compared to the urban areas (fewer social resources). The District has embarked on the following initiatives to improve the financial sustainability of the health system:

- **Royse City:** This area is located adjacent to the second fastest growing county of the United States and is located in the southwest corner of Hunt County. Construction of the campus commenced in the second quarter of 2023 and was funded by revenue bond proceeds and is scheduled to open in the first quarter of 2026, offering twelve emergency department rooms, five inpatient rooms, imaging modalities, lab stations, and physician offices, including family medicine, pediatrics, women's services, and visiting specialists. The campus will also host an ambulance station for this part of the county and will be "first to market" for this fast-paced, growing community.

  Management's budget projections for this new facility are based on a payer mix of 55% commercial, 25% Medicare, 10% Medicaid, and 10% self-pay. The facility's baseline budget anticipates 30 emergency room visits per day with a 5% admission rate, resulting in an anticipated gross revenue of approximately $5.5 million in year 1. Facility staffing will be provided by TeamHealth, eliminating the need for any additional recruitment at this time. Factoring in direct and overhead expenses, management's baseline pro forma model reflects a loss of approximately $785,000 in year 1. Management's pro forma modeling results in a "break-even" financial impact at 35 ER visits per day. Because of the anticipated very favorable payor mix in the Royse City area, the District continues to seek strategic alliances with additional partners to shape the future of this campus location that could further enhance its net financial impact on overall District operations.

- **EHR Conversion:** The conversion of the Hospital's electronic health record (EHR) system in the summer of 2023 and the EHR conversion for ambulatory clinics in the summer of 2024 (which reverted to the original platform in fall 2024) created significant financial obstacles for the District.

  Transition from the legacy EHR, Meditech, to Cerner CommunityWorks began in early 2022, aiming to go live on July 31, 2023. After the go-live date, numerous issues were faced across nearly every department using the system. Key challenges included:

  - Due to functionality gaps, the need to revert to paper documentation for trauma patients arose.
  - Nursing staff experienced limitations in documentation and issues with medication administration alerts.
  - Financial issues occurred with non-existent insurance plans being added to the system, therefore, missing charges, discrepancies between claims in Cerner and the claim scrubber vendor, and patient statements being delayed by almost 18 months after the go-live date.

  Working through these challenges with Cerner support staff required extensive calls and meetings, as well as pushing through approximately 400 Service Requests (SRs). It took approximately 18 months to resolve the majority of these critical issues, and it has not fully recovered. However, as stated below, accounts receivable days declined as of September 30, 2025.

  At the go-live date, Net Patient Receivable (NPR) totaled approximately $29.4 million, representing 49 net days' receivable. As of September 30, 2023, the NPR totaled approximately $40.8 million, representing 68 net days' receivable. As of September 30, 2024, the NPR totaled $39.6 million, representing 70 net days' receivable. As of September 30, 2025, the NPR totaled approximately $42.1 million, representing 67 net days' receivable.

- **Managed Care Contracts:** The District is focused on updating contracts with its largest managed care partners. The team has partnered with counsel and is working with the larger payors to amend current agreements, which focus on higher reimbursements for outpatient procedures (standard with rural contracts), and replace them with contracts focused on ensuring costs for inpatient, labor and delivery, advanced NICU, emergency department, and outpatient surgeries/procedures are covered. The District has signed a new agreement with Aetna, which began on September 1, 2025, and will be the standard for continued negotiations with the other payors. Currently, the District is in negotiations with Blue Cross Blue Shield of Texas to look for significant improvement in reimbursement rates in DRG, outpatient procedures, and ER levels. The District has also partnered with SlicedHealth software to ensure contractual payments for the organization are aligned with current contracts.

- **Revenue Cycle**: The District is focused on improved revenue cycle performance and financial sustainability through a series of targeted strategic initiatives. Key approaches include optimizing charge capture, adopting strategic pricing based on local market and payer dynamics, leveraging technology and automation to improve workflow efficiency, and expanding partnership opportunities to diversify revenue streams. Technical optimization of EHR will continue to enhance these initiatives.

- **Stewardship & Sustainability:** In September 2025, the District decided to close the Commerce and Quinlan Emergency Departments, effective October 1, 2025. Management expects net results to improve by approximately $10.1 million.

This estimate is net of overhead expenses and increased bad debt incurred due to the large self-pay population, resulting in large write-offs. The approximate breakdown in savings is:

- Labor savings of $11.6 million
- Supplies and other overhead savings of $3.5 million
- Net Patient Revenue of $5.0 million

FTE reductions were completed in the Summer of 2025 and should continue to improve the District's fiscal year 2026 outlook, with annual savings of approximately $7.0 million ($583,000 monthly). Actions included:

- Reduction in current force and position eliminations that were unfilled
- Reduction of hours with schedule changes
- FTE positions to PRN where feasible
- Closure of 5th floor inpatient beds
- HRMP Surgeon and Nurse Practitioner

An overall Managed Expense review was completed to ensure no duplicate or unnecessary purchased services are acquired, along with savings in the supply process for inventory on hand. Areas of improvement were identified with approximately $3.0 million in savings:

- EKG read reductions
- MD preference items
- Emory Clinic changes
- Lab to Medline
- Pedi Hearing outsourced
- Critical pay incentives were halted
- Freeze advertising spending
- Eliminate shift in Security
- Reducing OT for coverage in Outpatient Therapy

- **Hospital Utilization:** The Hospital is focused on utilization efforts related to appropriate admissions, observation status, and length of stay. Initiatives began in March 2025 with quality, nursing, hospitalists, and emergency department physicians to address these elements impacting hold times in the emergency department and additional expenses related to the length of stay and denied services. Much progress has been made in this area, with continued review in process, such as:

  - Average length of stay has improved from 4.52 in March 2025 to 3.96 in November (12.3%)
  - Inpatient to observation conversions in the 10%-12% range (Industry Standard 10%-15%) demonstrates stable front-end admission accuracy.
  - Observation to inpatient conversions in the 27%-35% range (Industry Standard 25%-40%) reflect consistent UR oversight and appropriate status escalation.

- **Residency Program:** The District started the second year of an internal medicine resident program (seventeen residents in total) in July 2025, which will add additional reimbursement from Medicare, a reduction in expenses due to favorable staffing models, and improved patient experience scores (patients consistently commenting on the success of residents during their surveys). The District is now seeing reimbursement for the residency program, which will offset the program's relative expense of approximately $1.8 million annually.

- **Supplemental Medicaid Payments:** The District is working with counsel to focus on opportunities related to the state's supplemental payment program. QIPP began in the Summer of 2025 with the addition of two nursing homes. Participation in CHIRP for hospital services and RAPPS for RHCs will improve the numbers from the prior year.

The following table summarizes the monetary targets the District has established for 2026 as a part of its financial improvement plan, as described above. These targets are estimated projections, and no assurance can be given that one or more of such targets will be achieved. The District's key assumptions in determining the targets are set forth in the preceding narrative. Other factors not presently anticipated by the District could also affect the achievement of one or more targets.

This section, in addition to other sections of this Official Statement, contains "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth above and elsewhere in this Official Statement. These forward-looking statements speak only as of the date they were prepared.

