Rating: Moody's: "Aaa"
(See "RATING" and "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein)

OFFICIAL STATEMENT
Dated: April 14, 2020

NEW ISSUE: BOOK-ENTRY-ONLY

In the opinion of Holland & Knight LLP, Bond Counsel, assuming compliance with certain arbitrage rebate and other tax requirements referred to herein, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax imposed on individuals. Holders of Bonds could be subject to the consequences of other provisions of the Internal Revenue Code of 1986, as amended, as further described herein. See "TAX MATTERS" herein.

$14,850,000
GALENA PARK INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Harris County, Texas)
Unlimited Tax Refunding Bonds, Series 2020

Dated Date: April 15, 2020 **Due: August 15, as shown on the inside cover page**

The Galena Park Independent School District Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds") are being issued pursuant to the Constitution and general laws of the State of Texas, including Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), Chapter 1371, Texas Government Code, as amended ("Chapter 1371") and an order (the "Order") authorizing the issuance of the Bonds adopted on August 27, 2019 by the Board of Trustees (the "Board") of the Galena Park Independent School District (the "District"). As permitted by Chapter 1207 and Chapter 1371, the Board, in the Order, delegated the authority to certain District officials to execute a pricing certificate (the "Approval Certificate") establishing the pricing terms for the Bonds. The Approval Certificate was executed by the Deputy Superintendent for Operational Support and Chief Financial Officer of the District on April 14, 2020, which completed the sale of the Bonds. The Bonds are payable as to principal and interest from the proceeds of an ad valorem tax levied annually, without legal limit as to rate or amount, against all taxable property located within the District. The District has received conditional approval from the Texas Education Agency for the Bonds to be guaranteed under the State of Texas Permanent School Fund Guarantee Program (hereinafter defined), which guarantee will automatically become effective when the Attorney General of Texas approves the Bonds. (See "THE BONDS – Permanent School Fund Guarantee" and "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM").

Interest on the Bonds will accrue from the Dated Date specified above and will be payable on February 15 and August 15 of each year, commencing August 15, 2020, until stated maturity or prior redemption. The Bonds will be issued in fully registered form in principal denominations of $5,000 or any integral multiple thereof. Principal of the Bonds will be payable by the Paying Agent/Registrar, which initially is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar") upon presentation and surrender of the Bonds for payment. Interest on the Bonds is payable by check dated as of the interest payment date and mailed by the Paying Agent/Registrar to the registered owners as shown on the records of the Paying Agent/Registrar on the close of business as of the last business day of the month next preceding each interest payment date (the "Record Date").

The District intends to utilize the Book-Entry-Only System of The Depository Trust Company, New York, New York ("DTC"). Such Book-Entry-Only System will affect the method and timing of payment and the method of transfer of the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM").

Proceeds from the sale of the Bonds will be used to (i) refund a portion of the District's outstanding bonds for debt service savings and (ii) pay the costs of issuing the Bonds. (See "PLAN OF FINANCING - Purpose", "PLAN OF FINANCING - Refunded Bonds" and "Schedule I – Schedule of Refunded Bonds").

The Bonds maturing on or after August 15, 2030 are subject to redemption at the option of the District in whole or in part on February 15, 2030 or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption. (See "THE BONDS - Optional Redemption").

MATURITY SCHEDULE
(On Inside Cover)

The Bonds are offered for delivery when, as and if issued, and received by the initial purchaser thereof at a competitive sale (the "Purchaser") subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by Holland & Knight LLP, Houston, Texas, Bond Counsel. The Bonds are expected to be available for initial delivery through the facilities of DTC on or about May 19, 2020.

$14,850,000
GALENA PARK INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Harris County, Texas)
UNLIMITED TAX REFUNDING BONDS, SERIES 2020

MATURITY SCHEDULE
Base CUSIP No.: 363335[1]

Maturity Date 8/15	Principal Amount	Interest Rate	Initial Yield	CUSIP No. Suffix[1]
2020	$185,000	5.00%	1.00%	FK1
2021	290,000	5.00	1.01	FL9
2022	200,000	5.00	1.03	FM7
2023	110,000	5.00	1.05	FN5
2024	115,000	5.00	1.06	FP0
2025	120,000	5.00	1.09	FQ8
2026	135,000	5.00	1.11	FR6
2027	130,000	5.00	1.14	FS4
2028	140,000	5.00	1.19	FT2
2029	140,000	5.00	1.26	FU9
2030	155,000	5.00	1.37[2]	FV7
2031	165,000	4.00	1.51[2]	FW5
2032	175,000	4.00	1.66[2]	FX3
2033	6,835,000	3.00	1.94[2]	FY1
2034	5,955,000	3.00	1.98[2]	FZ8

(Interest to accrue from the Dated Date)

[1] CUSIP numbers are included solely for the convenience of owners of the Bonds. CUSIP is a registered trademark of The American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. None of the District, the Financial Advisor, or the Purchaser are responsible for the selection or correctness of the CUSIP numbers set forth herein.

[2] Yield calculated based on the assumption that the Bonds denoted and sold at a premium will be redeemed on February 15, 2030, the first optional call date for such Bonds, at a redemption price of par, plus accrued interest to the redemption date.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

BOARD OF TRUSTEES

Name	Term Expires	Total Length of Service On the Board	Occupation
Ramon Garza, President	2022	10 Years	Insurance Agent
Jeff Miller, Vice President	2022	23 Years	Insurance Agent
Adrian Stephens, Secretary	2021	2 Years	Sales
Wanda Heath Johnson, Member	2021	15 Years	Retired Teacher
Wilfred J. Broussard Jr., Member	2020	12 Years	Real Estate Broker
Noe Esparza, Member	2020	7 Months	Sales
Norma Hernandez, Member	2020	7 Months	Retired

APPOINTED OFFICIALS

Name	Position	Length of Service in District
Dr. Angi Williams	Superintendent	34 Years
Sonya George	Deputy Superintendent for Operational Support and Chief Financial Officer	8 Years
Elizabeth Lalor	Deputy Superintendent for Educational Support and School Administration	28 Years
Dr. Wanna Giacona	Associate Superintendent for Human Resource Services	25 Years
Dr. John Moore	Associate Superintendent for Operations	28 Years
Dina Edgar	Assistant Superintendent for Business Services	2 Years
Mike McKay	Assistant Superintendent for Human Resource Services	20 Years
Dr. David Harris	Assistant Superintendent for School Administration	2 Years
Dr. Mechelle Epps	Assistant Superintendent for Student Support Services	22 Years
Terri Moore	Assistant Superintendent for Academic Support	28 Years
Hollice Malloy	Assistant Superintendent for Curriculum Instruction	4 Years
Ida Shultze	Executive Director for Budget and Financial Support Services	2 Years
Yvonne Johnson	Executive Director for Treasury and Capital Projects Management	14 Years

CONSULTANTS AND ADVISORS

Holland & Knight LLP, Houston, Texas	Bond Counsel
SAMCO Capital Markets, Inc., Plano, Texas	Financial Advisor
Whitley Penn, LLP, Houston, Texas	Certified Public Accountants

For additional information, contact:

Sonya George
Chief Financial Officer
Galena Park ISD
14705 Woodforest Blvd.
Houston, Texas 77015
(832) 386-1000

Brian Grubbs / Doug Whitt / Robert White
SAMCO Capital Markets, Inc.
5800 Granite Parkway, Suite 210
Plano, Texas 75024
(214) 765-1470
(214) 279-8683 (Fax)

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM – PSF Continuing Disclosure Undertaking" and "CONTINUING DISCLOSURE OF INFORMATION" for a description of the undertakings of the Texas Education Agency and the District, respectively to provide certain information on a continuing basis.

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

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

NONE OF THE DISTRICT, ITS FINANCIAL ADVISOR, OR THE PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM DESCRIBED UNDER "BOOK-ENTRY-ONLY SYSTEM" OR THE AFFAIRS OF THE TEXAS EDUCATION AGENCY DESCRIBED UNDER "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM", AS SUCH INFORMATION WAS PROVIDED BY THE DEPOSITORY TRUST COMPANY AND THE TEXAS EDUCATION AGENCY, RESPECTIVELY.

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

The agreements of the District and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING SCHEDULE I AND ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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SELECTED DATA FROM THE OFFICIAL STATEMENT

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

The District	The Galena Park Independent School District (the "District") is a political subdivision of the State of Texas located in Harris County, Texas. The District is governed by a seven-member Board of Trustees (the "Board"). Policy-making and supervisory functions are the responsibility of, and are vested in, the Board. The Board delegates administrative responsibilities to the Superintendent of Schools who is the chief administrative officer of the District. Support services are supplied by consultants and advisors.
The Bonds	The Bonds are being issued in the principal amount of $14,850,000 pursuant to the Constitution and general laws of the State of Texas, including particularly Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), Chapter 1371, Texas Government Code, as amended ("Chapter 1371") and the order (the "Order") adopted by the Board on August 27, 2019. As permitted by Chapter 1207 and Chapter 1371, the Board, in the Order, delegated the authority to certain District officials to execute a pricing certificate (the "Approval Certificate") establishing the pricing terms for the Bonds. The Approval Certificate was executed by the Deputy Superintendent for Operational Support and Chief Financial Officer of the District on April 14, 2020, which completed the sale of the Bonds. Proceeds from the sale of the Bonds will be used to (i) refund a portion of the District's outstanding bonds for debt service savings and (ii) pay the costs of issuing the Bonds. (See "PLAN OF FINANCING - Purpose", "PLAN OF FINANCING - Refunded Bonds" and "Schedule I – Schedule of Refunded Bonds").
Paying Agent/Registrar	The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. The District intends to use the Book-Entry-Only System of The Depository Trust Company. (See "BOOK-ENTRY-ONLY SYSTEM").
Security	The Bonds will constitute direct obligations of the District, payable as to principal and interest from ad valorem taxes levied annually against all taxable property located within the District, without legal limitation as to rate or amount. Payments of principal and interest on the Bonds will be further secured by the corpus of the Permanent School Fund of Texas. (See "THE BONDS – Security", "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS", "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" and "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM").
Redemption	The Bonds maturing on or after August 15, 2030 are subject to redemption at the option of the District in whole or in part on February 15, 2030 or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption. (See "THE BONDS - Optional Redemption").
Permanent School Fund Guarantee	The District has received conditional approval from the Texas Education Agency (the "TEA") for the payment of the Bonds to be guaranteed under the Permanent School Fund Guarantee Program (defined herein), which guarantee will automatically become effective when the Attorney General of Texas approves the Bonds. (See "THE BONDS – Permanent School Fund Guarantee" and "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM.")
Rating	The Bonds are rated "Aaa" by Moody's Investors Service ("Moody's") based upon the guaranteed repayment thereof under the Permanent School Fund Guarantee Program (as defined herein) of the Texas Education Agency. The District's unenhanced, underlying rating, including the Bonds, is "Aa1" by Moody's. (See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM – Ratings of Bonds Guaranteed Under the Guarantee Program" and "RATING" herein.)
Tax Matters	In the opinion of Holland & Knight LLP, Bond Counsel, assuming compliance with certain arbitrage rebate and other tax requirements referred to herein, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and will not be treated as an item of tax preference in computing the alternative minimum tax imposed on individuals. Holders of Bonds could be subject to the consequences of other provisions of the Internal Revenue Code of 1986, as amended, as further described herein. See "TAX MATTERS" herein.
Payment Record	The District has never defaulted on the payment of its bonded indebtedness.
Legal Opinion	Delivery of the Bonds is subject to the approval by the Attorney General of the State of Texas and the rendering of an opinion as to legality by Holland & Knight LLP, Houston, Texas, Bond Counsel. (See "Appendix C – Form of Legal Opinion of Bond Counsel").
Delivery	When issued, anticipated to be on or about May 19, 2020.

INTRODUCTORY STATEMENT

This Official Statement (the "Official Statement"), which includes the cover page, Schedule I and the Appendices attached hereto, has been prepared by the Galena Park Independent School District (the "District"), a political subdivision of the State of Texas (the "State") located in Harris County, Texas, in connection with the offering by the District of its Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds") identified on page ii hereof.

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

There follows in this Official Statement descriptions of the Bonds and the order (the "Order") adopted by the Board of Trustees of the District (the "Board") on August 27, 2019 authorizing the issuance of the Bonds and certain other information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained upon request by writing the Galena Park Independent School District, 14705 Woodforest Blvd., Houston, Texas 77015 and, during the offering period, from the Financial Advisor, SAMCO Capital Markets, Inc., 5800 Granite Parkway, Suite 210, Plano, Texas 75024 by electronic mail or upon payment of reasonable copying, mailing, and handling charges.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of this Official Statement relating to the Bonds will be submitted by the Purchaser of the Bonds to the Municipal Securities Rulemaking Board, and will be available through its Electronic Municipal Market Access system. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the District's undertaking to provide certain information on a continuing basis.

PLAN OF FINANCING

Purpose

Proceeds from the sale of the Bonds will be utilized to (i) refund certain of the District's currently outstanding indebtedness as disclosed in Schedule I hereto (the "Refunded Bonds") for debt service savings and (ii) pay the costs of issuance of the Bonds.

Refunded Bonds

The Order provides that from a portion of the proceeds of the sale of the Bonds to the Purchaser, the District will deposit with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, the escrow agent (the "Escrow Agent"), pursuant to an Escrow and Trust Agreement (the "Escrow Agreement") between the District and the Escrow Agent, an amount, together with other lawfully available funds of the District, which will be sufficient to accomplish the discharge and final payment of the Refunded Bonds on August 15, 2020 (the "Redemption Date"). Such funds will be held by the Escrow Agent in an escrow account (the "Escrow Fund") and invested in U.S. Treasury securities ("Defeasance Securities") until the respective Redemption Date for the Refunded Bonds. Such maturing principal of and interest on the Defeasance Securities will be available to pay the Bonds SAMCO Capital Markets, Inc., in its capacity as Financial Advisor to the District, will certify as to the sufficiency of the amounts initially deposited with the Escrow Agent to pay the principal of and interest on the Refunded Bonds on the respective Redemption Date (the "Sufficiency Certificate"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds.

By the deposit of the Escrow Securities with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of all of the Refunded Bonds in accordance with State law and in reliance upon the Sufficiency Certificate. It is the opinion of Bond Counsel that as a result of such defeasance and in reliance upon the Sufficiency Certificate, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Escrow Securities and any cash held for such purpose in the Escrow Fund and the Refunded Bonds will not be deemed as being outstanding obligations of the District payable from taxes nor for the purpose of applying any limitation on the issuance of debt, and the District will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Bonds from time to time, including any insufficiency therein caused by the failure to receive payment when due on the Escrow Securities. Upon defeasance of the Refunded Bonds, the payment of the Refunded Bonds will no longer be guaranteed by the Permanent School Fund of Texas.

THE BONDS

General Description

The Bonds are dated April 15, 2020 (the "Dated Date") and will bear interest from such Dated Date. The Bonds will mature on the dates and in the principal amounts set forth on page ii of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months, and is payable on August 15, 2020 and on each February 15 and August 15 thereafter until stated maturity or prior redemption.

The Bonds will be issued only as fully registered bonds. The Bonds will be issued in the denominations of $5,000 of principal or any integral multiple thereof within a maturity.

Interest on the Bonds is payable by check mailed on or before each interest payment date by the Paying Agent/Registrar, initially, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, to the registered owner at the last known address as it appears on the Paying Agent/Registrar's registration books on the Record Date (as defined herein) or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the registered owner to whom interest is to be paid, provided, however, that such person shall bear all risk and expense of such other arrangements. Principal of the Bonds will be payable only upon presentation of such Bonds at the corporate trust office of the Paying Agent/Registrar at stated maturity or prior redemption. So long as the Bonds are registered in the name of Cede & Co. or other nominee for The Depository Trust Company, New York, New York ("DTC"), payments of principal of and interest on the Bonds will be made as described in "BOOK-ENTRY-ONLY SYSTEM" herein.

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

Authority for Issuance

The Bonds are issued pursuant to the Constitution and general laws of the State, including Chapter 1207, Texas Government Code, as amended (“Chapter 1207”), Chapter 1371, Texas Government Code, as amended (“Chapter 1371”) and the Order. As permitted by Chapter 1207 and Chapter 1371, the Board, in the Order, delegated the authority to certain District officials to execute a pricing certificate (the “Approval Certificate”) establishing the pricing terms for the Bonds. The Approval Certificate was executed by the Deputy Superintendent for Operational Support and Chief Financial Officer of the District on April 14, 2020, which completed the sale of the Bonds.

Optional Redemption

The Bonds maturing on or after August 15, 2030, are subject to redemption, at the option of the District, in whole or in part, in principal amounts of $5,000 or integral multiples thereof, on February 15, 2030, or any date thereafter, at a price equal to the principal amount thereof, plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the District shall determine the amounts and maturities thereof to be redeemed and shall direct the Paying Agent/Registrar to select by lot the Bonds, or portions thereof, to be redeemed.

Notice of Redemption and DTC Notices

Not less than 30 days prior to a redemption date for the Bonds, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each registered owner of a Bond to be redeemed, in whole or in part, at the address of the holder appearing on the Bond Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER ONE OR MORE BONDHOLDERS FAILED TO RECEIVE SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the District, so long as the Book-Entry-Only System is used for the Bonds, will send any notice of redemption, notice of proposed amendment to the Order or other notices with respect to the Bonds only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the Beneficial Owner, shall not affect the validity of the redemption of the Bonds called for redemption or any other action premised on such notice or any such notice. Redemption of portions of the Bonds by the District will reduce the outstanding principal amount of such Bonds held by DTC. In such event, DTC may implement, through its Book-Entry-Only System, a redemption of such Bonds held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Bonds from the Beneficial Owners. Any such selection of Bonds to be redeemed will not be governed by the Order and will not be conducted by the District or the Paying Agent/Registrar. Neither the District nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Bonds or the providing of notice to DTC participants, indirect participants, or Beneficial Owners of the selection of portions of the Bonds for redemption. (See “BOOK-ENTRY-ONLY SYSTEM” herein.)

Security

The Bonds are direct obligations of the District and are payable as to both principal and interest from an ad valorem tax annually levied, without legal limit as to rate or amount, on all taxable property within the District. The District has received conditional approval from the Texas Education Agency (the “TEA”) for the payment of the Bonds to be guaranteed under the State of Texas Permanent School Fund Guarantee Program (hereinafter defined), which guarantee will automatically become effective when the Attorney General of Texas approves the Bonds. (See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS”, “CURRENT PUBLIC SCHOOL FINANCE SYSTEM” and “THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM”).

Permanent School Fund Guarantee

In connection with the sale of the Bonds, the District has received conditional approval from the Commissioner of Education of the TEA for the guarantee of the Bonds under the Permanent School Fund Guarantee Program (Chapter 45, Subchapter C, of the Texas Education Code, as amended). Subject to meeting certain conditions discussed under the heading “THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” herein, the Bonds will be absolutely and unconditionally guaranteed by the corpus of the Permanent School Fund of the State of Texas. In the event of a payment default by the District, registered owners will receive all payments due from the corpus of the Permanent School Fund.

In the event the District defeases any of the Bonds, the payment of such defeased Bonds will cease to be guaranteed by the Permanent School Fund Guarantee Program.

Legality

The Bonds are offered when, as and if issued, subject to the approval of legality by the Attorney General of the State of Texas and the approval of certain legal matters by Holland & Knight LLP, Houston, Texas, Bond Counsel. (See “LEGAL MATTERS” and “Appendix C - Form of Legal Opinion of Bond Counsel”).

Payment Record

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

Amendments

The District may amend the Order without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may, with the written consent of the holders of a majority in aggregate principal amount of the Bonds then outstanding, amend, add to, or rescind any of the provisions of the Order; except that, without the consent of the registered owners of all of the Bonds then outstanding, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount, thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition or rescission.

Defeasance

The Order provides for the defeasance of the Bonds when the payment of the principal of and premium, if any, on such 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 the Paying Agent/Registrar, or other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Order provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the District's adoption of the Order were rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of the District's adoption of the Order were rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (d) any other then authorized securities or obligations under applicable law that may be used to defease obligations such as the Bonds. The District has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested 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. District officials have reserved the right to restrict the universe of Government Securities in connection with the pricing and sale of the Bonds.

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 Government Securities or that for any other Government Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid and will cease to be outstanding obligations secured by the Order or treated as debt of the District for purposes of taxation or applying any limitation on the District's ability to issue debt or for any other purpose.

Furthermore, the Permanent School Fund Guarantee will terminate with respect to any Bonds defeased in the manner provided above.

Sources and Uses of Funds

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

Sources		
Par Amount of Bonds	$	14,850,000.00
Premium		1,543,761.90
Accrued Interest on Bonds		45,645.00
Total Sources of Funds	$	16,439,406.90
Uses		
Deposit to Escrow Fund	$	16,252,175.00
Costs of Issuance		125,000.00
Purchaser's Discount		13,373.55
Deposit to Interest and Sinking Fund		48,858.35
Total Uses of Funds	$	16,439,406.90

REGISTERED OWNERS' REMEDIES

If the District defaults in the payment, when due, of principal or interest on the Bonds, redemption price of the Bonds or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Order, and the State fails to honor the Permanent School Fund Guarantee as hereinafter discussed, the failure to perform which materially, adversely affects the rights of the owners, including but not limited to, their prospective ability to be repaid in accordance with the Order, 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, obligations, or conditions. 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, as well as to enforce the rights of payment under the Permanent School Fund Guarantee. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of stated 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 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. Chapter 1371, which pertains to the issuance of public securities by issuers such as the District, including the Bonds, permits the District to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Bonds, the District has not waived sovereign immunity, as permitted by Chapter 1371. Because it is unclear whether the Texas Legislature has effectively waived the District's sovereign immunity from a suit for money damages, bondholders may not be able to bring such a suit against the District for breach of the Bonds or Order covenants in the absence of District action. 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 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. See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" herein for a description of the procedures to be followed for payment of the Bonds by the Permanent School Fund in the event the District fails to make a payment on the Bonds when due. 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.

BOOK-ENTRY-ONLY SYSTEM

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

The District and the Purchaser cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption, or other notices, to DTC participants, (2) DTC participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC participants are on file with DTC.

The 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) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redempitions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the District believes to be reliable, but none of the District, the Financial Advisor, or the Purchaser take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the 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 Direct or Indirect 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.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Bonds is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Order, the District covenants to maintain and provide a Paying Agent/Registrar until the Bonds are duly paid.

Successor Paying Agent/Registrar

Provision is made in the Order for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank or trust company organized under the laws of the United States or any state or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District has agreed 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.

Initial Registration

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.

Future Registration

In the event the Book-Entry-Only System is discontinued, the Bonds may be transferred, registered and assigned on the registration books only upon presentation and surrender of the Bonds to the Paying Agent/Registrar, and such registration and transfer shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar in lieu of the Bond or Bonds being transferred or exchanged at the corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the new registered owner at the registered owner's request, risk and expense. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three (3) business days after the receipt of the Bonds to be canceled in the exchange or transfer and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in authorized denominations and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer.

Record Date For Interest Payment

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

Replacement Bonds

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

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

The information below concerning the State Permanent School Fund and the Guarantee Program for school district bonds has been provided by the Texas Education Agency (the "TEA") and is not guaranteed as to accuracy or completeness by, and is not construed as a representation by the District, the Financial Advisor, or the Purchaser.

This disclosure statement provides information relating to the program (the "Guarantee Program") administered by the Texas Education Agency (the "TEA") with respect to the Texas Permanent School Fund guarantee of tax-supported bonds issued by Texas school districts and the guarantee of revenue bonds issued by or for the benefit of Texas charter districts. The Guarantee Program was authorized by an amendment to the Texas Constitution in 1983 and by Subchapter C of Chapter 45 of the Texas Education Code, as amended (the "Act"). While the Guarantee Program applies to bonds issued by or for both school districts and charter districts, as described below, the Act and the program rules for the two types of districts have some distinctions. For convenience of description and reference, those aspects of the Guarantee Program that are applicable to school district bonds and to charter district bonds are referred to herein as the "School District Bond Guarantee Program" and the "Charter District Bond Guarantee Program," respectively.

Some of the information contained in this Section may include projections or other forward-looking statements regarding future events or the future financial performance of the Texas Permanent School Fund (the "PSF" or the "Fund"). Actual results may differ materially from those contained in any such projections or forward-looking statements.

History and Purpose

The PSF was created with a $2,000,000 appropriation by the Texas Legislature (the "Legislature") in 1854 expressly for the benefit of the public schools of Texas. The Constitution of 1876 stipulated that certain lands and all proceeds from the sale of these lands should also constitute the PSF. Additional acts later gave more public domain land and rights to the PSF. In 1953, the U.S. Congress passed the Submerged Lands Act that relinquished to coastal states all rights of the U.S. navigable waters within state boundaries. If the state, by law, had set a larger boundary prior to or at the time of admission to the Union, or if the boundary had been approved by Congress, then the larger boundary applied. After three years of litigation (1957-1960), the U. S. Supreme Court on May 31, 1960, affirmed Texas' historic three marine leagues (10.35 miles) seaward boundary. Texas proved its submerged lands property rights to three leagues into the Gulf of Mexico by citing historic laws and treaties dating back to 1836. All lands lying within that limit belong to the PSF. The proceeds from the sale and the mineral-related rental of these lands, including bonuses, delay rentals and royalty payments, become the corpus of the Fund. Prior to the approval by the voters of the State of an amendment to the constitutional provision under which the Fund is established and administered, which occurred on September 13, 2003 (the "Total Return Constitutional Amendment"), and which is further described below, the PSF had as its main sources of revenues capital gains from securities transactions and royalties from the sale of oil and natural gas. The Total Return Constitutional Amendment provides that interest and dividends produced by Fund investments will be additional revenue to the PSF. The State School Land Board ("SLB") maintains the land endowment of the Fund on behalf of the Fund and is generally authorized to manage the investments of the capital gains, royalties and other investment income relating to the land endowment. The SLB is a five member board, the membership of which consists of the Commissioner of the Texas General Land Office (the "Land Commissioner") and four citizen members appointed by the Governor. (See "2019 Texas Legislative Session" for a description of legislation that changed the composition of the SLB). As of August 31, 2019, the General Land Office (the "GLO") managed approximately 26% of the PSF, as reflected in the fund balance of the PSF at that date.

The Texas Constitution describes the PSF as "permanent." Prior to the approval by Texas voters of the Total Return Constitutional Amendment, only the income produced by the PSF was to be used to complement taxes in financing public education.

On November 8, 1983, the voters of the State approved a constitutional amendment that provides for the guarantee by the PSF of bonds issued by school districts. On approval by the State Commissioner of Education (the "Commissioner"), bonds properly issued by a school district are fully guaranteed by the corpus of the PSF. See "The School District Bond Guarantee Program."

In 2011, legislation was enacted that established the Charter District Bond Guarantee Program as a new component of the Guarantee Program. That legislation authorized the use of the PSF to guarantee revenue bonds issued by or for the benefit of certain open-enrollment charter schools that are designated as "charter districts" by the Commissioner. On approval by the Commissioner, bonds properly issued by a charter district participating in the Program are fully guaranteed by the corpus of the PSF. As described below, the implementation of the Charter District Bond Guarantee Program was deferred pending receipt of guidance from the Internal Revenue Service (the "IRS") which was received in September 2013, and the establishment of regulations to govern the program, which regulations became effective on March 3, 2014. See "The Charter District Bond Guarantee Program."

State law also permits charter schools to be chartered and operated by school districts and other political subdivisions, but bond financing of facilities for school district-operated charter schools is subject to the School District Bond Guarantee Program, not the Charter District Bond Guarantee Program.

While the School District Bond Guarantee Program and the Charter District Bond Guarantee Program relate to different types of bonds issued for different types of Texas public schools, and have different program regulations and requirements, a bond guaranteed under either part of the Guarantee Program has the same effect with respect to the guarantee obligation of the Fund thereto, and all guaranteed bonds are aggregated for purposes of determining the capacity of the Guarantee Program (see "Capacity Limits for the Guarantee Program"). The Charter District Bond Guarantee Program as enacted by State law has not been reviewed by any court, nor has the Texas Attorney General been requested to issue an opinion, with respect to its constitutional validity.

The sole purpose of the PSF is to assist in the funding of public education for present and future generations. Prior to the adoption of the Total Return Constitutional Amendment, all interest and dividends produced by Fund investments flowed into the Available School Fund (the "ASF"), where they are distributed to local school districts and open-enrollment charter schools based on average daily attendance. Any net gains from investments of the Fund accrue to the corpus of the PSF. Prior to the approval by the voters of the State of the Total Return Constitutional Amendment, costs of administering the PSF were allocated to the ASF. With the approval of the Total Return Constitutional Amendment, the administrative costs of the Fund have shifted from the ASF to the PSF. In fiscal year 2019, distributions to the ASF amounted to an estimated $306 per student and the total amount distributed to the ASF was $1,535.8 million.

Audited financial information for the PSF is provided annually through the PSF Comprehensive Annual Financial Report (the "Annual Report"), which is filed with the Municipal Securities Rulemaking Board ("MSRB"). The Annual Report includes the Message of the Executive Administrator of the Fund (the "Message") and the Management's Discussion and Analysis ("MD&A"). The Annual Report for the year ended August 31, 2019, as filed with the MSRB in accordance with the PSF undertaking and agreement made in accordance with Rule 15c2-12 ("Rule 15c2-12") of the federal Securities and Exchange Commission (the

"SEC"), as described below, is hereby incorporated by reference into this disclosure. Information included herein for the year ended August 31, 2019 is derived from the audited financial statements of the PSF, which are included in the Annual Report as it is filed and posted. Reference is made to the Annual Report for the complete Message and MD&A for the year ended August 31, 2019 and for a description of the financial results of the PSF for the year ended August 31, 2019, the most recent year for which audited financial information regarding the Fund is available. The 2019 Annual Report speaks only as of its date and the TEA has not obligated itself to update the 2019 Annual Report or any other Annual Report. The TEA posts each Annual Report, which includes statistical data regarding the Fund as of the close of each fiscal year, the most recent disclosure for the Guarantee Program, the Statement of Investment Objectives, Policies and Guidelines of the Texas Permanent School Fund, which is codified at 19 Texas Administrative Code, Chapter 33 (the "Investment Policy"), monthly updates with respect to the capacity of the Guarantee Program (collectively, the "Web Site Materials") on the TEA web site at http://tea.texas.gov/Finance_and_Grants/Permanent_School_Fund/ and with the MSRB at www.emma.msrb.org. Such monthly updates regarding the Guarantee Program are also incorporated herein and made a part hereof for all purposes. In addition to the Web Site Materials, the Fund is required to make quarterly filings with the SEC under Section 13(f) of the Securities Exchange Act of 1934. Such filings, which consist of a list of the Fund's holdings of securities specified in Section 13(f), including exchange-traded (e.g., NYSE) or NASDAQ-quoted stocks, equity options and warrants, shares of closed-end investment companies and certain convertible debt securities, is available from the SEC at www.sec.gov/edgar.shtml. A list of the Fund's equity and fixed income holdings as of August 31 of each year is posted to the TEA web site and filed with the MSRB. Such list excludes holdings in the Fund's securities lending program. Such list, as filed, is incorporated herein and made a part hereof for all purposes.

2019 Texas Legislative Session

During the 86th Regular Session of the Texas Legislature, which concluded on May 27, 2019 (the "86th Session"), various bills were enacted that relate to the PSF. Among such enacted legislation are bills that relate to the composition of the SLB and its relationship to the SBOE with respect to the management of the PSF. Legislation was approved that will change the composition of the SLB to a five member board from a three member board. Under that bill, the Land Commissioner will continue to head the SLB, but the remaining four members will be appointed by the Governor, and of those four members, two are required to be selected from a list of nominees to be submitted to the Governor by the SBOE. That legislation also requires an annual joint meeting of the SLB and the SBOE for the purpose of discussing the allocation of the assets of the PSF and the investment of money in the PSF. Other enacted legislation requires the SLB and the SBOE to provide quarterly financial reports to each other and creates a "permanent school fund liquid account" in the PSF for the purpose of receiving funds transferred from the SLB on a quarterly basis that are not then invested by the SLB or needed within the forthcoming quarter for investment by the SBOE. Such funds shall be invested in liquid assets in the same manner that the PSF is managed until such time as the funds are required for investment by the SLB. That legislation also requires the Texas Education Agency, in consultation with the GLO, to conduct a study regarding distributions to the ASF from the PSF. In addition, a joint resolution was approved that proposed a constitutional amendment to the Texas Constitution to increase the permissible amount of distributions to the ASF from revenue derived during a year from PSF land or other properties from $300 million to $600 million annually by one or more entities. That constitutional change was approved by State voters at a referendum on November 5, 2019. See "2011 and 2019 Constitutional Amendments."

Other legislation enacted during the 86th Session provides for the winding up of the affairs of an open-enrollment charter school that ceases operations, including as a result of the revocation or other termination of its charter. In particular, among other provisions, the legislation addresses the disposition of real and personal property of a discontinued charter school and provides under certain circumstances for reimbursement to be made to the State, if the disposed property was acquired with State funds; authorizes the Commissioner to adopt a rule to govern related party transactions by charter schools; and creates a "charter school liquidation fund" for the management of any reclaimed State funds, including, in addition to other potential uses, for the use of deposit of such reclaimed funds to the Charter District Reserve Fund.

No assessment has been made by the TEA or PSF staff as to the potential financial impact of any legislation enacted during the 86th Session, including the increase in the permissible amount that may be transferred from the PSF to the ASF, as approved by State voters at the November 5, 2019 referendum.

The Total Return Constitutional Amendment

The Total Return Constitutional Amendment approved a fundamental change in the way that distributions are made to the ASF from the PSF. The Total Return Constitutional Amendment requires that PSF distributions to the ASF be determined using a total-return-based formula instead of the current-income-based formula, which was used from 1964 to the end of the 2003 fiscal year. The Total Return Constitutional Amendment provides that the total amount distributed from the Fund to the ASF: (1) in each year of a State fiscal biennium must be an amount that is not more than 6% of the average of the market value of the Fund, excluding real property (the "Distribution Rate"), on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium (the "Distribution Measurement Period"), in accordance with the rate adopted by: (a) a vote of two-thirds of the total membership of the State Board of Education ("SBOE"), taken before the Regular Session of the Legislature convenes or (b) the Legislature by general law or appropriation, if the SBOE does not adopt a rate as provided by clause (a); and (2) over the ten-year period consisting of the current State fiscal year and the nine preceding state fiscal years may not exceed the total return on all investment assets of the Fund over the same ten-year period (the "Ten Year Total Return"). In April 2009, the Attorney General issued a legal opinion, Op. Tex. Att'y Gen. No. GA-0707 (2009) ("GA-0707"), at the request of the Chairman of the SBOE with regard to certain matters pertaining to the Distribution Rate and the determination of the Ten Year Total Return. In GA-0707 the Attorney General opined, among other advice, that (i) the Ten Year Total Return should be calculated on an annual basis, (ii) a contingency plan adopted by the SBOE, to permit monthly transfers equal in aggregate to the annual Distribution Rate to be halted and subsequently made up if such transfers temporarily exceed the Ten Year Total Return, is not prohibited by State law, provided that such contingency plan applies only within a fiscal year time basis, not on a biennium basis, and (iii) that the amount distributed from the Fund in a fiscal year may not exceed 6% of the average of the market value of the Fund or the Ten Year Total Return. In accordance with GA-0707, in the event that the Ten Year Total Return is exceeded during a fiscal year, transfers to the ASF will be halted. However, if the Ten Year Total Return subsequently increases during that biennium, transfers may be resumed, if the SBOE has provided for that contingency, and made in full during the remaining period of the biennium, subject to the limit of 6% in any one fiscal year. Any shortfall in the transfer that results from such events from one biennium may not be paid over to the ASF in a subsequent biennium as the SBOE would make a separate payout determination for that subsequent biennium.

In determining the Distribution Rate, the SBOE has adopted the goal of maximizing the amount distributed from the Fund in a manner designed to preserve "intergenerational equity." Intergenerational equity is the maintenance of purchasing power to ensure that endowment spending keeps pace with inflation, with the ultimate goal being to ensure that current and future generations are given equal levels of purchasing power in real terms. In making this determination, the SBOE takes into account various considerations, and relies upon its staff and external investment consultant, which undertake analysis for long-term projection periods that includes certain assumptions. Among the assumptions used in the analysis are a projected rate of growth of the average daily scholastic attendance State-wide, the projected contributions and expenses of the Fund, projected returns in the capital markets and a projected inflation rate.

See “2011 and 2019 Constitutional Amendments” below for a discussion of the historic and current Distribution Rates, and a description of amendments made to the Texas Constitution on November 8, 2011 and November 5, 2019 that may affect Distribution Rate decisions.

Since the enactment of a prior amendment to the Texas Constitution in 1964, the investment of the Fund has been managed with the dual objectives of producing current income for transfer to the ASF and growing the Fund for the benefit of future generations. As a result of this prior constitutional framework, prior to the adoption of the 2004 asset allocation policy the investment of the Fund historically included a significant amount of fixed income investments and dividend-yielding equity investments, to produce income for transfer to the ASF.

With respect to the management of the Fund’s financial assets portfolio, the single most significant change made to date as a result of the Total Return Constitutional Amendment has been new asset allocation policies adopted from time to time by the SBOE. The SBOE generally reviews the asset allocations during its summer meeting in even numbered years. The first asset allocation policy adopted by the SBOE following the Total Return Constitutional Amendment was in February 2004, and the policy was reviewed and modified or reaffirmed in the summers of each even-numbered year, most recently in 2018. The Fund’s investment policy provides for minimum and maximum ranges among the components of each of the asset classifications: equities, fixed income and alternative asset investments. The 2004 asset allocation policy decreased the fixed income target from 45% to 25% of Fund investment assets and increased the allocation for equities from 55% to 75% of investment assets. Subsequent asset allocation policies have continued to diversify Fund assets, and have added an alternative asset allocation to the fixed income and equity allocations. The alternative asset allocation category includes real estate, real return, absolute return and private equity components. Alternative asset classes diversify the SBOE-managed assets and are not as correlated to traditional asset classes, which is intended to increase investment returns over the long run while reducing risk and return volatility of the portfolio. The most recent asset allocation, from 2016, which was reviewed and reaffirmed in June 2018, is as follows: (i) an equity allocation of 35% (consisting of U.S. large cap equities targeted at 13%, international large cap equities at 14%, emerging market equities at 3%, and U.S. small/mid cap equities at 5%), (ii) a fixed income allocation of 19% (consisting of a 12% allocation for core bonds and a 7% allocation for emerging market debt in local currency), and (iii) an alternative asset allocation of 46% (consisting of a private equity allocation of 13%, a real estate allocation of 10%, an absolute return allocation of 10%, a risk parity allocation of 7% and a real return allocation of 6%). The 2016 asset allocation decreased U.S. large cap equities and international equities by 3% and 2%, respectively, and increased the allocations for private equity and real estate by 3% and 2%, respectively. In accordance with legislation enacted during the 86th Session and effective September 1, 2019, the PSF has established an investment account for purposes of investing cash received from the GLO to be invested in liquid assets and managed by the SBOE in the same manner it manages the PSF. That cash has previously been included in the PSF valuation, but was held and invested by the State Comptroller.