Financial Improvement Plan Targets

	FY25 Actual	Change	FY26 Budget
Beginning Net Patient Revenue	$220,978,446		
2 ER Closures Net with Improvement in Greenville ED		$1,720,099	
BCBS/Aetna Improved Contracts		$3,000,000	
Add'l Comprehensive Hospital Increase Reimbursement Program (CHIRP) and Graduate Medical Programs (GME)		$5,500,000	$231,198,545
Supplemental Medicaid Funding	$8,275,330	$6,657,567	$14,932,897
Other	$6,157,661	($632,797)	$5,524,864
Total Operating Revenue	**$235,411,437**	**$16,244,869**	**$251,656,306**
Salaries & Wages - ED Closure FTEs/OT/Benefits	$157,466,056	($3,781,458)	$153,684,598
Purchased Services/Professional - Fees ED Closures & Cerner	$38,202,458	($3,058,146)	$35,144,312
Supplies & Other - ED Closures Offset by Royse City Opening	$59,795,029	$1,227,041	$61,022,070
Interest Expense	$5,922,992	($973,096)	$4,949,896
Depreciation/Amortization - Normalized Royse City Building Amortization	$16,255,800	($1,890,958)	$14,364,842
Total Operating Expenses	**$277,642,336**	**($8,476,618)**	**$269,165,718**
Net Operating Income	**($42,230,899)**	**$24,721,487**	**($17,509,412)**
Property Tax	$23,979,131	$3,646,869	$27,626,000
Other Income/(Expense)	$6,520,791	($520,791)	$6,000,000
Total Non-Operating Income/Expense	**$30,499,922**	**$3,126,078**	**$33,626,000**
Excess of Revenue Over Expense	**($11,730,977)**	**$27,847,565**	**$16,116,588**

INSURANCE/LITIGATION

Insurance

The Hospital presently has in effect the types and amounts of insurance coverage shown below:

Types of Coverage	Amount of Coverage
Property/Contents/Time Element	$218 M/$94 M
Security and Privacy Liability	$3,000,000
Business Interruption Limit	$79,000,000
Professional & General Liability	Self-funded* (Trust account balance $733,554 as of 05/31/2025)

* Under the Texas Tort Claims Act, certain liabilities of the District and the Hospital are limited to $100,000. See "— Litigation" below.

Litigation

As of the date of this Official Statement, the District has certain pending and threatened litigation and claims incurred in the ordinary course of business; however, management believes that the probable resolution of such contingencies will not exceed the District's self-insurance reserves and will not materially affect the financial position of the District or the results of its operations and changes in its net position. See "— Insurance" above. As a political subdivision, the District's liability for torts is governed by the limited waiver of immunity contained in the Texas Tort Claims Act and the corresponding limits of liability it provides (being $100,000 for each person and $300,000 for each single occurrence for bodily injury/death and $100,000 for each single occurrence for injury to or destruction of property). This limitation on liability does not extend to other causes of action, such as discrimination, civils rights or contractual claims.

PENSION PLAN

The District contributes to a defined contribution pension plan covering substantially all employees. Pension expense is recorded for the amount of the District's required contributions, determined in accordance with the terms of the plan and any discretionary contributions. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the District's governing body. Contribution rates for plan members and the District expressed as a percentage of covered payroll were 3.9% and 3.9% for 2024 and 2023, respectively. Contributions actually made by plan members and the District aggregated approximately $4,312,000 and $2,295,000 during 2024 and $4,059,000 and $2,045,000 during 2023, respectively.

LONG TERM DEBT OF THE HOSPITAL

The following table sets forth for each fiscal year ending September 30 the amount required for the debt service on the District's outstanding general obligation bonds and revenue bonds.

Fiscal Year Ending 9/30	$20,940,000 General Obligation Bonds, Series 2014 Debt Service	$27,915,000 General Obligation Bonds, Series 2020 Debt Service	$29,340,000* General Obligation Bonds, Series 2026 Debt Service	**Total Outstanding General Obligation Debt Service**	$6,070,000 Hospital Revenue Bonds, Series 2023A Debt Service	$13,150,000 Hospital Revenue Bonds, Series 2023B Debt Service	**Total Outstanding Revenue Debt Service**	**Total Outstanding Debt Service***
2026	$849,063	$2,594,900	$963,570	**$4,407,533**	$1,195,891	$1,056,470	**$2,252,361**	**$6,659,894**
2027	848,288	2,595,275	1,598,550	**5,042,113**	1,195,338	1,060,331	**2,255,668**	**7,297,781**
2028	846,263	2,596,275	1,876,781	**5,319,319**	1,197,898	1,055,947	**2,253,844**	**7,573,163**
2029	847,475	2,592,775	2,253,744	**5,693,994**	1,193,571	1,058,164	**2,251,735**	**7,945,728**
2030	847,713	2,594,525	2,650,756	**6,092,994**	1,197,187	1,056,673	**2,253,859**	**8,346,853**
2031	847,075	1,518,775	2,694,944	**5,060,794**	1,193,573		**1,193,573**	**6,254,366**
2032	845,081	1,521,650	2,695,331	**5,062,063**	1,197,558		**1,197,558**	**6,259,620**
2033	846,125	1,521,775	2,697,750	**5,065,650**	9,556,932		**9,556,932**	**14,622,582**
2034	845,563	1,524,025	2,697,081	**5,066,669**			**-**	**5,066,669**
2035		1,568,700	2,693,325	**4,262,025**			**-**	**4,262,025**
2036		1,566,300	2,693,325	**4,259,625**			**-**	**4,259,625**
2037		1,566,800	2,691,038	**4,257,838**			**-**	**4,257,838**
2038		1,565,100	2,693,288	**4,258,388**			**-**	**4,258,388**
2039		1,563,775	2,694,644	**4,258,419**			**-**	**4,258,419**
2040		1,568,175	2,694,819	**4,262,994**			**-**	**4,262,994**
2041			2,693,525	**2,693,525**			**-**	**2,693,525**
2042			2,695,331	**2,695,331**			**-**	**2,695,331**
2043			2,694,806	**2,694,806**			**-**	**2,694,806**
2044			2,691,663	**2,691,663**			**-**	**2,691,663**
2045			2,695,325	**2,695,325**			**-**	**2,695,325**
	$7,622,644	**$28,458,825**	**$49,759,595**	**$85,841,064**	**$17,927,946**	**$5,287,583**	**$23,215,529**	**$109,056,593**

* Preliminary; subject to change.

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INFORMATION CONCERNING THE CITIES OF COMMERCE, GREENVILLE AND QUINLAN AND HUNT COUNTY

Location

The City of Greenville is located on US Interstate 30 approximately 50 miles northeast of Dallas. The City of Commerce is located on State Route 24 approximately 60 miles northeast of Dallas. The City of Quinlan is located on State Route 276 approximately 45 miles northeast of Dallas.

General Business Conditions in Service Area

Business and industry in the Hospital's service area has experienced growth in the last 10 years. Warehouse and distribution sites provide a staging area for many companies. Hunt County offers a centralized location for distribution to all of Texas and the surrounding states with a transportation network that includes four major highways. A small business development center, Texas A&M University – Commerce and Paris Junior College – Greenville Center offers opportunities to develop a trained workforce.

Employment

Major Employers Within Hunt County

Name	Classifications	Approximate Number of Employees
L3Harris Technologies	Technology	6,500
Texas A&M University - Commerce	Education	900
Walmart	Retail	900
Greenville ISD	Education	700
Hunt Regional Medical Center	Healthcare	1,600

Source: Chamber of Commerce Statistics

Employment Statistics (in thousands)

	Hunt County					Texas				
	2025	2024	2023	2022	2021	2,025	2,024	2,023	2,022	2,021
Civilian Labor Force	56.2	55.3	54.0	51.0	47.5	15,825	15,501	15,119	14,666	14,204
Total Employment	54.0	53.1	51.9	49.3	45.2	15,194	14,914	14,528	14,132	13,400
Total Unemployment	2.2	2.2	2.1	1.7	2.3	631	588	591	534	803
Percentage Unemployment	4.0%	3.9%	3.8%	3.4%	4.9%	4.0%	3.8%	3.9%	3.6%	5.7%

Source: Texas Workforce Commission, Labor Market Information Department, data as of May of each year.

Population Characteristics

Primary Service Area Population Growth

The District's 2025 estimated population is 104,621. The estimated population of the District's primary service area, Hunt County, is as follows:

Fiscal Year	Estimated Population
2015	89,670
2016	91,895
2017	94,046
2018	96,606
2019	98,594
2020	99,956
2021	103,596
2022	108,532
2023	113,754
2024	118,729

Source: Municipal Advisory Council of Texas.

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APPENDIX B

EXCERPTS FROM THE

HUNT MEMORIAL HOSPITAL DISTRICT

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended September 30, 2024

The information contained in this Appendix consists of excerpts from the Hunt Memorial Hospital District Annual Financial Report for the Fiscal Year Ended September 30, 2024, and is not intended to be a complete statement of the District's financial condition. Reference is made to the complete Report for further information.