For a variety of reasons, each change in asset allocation for the Fund, including the 2016 modifications, have been implemented in phases, and that approach is likely to be carried forward when and if the asset allocation policy is again modified. At August 31, 2019, the Fund’s financial assets portfolio was invested as follows: 34.91% in public market equity investments; 13.35% in fixed income investments; 10.58% in absolute return assets; 11.31% in private equity assets; 8.71% in real estate assets; 7.46% in risk parity assets; 6.16% in real return assets; 7.03% in emerging market debt; and 0.49% in unallocated cash.

Following on previous decisions to create strategic relationships with investment managers in certain asset classes, in September 2015 and January 2016, the SBOE approved the implementation of direct investment programs in private equity and absolute return assets, respectively, which has continued to reduce administrative costs with respect to those portfolios. The Attorney General has advised the SBOE in Op. Tex. Att’y Gen. No. GA-0998 (2013) (“GA-0998”), that the PSF is not subject to requirements of certain State competitive bidding laws with respect to the selection of investments. In GA-0998, the Attorney General also advised that the SBOE generally must use competitive bidding for the selection of investment managers and other third party providers of investment services, such as record keeping and insurance, but excluding certain professional services, such as accounting services, as State law prohibits the use of competitive bidding for specified professional services. GA-0998 provides guidance to the SBOE in connection with the direct management of alternative investments through investment vehicles to be created by the SBOE, in lieu of contracting with external managers for such services, as has been the recent practice of the PSF. The PSF staff and the Fund’s investment advisor are tasked with advising the SBOE with respect to the implementation of the Fund's asset allocation policy, including the timing and manner of the selection of any external managers and other consultants.

In accordance with the Texas Constitution, the SBOE views the PSF as a perpetual institution, and the Fund is managed as an endowment fund with a long-term investment horizon. Under the total-return investment objective, the Investment Policy provides that the PSF shall be managed consistently with respect to the following: generating income for the benefit of the public free schools of Texas, the real growth of the corpus of the PSF, protecting capital, and balancing the needs of present and future generations of Texas school children. As described above, the Total Return Constitutional Amendment restricts the annual pay-out from the Fund to the total-return on all investment assets of the Fund over a rolling ten-year period. State law provides that each transfer of funds from the PSF to the ASF is made monthly, with each transfer to be in the amount of one-twelfth of the annual distribution. The heavier weighting of equity securities and alternative assets relative to fixed income investments has resulted in greater volatility of the value of the Fund. Given the greater weighting in the overall portfolio of passively managed investments, it is expected that the Fund will reflect the general performance returns of the markets in which the Fund is invested.

The asset allocation of the Fund’s financial assets portfolio is subject to change by the SBOE from time to time based upon a number of factors, including recommendations to the SBOE made by internal investment staff and external consultants, changes made by the SBOE without regard to such recommendations and directives of the Legislature. Fund performance may also be affected by factors other than asset allocation, including, without limitation, the general performance of the securities markets in the United States and abroad; political and investment considerations including those relating to socially responsible investing; economic impacts relating to domestic and international climate change; development of hostilities in and among nations; cybersecurity issues that affect the securities markets, changes in international trade policies, economic activity and investments, in general, application of the prudent person investment standard, which may eliminate certain investment opportunities for the Fund; management fees paid to external managers and embedded management fees for some fund investments; and limitations on the number and compensation of internal and external investment staff, which is subject to legislative oversight. The Guarantee Program could also be impacted by changes in State or federal law or the implementation of new accounting standards.

Management and Administration of the Fund

The Texas Constitution and applicable statutes delegate to the SBOE the authority and responsibility for investment of the PSF’s financial assets. In investing the Fund, the SBOE is charged with exercising the judgment and care under the circumstances then prevailing which persons of ordinary prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income therefrom as well as the probable safety of their capital. The SBOE has adopted a "Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund," which is codified in the Texas Administrative Code beginning at 19 TAC section 33.1.

The Total Return Constitutional Amendment provides that expenses of managing the PSF are to be paid "by appropriation" from the PSF. In January 2005, at the request of the SBOE, the Attorney General issued a legal opinion, Op. Tex. Att'y Gen. No. GA-0293 (2005), that the Total Return Constitutional Amendment requires that SBOE expenditures for managing or administering PSF investments, including payments to external investment managers, be paid from appropriations made by the Legislature, but that the Total Return Constitutional Amendment does not require the SBOE to pay from such appropriated PSF funds the indirect management costs deducted from the assets of a mutual fund or other investment company in which PSF funds have been invested.

Texas law assigns control of the Fund's land and mineral rights to the SLB. Administrative duties related to the land and mineral rights reside with the GLO, which is under the guidance of the Commissioner of the GLO. In 2007, the Legislature established the real estate special fund account of the PSF (the "Real Estate Account") consisting of proceeds and revenue from land, mineral or royalty interest, real estate investment, or other interest, including revenue received from those sources, that is set apart to the PSF under the Texas Constitution and laws, together with the mineral estate in riverbeds, channels, and the tidelands, including islands. The investment of the Real Estate Account is subject to the sole and exclusive management and control of the SLB and the Land Commissioner, who is also the head of the GLO. The 2007 legislation presented constitutional questions regarding the respective roles of the SBOE and the SLB relating to the disposition of proceeds of real estate transactions to the ASF, among other questions. Amounts in the investment portfolio of the PSF are taken into account by the SBOE for purposes of determining the Distribution Rate. An amendment to the Texas Constitution was approved by State voters on November 8, 2011, which permits the SLB to make transfers directly to the ASF, see "2011 and 2019 Constitutional Amendments" below.

The SBOE contracts with its securities custodial agent to measure the performance of the total return of the Fund's financial assets. A consultant is typically retained for the purpose of providing consultation with respect to strategic asset allocation decisions and to assist the SBOE in selecting external fund management advisors. The SBOE also contracts with financial institutions for custodial and securities lending services. Like other State agencies and instrumentalities that manage large investment portfolios, the PSF has implemented an incentive compensation plan that may provide additional compensation for investment personnel, depending upon the criteria relating to the investment performance of the Fund.

As noted above, the Texas Constitution and applicable statutes make the SBOE responsible for investment of the PSF's financial assets. By law, the Commissioner is appointed by the Governor, with Senate confirmation, and assists the SBOE, but the Commissioner can neither be hired nor dismissed by the SBOE. The Executive Administrator of the Fund is also hired by and reports to the Commissioner. Moreover, although the Fund's Executive Administrator and his staff implement the decisions of and provide information to the School Finance/PSF Committee of the SBOE and the full SBOE, the SBOE can neither select nor dismiss the Executive Administrator. TEA's General Counsel provides legal advice to the Executive Administrator and to the SBOE. The SBOE has also engaged outside counsel to advise it as to its duties over the Fund, including specific actions regarding the investment of the PSF to ensure compliance with fiduciary standards, and to provide transactional advice in connection with the investment of Fund assets in non-traditional investments.

Capacity Limits for the Guarantee Program

The capacity of the Fund to guarantee bonds under the Guarantee Program is limited in two ways: by State law (the "State Capacity Limit") and by regulations and a notice issued by the IRS (the "IRS Limit"). Prior to May 20, 2003, the State Capacity Limit was equal to two times the lower of cost or fair market value of the Fund's assets, exclusive of real estate. During the 78th Regular Session of the Legislature in 2003, legislation was enacted that increased the State Capacity Limit by 25%, to two and one half times the lower of cost or fair market value of the Fund's assets as estimated by the SBOE and certified by the State Auditor, and eliminated the real estate exclusion from the calculation. Prior to the issuance of the IRS Notice (defined below), the capacity of the program under the IRS Limit was limited to two and one-half times the lower of cost or fair market value of the Fund's assets adjusted by a factor that excluded additions to the Fund made since May 14, 1989. During the 2007 Texas Legislature, Senate Bill 389 ("SB 389") was enacted providing for additional increases in the capacity of the Guarantee Program, and specifically providing that the SBOE may by rule increase the capacity of the Guarantee Program from two and one-half times the cost value of the PSF to an amount not to exceed five times the cost value of the PSF, provided that the increased limit does not violate federal law and regulations and does not prevent bonds guaranteed by the Guarantee Program from receiving the highest available credit rating, as determined by the SBOE. SB 389 further provides that the SBOE shall at least annually consider whether to change the capacity of the Guarantee Program. From 2005 through 2009, the Guarantee Program twice reached capacity under the IRS Limit, and in each instance the Guarantee Program was closed to new bond guarantee applications until relief was obtained from the IRS. The most recent closure of the Guarantee Program commenced in March 2009 and the Guarantee Program reopened in February 2010 on the basis of receipt of the IRS Notice.

On December 16, 2009, the IRS published Notice 2010-5 (the "IRS Notice") stating that the IRS will issue proposed regulations amending the existing regulations to raise the IRS limit to 500% of the total cost of the assets held by the PSF as of December 16, 2009. In accordance with the IRS Notice, the amount of any new bonds to be guaranteed by the PSF, together with the then outstanding amount of bonds previously guaranteed by the PSF, must not exceed the IRS limit on the sale date of the new bonds to be guaranteed. The IRS Notice further provides that the IRS Notice may be relied upon for bonds sold on or after December 16, 2009, and before the effective date of future regulations or other public administrative guidance affecting funds like the PSF.

On September 16, 2013, the IRS published proposed regulations (the "Proposed IRS Regulations") that, among other things, would enact the IRS Notice. The preamble to the Proposed IRS Regulations provides that issuers may elect to apply the Proposed IRS Regulations, in whole or in part, to bonds sold on or after September 16, 2013, and before the date that final regulations become effective.

On July 18, 2016, the IRS issued final regulations enacting the IRS Notice (the "Final IRS Regulations"). The Final IRS Regulations are effective for bonds sold on or after October 17, 2016. The IRS Notice, the Proposed IRS Regulations and the Final IRS Regulations establish a static capacity for the Guarantee Program based upon the cost value of Fund assets on December 16, 2009 multiplied by five. On December 16, 2009, the cost value of the Guarantee Program was $23,463,730,608 (estimated and unaudited), thereby producing an IRS Limit of approximately $117.3 billion. The State Capacity Limit is determined on the basis of the cost value of the Fund from time to time multiplied by the capacity multiplier determined annually by the SBOE, but not to exceed a multiplier of five. The capacity of the Guarantee Program will be limited to the lower of the State Capacity Limit or the IRS Limit. On May 21, 2010, the SBOE modified the regulations that govern the School District Bond Guarantee Program (the "SDBGP Rules"), and increased the State Law Capacity to an amount equal to three times the cost value of the PSF. Such modified regulations, including the revised capacity rule, became effective on July 1, 2010. The SDBGP Rules provide that the Commissioner may reduce the multiplier to maintain the AAA credit rating of the Guarantee Program, but provide that any changes to the multiplier made by the Commissioner are to be ratified or rejected by the SBOE at the next meeting following the change. See "Valuation of the PSF and Guaranteed Bonds," below.

At its September 2015 meeting, the SBOE voted to modify the SDBGP Rules and the CDBGP Rules to increase the State Law Capacity from 3 times the cost value multiplier to 3.25 times. At that meeting, the SBOE also approved a new 5% capacity reserve for the Charter District Bond Guarantee Program. The change to the State Law Capacity became effective on February 1, 2016. At its November 2016 meeting, the SBOE again voted to increase the State Law Capacity and, in accordance with applicable requirements for the modification of SDBGP and CDBGP Rules, a second and final vote to approve the increase in the State Law Capacity occurred on February 3, 2017. As a result, the State Law Capacity increased from 3.25 times the cost value multiplier to 3.50 times effective March 1, 2017. The State Law Capacity increased from $118,511,255,268 on August 31, 2018 to $123,509,204,770 on August 31, 2019 (but at such date the IRS Limit was lower, $117,318,653,038, so it is the currently effective capacity limit for the Fund).

Since July 1991, when the SBOE amended the Guarantee Program Rules to broaden the range of bonds that are eligible for guarantee under the Guarantee Program to encompass most Texas school district bonds, the principal amount of bonds guaranteed under the Guarantee Program has increased sharply. In addition, in recent years a number of factors have caused an increase in the amount of bonds issued by school districts in the State. See the table "Permanent School Fund Guaranteed Bonds" below. Effective September 1, 2009, the Act provides that the SBOE may annually establish a percentage of the cost value of the Fund to be reserved from use in guaranteeing bonds. The capacity of the Guarantee Program in excess of any reserved portion is referred to herein as the "Capacity Reserve." The SDBGP Rules provide for a minimum Capacity Reserve for the overall Guarantee Program of no less than 5%, and provide that the amount of the Capacity Reserve may be increased by a majority vote of the SBOE. The CDBGP Rules provide for an additional 5% reserve of CDBGP capacity. The Commissioner is authorized to change the Capacity Reserve, which decision must be ratified or rejected by the SBOE at its next meeting following any change made by the Commissioner. The current Capacity Reserve is noted in the monthly updates with respect to the capacity of the Guarantee Program on the TEA web site at http://tea.texas.gov/Finance_and_Grants/Permanent_School_Fund/, which are also filed with the MSRB.

Based upon historical performance of the Fund, the legal restrictions relating to the amount of bonds that may be guaranteed has generally resulted in a lower ratio of guaranteed bonds to available assets as compared to many other types of credit enhancements that may be available for Texas school district bonds and charter district bonds. However, the ratio of Fund assets to guaranteed bonds and the growth of the Fund in general could be adversely affected by a number of factors, including changes in the value of the Fund due to changes in securities markets, investment objectives of the Fund, an increase in bond issues by school districts in the State or legal restrictions on the Fund, changes in State laws that implement funding decisions for school districts and charter districts, which could adversely affect the credit quality of those districts, the implementation of the Charter District Bond Guarantee Program, or an increase in the calculation base of the Fund for purposes of making transfers to the ASF. It is anticipated that the issuance of the IRS Notice and the Proposed IRS Regulations will likely result in a substantial increase in the amount of bonds guaranteed under the Guarantee Program. The implementation of the Charter School Bond Guarantee Program is also expected to increase the amount of guaranteed bonds.

The Act requires that the Commissioner prepare, and the SBOE approve, an annual report on the status of the Guarantee Program (the Annual Report). The State Auditor audits the financial statements of the PSF, which are separate from other State financial statements.

The School District Bond Guarantee Program

The School District Bond Guarantee Program requires an application be made by a school district to the Commissioner for a guarantee of its bonds. If the conditions for the School District Bond Guarantee Program are satisfied, the guarantee becomes effective upon approval of the bonds by the Attorney General and remains in effect until the guaranteed bonds are paid or defeased, by a refunding or otherwise.

In the event of default, holders of guaranteed school district bonds will receive all payments due from the corpus of the PSF. Following a determination that a school district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires the school district to notify the Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment. Immediately following receipt of such notice, the Commissioner must cause to be transferred from the appropriate account in the PSF to the Paying Agent/Registrar an amount necessary to pay the maturing or matured principal and interest. Upon receipt of funds for payment of such principal or interest, the Paying Agent/Registrar must pay the amount due and forward the canceled bond or evidence of payment of the interest to the State Comptroller of Public Accounts (the "Comptroller"). The Commissioner will instruct the Comptroller to withhold the amount paid, plus interest, from the first State money payable to the school district. The amount withheld pursuant to this funding "intercept" feature will be deposited to the credit of the PSF. The Comptroller must hold such canceled bond or evidence of payment of the interest on behalf of the PSF. Following full reimbursement of such payment by the school district to the PSF with interest, the Comptroller will cancel the bond or evidence of payment of the interest and forward it to the school district. The Act permits the Commissioner to order a school district to set a tax rate sufficient to reimburse the PSF for any payments made with respect to guaranteed bonds, and also sufficient to pay future payments on guaranteed bonds, and provides certain enforcement mechanisms to the Commissioner, including the appointment of a board of managers or annexation of a defaulting school district to another school district.

If a school district fails to pay principal or interest on a bond as it is stated to mature, other amounts not due and payable are not accelerated and do not become due and payable by virtue of the district's default. The School District Bond Guarantee Program does not apply to the payment of principal and interest upon redemption of bonds, except upon mandatory sinking fund redemption, and does not apply to the obligation, if any, of a school district to pay a redemption premium on its guaranteed bonds. The guarantee applies to all matured interest on guaranteed school district bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond order provision requiring an interest rate change. The guarantee does not extend to any obligation of a school district under any agreement with a third party relating to guaranteed bonds that is defined or described in State law as a "bond enhancement agreement" or a "credit agreement," unless the right to payment of such third party is directly as a result of such third party being a bondholder.

In the event that two or more payments are made from the PSF on behalf of a district, the Commissioner shall request the Attorney General to institute legal action to compel the district and its officers, agents and employees to comply with the duties required of them by law in respect to the payment of guaranteed bonds.

Generally, the SDBGP Rules limit guarantees to certain types of notes and bonds, including, with respect to refunding bonds issued by school districts, a requirement that the bonds produce debt service savings, and that bonds issued for capital facilities of school districts must have been voted as unlimited tax debt of the issuing district. The Guarantee Program Rules include certain accreditation criteria for districts applying for a guarantee of their bonds, and limit guarantees to districts that have less than the amount of annual debt service per average daily attendance that represents the 90th percentile of annual debt service per average daily attendance for all school districts, but such limitation will not apply to school districts that have enrollment growth of at least 25% over the previous five school years. The SDBGP Rules are codified in the Texas Administrative Code at 19 TAC section 33.65, and are available at http://ritter.tea.state.tx.us/rules/tac/chapter033/ch033a.html#33.65.

The Charter District Bond Guarantee Program

The Charter District Bond Guarantee Program became effective March 3, 2014. The SBOE published final regulations in the Texas Register that provide for the administration of the Charter District Bond Guarantee Program (the "CDBGP Rules"). The CDBGP Rules are codified at 19 TAC section 33.67, and are available at http://ritter.tea.state.tx.us/rules/tac/chapter033/ch033a.html#33.67.

The Charter District Bond Guarantee Program has been authorized through the enactment of amendments to the Act, which provide that a charter holder may make application to the Commissioner for designation as a "charter district" and for a guarantee by the PSF under the Act of bonds issued on behalf of a charter district by a non-profit corporation. If the conditions for the Charter District Bond Guarantee Program are satisfied, the guarantee becomes effective upon approval of the bonds by the Attorney General and remains in effect until the guaranteed bonds are paid or defeased, by a refunding or otherwise.

As of March 20, 2020 (the most recent date for which data is available), the percentage of students enrolled in open-enrollment charter schools (excluding charter schools authorized by school districts) to the total State scholastic census was approximately 6.15%. At March 24, 2020, there were 183 active open-enrollment charter schools in the State and there were 790 charter school campuses operating under such charters (though as of such date, four of such campuses are not currently serving students for various reasons). Section 12.101, Texas Education Code, as amended by the Legislature in 2013, limits the number of charters that the Commissioner may grant to 215 charters as of the end of fiscal year 2014, with the number increasing in each fiscal year thereafter through 2019 to a total number of 305 charters. While legislation limits the number of charters that may be granted, it does not limit the number of campuses that may operate under a particular charter. For information regarding the capacity of the Guarantee Program, see "Capacity Limits for the Guarantee Program." The Act provides that the Commissioner may not approve the guarantee of refunding or refinanced bonds under the Charter District Bond Guarantee Program in a total amount that exceeds one-half of the total amount available for the guarantee of charter district bonds under the Charter District Bond Guarantee Program.

In accordance with the Act, the Commissioner may not approve charter district bonds for guarantee if such guarantees will result in lower bond ratings for public school district bonds that are guaranteed under the School District Bond Guarantee Program. To be eligible for a guarantee, the Act provides that a charter district's bonds must be approved by the Attorney General, have an unenhanced investment grade rating from a nationally recognized investment rating firm, and satisfy a limited investigation conducted by the TEA.