The information contained in this Appendix is provided as of the respective dates and for the periods specified herein and is subject to change without notice, and the filing of this Appendix does not, under any circumstances, imply that there has been no change in the affairs of the District since the specified date as of which such information is provided. The historical information set forth in this Appendix is not necessarily indicative of future results or performance due to various factors, including those discussed in the Official Statement.

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Hunt Memorial Hospital District

Independent Auditor's Report and Financial Statements

September 30, 2024 and 2023

Hunt Memorial Hospital District
Contents
September 30, 2024 and 2023

Forvis Mazars, LLP
14221 Dallas Parkway, Suite 400
Dallas, TX 75254
P 972.702.8262 | F 972.702.0673
forvismazars.us

forvis mazars

Independent Auditor's Report

Board of Directors
Hunt Memorial Hospital District
Greenville, Texas

Opinion

We have audited the financial statements of Hunt Memorial Hospital District (District) as of and for the years ended September 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2024 and 2023 and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Forvis Mazars, LLP

Dallas, Texas
February 21, 2025

Introduction

This management's discussion and analysis of the financial performance of Hunt Memorial Hospital District (District) provides an overview of the District's financial activities for the years ended September 30, 2024 and 2023. It should be read in conjunction with the accompanying financial statements of the District.

Financial Highlights

- Cash and investments decreased in 2024 by $2,129,939, or 16.1%, and decreased in 2023 by $28,199,538, or 68.1%.
- Total liabilities increased by $43,551,278, or 40.9%, in 2024, and increased by $30,073,449 or 39.4% in 2023.
- The District's net position decreased in 2024 by $23,174,432, or 29.9%, and decreased in 2023 by $16,561,411, or 17.6%.
- The District reported operating losses in 2024 of $48,514,784 and in 2023 of $38,911,253, an increase of $9,603,531. The operating loss in 2023 increased by $17,706,620, or 83.5%, over the operating loss reported in 2022.
- Net nonoperating revenues increased by $2,838,956, or 12.8%, in 2024 compared to 2023 and decreased by $1,688,923, or 7.1%, in 2023 compared to 2022.

Using This Annual Report

The District's financial statements consist of three statements—a balance sheet; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of the District, including resources held by the District but restricted for specific purposes by creditors, contributors, grantors, or enabling legislation. The District is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Balance Sheet and Statement of Revenues, Expenses, and Changes in Net Position

One of the most important questions asked about any hospital's finances is "Is the hospital as a whole better or worse off as a result of the year's activities?" The Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's resources and its activities in a way that helps answer this question.

These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. The District's total net position—the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources—is one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the District's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients, and local economic factors should also be considered to assess the overall financial health of the District.

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where cash came from, what was cash used for, and what was the change in cash and cash equivalents during the reporting period.

The District's Net Position

A summary of the District's balance sheets are presented in the following table:

Table 1: Assets, Liabilities, Deferred Inflows of Resources, and Net Position

	2024	2023	2022
ASSETS			
Cash	$ 2,926,367	$ 796,091	$ 5,843,406
Patient accounts receivable, net	37,575,408	32,334,444	26,659,476
Other current assets	16,116,478	13,970,395	14,021,609
Capital assets, net	104,182,898	93,160,465	83,721,552
Lease assets, net	18,418,917	10,611,835	6,782,854
Subscription assets, net	18,357,996	21,432,360	281,036
Other noncurrent assets	8,634,279	13,139,783	34,953,885
Total Assets	$ 206,212,343	$ 185,445,373	$ 172,263,818
LIABILITIES			
Long-term debt	$ 52,631,297	$ 42,519,758	$ 41,682,351
Lease liabilities	19,046,926	10,981,600	6,953,169
Subscription liabilities	18,205,912	20,872,235	203,702
Other current and noncurrent liabilities	60,050,341	32,009,605	27,470,527
Total Liabilities	149,934,476	106,383,198	76,309,749
DEFERRED INFLOWS OF RESOURCES	1,897,602	1,507,478	1,837,961
Net Position			
Net investment in capital assets	44,544,977	47,626,651	42,707,362
Unrestricted	9,835,288	29,928,046	51,408,746
Total Net Position	54,380,265	77,554,697	94,116,108
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 206,212,343	$ 185,445,373	$ 172,263,818

Total cash and investments decreased at September 30, 2024 by $2,129,939, or 16.1%, as compared to total cash and investments at September 30, 2023. This decrease is primarily due to utilizing the proceeds from the 2020 debt issuance for construction and facility expansion projects.

Total cash and investments decreased at September 30, 2023 by $28,199,538, or 68.1%, as compared to total cash and investments at September 30, 2022. This decrease is primarily due to utilizing the proceeds from the 2020 debt issuance for construction and facility expansion projects.

The most significant changes in the District's liabilities in 2024 is the increase in accounts payable, which increased by $24,408,602 due to decreased cash flows to pay off current liabilities. Long-term debt increased in 2024 due to the issuance of new debt.

The most significant changes in the District's liabilities in 2023 is the increase in subscription liabilities, due to the addition of significant SBITA agreements in 2023, as discussed more fully in Note 9.

Operating Results and Changes in the District's Net Position

The following table presents a summary of the District's revenues and expenses for each of the years ended September 30, 2024, 2023, and 2022.

Table 2: Operating Results and Changes in Net Position

	2024	2023	2022
Operating Revenues			
Net patient service revenue	$ 201,026,632	$ 186,650,665	$ 176,176,485
Supplemental Medicaid funding	5,885,663	10,707,015	12,262,877
Other	5,866,830	3,106,958	2,494,321
Total Operating Revenues	212,779,125	200,464,638	190,933,683
Operating Expenses			
Salaries and wages and employee benefits	142,315,345	125,722,582	106,545,754
Purchased services and professional fees	42,943,005	45,403,520	50,129,337
Supplies and other	62,146,342	56,438,372	46,872,239
Depreciation and amortization	13,889,217	11,811,417	8,590,986
Total Operating Expenses	261,293,909	239,375,891	212,138,316
Operating Loss	(48,514,784)	(38,911,253)	(21,204,633)
Nonoperating Revenues (Expenses)			
Property taxes	25,591,705	22,202,383	19,539,479
Investment income (loss)	1,352,784	1,221,920	(450,831)
Interest expense	(4,298,176)	(2,403,795)	(1,624,149)
Provider Relief Fund revenue	-	-	6,077,956
Other, net	2,293,245	1,080,094	247,070
Total Nonoperating Revenues, Net	24,939,558	22,100,602	23,789,525
Income (Loss) Before Capital Grants and Gifts	(23,575,226)	(16,810,651)	2,584,892
Capital Grants and Gifts	400,794	249,240	765,820
Increase (Decrease) in Net Position	$ (23,174,432)	$ (16,561,411)	$ 3,350,712

Operating Loss

The first component of the overall change in the District's net position is its operating income or loss—generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. In 2024, 2023 and 2022, the District reported operating losses. This is consistent with the District's operating history, as the District was formed and is operated primarily to serve residents of Hunt County and the surrounding area. The District levies property taxes to provide sufficient resources to enable the facility to serve lower-income and other residents.

The operating loss for 2024 increased by $9,603,531, or 24.7%, as compared to 2023. The components of the change in operating results are:

- An increase in net patient service revenue of $14,375,967, or 7.7%
- A decrease in supplemental Medicaid funding of $4,821,352, or 45.0%
- An increase salaries, wages, and employee benefits of $16,592,763, or 13.2%
- A decrease in purchased services and professional fees of $2,460,515, or 5.4%
- An increase in supplies and other expenses of $5,707,970, or 10.1%

In 2024, net patient service revenue increased primarily from patient volume increases and higher patient acuity. Salaries and employee benefits expense increased primarily from additional staffing and wage increases, as well as increased patient volumes. Purchased services and professional fees decreased as contract labor shifted to employed personnel. Supplies and other expenses increased due to higher usage and inflationary price increases.