The Charter District Bond Guarantee Program does not apply to the payment of principal and interest upon redemption of bonds, except upon mandatory sinking fund redemption, and does not apply to the obligation, if any, of a charter district to pay a redemption premium on its guaranteed bonds. The guarantee applies to all matured interest on guaranteed charter district bonds, whether the bonds were issued with a fixed or variable interest rate and whether the interest rate changes as a result of an interest reset provision or other bond resolution provision requiring an interest rate change. The guarantee does not extend to any obligation of a charter district under any agreement with a third party relating to guaranteed bonds that is defined or described in State law as a "bond enhancement agreement" or a "credit agreement," unless the right to payment of such third party is directly as a result of such third party being a bondholder.

The Act provides that immediately following receipt of notice that a charter district will be or is unable to pay maturing or matured principal or interest on a guaranteed bond, the Commissioner is required to instruct the Comptroller to transfer from the Charter District Reserve Fund to the district's paying agent an amount necessary to pay the maturing or matured principal or interest. If money in the Charter District Reserve Fund is insufficient to pay the amount due on a bond for which a notice of default has been received, the Commissioner is required to instruct the Comptroller to transfer from the PSF to the district's paying agent the amount necessary to pay the balance of the unpaid maturing or matured principal or interest. If a total of two or more payments are made under the Charter District Bond Guarantee Program on charter district bonds and the Commissioner determines that the charter district is acting in bad faith under the program, the Commissioner may request the Attorney General to institute appropriate legal action to compel the charter district and its officers, agents, and employees to comply with the duties required of them by law in regard to the guaranteed bonds. As is the case with the School District Bond Guarantee Program, the Act provides a funding "intercept" feature that obligates the Commissioner to instruct the Comptroller to withhold the amount paid with respect to the Charter District Bond Guarantee Program, plus interest, from the first State money payable to a charter district that fails to make a guaranteed payment on its bonds. The amount withheld will be deposited, first, to the credit of the PSF, and then to restore any amount drawn from the Charter District Reserve Fund as a result of the non-payment.

The CDBGP Rules provide that the PSF may be used to guarantee bonds issued for the acquisition, construction, repair, or renovation of an educational facility for an open-enrollment charter holder and equipping real property of an open-enrollment charter school and/or to refinance promissory notes executed by an open-enrollment charter school, each in an amount in excess of $500,000 the proceeds of which loans were used for a purpose described above (so-called new money bonds) or for refinancing bonds previously issued for the charter school that were approved by the attorney general (so-called refunding bonds). Refunding bonds may not be guaranteed under the Charter District Bond Guarantee Program if they do not result in a present value savings to the charter holder.

The CDBGP Rules provide that an open-enrollment charter holder applying for charter district designation and a guarantee of its bonds under the Charter District Bond Guarantee Program satisfy various provisions of the regulations, including the following: It must (i) have operated at least one open-enrollment charter school with enrolled students in the State for at least three years; (ii) agree that the bonded indebtedness for which the guarantee is sought will be undertaken as an obligation of all entities under common control of the open-enrollment charter holder, and that all such entities will be liable for the obligation if the open-enrollment charter holder defaults on the bonded indebtedness, provided, however, that an entity that does not operate a charter school in Texas is subject to this provision only to the extent it has received state funds from the open-enrollment charter holder; (iii) have had completed for the past three years an audit for each such year that included unqualified or unmodified audit opinions; and (iv) have received an investment grade credit rating within the last year. Upon receipt of an application for guarantee under the Charter District Bond Guarantee Program, the Commissioner is required to conduct an investigation into the financial status of the applicant charter district and of the accreditation status of all open-enrollment charter schools operated under the charter, within the scope set forth in the CDBGP Rules. Such financial investigation must establish that an applying charter district has a historical debt service coverage ratio, based on annual debt service, of at least 1.1 for the most recently completed fiscal year, and a projected debt service coverage ratio, based on projected revenues and expenses and maximum annual debt service, of at least 1.2. The failure of an open-enrollment charter holder to comply with the Act or the applicable regulations, including by making any material misrepresentations in the charter holder's application for charter district designation or guarantee under the Charter District Bond Guarantee Program, constitutes a material violation of the open-enrollment charter holder's charter.

From time to time, TEA has limited new guarantees under the Charter District Bond Guarantee Program to conform to capacity limits specified by the Act. Legislation enacted during the Legislature's 2017 regular session modified the manner of calculating the capacity of the Charter District Bond Guarantee Program (the "CDBGP Capacity"), which further increased the amount of the CDBGP Capacity, beginning with State fiscal year 2018, but that provision of the law does not increase overall Program capacity, it merely allocates capacity between the School District Bond Guarantee Program and the Charter District Bond Guarantee Program. See "Capacity Limits for the Guarantee Program" and "2017 Legislative Changes to the Charter District Bond Guarantee Program." Other factors that could increase the CDBGP Capacity include Fund investment performance, future increases in the Guarantee Program multiplier, changes in State law that govern the calculation of the CDBGP Capacity, as described below, growth in the relative percentage of students enrolled in open-enrollment charter schools to the total State scholastic census, legislative and administrative changes in funding for charter districts, changes in level of school district or charter district participation in the Program, or a combination of such circumstances.

2017 Legislative Changes to the Charter District Bond Guarantee Program

The CDBGP Capacity is established by the Act. During the 85th Texas Legislature, which concluded on May 29, 2017, Senate Bill 1480 ("SB 1480") was enacted. The complete text of SB 1480 can be found at http://www.capitol.state.tx.us/tlodocs/85R/billtext/pdf/SB01480F.pdf#navpanes=0. SB 1480 modified how the CDBGP Capacity will be established under the Act effective as of September 1, 2017, and made other substantive changes to the Act that affects the Charter District Bond Guarantee Program. Prior to the enactment of SB 1480, the CDBGP Capacity was calculated as the State Capacity Limit less the amount of outstanding bond guarantees under the Guarantee Program multiplied by the percentage of charter district scholastic population relative to the total public school scholastic population. As of August 31, 2019, the amount of outstanding bond guarantees represented 71.94% of the IRS Limit (which is currently the applicable capacity limit) for the Guarantee Program (based on unaudited data). SB 1480 amended the CDBGP Capacity calculation so that the State Capacity Limit is multiplied by the percentage of charter district scholastic population relative to the total public school scholastic population prior to the subtraction of the outstanding bond guarantees, thereby potentially substantially increasing the CDBGP Capacity. However, certain provisions of SB 1480, described below, and other additional factors described herein, could result in less than the maximum amount of the potential increase provided by SB 1480 being implemented by the SBOE or otherwise used by charter districts. Still other factors used in determining the CDBGP Capacity, such as the percentage of the charter district scholastic population to the overall public school scholastic population, could, in and of itself, increase the CDBGP Capacity, as that percentage has grown from 3.53% in September, 2012 to 5.85% in February 2019. TEA is unable to predict how the ratio of charter district students to the total State scholastic population will change over time.

SB 1480 provides that the implementation of the new method of calculating the CDBGP Capacity will begin with the State fiscal year that commences September 1, 2021 (the State's fiscal year 2022). However, for the intervening four fiscal years, beginning with fiscal year 2018, SB 1480 provides that the SBOE may establish a CDBGP Capacity that increases the amount of charter district bonds that may be guaranteed by up to a cumulative 20% in each fiscal year (for a total maximum increase of 80% in fiscal year 2021) as compared to the capacity figure calculated under the Act as of January 1, 2017. However, SB 1480 provides that in making its annual determination of the magnitude of an increase for any year, the SBOE may establish a lower (or no) increase if the SBOE determines that an increase in the CDBGP Capacity would likely result in a negative impact on the bond ratings for the Bond Guarantee Program (see "Ratings of Bonds Guaranteed Under the Guarantee Program") or if one or more charter districts default on payment of principal or interest on a guaranteed bond, resulting in a negative impact on the bond ratings of the Bond Guarantee Program. The provisions of SB 1480 that provide for discretionary, incremental increases in the CDBGP expire September 1, 2022. If the SBOE makes a determination for any year based upon the potential ratings impact on the Bond Guarantee Program and modifies the increase that would otherwise be implemented under SB 1480 for that year, the SBOE may also make appropriate adjustments to the schedule for subsequent years to reflect the modification, provided that the CDBGP Capacity for any year may not exceed the limit provided in the schedule set forth in SB 1480. As a result of SB 1480, the amount of charter district bonds eligible for guarantee in fiscal years 2018, 2019 and 2020 increased by the full 20% increase permitted by SB 1480, which increased the relative capacity of the Charter District Bond Guarantee Program to the School District Bond Guarantee Program for those fiscal years.

Taking into account the enactment of SB 1480 and the increase in the CDBGP Capacity effected thereby, at the Winter 2018 meeting the SBOE determined not to implement a previously approved multiplier increase to 3.75 times market value, opting to increase the multiplier to 3.50 times effective in late March 2018.

In addition to modifying the manner of determining the CDBGP Capacity, SB 1480 provides that the Commissioner, in making a determination as to whether to approve a guarantee for a charter district, may consider any additional reasonable factor that the Commissioner determines to be necessary to protect the Bond Guarantee Program or minimize risk to the PSF, including: (1) whether the charter district had an average daily attendance of more than 75 percent of its student capacity for each of the preceding three school years, or for each school year of operation if the charter district has not been in operation for the preceding three school years; (2) the performance of the charter district under certain performance criteria set forth in Education Code Sections 39.053 and 39.054; and (3) any other indicator of performance that could affect the charter district's financial performance. Also, SB 1480 provides that the Commissioner's investigation of a charter district application for guarantee may include an evaluation of whether the charter district bond security documents provide a security interest in real property pledged as collateral for the bond and the repayment obligation under the proposed guarantee. The Commissioner may decline to approve the application if the Commissioner determines that sufficient security is not provided. The Act and the CDBGP Rules previously required the Commissioner to make an investigation of the accreditation status and certain financial criteria for a charter district applying for a bond guarantee, which remain in place.

Since the initial authorization of the Charter District Bond Guarantee Program, the Act has established a bond guarantee reserve fund in the State treasury (the "Charter District Reserve Fund"). Formerly, the Act provided that each charter district that has a bond guaranteed must annually remit to the Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 10 percent of the savings to the charter district that is a result of the lower interest rate on its bonds due to the guarantee by the PSF. SB 1480 modified the Act insofar as it pertains to the Charter District Reserve Fund. Effective September 1, 2017, the Act provides that a charter district that has a bond guaranteed must remit to the Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 20 percent of the savings to the charter district that is a result of the lower interest rate on the bond due to the guarantee by the PSF. The amount due shall be paid on receipt by the charter district of the bond proceeds. However, the deposit requirement will not apply if the balance of the Charter District Reserve Fund is at least equal to three percent (3.00%) of the total amount of outstanding guaranteed bonds issued by charter districts. As of February 29, 2020, the Charter District Reserve Fund contained $35,183,564, which represented approximately 1.49% of the guaranteed charter district bonds. SB 1480 also authorized the SBOE to manage the Charter District Reserve Fund in the same manner as it manages the PSF. Previously, the Charter

District Reserve Fund was held by the Comptroller, but effective April 1, 2018, the management of the Reserve Fund was transferred to the PSF division of TEA, where it will be held and invested as a non-commingled fund under the administration of the PSF staff.

Charter District Risk Factors

Open-enrollment charter schools in the State may not charge tuition and, unlike school districts, charter districts have no taxing power. Funding for charter district operations is largely from amounts appropriated by the Legislature. The amount of such State payments a charter district receives is based on a variety of factors, including the enrollment at the schools operated by a charter district. The overall amount of education aid provided by the State for charter schools in any year is also subject to appropriation by the Legislature. The Legislature may base its decisions about appropriations for charter schools on many factors, including the State's economic performance. Further, because some public officials, their constituents, commentators and others have viewed charter schools as controversial, political factors may also come to bear on charter school funding, and such factors are subject to change.

Other than credit support for charter district bonds that is provided to qualifying charter districts by the Charter District Bond Guarantee Program, State funding for charter district facilities construction is limited to a program established by the Legislature in 2017, which provides $60 million per year for eligible charter districts with an acceptable performance rating for a variety of funding purposes, including for lease or purchase payments for instructional facilities. Since State funding for charter facilities is so limited, charter schools generally issue revenue bonds to fund facility construction and acquisition, or fund facilities from cash flows of the school. Some charter districts have issued non-guaranteed debt in addition to debt guaranteed under the Charter District Bond Guarantee Program, and such non-guaranteed debt is likely to be secured by a deed of trust covering all or part of the charter district's facilities. In March 2017, the TEA began requiring charter districts to provide the TEA with a lien against charter district property as a condition to receiving a guarantee under the Charter District Bond Guarantee Program. However, charter district bonds issued and guaranteed under the Charter District Bond Guarantee Program prior to the implementation of the new requirement did not have the benefit of a security interest in real property, although other existing debts of such charter districts that are not guaranteed under the Charter District Bond Guarantee Program may be secured by real property that could be foreclosed on in the event of a bond default.

The maintenance of a State-granted charter is dependent upon on-going compliance with State law and TEA regulations, and TEA monitors compliance with applicable standards. TEA has a broad range of enforcement and remedial actions that it can take as corrective measures, and such actions may include the loss of the State charter, the appointment of a new board of directors to govern a charter district, the assignment of operations to another charter operator, or, as a last resort, the dissolution of an open-enrollment charter school.

As described above, the Act includes a funding "intercept" function that applies to both the School District Bond Guarantee Program and the Charter District Bond Guarantee Program. However, school districts are viewed as the "educator of last resort" for students residing in the geographical territory of the district, which makes it unlikely that State funding for those school districts would be discontinued, although the TEA can require the dissolution and merger into another school district if necessary to ensure sound education and financial management of a school district. That is not the case with a charter district, however, and open-enrollment charter schools in the State have been dissolved by TEA from time to time. If a charter district that has bonds outstanding that are guaranteed by the Charter District Bond Guarantee Program should be dissolved, debt service on guaranteed bonds of the district would continue to be paid to bondholders in accordance with the Charter District Bond Guarantee Program, but there would be no funding available for reimbursement of the PSF by the Comptroller for such payments. As described under "The Charter District Bond Guarantee Program," the Act establishes a Charter District Reserve Fund, which could in the future be a significant reimbursement resource for the PSF.

Infectious Disease Outbreak

A respiratory disease named "2019 novel coronavirus" ("COVID-19") has recently spread to many parts of the world, including Texas and elsewhere in the U.S. On March 13, 2020, the U.S. president declared a national emergency and the Governor of Texas (the "Governor") declared COVID-19 as a statewide public health disaster (the "COVID-19 Declarations"). Subsequent actions by the Governor imposed temporary restrictions on certain businesses and ordered all schools in the State to temporarily close. This situation is rapidly developing; for additional information on these events in the State, reference is made to the website of the Governor, https://gov.texas.gov/, and, with respect to public school events, the website of TEA, https://tea.texas.gov/texas-schools/safe-and-healthy-schools/coronavirus-covid-19-support-and-guidance.

Potential Impact of COVID-19 in the State and Investment Markets

The anticipated continued spread of COVID-19, and measures taken to prevent or reduce its spread, will likely adversely impact State, national and global economic activities and, accordingly, materially adversely impact the financial condition and performance of the State. The continued spread of COVID-19, and measures taken to prevent or reduce its spread, may also adversely affect the tax bases of school districts in the State, including districts that have bonds that are guaranteed under the Guarantee Program.

As noted herein, the PSF investments are in diversified investment portfolios and it is expected that the Fund will reflect the general performance returns of the markets in which it is invested. Stock values, crude oil prices and other investment categories in the U.S. and globally in which the Fund is invested or which provide income to the Fund, have seen significant volatility attributed to COVID-19 concerns, which could adversely affect the Fund's values.

TEA Continuity of Operations

Since 2007, Texas Labor Code Section 412.054 has required each State agency to develop and submit to the State Office of Risk Management an agency-level continuity of operations plan to keep the agency operational in case of disruptions to production, finance, administration or other essential operations. Such plans may be implemented during the occurrence or imminent threat of events such as extreme weather, natural disasters and infectious disease outbreaks. TEA has adopted a continuity of operations plan, which provides for, among other measures and conditions, steps to be taken to ensure performance of its essential missions and functions under such threats and conditions in the event of a pandemic event. TEA annually conducts risk assessments and risk impact analysis that include stress testing and availability analysis of system resources, including systems that enable TEA employees to work remotely, as is occurring as a result of the COVID-19 declarations. As noted above, under "The School District Bond Guarantee Program," the Guarantee Program is in significant part an intercept program whereby State funding for school districts and charter districts reimburse the Fund for any guarantee payment from the Fund for a non-performing district. In addition to the continuity of operations plan provisions noted above, the Fund maintains cash positions in its portfolios that are intended to provide liquidity to the Fund for payments under the Guarantee Program pending reimbursement of the Fund by the Comptroller. Fund management is of the view that its liquidity position, which changes from time to time in light of then current circumstances, is sufficient for payment of claims made on the Guarantee Program.

Impact of COVID-19 on School Districts and Charter Districts

TEA cannot predict whether any school or charter district may experience short- or longer-term cash flow emergencies as a direct or indirect effect of COVID-19 that would require a payment from the PSF to be made to a paying agent for a guaranteed bond. Most school district bonds in the State are issued as fixed rate debt, with semiannual payments in February and August. Taxes levied by school districts for payment of bonds are generally collected by the end of January in each year. Consequently, PSF management is of the view that scheduled bond payments for school districts for the 2020 calendar year are unlikely to be affected by COVID-19. TEA has issued guidance to school districts and charter districts regarding, among other matters, the closure of schools, and TEA has established waivers for payment to school districts and charter districts, as such payments are in large part based on school attendance. Those waivers are intended to provide continued funding during the period of closure, although certain of the waivers require schools to provide on-line or at home curriculum in order to benefit from waivers. Reference is made to "Charter School Risk Factors," herein for a description of unique circumstances that pertain to the funding of charter districts.

Ratings of Bonds Guaranteed Under the Guarantee Program

Moody's Investors Service, Inc., S&P Global Ratings and Fitch Ratings, Inc. rate bonds guaranteed by the PSF "Aaa," "AAA" and "AAA," respectively. Not all districts apply for multiple ratings on their bonds, however. See "RATING" herein.

Valuation of the PSF and Guaranteed Bonds

Permanent School Fund Valuations

Fiscal Year Ended 8/31	Book Value[1]	Market Value[1]
2015	$29,081,052,900	$36,196,265,273
2016	30,128,037,903	37,279,799,335
2017	31,870,581,428	41,438,672,573
2018	33,860,358,647	44,074,197,940
2019[2]	35,288,344,219	46,464,447,981

[1] SLB managed assets are included in the market value and book value of the Fund. In determining the market value of the PSF from time to time during a fiscal year, the TEA uses current, unaudited values for TEA managed investment portfolios and cash held by the SLB. With respect to SLB managed assets shown in the table above, market values of land and mineral interests, internally managed real estate, investments in externally managed real estate funds and cash are based upon information reported to the PSF by the SLB. The SLB reports that information to the PSF on a quarterly basis. The valuation of such assets at any point in time is dependent upon a variety of factors, including economic conditions in the State and nation in general, and the values of these assets, and, in particular, the valuation of mineral holdings administered by the SLB, can be volatile and subject to material changes from period to period.

[2] At August 31, 2019, mineral assets, sovereign and other lands and internally managed discretionary real estate, external discretionary real estate investments, domestic equities, and cash managed by the SLB had book values of approximately $13.4 million, $216.7 million, $3,640.2 million, $7.5 million, and $4,457.3 million, respectively, and market values of approximately $3,198.2 million, $619.7 million, $3,927.6 million, $1.3 million, and $4,457.3 million, respectively. At February 29, 2020, the PSF had a book value of $35,908,691,818 and a market value of $46,992,040,588. February 29, 2020 values are based on unaudited data, which is subject to adjustment.

Permanent School Fund Guaranteed Bonds

At 8/31	Principal Amount[1]
2015	$63,955,449,047
2016	68,303,328,445
2017	74,266,090,023
2018	79,080,901,069
2019	84,397,900,203[2]

[1] Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program. The TEA does not maintain records of the accreted value of capital appreciation bonds that are guaranteed under the Guarantee Program.

[2] As of August 31, 2019 (the most recent date for which such data is available), the TEA expected that the principal and interest to be paid by school districts and charter districts over the remaining life of the bonds guaranteed by the Guarantee Program was $133,188,149,265, of which $48,790,249,062 represents interest to be paid. As shown in the table above, at August 31, 2019, there were $84,397,900,203 in principal amount of bonds guaranteed under the Guarantee Program, and using the IRS Limit at that date of $117,318,653,038 (the IRS Limit is currently the lower of the two federal and State capacity limits of Program capacity), 97.22% of Program capacity was available to the School District Bond Guarantee Program and 2.78% was available to the Charter District Bond Guarantee Program.

Permanent School Fund Guaranteed Bonds by Category(1)

Fiscal Year Ended 8/31	School District Bonds No. of Issues	School District Bonds Principal Amount	Charter District Bonds No. of Issues	Charter District Bonds Principal Amount	Totals No. of Issues	Totals Principal Amount
2015	3,089	$63,197,514,047	28	$757,935,000	3,117	$63,955,449,047
2016	3,244	67,342,303,445	35	961,025,000	3,279	68,303,328,445
2017	3,253	72,884,480,023	40	1,381,610,000	3,293	74,266,090,023
2018	3,249	77,647,966,069	44	1,432,935,000	3,293	79,080,901,069
2019(2)	3,297	82,537,755,203	49	1,860,145,000	3,346	84,397,900,203

(1) *Represents original principal amount; does not reflect any subsequent accretions in value for compound interest bonds (zero coupon securities). The amount shown excludes bonds that have been refunded and released from the Guarantee Program.*

(2) *At February 29, 2020 (based on unaudited data, which is subject to adjustment), there were $87,684,853,251 of bonds guaranteed under the Guarantee Program, representing 3,361 school district issues, aggregating $85,321,228,251 in principal amount and 54 charter district issues, aggregating $2,363,625,000 in principal amount. At February 29, 2020, the capacity allocation of the Charter District Bond Guarantee Program was $4,551,091,422 (based on unaudited data, which is subject to adjustment).*

Discussion and Analysis Pertaining to Fiscal Year Ended August 31, 2019

The following discussion is derived from the Annual Report for the year ended August 31, 2019, including the Message of the Executive Administrator of the Fund and the Management's Discussion and Analysis contained therein. Reference is made to the Annual Report, as filed with the MSRB, for the complete Message and MD&A. Investment assets managed by the fifteen member SBOE are referred to throughout this MD&A as the PSF(SBOE) assets. As of August 31, 2019, the Fund's land, mineral rights and certain real assets are managed by the three-member SLB and these assets are referred to throughout as the PSF(SLB) assets. The current PSF asset allocation policy includes an allocation for real estate investments, and as such investments are made, and become a part of the PSF investment portfolio, those investments will be managed by the SBOE and not the SLB.

At the end of fiscal 2019, the Fund balance was $46.5 billion, an increase of $2.4 billion from the prior year. This increase is primarily due to overall increases in value of all asset classes in which the Fund has invested and restatements of fund balance. During the year, the SBOE continued implementing the long-term strategic asset allocation, diversifying the PSF(SBOE) to strengthen the Fund. The asset allocation is projected to increase returns over the long run while reducing risk and portfolio return volatility. The PSF(SBOE) annual rates of return for the one-year, five-year, and ten-year periods ending August 31, 2019, net of fees, were 4.17%, 5.25% and 8.18%, respectively (total return takes into consideration the change in the market value of the Fund during the year as well as the interest and dividend income generated by the Fund's investments). In addition, the SLB continued its shift into externally managed real asset investment funds, and the one-year, five-year, and ten-year annualized total returns for the PSF(SLB) externally managed real assets, net of fees and including cash, were 5.84%, 6.13%, and 6.41%, respectively.

The market value of the Fund's assets is directly impacted by the performance of the various financial markets in which the assets are invested. The most important factors affecting investment performance are the asset allocation decisions made by the SBOE and SLB. The current SBOE long term asset allocation policy allows for diversification of the PSF(SBOE) portfolio into alternative asset classes whose returns are not as positively correlated as traditional asset classes. The implementation of the long term asset allocation will occur over several fiscal years and is expected to provide incremental total return at reduced risk. As of August 31, 2019, the PSF(SBOE) portion of the Fund had diversified into emerging market and large cap international equities, absolute return funds, real estate, private equity, risk parity, real return Treasury Inflation-Protected Securities, real return commodities, and emerging market debt.

As of August 31, 2019, the SBOE has approved and the Fund made capital commitments to externally managed real estate investment funds in a total amount of $5.1 billion and capital commitments to private equity limited partnerships for a total of $6.3 billion. Unfunded commitments at August 31, 2019, totaled $1.9 billion in real estate investments and $2.3 billion in private equity investments.

The PSF(SLB) portfolio is generally characterized by three broad categories: (1) discretionary real assets investments, (2) sovereign and other lands, and (3) mineral interests. Discretionary real assets investments consist of externally managed real estate, infrastructure, and energy/minerals investment funds; internally managed direct real estate investments, and cash. Sovereign and other lands consist primarily of the lands set aside to the PSF when it was created. Mineral interests consist of all of the minerals that are associated with PSF lands. The investment focus of PSF(SLB) discretionary real assets investments has shifted from internally managed direct real estate investments to externally managed real assets investment funds. The PSF(SLB) makes investments in certain limited partnerships that legally commit it to possible future capital contributions. At August 31, 2019, the remaining commitments totaled approximately $2.5 billion.

The PSF(SBOE)'s investment in domestic large cap, domestic small/mid cap, international large cap, and emerging market equity securities experienced returns, net of fees, of 3.14%, -8.99%, -2.93%, and -4.15%, respectively, during the fiscal year ended August 31, 2019. The PSF(SBOE)'s investment in domestic fixed income securities produced a return of 10.54% during the fiscal year and absolute return investments yielded a return of 2.28%. The PSF(SBOE) real estate and private equity investments returned 7.22% and 11.93%, respectively. Risk parity assets produced a return of 10.89%, while real return assets yielded 0.71%. Emerging market debt produced a return of 10.40%. Combined, all PSF(SBOE) asset classes produced an investment return, net of fees, of 4.17% for the fiscal year ended August 31, 2019, out-performing the benchmark index of 3.76% by approximately 41 basis points. All PSF(SLB) externally managed investments (including cash) returned 6.41% net of fees for the fiscal year ending August 31, 2019.

For fiscal year 2019, total revenues, inclusive of unrealized gains and losses and net of security lending rebates and fees, totaled $3.7 billion, a decrease of $0.3 billion from fiscal year 2018 earnings of $4.0 billion. This decrease reflects the performance of the securities markets in which the Fund was invested in fiscal year 2019. In fiscal year 2019, revenues earned by the Fund included lease payments, bonuses and royalty income received from oil, gas and mineral leases; lease payments from commercial real estate; surface lease and easement revenues; revenues from the resale of natural and liquid gas supplies; dividends, interest, and securities lending revenues; the net change in the fair value of the investment portfolio; and, other miscellaneous fees and income.

Expenditures are paid from the Fund before distributions are made under the total return formula. Such expenditures include the costs incurred by the SLB to manage the land endowment, as well as operational costs of the Fund, including external management fees paid from appropriated funds. Total operating expenditures, net of security lending rebates and fees, decreased 10.0% for the fiscal year ending August 31, 2019. This decrease is primarily attributable to a decrease in PSF(SLB) quantities of purchased gas for resale in the State Energy Management Program, which is administered by the SLB as part of the Fund.

The Fund supports the public school system in the State by distributing a predetermined percentage of its asset value to the ASF. For fiscal years 2018 and 2019, the distribution from the SBOE to the ASF totaled $1.2 billion and $1.2 billion, respectively. Distributions from the SLB to the ASF for fiscal years 2018 and 2019 totaled $0 and $300 million, respectively.

At the end of the 2019 fiscal year, PSF assets guaranteed $84.4 billion in bonds issued by 863 local school districts and charter districts, the latter of which entered into the Program during the 2014 fiscal year. Since its inception in 1983, the Fund has guaranteed 7,443 school district and charter district bond issues totaling $186.2 billion in principal amount. During the 2019 fiscal year, the number of outstanding issues guaranteed under the Guarantee Program totaled 3,346. The dollar amount of guaranteed school and charter bond issues outstanding increased by $5.3 billion or 6.7%. The State Capacity Limit increased by $5.0 billion, or 4.2%, during fiscal year 2019 due to continued growth in the cost basis of the Fund used to calculate that Program capacity limit. The effective capacity of the Program did not increase during fiscal year 2019 as the IRS Limit was reached during the prior fiscal year, and it is the lower of the two State and federal capacity limits for the Program.

2011 and 2019 Constitutional Amendment

On November 8, 2011, a referendum was held in the State as a result of legislation enacted that year that proposed amendments to various sections of the Texas Constitution pertaining to the PSF. At that referendum, voters of State approved non-substantive changes to the Texas Constitution to clarify references to the Fund, and, in addition, approved amendments that effected an increase to the base amount used in calculating the Distribution Rate from the Fund to the ASF, and authorized the SLB to make direct transfers to the ASF, as described below.

The amendments approved at the referendum included an increase to the base used to calculate the Distribution Rate by adding to the calculation base certain discretionary real assets and cash in the Fund that is managed by entities other than the SBOE (at present, by the SLB). The value of those assets were already included in the value of the Fund for purposes of the Guarantee Program, but prior to the amendment had not been included in the calculation base for purposes of making transfers from the Fund to the ASF. While the amendment provided for an increase in the base for the calculation of approximately $2 billion, no new resources were provided for deposit to the Fund. As described under “The Total Return Constitutional Amendment” the SBOE is prevented from approving a Distribution Rate or making a pay out from the Fund if the amount distributed would exceed 6% of the average of the market value of the Fund, excluding real property in the Fund, but including discretionary real asset investments on the last day of each of the sixteen State fiscal quarters preceding the Regular Session of the Legislature that begins before that State fiscal biennium or if such pay out would exceed the Ten Year Total Return.

If there are no reductions in the percentage established biennially by the SBOE to be the Distribution Rate, the impact of the increase in the base against which the Distribution Rate is applied will be an increase in the distributions from the PSF to the ASF. As a result, going forward, it may be necessary for the SBOE to reduce the Distribution Rate in order to preserve the corpus of the Fund in accordance with its management objective of preserving intergenerational equity.

The Distribution Rates for the Fund were set at 3.5%, 2.5%, 4.2%, 3.3%, 3.5% and 3.7% for each of two year periods 2008-2009, 2010-2011, 2012-2013, 2014-2015, 2016-2017 and 2018-2019, respectively. In November 2018, the SBOE approved a $2.2 billion distribution to the ASF for State fiscal biennium 2020-2021, to be made in equal monthly increments of $92.2 million, which represents a 2.981% Distribution Rate for the biennium and a per student distribution of $220.97, based on 2018 preliminary student average daily attendance of 5,004,998. In making the 2020-2021 biennium distribution decision, the SBOE took into account a commitment of the SLB to transfer $10 million to the PSF in fiscal year 2020 and $45 million in fiscal year 2021.

Changes in the Distribution Rate for each biennial period has been based on a number of financial and political reasons, as well as commitments made by the SLB in some years to transfer certain sums to the ASF. The new calculation base described above has been used to determine all payments to the ASF from the Fund beginning with the 2012-13 biennium. The broader base for the Distribution Rate calculation could increase transfers from the PSF to the ASF, although the effect of the broader calculation base has been somewhat offset since the 2014-2015 biennium by the establishment by the SBOE of somewhat lower Distribution Rates than for the 2012-2013 biennium. In addition, the changes made by the amendment that increased the calculation base that could affect the corpus of the Fund include the decisions that are made by the SLB or others that are, or may in the future be, authorized to make transfers of funds from the PSF to the ASF.

The constitutional amendments approved on November 8, 2011 also provided authority to the GLO or any other entity (other than the SBOE) that has responsibility for the management of land or other properties of the PSF to determine whether to transfer an amount each year to the ASF from the revenue derived during the current year from such land or properties. Prior to November 2019, the amount authorized to be transferred to the ASF from the GLO was limited to $300 million per year. On November 5, 2019, a constitutional amendment was approved by State voters that increased the maximum transfer to the ASF to $600 million each year from the revenue derived during that year from the PSF from each of the GLO, the SBOE or any other entity that may have the responsibility to manage such properties (at present there are no such other entities). Any amount transferred to the ASF pursuant to this constitutional provision is excluded from the 6% Distribution Rate limitation applicable to SBOE transfers. The exercise of the increased authorization for such transfers is subject to the discretion of the GLO and the SBOE, and such transfers could be taken into account by the SBOE for purposes of its distributions to the ASF that are made pursuant to the Total Return Constitutional Amendment. However, future legal and/or financial analysis may be needed before the impact on the Fund of the constitutional change effected in November 2019 can be determined.

Other Events and Disclosures

The State Investment Ethics Code governs the ethics and disclosure requirements for financial advisors and other service providers who advise certain State governmental entities, including the PSF. In accordance with the provisions of the State Investment Ethics Code, the SBOE periodically modifies its code of ethics, which occurred most recently in April 2018. The SBOE code of ethics includes prohibitions on sharing confidential information, avoiding conflict of interests and requiring disclosure filings with respect to contributions made or received in connection with the operation or management of the Fund. The code of ethics applies to members of the SBOE as well as to persons who are responsible by contract or by virtue of being a TEA PSF staff member for managing, investing, executing brokerage transactions, providing consultant services, or acting as a custodian of the PSF, and persons who provide investment and management advice to a member of the SBOE, with or without compensation under certain circumstances. The code of ethics is codified in the Texas Administrative Code at 19 TAC sections 33.5 et seq., and is available on the TEA web site at http://ritter.tea.state.tx.us/rules/tac/chapter033/ch033a.html#33.5.

In addition, the GLO has established processes and controls over its administration of real estate transactions and is subject to provisions of the Texas Natural Resources Code and its own internal procedures in administering real estate transactions for assets it manages for the Fund.

In the 2011 legislative session, the Legislature approved an increase of 31 positions in the full-time equivalent employees for the administration of the Fund, which was funded as part of an $18 million appropriation for each year of the 2012-13 biennium, in addition to the operational appropriation of $11 million for each year of the biennium. The TEA has begun increasing the PSF administrative staff in accordance with the 2011 legislative appropriation, and the TEA received an appropriation of $30.2 million for the administration of the PSF for fiscal years 2016 and 2017, respectively, and $30.4 million for each of the fiscal years 2018 and 2019.

As of August 31, 2019, certain lawsuits were pending against the State and/or the GLO, which challenge the Fund's title to certain real property and/or past or future mineral income from that property, and other litigation arising in the normal course of the investment activities of the PSF. Reference is made to the Annual Report, when filed, for a description of such lawsuits that are pending, which may represent contingent liabilities of the Fund.

PSF Continuing Disclosure Undertaking

The SBOE has adopted an investment policy rule (the "TEA Rule") pertaining to the PSF and the Guarantee Program. The TEA Rule is codified in Section I of the TEA Investment Procedure Manual, which relates to the Guarantee Program and is posted to the TEA web site at http://tea.texas.gov/Finance_and_Grants/Texas_Permanent_School_Fund/Texas_Permanent_School_Fund_Disclosure_Statement_-_Bond_Guarantee_Program/. The most recent amendment to the TEA Rule was adopted by the SBOE on February 1, 2019, and is summarized below. Through the adoption of the TEA Rule and its commitment to guarantee bonds, the SBOE has made the following agreement for the benefit of the issuers, holders and beneficial owners of guaranteed bonds. The TEA (or its successor with respect to the management of the Guarantee Program) is required to observe the agreement for so long as it remains an "obligated person," within the meaning of Rule 15c2-12, with respect to guaranteed bonds. Nothing in the TEA Rule obligates the TEA to make any filings or disclosures with respect to guaranteed bonds, as the obligations of the TEA under the TEA Rule pertain solely to the Guarantee Program. The issuer or an "obligated person" of the guaranteed bonds has assumed the applicable obligation under Rule 15c2-12 to make all disclosures and filings relating directly to guaranteed bonds, and the TEA takes no responsibility with respect to such undertakings. Under the TEA agreement, the TEA will be obligated to provide annually certain updated financial information and operating data, and timely notice of specified material events, to the MSRB.

The MSRB has established the Electronic Municipal Market Access ("EMMA") system, and the TEA is required to file its continuing disclosure information using the EMMA system. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org, and the continuing disclosure filings of the TEA with respect to the PSF can be found at https://emma.msrb.org/IssueView/Details/ER355077 or by searching for "Texas Permanent School Fund Bond Guarantee Program" on EMMA.

Annual Reports

The TEA will annually provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the Guarantee Program and the PSF of the general type included in this Official Statement under the heading "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM." The information also includes the Annual Report. The TEA will update and provide this information within six months after the end of each fiscal year.

The TEA may provide updated information in full text or may incorporate by reference certain other publicly-available documents, as permitted by Rule 15c2-12. The updated information includes audited financial statements of, or relating to, the State or the PSF, when and if such audits are commissioned and available. Financial statements of the State will be prepared in accordance with generally accepted accounting principles as applied to state governments, as such principles may be changed from time to time, or such other accounting principles as the State Auditor is required to employ from time to time pursuant to State law or regulation. The financial statements of the Fund were prepared to conform to U.S. Generally Accepted Accounting Principles as established by the Governmental Accounting Standards Board.

The Fund is reported by the State of Texas as a permanent fund and accounted for on a current financial resources measurement focus and the modified accrual basis of accounting. Measurement focus refers to the definition of the resource flows measured. Under the modified accrual basis of accounting, all revenues reported are recognized based on the criteria of availability and measurability. Assets are defined as available if they are in the form of cash or can be converted into cash within 60 days to be usable for payment of current liabilities. Amounts are defined as measurable if they can be estimated or otherwise determined. Expenditures are recognized when the related fund liability is incurred.

The State's current fiscal year end is August 31. Accordingly, the TEA must provide updated information by the last day of February in each year, unless the State changes its fiscal year. If the State changes its fiscal year, the TEA will notify the MSRB of the change.

Event Notices

The TEA will also provide timely notices of certain events to the MSRB. Such notices will be provided not more than ten business days after the occurrence of the event. The TEA will provide notice of any of the following events with respect to the Guarantee Program: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if such event is material within the meaning of the federal securities laws; (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 IRS 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-exempt status of the Guarantee Program, or other material events affecting the tax status of the Guarantee Program; (7) modifications to rights of holders of bonds guaranteed by the Guarantee Program, if such event is material within the meaning of the federal securities laws; (8) bond calls, if such event is material within the meaning of the federal securities laws, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of bonds guaranteed by the Guarantee Program, if such event is material within the meaning of the federal securities laws; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the Guarantee Program (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Guarantee Program 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 Guarantee Program, 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 Guarantee Program); (13) the consummation of a merger, consolidation, or acquisition involving the Guarantee Program 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) the appointment of a successor or additional trustee with respect to the Guarantee Program or the change of name of a trustee, if such event is material within the meaning of the federal securities laws; (15) the incurrence of a financial obligation of the Guarantee Program, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Program, 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 Guarantee Program, any of which reflect financial difficulties. (Neither the Act nor any other law, regulation or instrument pertaining to the Guarantee Program make any provision with respect to the Guarantee Program for bond calls, debt service reserves, credit enhancement, liquidity enhancement, early redemption or the appointment of a trustee with respect to the Guarantee Program.) In addition, the TEA will provide timely notice of any failure by the TEA to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The TEA has agreed to provide the foregoing information only to the MSRB and to transmit such information electronically to the MSRB in such format and accompanied by such identifying information as prescribed by the MSRB. The information is available from the MSRB to the public without charge at www.emma.msrb.org.