The operating loss for 2023 increased by $17,706,620, or 83.5%, as compared to 2022. The components of the change in operating results are:

- An increase in net patient service revenue of $10,474,180, or 5.9%
- An increase salaries, wages, and employee benefits of $19,176,828, or 18.0%
- A decrease in purchased services and professional fees of $4,725,817, or 9.4%
- An increase in supplies and other expenses of $9,566,133, or 20.4%

In 2023, net patient service revenue increased primarily from patient volume increases and higher patient acuity. Salaries and employee benefits expense increased primarily from additional staffing and wage increases due to a national nursing and staffage shortage. Purchased services and professional fees decreased as contract labor shifted to employed personnel. Supplies and other expenses increased due to higher usage and inflationary price increases.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of property taxes levied by the District and interest. Overall, nonoperating revenue increased during 2024 by $2,838,956, or 12.8%, as compared to 2023. The increase in nonoperating revenues is primarily due to increases in property tax revenue, which increased $3,389,322, or 15.3%, over 2023 due to increases in property values.

The District's Cash Flows

Changes in the District's cash flows are consistent with changes in operating losses and nonoperating revenues and expenses for 2024, 2023 and 2022, discussed earlier.

Capital Asset and Debt Administration

Capital Assets

At September 30, 2024, the District had $104,182,898 invested in capital assets, net of accumulated depreciation, as detailed in Note 6 to the accompanying financial statements. In 2024, the District purchased new equipment, made building improvements, and paid for construction projects totaling $19,270,522.

At September 30, 2023, the District had $93,160,465 invested in capital assets, net of accumulated depreciation, as detailed in Note 6 to the accompanying financial statements. In 2023, the District purchased new equipment, made building improvements, and paid for construction projects totaling $17,961,576.

Lease Assets

At September 30, 2024 and 2023, the District had $18,418,917 and $10,611,835, respectively, invested in lease assets, net of accumulated amortization, as detailed in Note 6 to the accompanying financial statements.

SBITA Assets

At September 30, 2024 and 2023, the District had $18,357,996 and $21,432,360, respectively, invested in SBITA assets, net of accumulated amortization, as detailed in Note 6 to the accompanying financial statements.

Debt

At September 30, 2024 and 2023, the District had $60,062,198 and $48,831,004 in outstanding bond obligations and notes payable. Long-term debt transactions are discussed more fully in Note 9.

Contacting the District's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the District's Accounting Department, 4215 Joe Ramsey Blvd, Greenville, Texas 75401.

Hunt Memorial Hospital District
Balance Sheets
September 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash	$ 2,926,367	$ 796,091
Short-term investments	1,529,123	909,776
Patient accounts receivable, net of allowance	37,575,408	32,334,444
Property taxes receivable, net	1,066,698	946,584
Supplemental Medicaid funding receivable	5,197,882	2,634,907
Estimated amounts due from third-party payors	1,144,203	1,553,100
Leases receivable – current	304,408	299,740
Supplies	4,529,727	5,082,269
Prepaid expenses and other current assets	2,344,437	2,544,019
Total Current Assets	56,618,253	47,100,930
Noncurrent Cash and Investments		
Investments	4,243,697	6,294,041
Held by trustee for self-insurance	720,149	692,485
Held by trustee for capital acquisition	1,598,983	3,605,689
Internally designated for capital acquisitions and operating activities	72,824	923,000
Total Noncurrent Cash and Investments	6,635,653	11,515,215
Capital Assets, Net	104,182,898	93,160,465
Lease Assets, Net	18,418,917	10,611,835
Subscription Assets, Net	18,357,996	21,432,360
Leases Receivable, Noncurrent	1,746,689	1,334,204
Other Assets	251,937	290,364
Total assets	$ 206,212,343	$ 185,445,373

Hunt Memorial Hospital District
Balance Sheets
September 30, 2024 and 2023 (Continued)

	2024	2023
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Current maturities of long-term debt	$ 7,430,901	$ 6,311,246
Current portion of lease liabilities	2,420,733	1,299,083
Current portion of subscription liabilities	2,600,551	2,666,323
Accounts payable	41,531,759	17,123,157
Accrued expenses	9,911,188	7,927,067
Estimated amounts due to third-party payors	703,493	175,135
Total Current Liabilities	64,598,625	35,502,011
Estimated Medical Malpractice Self-insurance Costs	473,000	473,000
Long-Term Debt	52,631,297	42,519,758
Lease Liabilities, Noncurrent	16,626,193	9,682,517
Subscription Liabilities, Noncurrent	15,605,361	18,205,912
Total Liabilities	149,934,476	106,383,198
Deferred Inflows of Resources – Leases	1,897,602	1,507,478
Net Position		
Net investment in capital assets	44,544,977	47,626,651
Unrestricted	9,835,288	29,928,046
Total Net Position	54,380,265	77,554,697
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 206,212,343	$ 185,445,373

Hunt Memorial Hospital District
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2024 and 2023

	2024	2023
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2024 – $73,661,000, 2023 – $66,346,000	$ 201,026,632	$ 186,650,665
Supplemental Medicaid funding	5,885,663	10,707,015
Other	5,866,830	3,106,958
Total Operating Revenues	212,779,125	200,464,638
Operating Expenses		
Salaries and wages	119,344,376	104,700,267
Employee benefits	22,970,969	21,022,315
Purchased services and professional fees	42,943,005	45,403,520
Supplies and other	62,146,342	56,438,372
Depreciation and amortization	13,889,217	11,811,417
Total Operating Expenses	261,293,909	239,375,891
Operating Loss	(48,514,784)	(38,911,253)
Nonoperating Revenues (Expenses)		
Property taxes	25,591,705	22,202,383
Investment income	1,352,784	1,221,920
Interest expense	(4,298,176)	(2,403,795)
Other nonoperating, net	2,293,245	1,080,094
Total Nonoperating Revenues, Net	24,939,558	22,100,602
Loss Before Capital Grants and Gifts	(23,575,226)	(16,810,651)
Capital Grants and Gifts	400,794	249,240
Decrease in Net Position	(23,174,432)	(16,561,411)
Net Position, Beginning of Year	77,554,697	94,116,108
Net Position, End of Year	$ 54,380,265	$ 77,554,697

Hunt Memorial Hospital District
Statements of Cash Flows
Years Ended September 30, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Receipts from and on behalf of patients	$ 201,680,518	$ 176,847,600
Receipts from supplemental Medicaid funding programs	6,426,069	10,870,601
Payments to suppliers and contractors	(87,731,544)	(96,613,411)
Payments to employees	(140,860,826)	(124,533,224)
Other receipts	5,474,136	2,791,313
Net Cash Used in Operating Activities	(15,011,647)	(30,637,121)
Cash Flows From Noncapital Financing Activities		
Property taxes supporting operations	21,298,485	17,884,142
Other noncapital financing activities, net	2,293,245	128,613
Net Cash Provided by Noncapital Financing Activities	23,591,730	18,012,755
Cash Flows From Capital and Related Financing Activities		
Proceeds from disposal of capital assets	-	1,272,791
Principal paid on long-term debt	(7,526,246)	(4,798,063)
Principal paid on lease liabilities	(2,308,520)	(1,357,039)
Interest paid on long-term debt, lease, and subscription liabilities	(4,650,682)	(2,702,469)
Principal paid on subscription liabilities	(2,666,323)	(2,593,846)
Proceeds from issuance of long-term debt	19,220,000	6,500,000
Property taxes to retire debt for acquisitions of capital assets	4,173,106	4,170,205
Purchase of capital assets	(19,070,600)	(18,006,349)
Proceeds from capital grants and gifts	400,794	249,240
Principal and interest payments received on leases receivable	365,665	462,674
Net Cash Used in Capital and Related Financing Activities	(12,062,806)	(16,802,856)
Cash Flows From Investing Activities		
Investment return	1,352,784	1,227,684
Proceeds from disposition of investments	5,005,136	34,323,982
Purchase of investments	(2,204,655)	(8,128,492)
Net Cash Provided By Investing Activities	4,153,265	27,423,174
Increase (Decrease) in Cash	670,542	(2,004,048)
Cash, Beginning of Year	4,512,076	6,516,124
Cash, End of Year	$ 5,182,618	$ 4,512,076

	2024	2023
Reconciliation of Cash to the Balance Sheets		
Cash	$ 2,926,367	$ 796,091
Held by trustee for capital acquisition	1,536,102	3,023,500
Held by trustee for self-insurance	720,149	692,485
Total Cash and Cash Equivalents	$ 5,182,618	$ 4,512,076
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (48,514,784)	$ (38,911,253)
Depreciation and amortization	13,889,217	11,811,417
Provision for uncollectible accounts	73,661,049	66,345,820
Changes in operating assets and liabilities		
Patient accounts receivable	(78,902,013)	(72,020,788)
Supplemental Medicaid funding receivable	(1,859,482)	(974,372)
Estimated third-party payor settlements	233,762	(715,073)
Accounts payable and accrued liabilities	26,082,747	5,088,753
Other assets and liabilities	790,551	(835,479)
Deferred inflows of resources – leases	(392,694)	(426,146)
Net Cash Used in Operating Activities	$ (15,011,647)	$ (30,637,121)
Noncash Investing, Capital, and Financing Activities		
Capital assets acquisitions included in accounts payable	$ 698,781	$ 498,859
Lease obligations incurred for lease assets	$ 10,373,846	$ 5,385,470
Subscription obligations incurred for subscription assets	$ -	$ 23,262,379
Note payable issued for purchase of capital assets	$ -	$ 1,997,000

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Hunt Memorial Hospital District (District) is a political subdivision of the state of Texas. The District has the authority to levy ad valorem taxes on property located within Hunt County. The District is comprised of Hunt Regional Medical Center, Greenville, Texas, Hunt Regional Home Health, and Hunt Regional Medical Partners (Medical Partners). The District provides inpatient, outpatient, emergency, and home care services for residents of Hunt County and surrounding areas.

Medical Partners is a Texas nonprofit health organization that operates primarily for the purpose of providing physician services to the District's patients. The District is the sole corporate member of Medical Partners and has the authority to exercise significant control over the financial operations of Medical Partners. As such, Medical Partners is presented as a blended component unit of the District. Separate financial statements of Medical Partners can be obtained by contacting the District's management.

Basis of Accounting and Presentation

The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated, or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific (such as county appropriations), property taxes, investment income, and interest on capital asset-related debt are included in nonoperating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Patient Accounts Receivable

The District reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients, and others. The District provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions.

Supplies

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

Investments and Investment Income

The District invests in Texas Local Government Investment Pool (TexPool), which is considered an investment for financial reporting. The District has an undivided beneficial interest in the pool of assets held by the TexPool. Authorized investments include obligations of the United States or its agencies, direct obligations of the state of Texas or its agencies, certificates of deposit, and repurchase agreements.

The District's interest in TexPool is carried at amortized cost per share under Government Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants*.

Investments in U.S. Treasury, agency, and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in non-negotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes dividend and interest income and the net change for the year in the fair value of investments carried at fair value.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the District:

Land improvements	2–25 years
Buildings	35–40 years
Leasehold improvements	5–10 years
Equipment	3–5 years
Computer software	3–5 years

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Lease, and Subscription Asset Impairment

The District evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended September 30, 2024 and 2023.

Compensated Absences

The District's policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits employees have earned but not yet realized.

Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than general and professional liability and employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The District is self-insured for a portion of its exposure to risk of loss from general and professional liability and employee health claims. Annual estimated provisions are accrued for the self-insured portion of these claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Deferred Inflows of Resources

The District reports an acquisition of net assets that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheets.

Net Position

Net position of the District is classified in two components on its balance sheets.

Net investment in capital assets consists of capital, lease, and subscription assets net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings used to finance the purchase, use, or construction of those assets.

Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Net Patient Service Revenue

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

The District provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the District does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

The costs of charity care provided under the District’s charity care policy were approximately $2,383,000 and $2,719,000 for September 30, 2024 and 2023, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Property Taxes

The District received approximately 11% and 10% of its financial support from property taxes in 2024 and 2023, respectively. These funds were used as follows:

	2024	2023
Percentage used to support operations	84%	81%
Percentage used for debt service on bonds	16%	19%
	100%	100%

Property taxes are levied by the District on October 1 of each year based on the preceding January 1 assessed property values. To secure payment, an enforceable lien attaches to the property on January 1 when the value is assessed. Property taxes become due and payable when levied on October 1. This is the date on which an enforceable legal claim arises and the District records a receivable for the property tax assessment, less an allowance for uncollectible property taxes. Property taxes are considered delinquent after January 31 of the following year. The District recorded an allowance for uncollectible property taxes of approximately $1,120,000 and $902,000 at September 30, 2024 and 2023, respectively.

The District's property tax rate was $0.165387 and $0.169445 per $100 valuation for 2024 and 2023, respectively, for the maintenance and operation fund. Property tax revenue for this fund was approximately $21,399,000 and $18,004,000 in 2024 and 2023, respectively. The District's property tax rate was $0.032405 and $0.039511 per $100 valuation for 2024 and 2023, respectively, for the interest and sinking fund. Property tax revenue for this fund was approximately $4,193,000 and $4,198,000 in 2023 and 2022, respectively.

Income Taxes

As a political subdivision under the laws of the state of Texas, the District is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code (IRC) and a similar provision of state law. Medical Partners is exempt from income taxes under Section 501(a) of the IRC. Medical Partners is subject to federal income tax on any unrelated business taxable income.

Foundation

The District is the beneficiary of the Hunt Memorial Hospital District Charitable Health Foundation (Foundation), a separate legal entity with its own board of trustees. The Foundation is not reflected in the accompanying financial statements due to the insignificance (or immateriality) of the Foundation's activities to the District thus far. The District received approximately $401,000 and $294,000 in contributions from the Foundation in 2024 and 2023, respectively, which is included as capital grants and gifts in the accompanying statements of revenues, expenses and changes in net position.

Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 presentation. The reclassifications had no effect on the change in net position.

Note 2. Net Patient Service Revenue

The District has agreements with third-party payors that provide for payments at amounts different from its established rates. These payment arrangements include:

Medicare. Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The District is reimbursed for certain services at tentative rates, with final settlement determined after submission of annual cost reports and audits thereof by the Medicare administrative contractor.

Medicaid. Inpatient services rendered to Medicaid program beneficiaries are reimbursed under a prospective payment system. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under a mixture of fee schedules and cost reimbursement. The District is reimbursed for cost reimbursable services at tentative rates, with final settlement determined after submission of annual cost reports and audits thereof by the Medicaid administrative contractor.

Approximately 70% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for both the years ended September 30, 2024 and 2023. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Supplemental Medicaid Funding Revenue

In response to the growing number of uninsured patients and the rising cost of healthcare, the Texas Legislature established at Texas Medicaid Disproportionate Share Program (DSH Program) that was designed to assist those facilities serving the majority of the indigent patients in the state by providing funds supporting increased access to healthcare within the community. This program allows the Texas Department of Human Services to levy assessments from certain hospitals, use the accessed funds to obtain federal matching funds, and then redistribute the total funds to those facilities serving a disproportionate share of indigent patients in the state of Texas.

On December 12, 2011, the United States Department of Health and Human Services (HHS) approved a Medicaid section 1115(a) demonstration entitled “Texas Health Transformation and Quality Improvement Program” (Waiver). The Waiver expanded existing Medicaid managed care programs and established two funding pools that assist providers with uncompensated care costs (UC Pool) and promote health system transformation (DSRIP Pool).

On April 22, 2022, the Centers for Medicare & Medicaid Services (CMS) approved an extension of the Waiver through September 30, 2030. The extension provides for the continuation of the UC Pool and an expansion of directed payment programs, which transitions participating hospitals away from the DSRIP program, which ended on September 30, 2021, and was not extended under the Waiver extension. CMS also approved an expansion of directed payment programs, which transitions participating hospitals away from the DSRIP program. One of the new directed payment programs is the Comprehensive Hospital Increased Reimbursement Program (CHIRP), which adds a quality component to the existing Uniform Hospital Rate Increase Program (UHRIP).