Limitations and Amendments

The TEA has agreed to update information and to provide notices of material events only as described above. The TEA 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 TEA makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The TEA disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the TEA to comply with its agreement.

The continuing disclosure agreement of the TEA is made only with respect to the PSF and the Guarantee Program. The issuer of guaranteed bonds or an obligated person with respect to guaranteed bonds may make a continuing disclosure undertaking in accordance with Rule 15c2-12 with respect to its obligations arising under Rule 15c2-12 pertaining to financial and operating data concerning such entity and notices of material events relating to such guaranteed bonds. A description of such undertaking, if any, is included elsewhere in the Official Statement.

This continuing disclosure agreement may be amended by the TEA from time to time 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 TEA, but only if (1) the provisions, as so amended, would have permitted an underwriter to purchase or sell guaranteed bonds in the primary offering of such bonds in compliance with Rule 15c2-12, taking into account any amendments or interpretations of Rule 15c2-12 since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding bonds guaranteed by the Guarantee Program consent to such amendment or (b) a person that is unaffiliated with the TEA (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the bonds guaranteed by the Guarantee Program. The TEA may also amend or repeal the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provision of Rule 15c2-12 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 guaranteed by the Guarantee Program in the primary offering of such bonds.

Compliance with Prior Undertakings

During the last five years, the TEA has not failed to substantially comply with its previous continuing disclosure agreements in accordance with Rule 15c2-12.

SEC Exemptive Relief

On February 9, 1996, the TEA received a letter from the Chief Counsel of the SEC that pertains to the availability of the "small issuer exemption" set forth in paragraph (d)(2) of Rule 15c2-12. The letter provides that Texas school districts which offer municipal securities that are guaranteed under the Guarantee Program may undertake to comply with the provisions of paragraph (d)(2) of Rule 15c2-12 if their offerings otherwise qualify for such exemption, notwithstanding the guarantee of the school district securities under the Guarantee Program. Among other requirements established by Rule 15c2-12, a school district offering may qualify for the small issuer exemption if, upon issuance of the proposed series of securities, the school district will have no more than $10 million of outstanding municipal securities.

STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS

Litigation Relating to the Texas Public School Finance System

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

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

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

Possible Effects of Changes in Law on District Bonds

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

Although, as a matter of law, the Bonds, upon issuance and delivery, will be entitled to the protections afforded previously existing contractual obligations under the Contract Clauses, the District can make no representations or predictions concerning the effect of future legislation, or any litigation that may be associated with such legislation, on the District's financial condition, revenues or operations. While the enactment of future legislation to address school funding in Texas could adversely affect the financial condition, revenues or operations of the District, the District does not anticipate that the security for payment of the Bonds, specifically, the District's obligation to levy an unlimited debt service tax and any Permanent School Fund guarantee of the Bonds would be adversely affected by any such legislation. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM".

CURRENT PUBLIC SCHOOL FINANCE SYSTEM

During the 2019 Legislative Session, the State Legislature made numerous changes to the current public school finance system, the levy and collection of ad valorem taxes, and the calculation of defined tax rates, including particularly those contained in House Bill 3 ("HB 3") and Senate Bill 2 ("SB 2"). In some instances, the provisions of HB 3 and SB 2 will require further interpretation in connection with their implementation in order to resolve ambiguities contained in the bills. The District is still in the process of (a) analyzing the provisions of HB 3 and SB 2, and (b) monitoring the on-going guidance provided by TEA. The information contained herein under the captions "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" and "TAX RATE LIMITATIONS" is subject to change, and only reflects the District's understanding of HB 3 and SB 2 based on information available to the District as of the date of this Official Statement. Prospective investors are encouraged to review HB 3, SB 2, and the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes, the calculation of the defined tax rates, and the administration of the current public school finance system.

Overview

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

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

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

Local Funding for School Districts

During the 2019 Legislative Session, the State Legislature made several significant changes to the funding methodology for school districts (the "2019 Legislation"). The 2019 Legislation orders a school district's M&O tax rate into two distinct parts: the "Tier One Tax Rate", which is the local M&O tax rate required for a school district to receive any part of the basic level of State funding (referred to herein as "Tier One") under the Foundation School Program, as further described below, and the "Enrichment Tax Rate", which is any local M&O tax effort in excess of its Tier One Tax Rate. The 2019 Legislation amended formulas for the State Compression Percentage and Maximum Compressed Tax Rate (each as described below) to compress M&O tax rates in response to year-over-year increases in property values across the State and within a school district, respectively. The discussion in this subcaption "Local Funding For School Districts" is generally intended to describe funding provisions applicable to all school districts; however, there are distinctions in the funding formulas for school districts that generate local M&O tax revenues in excess of the school districts' funding entitlements, as further discussed under the subcaption "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – Local Revenue Level In Excess of Entitlement" herein.

State Compression Percentage

The "State Compression Percentage" for the State fiscal year ending in 2020 (the 2019-2020 school year) is a statutorily-defined percentage of the rate of $1.00 per $100 at which a school district must levy its Tier One Tax Rate to receive the full amount of the Tier One funding to which a school district is entitled. For the State fiscal year ending in 2020, the State Compression Percentage is set at 93% per $100 of taxable value. Beginning in the State fiscal year ending in 2021, the State Compression Percentage is the lesser of three alternative calculations: (1) 93% or a lower percentage set by appropriation for a school year; (2) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the State Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (3) the prior year State Compression Percentage. For any year, the maximum State Compression Percentage is 93%.

Maximum Compressed Tax Rate

Pursuant to the 2019 Legislation, beginning with the State fiscal year ending in 2021 (the 2020-2021 school year) the Maximum Compressed Tax Rate (the "MCR") is the tax rate per $100 of valuation of taxable property at which a school district must levy its Tier One Tax Rate to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of three alternative calculations: (1) the school district's prior year MCR; (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5%; or (3) the product of the State Compression Percentage for the current year multiplied by $1.00. However, each year the TEA shall evaluate the MCR for each school district in the State, and for any given year, if a school district's MCR is calculated to be less than 90% of any other school district's MCR for the current year, then the school district's MCR is instead equal to the school district's prior year MCR, until TEA determines that the difference between the school district's MCR and any other school district's MCR is not more than 10%. These compression formulas are intended to more closely equalize local generation of Tier One funding among districts with disparate tax bases and generally reduce the Tier One Tax Rates of school districts as property values increase.

Tier One Tax Rate

For the 2019-2020 school year, the Tier One Tax Rate is the State Compression Percentage multiplied by (i) $1.00, or (ii) for a school district that levied an M&O tax rate for the 2018-2019 school year that was less than $1.00 per $100 of taxable value, the total number of cents levied by the school district for the 2018-2019 school year for M&O purposes; effectively setting the Tier One Tax Rate for the State fiscal year ending in 2020 for most school districts at $0.93. Beginning in the 2020-2021 school year, a school district's Tier One Tax Rate is defined as a school district's M&O tax rate levied that does not exceed the school district's MCR.

Enrichment Tax Rate

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

School districts may levy an Enrichment Tax Rate at a level of their choice, subject to the limitations described under "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate"; however to levy any of the Enrichment Tax Rate in a given year, a school district must levy a Tier One Tax Rate equal to $0.93 for the 2019-2020 school year, or equal to the school district's MCR for the 2020-2021 and subsequent years. Additionally, a school district's levy of Copper Pennies is subject to compression if the guaranteed yield (i.e., the guaranteed level of local tax revenue and State aid generated for each cent of tax effort) of Copper Pennies is increased from one year to the next (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – State Funding for School Districts – Tier Two").

State Funding for School Districts

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

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

The current public school finance system also provides an Existing Debt Allotment ("EDA") to subsidize debt service on eligible outstanding school district bonds, an Instructional Facilities Allotment ("IFA") to subsidize debt service on newly issued bonds, and a New Instructional Facilities Allotment ("NIFA") to subsidize operational expenses associated with the opening of a new instructional facility. IFA primarily addresses the debt service needs of property-poor school districts. For the 2020-2021 State fiscal biennium, the State Legislature appropriated funds in the amount of $1,323,444,300 for the EDA, IFA, and NIFA.

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

Tier One

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

For the 2019-2020 State fiscal year, the Basic Allotment for school districts with a Tier One Tax Rate equal to $0.93, is $6,160 for each student in ADA and is revised downward for school districts with a Tier One Tax Rate lower than $0.93. For the State fiscal year ending in 2021 and subsequent State fiscal years, the Basic Allotment for a school district with a Tier One Tax Rate equal to the school district's MCR, is $6,160 (or a greater amount as may be provided by appropriation) for each student in ADA and is revised downward for a school district with a Tier One Tax Rate lower than the school district's MCR. The Basic Allotment is then supplemented for all school districts by various weights to account for differences among school districts and their student populations. Such additional allotments include, but are not limited to, increased funds for students in ADA who: (i) attend a qualified special education program, (ii) are diagnosed with dyslexia or a related disorder, (iii) are economically disadvantaged, or (iv) have limited English language proficiency. Additional allotments to mitigate differences among school districts include, but are not limited to: (i) a transportation allotment for mileage associated with transporting students who reside two miles or more from their home campus, (ii) a fast growth allotment (for school districts in the top 25% of enrollment growth relative to other school districts), and (iii) a college, career and military readiness allotment to further Texas' goal of increasing the number of students who attain a post-secondary education or workforce credential, and (iv) a teacher incentive allotment to increase teacher compensation retention in disadvantaged or rural school districts. A school district's total Tier One funding, divided by $6,160, is a school district's measure of students in "Weighted Average Daily Attendance" ("WADA"), which serves to calculate Tier Two funding.

Tier Two

Tier Two supplements Tier One funding and provides two levels of enrichment with different guaranteed yields (i.e., Golden Pennies and Copper Pennies) depending on the school district's Enrichment Tax Rate. Golden Pennies generate a guaranteed yield equal to the greater of (i) the local revenue per student in WADA per cent of tax effort available to a school district at the ninety-sixth (96th) percentile of wealth per student in WADA, or (ii) the Basic Allotment (or a greater amount as may be provided by appropriation) multiplied by 0.016. For the 2020-2021 State fiscal biennium, school districts are guaranteed a yield of $98.56 per student in WADA for each Golden Penny levied. Copper Pennies generate a guaranteed yield per student in WADA equal to the school district's Basic Allotment (or a greater amount as may be provided by appropriation) multiplied by 0.008. For the 2020-2021 State fiscal biennium, school districts are guaranteed a yield of $49.28 per student in WADA for each Copper Penny levied. For any school year in which the guaranteed yield of Copper Pennies per student in WADA exceeds the guaranteed yield of Copper Pennies per student in WADA for the preceding school year, a school district is required to reduce its Copper Pennies levied so as to generate no more revenue per student in WADA than was available to the school district for the preceding year. Accordingly, the increase in the guaranteed yield from $31.95 per Copper Penny per student in WADA for the 2018-2019 school year to $49.28 per Copper Penny per student in WADA for the 2019-2020 school year requires school districts to compress their levy of Copper Pennies by a factor of 0.64834. As such, school districts that levied an Enrichment Tax Rate of $0.17 in school year 2018-2019 must reduce their Enrichment Tax Rate to approximately $0.138 per $100 taxable value for the 2019-2020 school year.

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

The Foundation School Program also includes facilities funding components consisting of the IFA and the EDA, subject to legislative appropriation each State fiscal biennium. To the extent funded for a biennium, these programs assist school districts in funding facilities by, generally, equalizing a school district's I&S tax effort. The IFA guarantees each awarded school district a specified amount per student (the "IFA Yield") in State and local funds for each cent of I&S tax levied to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate or improve instructional facilities. The IFA Yield has been $35 since this program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the State Legislature. To receive an IFA award, in years where new IFA awards are available, a school district must apply to the Commissioner in accordance with rules adopted by the TEA before issuing the bonds to be paid with IFA State assistance. The total amount of debt service assistance over a biennium for which a school district may be awarded is limited to the lesser of (1) the actual debt service payments made by the school district in the biennium in which the bonds are issued; or (2) the greater of (a) $100,000 or (b) $250 multiplied by the number of students in ADA. The IFA is also available for lease-purchase agreements and refunding bonds meeting certain prescribed conditions. Once a school district receives an IFA award for bonds, it is entitled to continue receiving State assistance for such bonds without reapplying to the Commissioner. The guaranteed level of State and local funds per student per cent of local tax effort applicable to the bonds may not be reduced below the level provided for the year in which the bonds were issued. For the 2020-2021 State fiscal biennium, the State Legislature did not appropriate any funds for new IFA awards; however, awards previously granted in years the State Legislature did appropriate funds for new IFA awards will continue to be funded.

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

Since future-year IFA awards were not funded by the State Legislature for the 2020-2021 State fiscal biennium and debt service assistance on school district bonds that are not yet eligible for EDA is not available, debt service payments during the 2020-2021 State fiscal biennium on new bonds issued by school districts in the 2020-2021 State fiscal biennium to construct, acquire and improve facilities must be funded solely from local I&S taxes.

A school district may also qualify for a NIFA allotment, which provides assistance to school districts for operational expenses associated with opening new instructional facilities. In the 2019 Legislative Session, the State Legislature appropriated funds in the amount of $100,000,000 for each fiscal year of the 2020-2021 State fiscal biennium for NIFA allotments.

Tax Rate and Funding Equity

The Commissioner may adjust a school district's funding entitlement if the funding formulas used to determine the school district's entitlement result in an unanticipated loss or gain for a school district. Any such adjustment requires preliminary approval from the

Legislative Budget Board and the office of the Governor, and such adjustments may only be made through the 2020-2021 school year.

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

Furthermore, "property-wealthy" school districts that received additional State funds under the public school finance system prior to the enactment of the 2019 Legislation are entitled to an equalized wealth transition grant on an annual basis through the 2023-2024 school year in an amount equal to the amount of additional revenue such school district would have received under former Texas Education Code Sections 41.002(e) through (g), as those sections existed on January 1, 2019. This grant is phased out through the 2023-2024 school year as follows: (1) 20% reduction for the 2020-2021 school year, (2) 40% reduction for the 2021-2022 school year, (3) 60% reduction for the 2022-2023 school year, and (4) 80% reduction for the 2023-2024 school year.

Local Revenue Level in Excess of Entitlement

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

Whereas prior to the 2019 Legislation, the recapture process had been based on the proportion of a school district's assessed property value per student in ADA, recapture is now measured by the "local revenue level" (being the M&O tax revenues generated in a school district) in excess of the entitlements appropriated by the State Legislature each fiscal biennium. Therefore, school districts are now guaranteed that recapture will not reduce revenue below their statutory entitlement. The changes to the wealth transfer provisions are expected to reduce the cumulative amount of recapture payments paid by school districts by approximately $3.6 billion during the 2020-2021 State fiscal biennium.

Options for Local Revenue Levels in Excess of Entitlement

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

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

POSSIBLE EFFECTS OF WEALTH TRANSFER PROVISIONS ON THE DISTRICT'S FINANCIAL CONDITION

For the 2019-2020 school year, the District was not designated as an "excess local revenue" Chapter 49 district by TEA. Accordingly, the District has not been required to exercise one of the wealth equalization options permitted under applicable State law. As a district with local revenue less than the maximum permitted level, the District may benefit in the future by agreeing to accept taxable property or funding assistance from, or agreeing to consolidate with, a property-rich district to enable such district to reduce its wealth per student to the permitted level.

A district's local revenue level must be test for each future school year and, if it exceeds the District's funding entitlements, the District must reduce its local revenue level by the exercise of one of the permitted wealth equalization options. Accordingly, if the District's local revenue level should exceed the District's funding entitlements in future school years, it will be required to exercise one or more of the permitted wealth equalization options. If the District were to consolidate (or consolidate its tax base for all purposes) with a property-poor district, the outstanding debt of each district could become payable from the consolidated district's combined property tax base, and the District's ratio of taxable property to debt could become diluted. If the District were to detach property voluntarily, a portion of its outstanding debt (including the Bonds) could be assumed by the district to which the property is annexed, in which case timely payment of the Bonds could become dependent in part on the financial performance of an annexing district.

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

AD VALOREM TAX PROCEDURES

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

Valuation of Taxable Property

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

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

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

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

State Mandated Homestead Exemptions

State law grants, with respect to each school district in the State, (1) a $25,000 exemption of the appraised value of all homesteads, (2) a $10,000 exemption of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled, and (3) various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty. See "Appendix A – Financial Information of the District – Assessed Valuation" 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 sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The governing body of a school district may not repeal or reduce the amount of the local option homestead exemption described in (1), above, that was in place for the 2014 tax year (fiscal year 2015) for a period ending December 31, 2019. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. See "Appendix A – Financial Information of the District – Assessed Valuation" for the reduction in taxable valuation, if any, attributable to local option homestead exemptions.

State Mandated Freeze on School District Taxes

Except for increases attributable to certain improvements, a school district is prohibited from increasing the total ad valorem tax on the homestead of persons sixty-five (65) years of age or older or of disabled persons above the amount of tax imposed in the year such homestead qualified for such exemption. This freeze is transferable to a different homestead if a qualifying taxpayer moves and, under certain circumstances, is also transferable to the surviving spouse of persons sixty-five (65) years of age or older, but not the disabled. See "Appendix A – Financial Information of the District – Assessed Valuation" for the reduction in taxable valuation attributable to the freeze on taxes for the elderly and disabled.

Personal Property

Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the "production of income" is taxed based on the property's market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property.

Freeport Exemptions

Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication ("Freeport Property") are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property. See "Appendix A – Financial Information of the District – Assessed Valuation" for the reduction in taxable valuation, if any, attributable to Goods-in-Transit or Freeport Property exemptions.

Other Exempt Property

Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property.

Tax Increment Reinvestment Zones

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

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

Tax Limitation Agreements

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

For a discussion of how the various exemptions described above are applied by the District, see "AD VALOREM TAX PROCEDURES – The Property Tax Code as Applied to the District" herein.

District and Taxpayer Remedies

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

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

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

Levy and Collection of Taxes

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

District's Rights in the Event of Tax Delinquencies

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

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

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

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

TAX RATE LIMITATIONS

M&O Tax Rate Limitations

The District is authorized to levy an M&O tax rate pursuant to the approval of the voters of the District at an election held on December 5, 1964 in accordance with the provisions of Article 2784e-1, Texas Revised Civil Statutes Annotated, as amended (Section 45.003, as amended, Texas Education Code).

The 2019 Legislation established the following maximum M&O tax rate per $100 of taxable value that may be adopted by independent school districts, such as the District, for the 2019 and subsequent tax years:

> For the 2019 tax year, the maximum M&O tax rate per $100 of taxable value that may be adopted by a school district is the sum of $0.17 and the product of the State Compression Percentage multiplied by $1.00. For the 2019 tax year, the state compression percentage has been set at 93%.
>
> For the 2020 and subsequent tax years, the maximum maintenance tax rate per $100 of taxable value that may be adopted by an independent school district is the sum of $0.17 and the school district's MCR. The District's MCR is, generally, inversely proportional to the change in taxable property values both within the District and the State, and is subject to recalculation annually. For any year, highest possible MCR for an independent school district is $0.93.