Under UHRIP, HHSC directed managed care organizations in a service delivery area to provide a uniform percentage rate increase to all hospitals within a particular class of hospitals. CHIRP also provides for rate increases similar to UHRIP but also provides for a rate enhancement above the UHRIP rate, based upon a percentage of estimated average commercial reimbursement. Participating hospitals may opt into this second component. The UHRIP program transitioned on August 31, 2021, and the CHIRP program began on September 1, 2021. CHIRP will require annual approval by CMS, which has been approved through August 31, 2025. Revenue from UHRIP and CHIRP is estimated based on patient claims and known program factors and are recognized as a component of net patient service revenue. Both programs also include additional payment and recoupment provisions based on certain quality measures.

The District receives supplemental payments through the Public Hospital Medicaid Graduate Medical Education (GME) program. The GME program provides reimbursement to support teaching hospitals that operate approved medical residency training programs in recognition of the higher costs incurred by teaching hospitals.

The District participates in the Public Hospital Augmented Reimbursement Program (HARP). HARP is a statewide supplemental program that provides Medicaid payments to hospitals for inpatient and outpatient services that serve Texas Medicaid fee-for-service patients. The program serves as a financial transition for providers historically participating in the DSRIP program and provides additional funding to hospitals to assist in offsetting the cost hospitals incur while providing Medicaid services.

Total revenue recognized from all programs (excluding UHRIP and CHIRP, which are recorded as a component of net patient service revenue) was approximately $5,886,000 and $10,707,000 in 2024 and 2023, respectively, and is included as Supplemental Medicaid funding in the statements of revenues, expenses, and changes in net position. Accounts receivable under these programs was approximately $5,198,000 and $2,635,000 at September 30, 2024 and 2023, respectively, which is included as estimated amounts due from third-party payors on the accompanying balance sheets.

Funding from the DSH Program and UC Pool are limited to certain costs incurred. At September 30, 2024 and 2023, the District recorded an expected overpayment related to these programs of approximately $703,000 and $0, which is included in estimated amounts due to third-party payors on the balance sheets.

The programs described above are subject to review and scrutiny by both the Texas Legislature and CMS, and the programs could be modified or terminated based on new legislation or regulation in future periods. The funding the District has historically received from these programs is not representative of funding to be received in future years.

Note 3. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance or other qualified investments. At September 30, 2024, approximately $1,286,000 of the District's deposits were not insured or collateralized in accordance with state law. At September 30, 2023, approximately $2,800,000 of the District's deposits was not insured or collateralized in accordance with state law.

Investments

The District held the following investments at September 30:

	September 30, 2024				
		Maturities in Years			
Type	Fair Value	Less Than 1	1–5	6–10	More Than 10
U.S. agency obligations	$ 4,271,103	$ 751,390	$ 3,519,713	$ -	$ -
Money market fund	229,406	229,406	-	-	-
TexPool	135,705	135,705	-	-	-
Certificates of deposit – negotiable	1,272,311	577,733	694,578	-	-
	$ 5,908,525	$ 1,694,234	$ 4,214,291	$ -	$ -

	September 30, 2023				
		Maturities in Years			
Type	Fair Value	Less Than 1	1–5	6–10	More Than 10
U.S. agency obligations	$ 5,530,389	$ -	$ 5,530,389	$ -	$ -
Money market fund	232	232	-	-	-
TexPool	1,505,189	1,505,189	-	-	-
Certificates of deposit – negotiable	1,673,345	-	1,673,345	-	-
	$ 8,709,155	$ 1,505,421	$ 7,203,734	$ -	$ -

The State Comptroller of Public Accounts (State Comptroller) exercises oversight responsibility over TexPool. This includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Federated Investors provides asset management and participant services for TexPool's operations under contract with the State Comptroller.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the maturities that are acceptable for certain types of investments.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the District's policy to limit its investments to U.S. Treasury and agency obligations or otherwise follow the restrictions of the *Texas Public Funds Investment Act*. At September 30, 2024, the District's investments in TexPool and U.S. agency obligations were rated AAA and AA+, respectively, by Standard & Poor's.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk – The District places no limit on the amount that may be invested in any one issuer as long as the restrictions of the *Texas Public Funds Investment Act* are followed.

The following table reflects the District's investments in single issuers that represent more than 5% of total investments:

	2024	2023
TexPool	2.3%	17.3%
Federal Home Loan Bank (FHLB)	53.9%	42.3%
Federal Farm Credit Bank (FFCB)	18.4%	21.0%

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	2024	2023
Carrying value		
Deposits	$ 5,182,618	$ 4,511,927
Investments	5,908,525	8,709,155
	$ 11,091,143	$ 13,221,082
Included in the following balance sheets captions		
Cash and cash equivalents	$ 2,926,367	$ 796,091
Short-term investments	1,529,123	909,776
Noncurrent cash and investments	6,635,653	11,515,215
	$ 11,091,143	$ 13,221,082

Note 4. Patient Accounts Receivable

The District grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payor agreements. Patient accounts receivable consisted of the following at September 30:

	2024	2023
Medicare	$ 16,110,614	$ 8,625,499
Medicaid	10,272,446	5,499,789
Other third-party payors	26,802,306	14,349,749
Patients	115,615,042	61,899,407
	168,800,408	90,374,444
Less allowance for uncollectible accounts	(131,225,000)	(58,040,000)
	$ 37,575,408	$ 32,334,444

Note 5. Leases Receivable

The District leases a portion of its office space to various third parties, the terms of which expire in 2025 through 2032. Various leases include escalation in payments on the anniversary of the commencement of the lease at various intervals. The leases were measured based upon the aggregate incremental lease borrowing rate at lease commencement.

Revenue recognized under lease contracts during the years ended September 30, 2024 and 2023 were approximately $441,000 and $464,000, respectively, which includes both lease revenue and interest.

Note 6. Capital, Lease, and Subscription Assets

Capital assets activity for the years ended September 30:

	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 4,529,756	$ -	$ -	$ -	$ 4,529,756
Land improvements	4,261,519	-	-	-	4,261,519
Buildings and improvements	142,819,219	-	-	2,185,486	145,004,705
Equipment	96,761,533	1,652,018	-	2,099,263	100,512,814
Construction in progress	2,150,781	17,618,504	-	(4,284,749)	15,484,536
	250,522,808	19,270,522	-	-	269,793,330
Less accumulated depreciation	157,362,343	8,248,089	-	-	165,610,432
Capital assets, net	$ 93,160,465	$ 11,022,433	$ -	$ -	$ 104,182,898

	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land	$ 1,386,793	$ 3,533,574	$ (390,611)	$ -	$ 4,529,756
Land improvements	4,261,519	-	-	-	4,261,519
Buildings and improvements	104,597,211	407,387	(545,585)	38,360,206	142,819,219
Equipment	88,234,743	34,545	(162,423)	8,654,668	96,761,533
Construction in progress	35,179,585	13,986,070	-	(47,014,874)	2,150,781
	233,659,851	17,961,576	(1,098,619)	-	250,522,808
Less accumulated depreciation	149,938,299	8,143,873	(719,829)	-	157,362,343
Capital assets, net	$ 83,721,552	$ 9,817,703	$ (378,790)	$ -	$ 93,160,465

Construction in progress is stated at cost, which includes the cost of construction and other direct costs attributable to the construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use. Construction in progress at September 30, 2024 and 2023 represents capital improvements, including several facility expansion projects. The projects will be funded through internally designated investments. As of September 30, 2024, the District incurred and capitalized approximately $15,500,000 in construction in progress.

Lease assets activity for the years ended September 30:

	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Building	$ 11,376,239	$ 10,068,673	$ (206,480)	$ -	$ 21,238,432
Equipment	1,357,041	198,079	-	-	1,555,120
Other	106,947	107,094	(106,832)	-	107,209
	12,840,227	10,373,846	(313,312)	-	22,900,761
Less accumulated amortization	2,228,392	2,566,764	(313,312)	-	4,481,844
Lease assets, net	$ 10,611,835	$ 7,807,082	$ -	$ -	$ 18,418,917

	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Building	$ 7,125,646	$ 5,385,470	$ (1,134,877)	$ -	$ 11,376,239
Equipment	1,357,041	-	-	-	1,357,041
Other	165,147	-	(58,200)	-	106,947
	8,647,834	5,385,470	(1,193,077)	-	12,840,227
Less accumulated amortization	1,864,980	1,556,489	(1,193,077)	-	2,228,392
Lease assets, net	$ 6,782,854	$ 3,828,981	$ -	$ -	$ 10,611,835

Subscription asset activity for the years ended September 30:

	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Subscription-based IT assets	$ 23,591,121	$ -	$ (142,696)	$ -	$ 23,448,425
Less accumulated amortization	2,158,761	3,074,364	(142,696)	-	5,090,429
Subscription assets, net	$ 21,432,360	$ (3,074,364)	$ -	$ -	$ 18,357,996

	2023				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Subscription-based IT assets	$ 427,077	$ 23,262,379	$ (98,335)	$ -	$ 23,591,121
Less accumulated amortization	146,041	2,111,055	(98,335)	-	2,158,761
Subscription assets, net	$ 281,036	$ 21,151,324	$ -	$ -	$ 21,432,360

Note 7. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses included in current liabilities consisted of the following at September 30:

	2024	2023
Payable to suppliers and contractors	$ 33,128,187	$ 16,361,013
Temporary funding assistance from Optum*	8,060,976	-
Payable to employees (including payroll taxes and benefits)	9,771,479	8,316,960
Accrued interest	482,305	372,251
	$ 51,442,947	$ 25,050,224

*On February 21, 2024, Change Healthcare, a subsidiary of UnitedHealth Group's Optum unit, experienced a cyber-attack that resulted in nationwide outages affecting payors, providers, and pharmacies. Optum offered a temporary, short-term funding assistance program to help healthcare providers manage short-term cash flow needs caused by the cyber-attack, which caused interruption of numerous administrative and billing processes, including electronic claims submission and provider payments. During 2024, the District obtained temporary funding assistance of approximately $8,061,000, which is included in accounts payable at September 30, 2024.

Note 8. Risk Management

Professional and General Liability Risks

The District is self-insured for professional and general liability risks. The District's maximum liability for professional and general liability claims as a governmental unit under the *Tort Claims Act* is generally $100,000 per individual and $300,000 per occurrence.

Losses from asserted and unasserted claims identified under the District's incident reporting system are accrued based on estimates that incorporate the District's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. It is reasonably possible that the District's estimate of losses will change by a material amount in the near term.

The accruals and fiscal year activity (current year expenses and claim payments made) for professional and general liability are not material in 2024 and 2023.

Employee Health Claims

Substantially all of the District's employees and their dependents are eligible to participate in the District's employee health insurance plan. Commercial stop-loss insurance coverage is purchased for claims in excess of $225,000. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported and is included in accrued expenses on the balance sheet. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the District's estimate will change by a material amount in the near term.

The District recorded a reserve for employee health claims of approximately $1,326,00 at both September 30, 2024 and 2023, which is included with accrued expenses on the accompanying balance sheets.

Note 9. Long-Term Obligations

The following is a summary of long-term obligation transactions for the District for the years ended September 30:

	2024				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Series 2014	$ 9,875,000	$ -	$ (1,665,000)	$ 8,210,000	$ 1,730,000
Series 2020	24,615,000	-	(1,250,000)	23,365,000	1,335,000
Series 2023	-	19,220,000	(1,215,000)	18,005,000	1,090,000
Notes payable	11,015,919	-	(3,396,246)	7,619,673	3,275,901
	45,505,919	19,220,000	(7,526,246)	57,199,673	7,430,901
Plus bond premium	3,325,085		(462,560)	2,862,525	-
Total long-term debt	48,831,004	19,220,000	(7,988,806)	60,062,198	7,430,901
Other long-term liabilities					
Lease liabilities	10,981,600	10,373,846	(2,308,520)	19,046,926	2,420,733
Subscription liabilities	20,872,235	-	(2,666,323)	18,205,912	2,600,551
Total other long-term liabilities	31,853,835	10,373,846	(4,974,843)	37,252,838	5,021,284
Total long-term obligations	$ 80,684,839	$ 29,593,846	$ (12,963,649)	$ 97,315,036	$ 12,452,185

	2023				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Long-term debt					
Series 2014	$ 11,445,000	$ -	$ (1,570,000)	$ 9,875,000	$ 1,665,000
Series 2020	25,815,000	-	(1,200,000)	24,615,000	1,250,000
Notes payable	4,546,982	8,497,000	(2,028,063)	11,015,919	3,396,246
	41,806,982	8,497,000	(4,798,063)	45,505,919	6,311,246
Plus bond premium	3,829,987	-	(504,902)	3,325,085	-
Total long-term debt	45,636,969	8,497,000	(5,302,965)	48,831,004	6,311,246
Other long-term liabilities					
Lease liabilities	6,953,169	5,385,470	(1,357,039)	10,981,600	1,299,083
Subscription liabilities	203,702	23,262,379	(2,593,846)	20,872,235	2,666,323
Total other long-term liabilities	7,156,871	28,647,849	(3,950,885)	31,853,835	3,965,406
Total long-term obligations	$ 52,793,840	$ 37,144,849	$ (9,253,850)	$ 80,684,839	$ 10,276,652

General Obligation Bonds – Series 2014

The Series 2014 general obligation bonds payable consist of Hunt Memorial Hospital District General Obligation Refunding and Improvement Bonds, Series 2014 (Series 2014 Bonds) in the original amount of $20,940,000 dated September 11, 2014, which bear interest at 2.0% to 5.0%. The bonds were issued to refund a portion of the District's outstanding General Obligation Bonds, Series 2005 and to fund various capital expansion and improvement projects. The Series 2014 Bonds are payable in annual installments ranging from $410,000 to $1,730,000 through February 15, 2034. All of the Series 2014 Bonds still outstanding may be redeemed at the District's option on or after February 15, 2024 at a price of par plus accrued interest to the redemption date.

The Series 2014 Bonds constitute direct obligations of the District, payable from the levy and collection of annual property taxes. The Series 2014 Bonds were issued with an original premium of $2,235,198. The premium is being amortized as a reduction of interest expense using an effective interest method over the term of the debt. Premium amortization was approximately $103,000 and $125,000 in 2024 and 2023, respectively, and is included as a reduction of interest expense in the accompanying statements of revenues, expenses, and changes in net position.

General Obligation Bonds – Series 2020

The District issued the Hunt Memorial Hospital District General Obligation Refunding and Improvement Bonds, Series 2020 (Series 2020 Bonds) in the original amount of $27,915,000 dated November 24, 2020, which bear interest at 3.0% to 5.0%. The bonds were issued to refund the District's outstanding Series 2008 Bonds and to fund various hospital and capital expansion projects. The Series 2020 Bonds are payable in annual installments ranging from $980,000 to $2,015,000 through February 15, 2040. All of the Series 2020 Bonds outstanding may be redeemed at the District's option on or after February 15, 2030 at a price of par plus accrued interest to the redemption date. The Series 2020 Bonds constitute direct obligations of the District, payable from the levy and collection of annual property taxes. The Series 2020 Bonds were issued with an original premium of $3,908,707, and the premium is being amortized as a reduction of interest expense using an effective interest method over the term of the debt. Premium amortization was approximately $360,000 and $380,000 for the years ended September 30, 2024 and 2023, respectively, and is included as a reduction of interest expense in the accompanying statements of revenues, expenses, and changes in net position.

Revenue Bonds – Series 2023A and Series 2023B

In October 2023, the District issued the Hunt Memorial Hospital District Hospital Revenue Bonds, Series 2023A and Series 2023B in the amounts of $6,070,000 and $13,150,000, respectively (collectively, Series 2023 Bonds). The Series 2023 Bonds were issued for the purpose of acquiring, constructing, repairing, renovating, and equipping buildings and improvements. Principal payments are due annually, commencing in February 2024; and interest payments are due quarterly, beginning in February 2024. The Series 2023 Bonds mature in fiscal year 2033 and are secured by the District's operating revenues. The Series 2023 Bonds contain restrictive covenants, including maintaining a debt service coverage ratio of at least 1.50:1 (measured at September 30), maintaining 65 days of cash on hand (measured at March 31, June 30, and December 31), and maintaining a cash-to-indebtedness ratio of at least 0.80:1 (measured at March 31, June 30, and December 31). At September 30, 2024, the District was not in compliance with the debt service coverage ratio and was granted a waiver.