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

I&S Tax Rate Limitations

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

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

Public Hearing and Voter-Approval Tax Rate

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

For the 2019 tax year, a school district is required to adopt its annual tax rate before the later of September 30 or the sixtieth (60th) day after the date the certified appraisal roll is received by the taxing unit, and a failure to adopt a tax rate by such required date will result in the tax rate for the taxing unit being the lower of the "effective tax rate" calculated for that tax year or the tax rate adopted by the taxing unit for the preceding tax year. "Effective tax rate" means the rate that will produce the prior year's total tax levy from the current year's total taxable values, adjusted such that lost values are not included in the calculation of the prior year's taxable values and new values are not included in the current year's taxable values.

For the 2019 tax year, the Voter-Approval Tax Rate for a school district is the sum of (i) the State Compression Percentage, multiplied by $1.00; (ii) the greater of (a) the school district's M&O tax rate for the 2018 tax year, less the sum of (1) $1.00, and (2) any amount by which the school district is required to reduce its Enrichment Tax Rate for the 2019 tax year, or (b) $0.04; and

(iii) the school district's I&S tax rate. For the 2019 tax year, a school district's M&O tax rate may not exceed the rate equal to the sum of (i) $0.17 and (ii) the product of the State Compression Percentage multiplied by $1.00.

For the 2019 tax year, a school district with a Voter-Approval Tax Rate equal to or greater than $0.97 (excluding the school district's current I&S tax rate) may not adopt tax rate for the 2019 tax year that exceeds the school district's Voter-Approval Tax Rate. For the 2019 tax year, the District is not eligible to adopt a tax rate that exceeds its Voter-Approval Tax Rate.

Beginning with the 2020 tax year, a school district is required to adopt its annual tax rate before the later of September 30 or the sixtieth (60th) day after the date the certified appraisal roll is received by the taxing unit, except that a tax rate that exceeds the Voter-Approval Tax Rate must be adopted not later than the seventy-first (71st) day before the next occurring November uniform election date. A school district's failure to adopt a tax rate equal to or less than the Voter-Approval Tax Rate by September 30 or the sixtieth (60th) day after receipt of the certified appraisal roll, will result in the tax rate for such school district for the tax year to be the lower of the "no-new-revenue tax rate" calculated for that tax year or the tax rate adopted by the school district for the preceding tax year. A school district's failure to adopt a tax rate in excess of the Voter-Approval Tax Rate on or prior to the seventy-first (71st) day before the next occurring November uniform election date, will result in the school district adopting a tax rate equal to or less than its Voter-Approval Tax Rate by the later of September 30 or the sixtieth (60th) day after receipt of the certified appraisal roll. "No-new-revenue tax rate" means the rate that will produce the prior year's total tax levy from the current year's total taxable values, adjusted such that lost values are not included in the calculation of the prior year's taxable values and new values are not included in the current year's taxable values.

For the 2020 and subsequent tax years, the Voter-Approval Tax Rate for a school district is the sum of (i) the school district's MCR; (ii) the greater of (a) the school district's Enrichment Tax Rate for the preceding year, less any amount by which the school district is required to reduce its current year Enrichment Tax Rate pursuant to Section 48.202(f), Education Code, as amended, or (b) the rate of $0.05 per $100 of taxable value; and (iii) the school district's current I&S tax rate. However, for only the 2020 tax year, if the governing body of the school district does not adopt by unanimous vote an M&O tax rate at least equal to the sum of the school district's MCR plus $0.05, then $0.04 is substituted for $0.05 in the calculation for such school district's Voter-Approval Tax Rate for the 2020 tax year. For the 2020 tax year, and subsequent years, a school district's M&O tax rate may not exceed the rate equal to the sum of (i) $0.17 and (ii) the school district's MCR (see "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" herein, for more information regarding the State Compression Percentage, MCR, and the Enrichment Tax Rate).

Beginning with the 2020 tax year, the governing body of a school district generally cannot adopt a tax rate exceeding the school district's Voter-Approval Tax Rate without approval by a majority of the voters approving the higher rate at an election to be held on the next uniform election date. Further, subject to certain exceptions for areas declared disaster areas, State law requires the board of trustees of a school district to conduct an efficiency audit before seeking voter approval to adopt a tax rate exceeding the Voter-Approval Tax Rate and sets certain parameters for conducting and disclosing the results of such efficiency audit. An election is not required for a tax increase to address increased expenditures resulting from certain natural disasters in the year following the year in which such disaster occurs; however, the amount by which the increased tax rate exceeds the school district's Voter-Approval Tax Rate for such year may not be considered by the school district in the calculation of its subsequent Voter-Approval Tax Rate.

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

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

Beginning with the 2020 tax year, a school district must annually calculate and prominently post on its internet website, and submit to the county tax assessor-collector for each county in which all or part of the school district is located its Voter-Approval Tax Rate in accordance with forms prescribed by the State Comptroller.

THE PROPERTY TAX CODE AS APPLIED TO THE DISTRICT

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

Property within the District is assessed as of January 1 of each year, taxes become due October 1 of the same year and become delinquent on February 1 of the following year.

The District does not tax personal property not used in the production of income, such as personal automobiles.

The District's taxes are collected by the Tax Assessor Collector.

The District does collect an additional 20% penalty to defray attorney costs in the collection of delinquent taxes over and above the penalty automatically assessed under the Tax Code.

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

The District does not participate in a tax increment financing zone.

The District grants an optional 20% homestead exemption.

The District has not granted the freeport exemption. The District has taken action to tax goods-in-transit.

EMPLOYEE BENEFIT PLANS AND OTHER POST-EMPLOYMENT BENEFITS

The District's employees participate in a retirement plan (the "Plan") with the State. The Plan is administered by the Teacher Retirement System of Texas ("TRS"). State contributions are made to cover costs of the TRS retirement plan up to certain statutory limits. The District is obligated for a portion of TRS costs relating to employee salaries that exceed the statutory limit. Aside from the District's contribution to TRS, the District has no pension fund expenditures or liabilities. For fiscal year ended August 31, 2019, the District made a contribution to TRS on a portion of their employee's salaries that exceeded the statutory minimum. For a discussion of the TRS retirement plan, see "Note 8 – Defined Benefit Pension Plan" in the audited financial statements of the District that are attached hereto as Appendix D (the "Financial Statements").

In addition to its participation in TRS, the District contributes to the Texas Public School Retired Employees Group Insurance Program (the "TRS-Care Retired Plan"), a cost-sharing multiple-employer defined benefit post-employment health care plan. The TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. For more detailed information concerning the District's funding policy and contributions in connection with the TRS-Care Retired Plan, see "Note 9 – Defined Other Post-Employment Benefit Plans" in the audited financial statements of the District that are attached hereto as Appendix D (the "Financial Statements").

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

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

RATING

The Bonds are rated "Aaa" by Moody's Investors Service ("Moody's") based upon the guaranteed repayment thereof under the Permanent School Fund Guarantee Program of the Texas Education Agency. The District's current unenhanced, underlying rating, including the Bonds, is "Aa1" by Moody's. (See "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM– Ratings of Bonds Guaranteed Under the Guarantee Program" herein).

An explanation of the significance of such rating may be obtained from Moody's. The rating of the Bonds by Moody's reflects only the views of said company at the time the rating is given, and the District makes no representations as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time, or that the rating will not be revised downward or withdrawn entirely by Moody's, if, in the judgment of Moody's, circumstances so warrant. Any such downward revision or withdrawal of the ratings, or either of them, may have an adverse effect on the market price or marketability of the Bonds.

LEGAL MATTERS

The delivery of the Bonds is subject to approval of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property in the District, and the approving legal opinion of Holland & Knight LLP, Houston, Texas, Bond Counsel to the District ("Bond Counsel"), to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under section 103(a) of the Internal Revenue Code, subject to the matters described under "TAX MATTERS" herein. The form of Bond Counsel's opinion is attached hereto as Appendix C. The legal fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

Though it represents the Financial Advisor from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the District in connection with the issuance of the Bonds. Except as noted below, Bond Counsel was not requested to participate, and did not take part in the preparation of this Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information appearing under the captions or subcaptions "PLAN OF FINANCING – Refunded Bonds", "THE BONDS" (except for the information included in the subcaptions "Notice of Redemption and DTC Notices","Permanent School Fund Guarantee" and "Payment Record," as to which no opinion is expressed), and "CONTINUING DISCLOSURE OF INFORMATION" (except for the information under the sub-caption "Compliance With Prior Undertakings," as to which no opinion is expressed), and Bond Counsel is of the opinion that the statements and information contained therein fairly and accurately reflect the provisions of the Order; further, Bond Counsel has reviewed the statements and information contained in this Official Statement under the captions and sub-captions "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS," "CURRENT PUBLIC SCHOOL FINANCE SYSTEM", "TAX RATE LIMITATIONS" (first paragraph only), "LEGAL MATTERS", "TAX MATTERS," "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," and "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE," and Bond Counsel is of the opinion that the statements and information contained therein are correct as to matters of law.

The various 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 the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

General

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes. Further, Bond Counsel has expressed no opinion regarding the state tax consequences that may arise with respect to the Bonds.

The Internal Revenue Code of 1986, as amended (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 the interest thereon to be and remain excludable from gross income for federal income tax purposes. Examples include: the requirement that, unless an exception applies, the District rebates certain excess earnings on proceeds and amounts treated as proceeds of the Bonds to the United States Treasury Department; restrictions on the investment of such proceeds and other amounts; and certain restrictions on the ownership and use of the facilities financed or refinanced with the proceeds of the Bonds. The foregoing is not intended to be an exhaustive listing of the post-issuance tax compliance requirements of the Code, but is illustrative of the requirements that must be satisfied subsequent to the issuance of the Bonds to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes. Failure to comply with such requirements may cause the inclusion of interest on the Bonds in the gross income of the holders thereof for federal income tax purposes, retroactive to the date of issuance of the Bonds. The District has covenanted to comply with each such requirement of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The opinion of Bond Counsel is subject to the condition that the District complies with all such requirements. Bond Counsel has not been retained to monitor compliance with the described post-issuance tax requirements subsequent to the issuance of the Bonds.

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code, if enacted into law or otherwise become effective, will not cause the interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent the Bondholders from realizing the full current benefit of the tax status of the interest on the Bonds. During recent years, legislative proposals have been introduced in Congress, and in some cases have been enacted, that have altered or could alter certain federal tax consequences of owning obligations similar to the Bonds. In some cases, these proposals have contained provisions that were to be applied on a retroactive basis. It is possible that legislation could be introduced that, if enacted, could change the federal tax consequences of owning the Bonds and, whether or not enacted, could adversely affect their market value. Prospective purchasers of the Bonds are encouraged to consult their own tax advisors regarding any pending or proposed federal legislation, as to which Bond Counsel expresses no view.

As to certain questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the District and certificates of appropriate officers and public officials (including certifications as to the use of proceeds of the Bonds and of the property financed or refinanced thereby).

Reference is made to the proposed form of the opinion of Bond Counsel attached hereto as "APPENDIX C – Form of Legal Opinion of Bond Counsel".

Alternative Minimum Tax

An alternative minimum tax is imposed by the Code on individuals. Interest on the Bonds will not be treated as an item of tax preference for purposes of the alternative minimum tax. Interest on the Bonds will therefore not be included in the alternative minimum taxable income of individuals.

Original Issue Premium

The Bonds maturing on August 15 in the years 2020 through and including 2034 (collectively, the "Premium Bonds") have been sold to the public at an original issue premium. Section 171(a) of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a Premium Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(a)(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a Premium Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such Premium Bond and not as interest.

The federal income tax treatment of original issue premium under the Code, including the determination of the amount of amortizable bond premium that is allocable to each year, is complicated and holders of Premium Bonds should consult their own tax advisors in order to determine the federal income tax consequences to them of purchasing, holding, selling or surrendering Premium Bonds at their maturity.

Other Tax Consequences

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S Corporations and foreign corporations, individuals entitled to receive the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Prospective purchasers of the Bonds should also be aware that ownership of the Bonds may result in adverse tax consequences under the laws of various states. Bond Counsel has not expressed an opinion regarding the collateral federal income tax consequences that may arise with respect to the Bonds. Further, Bond Counsel has expressed no opinion regarding the state tax consequences that may arise with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors as to the collateral federal income tax and state tax consequences to them of owning the Bonds.

The federal income tax consequences from the purchase, ownership and redemption, sale or other disposition of 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. Holders of Bonds, should consult their own tax advisors with respect to the consequences of owning Bonds, including the effect of such ownership under applicable state and local laws.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds, such as the Bonds, is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Bonds, under certain circumstances, to "backup withholding" at the fourth lowest rate applicable to unmarried individuals with respect to payments on the Bonds and proceeds from the sale of Bonds. Any amounts so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Bonds. This withholding generally applies if the owner of Bonds (i) fails to furnish the paying agent (or other person who would otherwise be required to withhold tax from such payments) such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnishes the paying agent an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the paying agent or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding and the procedures for obtaining exemptions.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Reference is made to the proposed form of the opinion of Bond Counsel attached hereto as "APPENDIX C – Form of Legal Opinion of Bond Counsel" for the complete text thereof.

INVESTMENT POLICIES

Investments

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

Legal Investments

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

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

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

As a school district that qualifies as an "issuer" under Chapter 1371, the District is also authorized to purchase, sell, and invest its funds in corporate bonds, but only if the District has formally amended its investment policy to authorize such investments. Texas law defines "corporate bonds" as senior secured debt obligations issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include a bond that is convertible into stocks or shares in the entity issuing the bond (or an affiliate or subsidy thereof) or any unsecured debt. Corporate bonds must finally mature not later than 3 years from their date of purchase by the school district. A school district may not (1) invest more than 15% of its monthly average fund balance (excluding bond proceeds, reserves, and other funds held for the payment of debt service) in corporate bonds; or (2) invest more than 25% of the funds invested in corporate bonds in any one domestic business entity (including subsidiaries and affiliates thereof). Corporate bonds held by a school district must be sold if they are at any time downgraded below "AA-" (or the equivalent thereof) or, with respect to a corporate bond rated "AA-" (or the equivalent thereof), such corporate bond is placed on negative credit watch.

Investment Policies

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

State law requires the District's investments be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." The District is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

Current Investments

As of November 30, 2019, the District had approximately $332,704,216 (unaudited) invested in public investment pools (which generally operate as a money market equivalent) and $1,693,484 (unaudited) in a checking/interest bearing account at a local bank. The market value of such investments (as determined by the District by reference to published quotations, dealer bids, and comparable information) is approximately 100% of the book value. No funds of the District are invested in derivative securities; i.e., securities whose rate of return is determined by reference to some other instrument, index, or commodity.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE

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

FINANCIAL ADVISOR

SAMCO Capital Markets, Inc. is employed as Financial Advisor to the District to assist in the issuance of the Bonds. In this capacity, the Financial Advisor has compiled certain data relating to the Bonds that is contained in this Official Statement. The Financial Advisor has not independently verified any of the data contained herein or conducted a detailed investigation of the affairs of the District to determine the accuracy or completeness of this Official Statement. Because of its limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fee of the Financial Advisor for services with respect to the Bonds is contingent upon the issuance and sale of the Bonds. In the normal course of business, the Financial Advisor may from time to time sell investment securities to the District for the investment of bond proceeds or other funds of the District upon the request of the District.

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

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Securities Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency. See "RATING" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. 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.

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

CONTINUING DISCLOSURE 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 obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB"). For a description of the continuing disclosure obligations of the TEA, see "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM." The information provided to the MSRB will be available to the public free of charge via the MSRB's Electronic Municipal Market Access System at www.emma.msrb.org.

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB. The information to be updated includes financial information and operating data with respect to the District of the general type included in this Official Statement in Appendix A (such information being the "Annual Operating Report"). The District will additionally provide financial statements of the District (the "Financial Statements"), that will be (i) prepared in accordance with the accounting principles described in Appendix D or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation and shall be in substantially the form included in Appendix D and (ii) audited, if the District commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The District will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 6 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2020. The District may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such Financial Statements is not complete within 6 months after any such fiscal year end, then the District shall file unaudited Financial Statements within such 6-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the “Rule”).

The District's current fiscal year end is August 31. Accordingly, the Annual Operating Report must be provided by the last day of February in each year unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Notice of Certain Events

The District will 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 in accordance with their agreement described above under “Annual Reports”. The District will provide each notice described in this paragraph to the MSRB. In the Order, the District adopted policies and procedures to ensure timely compliance with its continuing disclosure undertakings. Neither the Bonds nor the Order make any provision for debt service reserves, credit enhancement (except for the Permanent School Fund guarantee), or liquidity enhancement.

For these purposes, (a) any event described in clause (12) of in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District, and (6) the District intends the words used in the immediately preceeding clauses (15) and (16) and in the definition of Financial Obligation above to have the meaning as ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

Availability of Information

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

Limitations and Amendments

The District has agreed to update information and to provide notices of certain events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that has been provided except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell 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 of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

Compliance with Prior Undertakings

During the past five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule. Notwithstanding the foregoing, the District’s 2016 Operating Data and 2016 Comprehensive Annual Financial Report (collectively, the "2016 Financial Information") were inadvertently not linked by EMMA to certain CUSIPs of the District’s outstanding Galena Park Independent School District $40,054,474.85 Unlimited Tax School Building and Refunding Bonds, Series 1996 (the “Outstanding Series 1996 Bonds”). On April 6, 2018, EMMA correctly linked the 2016 Financial Information to the CUSIPs for the Outstanding Series 1996 Bonds.

LITIGATION

In the opinion of District officials, except as may be described in this Official Statement, the District is not a party to any litigation or other proceeding pending or to their knowledge threatened, in any court, agency or other administrative body (either state or federal) which, if decided adversely to the District, would have a material adverse effect on the financial condition of the District.

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

FORWARD-LOOKING STATEMENTS

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

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

WINNING BIDDER

After requesting competitive bids for the Bonds, the District accepted the bid of UBS Financial Services Inc. (the "Purchaser" or the "Initial Purchaser") to purchase the Bonds at the interest rates shown on page ii of this Official Statement at a price of par, plus a reoffering premium of $1,543,761.90, less a Purchaser's Discount of $13,373.55, plus accrued interest on the Bonds from their Dated Date to their date of initial delivery. The District can give no assurance that any trading market will be developed for the Bonds after their sale by the District to the Purchaser. The District has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Initial Bonds, the Purchaser will be furnished a certificate, executed by proper officials of the District, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in its Official Statement, and any addenda, supplement or amendment thereto, for the Bonds, on the date of such Official Statement, on the date of sale of said Bonds and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements including financial data, of or pertaining to entities, other than the District, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the District believes to be reliable and the District has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the District, since August 31, 2019, the date of the last financial statements of the District appearing in the Official Statement.

CONCLUDING STATEMENT

No person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer of solicitation.

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which the District considers to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and the Order contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Order. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

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

In the Order, the Board delegated to certain District officials the authority to approve the form and content of this Official Statement and any addenda, supplement or amendment thereto, and the Board authorized its further use in the re-offering of the Bonds by the Purchaser.