Notes Payable

On April 19, 2021, the District entered into a loan agreement for $6,000,000 with a bank to finance an equipment purchase related to a capital improvement project. The loan is payable in quarterly installments of $313,454 beginning July 28, 2021 and continuing through April 28, 2026. The loan carries an interest rate of 1.68% and is secured by the equipment purchased with the loan proceeds.

On October 4, 2022, the District entered into a loan agreement for $6,500,000 with a bank to finance an equipment purchase related to a capital improvement project. The loan is payable in quarterly installments of $723,869 beginning April 4, 2023 and continuing through October 4, 2027. The loan carries an interest rate of 4.01% and is secured by the equipment purchased with the loan proceeds.

On June 7, 2023, the District entered into an asset purchase agreement for $1,997,000 to purchase the equipment, furnishings, inventories, supplies, etc., of an urgent care facility. A $500,000 downpayment was due in two equal payments—the first $250,000 was paid at the preliminary closing in June 2023, and the second $250,000 was paid at the final closing in October 2023. The remaining balance of the purchase price will be seller financed at 8% for 24 months at $67,705 per month, which commenced in October 2023.

Debt service requirements on the bonds and notes payable are as follows as of September 30, 2024:

Year Ending September 30,	Total to be Paid	Bonds Principal	Bonds Interest	Notes Payable Principal	Notes Payable Interest
2025	$ 10,145,478	$ 4,155,000	$ 2,476,462	$ 3,275,901	$ 238,115
2026	8,156,312	3,425,000	2,343,212	2,256,484	131,616
2027	7,295,549	3,615,000	2,232,812	1,377,658	70,079
2028	6,650,656	3,810,000	2,116,787	709,630	14,239
2029	6,009,499	4,015,000	1,994,499	-	-
2030–2034	27,114,227	22,065,000	5,049,227	-	-
2035–2039	7,830,675	6,950,000	880,675	-	-
2040	1,568,175	1,545,000	23,175	-	-
	$ 74,770,571	$ 49,580,000	$ 17,116,849	$ 7,619,673	$ 454,049

Lease Liabilities

The District leases equipment and office space, the terms of which expire in various years through 2037. Various leases include escalation in payments on the anniversary of the commencement of the lease at various intervals. The leases were measured based upon the aggregate incremental lease borrowing rate at lease commencement.

During the years ended September 30, 2024 and 2023, the District recognized approximately $1,911,000 and $1,689,000, respectively, of rental expense for variable payments and short-term and cancellable leases that are not included in the measurement of the lease liability.

The following is a schedule by year of payments under the leases as of September 30, 2024:

Year Ending September 30,	Total to be Paid	Principal	Interest
2025	$ 3,367,138	$ 2,420,733	$ 946,405
2026	3,008,642	2,210,058	798,584
2027	2,902,264	2,212,008	690,256
2028	2,699,085	2,116,241	582,844
2029	2,387,737	1,909,217	478,520
2030–2034	7,536,336	6,289,661	1,246,675
2035–2037	2,070,102	1,889,008	181,094
	$ 23,971,304	$ 19,046,926	$ 4,924,378

Subscription Liabilities

The District has various SBITAs, the terms of which expire in various years through 2033. The subscriptions were measured at the present value of subscription payments expected to be made during the SBITA term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance. During the years ended September 30, 2024 and 2023, the District recognized approximately $4,953,000 and $5,100,000, respectively, of subscription expense for variable payments and short-term and cancellable subscriptions that are not included in the measurement of the subscription liability.

The following is a schedule by year of payments under the SBITAs as of September 30, 2024:

Year Ending September 30,	Total to be Paid	Principal	Interest
2025	$ 3,275,011	$ 2,600,551	$ 674,460
2026	2,923,276	2,346,298	576,978
2027	2,923,287	2,441,917	481,370
2028	2,886,701	2,504,623	382,078
2029	2,886,701	2,606,744	279,957
2030–2034	5,942,565	5,705,779	236,786
	$ 20,837,541	$ 18,205,912	$ 2,631,629

Note 10. Pension Plan

The District contributes to a defined contribution pension plan covering substantially all employees. Pension expense is recorded for the amount of the District's required contributions, determined in accordance with the terms of the plan and any discretionary contributions. The plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the District's governing body. Contribution rates for plan members and the District expressed as a percentage of covered payroll were 3.9% and 3.9% for 2024 and 2023, respectively. Contributions actually made by plan members and the District aggregated approximately $4,312,000 and $2,295,000 during 2024 and $4,059,000 and $2,045,000 during 2023, respectively.

Note 11. Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30:

		Fair Value Measurements Using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2024				
Investments by fair value level				
Money market fund	$ 229,406	$ 229,406	$ -	$ -
U.S. agency obligations	4,271,103	-	4,271,103	-
Total investments by fair value level	4,500,509	$ 229,406	$ 4,271,103	$ -
Investments at amortized cost	$ 1,408,016			
Total investments	$ 5,908,525			
September 30, 2023				
Investments by fair value level				
Money market fund	$ 232	$ 232	$ -	$ -
U.S. agency obligations	5,530,389	-	5,530,389	-
Total investments by fair value level	5,530,621	$ 232	$ 5,530,389	$ -
Investments at amortized cost	$ 3,178,534			
Total investments	$ 8,709,155			

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows.

Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The District held no Level 3 investments as of September 30, 2024 or 2023.

Note 12. Future Change in Accounting Principle – GASB Statement No. 101, *Compensated Absences (GASB 101)*

GASB 101 updates the recognition and measurement guidance for compensated absences under a unified model. It defines compensated absences and requires that liabilities be recognized for leave for which employees may receive one or more cash payments when the leave is used for time off; other cash payments, such as payment for unused leave upon termination of employment which includes voluntary resignation or retirement; or noncash settlements, such as conversion to defined benefit postemployment benefits. GASB 101 also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. GASB 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter.

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APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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McCALL PARKHURST & HORTON
Focused on Public Finance since 1919.

___________ 2026

HUNT MEMORIAL HOSPITAL DISTRICT
GENERAL OBLIGATION BONDS,
SERIES 2026, DATED DATE OF INITIAL DELIVERY,
IN THE AGGREGATE PRINCIPAL AMOUNT OF $____________

AS BOND COUNSEL FOR THE ISSUER (the "Issuer") of the Bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which mature and bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates as stated in the text of the Bonds, with the Bonds being subject to redemption prior to maturity, all in accordance with the terms and conditions stated in the text of the Bonds.

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the Issuer and other documents authorizing and relating to the issuance of said Bonds, including one of the executed Bonds (Bond No. T-1).

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been authorized, issued and duly delivered in accordance with law; and that except as may be limited by laws applicable to the Issuer relating to governmental immunity, federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, which rights may be limited by general principles of equity which permit the exercise of judicial discretion, the Bonds constitute valid and legally binding obligations of the Issuer; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Bonds have been levied and pledged for such purpose, within the limit prescribed by law.

IT IS FURTHER OUR OPINION, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on certain representations, the accuracy of which we have not independently verified, and assume compliance by the Issuer with, certain covenants regarding the use and investment of the proceeds of the Bonds and the use of the property financed therewith. We call your attention to the fact that if such representations are determined to be inaccurate or upon failure by the Issuer to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

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

600 Congress Avenue
Suite 2150
Austin, Texas 78701
T 512.478.3805
F 512.472.0871

717 North Harwood
Suite 900
Dallas, Texas 75201
T 214.754.9200
F 214.754.9250

8 Greenway Plaza
Suite 1025
Houston, Texas 77046
T 713.980.0500
F 713.980.0510

112 East Pecan Street
Suite 1310
San Antonio, Texas 78205
T 210.225.2800
F 210.225.2984

www.mphlegal.com

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

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

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

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