/s/ Sonya George

Pricing Officer

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GALENA PARK INDEPENDENT SCHOOL DISTRICT

Schedule I - Schedule of Refunded Bonds

Unlimited Tax School Building Bonds, Series 2010

Maturities Being Redeemed	Original CUSIP	Principal Amount Outstanding	Interest Rate	Principal Amount Being Refunded	Call Date	Principal Amount Unrefunded
8/15/2021	3633343A9	$ 135,000.00	5.000%	$ 135,000.00	August 15, 2020 @ Par	-
8/15/2022	3633343B7	140,000.00	5.000%	140,000.00	August 15, 2020 @ Par	-
8/15/2023	3633343C5	155,000.00	5.000%	155,000.00	August 15, 2020 @ Par	-
8/15/2024	3633343D3	160,000.00	5.000%	160,000.00	August 15, 2020 @ Par	-
8/15/2025	3633343E1	170,000.00	5.000%	170,000.00	August 15, 2020 @ Par	-
8/15/2026	3633343F8	185,000.00	5.000%	185,000.00	August 15, 2020 @ Par	-
8/15/2027	3633343G6	180,000.00	5.000%	180,000.00	August 15, 2020 @ Par	-
8/15/2028	3633343H4	195,000.00	5.000%	195,000.00	August 15, 2020 @ Par	-
8/15/2029	3633343JO	200,000.00	5.000%	200,000.00	August 15, 2020 @ Par	-
8/15/2030	3633343K7	215,000.00	4.000%	215,000.00	August 15, 2020 @ Par	-
8/15/2031	3633343L5	225,000.00	4.125%	225,000.00	August 15, 2020 @ Par	-
8/15/2032	3633343M3	235,000.00	4.125%	235,000.00	August 15, 2020 @ Par	-
8/15/2033	3633343N1	7,230,000.00	4.250%	7,230,000.00	August 15, 2020 @ Par	-
8/15/2034	3633343P6	6,480,000.00	4.375%	6,480,000.00	August 15, 2020 @ Par	-
		$ 15,905,000.00		$ 15,905,000.00		$ -

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APPENDIX A

FINANCIAL INFORMATION OF THE DISTRICT

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GALENA PARK INDEPENDENT SCHOOL DISTRICT

Financial Information

ASSESSED VALUATION (1)

2019/20 Total Valuation………		$ 11,112,620,571
Less Exemptions & Deductions (2):		
State Homestead Exemption	$ 309,290,870	
State Over-65 Exemption	40,327,139	
100% Disabled or Employable Veterans Homestead Exemption	8,997,440	
Local Optional Over-65 Exemption Loss	24,143,327	
Local Optional Exemption	283,376,372	
Veterans Exemption	2,083,003	
Surviving Spouse 100% Disable Veteran	344,340	
Pollution Control	232,496,032	
Productivity Loss	13,340,247	
Solar and Wind Exemption	51,263	
Disabled Veteran Donated Residence Homestead Exemption	89,547	
Prorations & Other Partial Exemptions	84,712	
Homestead Cap Loss	146,131,604	
	$ 1,060,755,896	
2019/20 Net Taxable Valuation ………		$ 10,051,864,675

(1) Source: Comptroller of Public Accounts - Property Tax Division. The passage of a Texas constitutional amendment that is on the ballot in the November 3, 2015 election would increase the homestead exemption from $15,000 to $25,000. See "AD VALOREM TAX PROCEDURES -- Residential Homestead Exemptions" in the Official Statement.
(2) Excludes the values on which property taxes are frozen for persons 65 years of age or older and disabled taxpayers which totaled $74,866,471 in 2019/20.

VOTED GENERAL OBLIGATION DEBT

Unlimited Tax Bonds Outstanding (1)		$ 384,789,757
Less: The Refunded Bonds		(15,905,000)
Plus: The Bonds		14,850,000
Total Unlimited Tax Bonds (1)		$ 383,734,757
Less: Interest & Sinking Fund Balance (As of August 31, 2019) (2)		(10,442,380)
Net General Obligation Debt		$ 373,292,377
Ratio of Net G.O. Debt to Net Taxable Valuation (3)	3.71%	
2019 Population Estimate (4)	84,338	
Per Capita Net Taxable Valuation	$119,185	
Per Capita Net G.O. Debt	$4,426	

(1) Excludes the interest accreted on outstanding capital appreciation bonds.
(2) Source: Galena Park ISD Audited Financial Statement.
(3) See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the Official Statement and "DEBT SERVICE REQUIREMENTS" and "OTHER OBLIGATIONS" in this appendix and see the "Audited Financial Report Fiscal Year Ended August 31, 2019" in Appendix D for more information relative to the District's outstanding obligations.
(4) Source: Municipal Advisory Council of Texas.

PROPERTY TAX RATES AND COLLECTIONS

Fiscal Year	Net Taxable Valuation (1)	Tax Rate	% Collections (3) Current (4)	Total (4)
2006/07	$ 4,285,048,074	$ 1.7150	97.56%	100.38%
2007/08	4,895,335,935	1.4309 (5)	98.12%	100.69%
2008/09	5,522,164,939	1.4559	97.50%	99.37%
2009/10	5,760,037,347	1.4784	97.35%	99.33%
2010/11	5,529,155,987	1.5134	98.27%	101.08%
2011/12	5,574,094,432	1.5134	98.74%	101.37%
2012/13	6,310,996,787	1.5134	98.53%	99.70%
2013/14	6,458,013,104	1.5134	98.63%	100.04%
2014/15	7,506,397,132	1.5134	97.44%	98.39%
2015/16	7,969,228,194 (2)	1.5134	98.37%	100.99%
2016/17	8,291,803,545	1.5633	98.17%	99.45%
2017/18	8,581,755,236	1.5633	98.22%	100.16%
2018/19	8,589,554,373	1.5733	98.58%	100.65%
2019/20	10,051,864,675	1.4717 (6)	(In Process of Collection)	

(1) Source: Comptroller of Public Accounts - Property Tax Division.
(2) The passage of a Texas constitutional amendment on November 3, 2015 election increased the homestead exemption from $15,000 to $25,000.
(3) Source: Galena Park ISD Audited Financial Statements.
(4) Excludes penalties and interest.
(5) The declines in the District's Maintenance & Operation Tax for the 2006/07 and 2007/08 fiscal years are a function of House Bill 1 adopted by the Texas Legislature in May 2006. See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the Official Statement.
(6) The decline in the District's Maintenance & Operation Tax from the 2018/19 fiscal year to the 2019/20 fiscal year is a function of House Bill 3 adopted by the Texas Legislature in June 2019. See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in Official Statement.

TAX RATE DISTRIBUTION [(1)]

	2015/16	2016/17	2017/18	2018/19	2019/20 [(2)]
Maintenance & Operations	$1.2433	$1.2433	$1.2433	$1.2433	$1.1417
Debt Service	$0.2701	$0.3200	$0.3200	$0.3300	$0.3300
Total Tax Rate	$1.5134	$1.5633	$1.5633	$1.5733	$1.4717

(1) On September 15, 2012, the District successfully held a tax ratification election.
(2) The decline in the District's Maintenance & Operations Tax from the 2018/19 fiscal year to the 2019/20 fiscal year is a function of House Bill 3 adopted by the Texas Legislature in June 2019.

VALUATION AND FUNDED DEBT HISTORY

Fiscal Year	Net Taxable Valuation	Bond Debt Outstanding [(1)]	Ratio Debt to A.V. [(2)]
2006/07	$4,285,048,074	$224,197,048	5.23%
2007/08	4,895,335,935	234,075,886	4.78%
2008/09	5,522,164,939	225,607,489	4.09%
2009/10	5,760,037,347	233,313,259	4.05%
2010/11	5,529,155,987	223,176,488	4.04%
2011/12	5,574,094,432	215,357,980	3.86%
2012/13	6,310,996,787	205,045,212	3.25%
2013/14	6,458,013,104	195,248,669	3.02%
2014/15	7,506,397,132	177,169,349	2.36%
2015/16	7,969,228,194	165,657,534	2.08%
2016/17	8,291,803,545	233,395,033	2.81%
2017/18	8,581,755,236	305,535,509	3.56%
2018/19	8,589,554,373	292,029,757	3.40%
2019/20	10,051,864,675	368,848,149 [(3)]	3.67%

(1) Excludes interest accreted on outstanding capital appreciation bonds.
(2) See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the Official Statement, and "DEBT SERVICE REQUIREMENTS" in this Appendix and see the "Audited Financial Report Fiscal Year Ended August 31, 2019" in Appendix D for more information.
(3) Includes the Bonds and excludes the Refunded Bonds.

ESTIMATED OVERLAPPING DEBT STATEMENT

Taxing Body	Amount	Percent Overlapping	Amount Overlapping
Galena Park, City of	$ 560,000	100.00%	$ 560,000
Harris Co	1,230,047,125	2.01%	24,723,947
Harris Co Dept of Ed	6,320,000	2.01%	127,032
Harris Co Flood Control	83,075,000	2.01%	1,669,808
Harris Co FWSD #47	4,920,000	21.98%	1,081,416
Harris Co FWSD #51	8,555,000	100.00%	8,555,000
Harris Co Hosp Dist	55,005,000	2.01%	1,105,601
Harris Co Improvement Dist #15	4,075,000	58.02%	2,364,315
Harris Co MUD #8	2,795,000	100.00%	2,795,000
Harris Co MUD #53	9,185,000	24.62%	2,261,347
Harris Co MUD #285	58,745,000	64.26%	37,749,537
Harris Co MUD #421	3,150,000	30.14%	949,410
Harris Co Toll Road	-	2.01%	-
Harris Co WC&ID #36	8,925,000	100.00%	8,925,000
Houston, City of	3,522,544,525	0.30%	10,567,634
Jacinto City, City of	511,775	38.03%	194,628
Port of Houston Auth	572,569,397	2.01%	11,508,645
San Jacinto CCD	480,440,414	16.24%	78,023,523
Total Overlapping Debt [(1)]			$ 193,161,842
Galena Park Independent School District [(2)]			373,292,377
Total Direct & Overlapping Debt [(2)]			$ 566,454,218
Ratio of Net Direct & Overlapping Debt to Net Taxable Valuation		5.64%	
Per Capita Direct & Overlapping Debt		$6,716	

(1) Equals gross debt less self-supporting debt.
(2) Includes the Bonds and excludes the Refunded Bonds. Excludes the accreted value of outstanding capital appreciation bonds.

Source: Municipal Advisory Council of Texas. The District has not independently verified the accuracy or completeness of such information (except for the amounts relating to the District), and no person should rely upon such information as being accurate or complete.

PRINCIPAL TAXPAYERS

2019/20 Top Ten Taxpayers [1]

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Oil Tanking Houston Inc.	Industrial	$ 575,064,868	5.72%
Houston Fuel Oil	Oil & Gas	470,300,131	4.68%
Kinder Morgan	Oil & Gas	392,468,527	3.90%
Magellan Terminal Holdings	Industrial	381,264,714	3.79%
Helmerich & Payne, Inc.	Industrial	358,660,665	3.57%
Enterprise Terminalling LLC	Oil & Gas	246,891,680	2.46%
Shell Oil Co.	Oil & Gas	229,800,998	2.29%
Stolt Nielsen Inc.	Oil & Gas	214,309,755	2.13%
Chevron Chemical Co.	Oil & Gas	167,491,200	1.67%
Targa Midstream	Oil & Gas	155,192,735	1.54%
		$ 3,191,445,273	31.75%

2018/19 Top Ten Taxpayers [1]

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Oil Tanking Houston Inc.	Industrial	$ 406,344,723	4.73%
Helmerich & Payne, Inc.	Industrial	324,746,059	3.78%
Enterprise Terminalling LLC	Oil & Gas	251,942,452	2.93%
Shell Oil Co.	Oil & Gas	237,365,895	2.76%
Kinder Morgan	Oil & Gas	225,013,552	2.62%
Houston Fuel Oil	Oil & Gas	214,688,868	2.50%
Magellan Terminal Holdings	Industrial	205,313,972	2.39%
Higman Barge Lines Inc (FKA Maryland Marine)	Industrial	139,873,309	1.63%
Targa Midstream	Oil & Gas	132,172,231	1.54%
Stolt Nielsen Inc.	Oil & Gas	123,040,282	1.43%
		$ 2,260,501,343	26.32%

2017/18 Top Ten Taxpayers [2]

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Oil Tanking Houston Inc.	Industrial	$ 403,174,767	4.70%
Helmerich & Payne, Inc.	Industrial	397,282,275	4.63%
Higman Barge Lines Inc (FKA Maryland Marine)	Industrial	349,405,094	4.07%
Kinder Morgan	Oil & Gas	271,634,445	3.17%
Epik Terminaling	Oil & Gas	264,527,091	3.08%
Magellan Terminal Holdings	Industrial	192,829,614	2.25%
Houston Fuel Oil	Oil & Gas	174,808,439	2.04%
Chevron Chemical Co.	Oil & Gas	144,156,670	1.68%
Targa Midstream	Oil & Gas	134,978,521	1.57%
Shell Oil Co.	Oil & Gas	134,749,386	1.57%
		$ 2,467,546,302	28.75%

(1) Source: Harris County Appraisal District.
(2) Source: Comptroller of Public Accounts - Property Tax Division and the Municipal Advisory Council of Texas.

CLASSIFICATION OF ASSESSED VALUATION BY USE CATEGORY [1]

Category		2019/20	% of Total		2018/19	% of Total		2017/18	% of Total
Real, Residential, Single-Family	$	2,294,114,037	20.64%	$	1,951,348,131	20.38%	$	1,929,379,632	19.95%
Real, Residential, Multi-Family		387,197,325	3.48%		328,140,180	3.43%		281,334,737	2.91%
Real, Vacant Lots/Tracts		94,995,909	0.85%		78,836,246	0.82%		68,975,740	0.71%
Real, Acreage		13,396,928	0.12%		14,094,661	0.15%		11,970,947	0.12%
Real, Farm & Ranch Improvements		19,086,629	0.17%		22,405,199	0.23%		22,004,786	0.23%
Real, Commercial & Industrial		4,403,994,814	39.63%		3,243,961,243	33.88%		3,178,060,006	32.86%
Oil & Gas		8,087,900	0.07%		9,964,040	0.10%		10,031,890	0.10%
Utilities		145,618,506	1.31%		133,147,783	1.39%		129,731,323	1.34%
Tangible Personal, Commercial		420,847,175	3.79%		604,011,960	6.31%		880,773,906	9.11%
Tangible Personal, Industrial		3,311,803,979	29.80%		3,177,329,752	33.18%		3,147,405,719	32.54%
Tangible Personal, Mobile Homes & Other		10,591,283	0.10%		10,000,316	0.10%		9,825,948	0.10%
Tangible Personal, Residential Inventory		-	0.00%		7,500	0.00%		-	0.00%
Special Inventory		2,886,086	0.03%		2,766,306	0.03%		2,632,963	0.03%
Total Appraised Value	$	11,112,620,571	100.00%	$	9,576,013,317	100.00%	$	9,672,127,597	100.00%
Less:									
Homestead Cap Adjustment	$	146,131,604		$	44,165,298		$	95,161,460	
Productivity Loss		13,340,247			14,035,170			11,906,905	
Exemptions		901,284,045			928,258,476			983,303,996	
Total Exemptions/Deductions [2]	$	1,060,755,896		$	986,458,944		$	1,090,372,361	
Net Taxable Assessed Valuation	$	10,051,864,675		$	8,589,554,373		$	8,581,755,236	

Category		2016/17	% of Total		2015/16	% of Total		2014/15	% of Total
Real, Residential, Single-Family	$	1,813,318,318	19.38%	$	1,602,764,914	18.08%	$	1,440,083,841	17.60%
Real, Residential, Multi-Family		268,224,375	2.87%		253,968,036	2.86%		228,642,322	2.79%
Real, Vacant Lots/Tracts		79,418,666	0.85%		65,951,980	0.74%		64,530,792	0.79%
Real, Acreage		10,504,623	0.11%		10,310,639	0.12%		7,150,663	0.09%
Real, Farm & Ranch Improvements		18,811,389	0.20%		21,435,365	0.24%		22,184,730	0.27%
Real, Commercial & Industrial		2,876,300,183	30.73%		2,636,492,565	29.74%		2,191,154,568	26.78%
Oil & Gas		7,085,920	0.08%		10,798,010	0.12%		14,315,290	0.17%
Utilities		131,090,620	1.40%		123,168,676	1.39%		124,572,247	1.52%
Tangible Personal, Commercial		641,178,144	6.85%		678,833,165	7.66%		615,664,694	7.52%
Tangible Personal, Industrial		3,498,994,095	37.39%		3,448,681,187	38.90%		3,462,315,393	42.31%
Tangible Personal, Mobile Homes & Other		9,337,547	0.10%		9,236,372	0.10%		8,672,667	0.11%
Tangible Personal, Residential Inventory		1,779,139	0.02%		2,166,328	0.02%		895,270	0.01%
Special Inventory		2,396,859	0.03%		2,682,458	0.03%		2,409,256	0.03%
Total Appraised Value	$	9,358,439,878	100.00%	$	8,866,489,695	100.00%	$	8,182,591,733	100.00%
Less:									
Homestead Cap Adjustment	$	102,657,471		$	55,418,437		$	20,340,360	
Productivity Loss		10,440,767			10,244,827			7,102,765	
Exemptions		953,538,095			831,598,237	(3)		648,751,476	
Total Exemptions/Deductions [2]	$	1,066,636,333		$	897,261,501		$	676,194,601	
Net Taxable Assessed Valuation	$	8,291,803,545		$	7,969,228,194		$	7,506,397,132	

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

PRINCIPAL REPAYMENT SCHEDULE

Fiscal Year Ending 8/31	Outstanding Bonds [1]	Less: Refunded Bonds	Plus: The Bonds	Total [1]	Bonds Unpaid At Year End	Percent of Principal Retired
2020	$ 14,701,608.00	$ -	$ 185,000.00	$ 14,886,608.00	$ 368,848,148.50	3.88%
2021	16,036,758.40	135,000.00	290,000.00	16,191,758.40	352,656,390.10	8.10%
2022	15,925,716.00	140,000.00	200,000.00	15,985,716.00	336,670,674.10	12.26%
2023	17,475,063.00	155,000.00	110,000.00	17,430,063.00	319,240,611.10	16.81%
2024	18,120,673.20	160,000.00	115,000.00	18,075,673.20	301,164,937.90	21.52%
2025	18,813,767.20	170,000.00	120,000.00	18,763,767.20	282,401,170.70	26.41%
2026	19,540,023.25	185,000.00	135,000.00	19,490,023.25	262,911,147.45	31.49%
2027	14,488,399.55	180,000.00	130,000.00	14,438,399.55	248,472,747.90	35.25%
2028	14,761,442.35	195,000.00	140,000.00	14,706,442.35	233,766,305.55	39.08%
2029	15,075,939.65	200,000.00	140,000.00	15,015,939.65	218,750,365.90	42.99%
2030	15,360,710.00	215,000.00	155,000.00	15,300,710.00	203,449,655.90	46.98%
2031	15,642,528.45	225,000.00	165,000.00	15,582,528.45	187,867,127.45	51.04%
2032	15,262,127.45	235,000.00	175,000.00	15,202,127.45	172,665,000.00	55.00%
2033	28,035,000.00	7,230,000.00	6,835,000.00	27,640,000.00	145,025,000.00	62.21%
2034	26,620,000.00	6,480,000.00	5,955,000.00	26,095,000.00	118,930,000.00	69.01%
2035	15,185,000.00			15,185,000.00	103,745,000.00	72.96%
2036	15,760,000.00			15,760,000.00	87,985,000.00	77.07%
2037	16,375,000.00			16,375,000.00	71,610,000.00	81.34%
2038	16,965,000.00			16,965,000.00	54,645,000.00	85.76%
2039	17,575,000.00			17,575,000.00	37,070,000.00	90.34%
2040	18,205,000.00			18,205,000.00	18,865,000.00	95.08%
2041	18,865,000.00			18,865,000.00	-	100.00%
Total	$ 384,789,756.50	$ 15,905,000.00	$ 14,850,000.00	$ 383,734,756.50		

(1) Excludes the accreted value of outstanding capital appreciation bonds.

OTHER OBLIGATIONS

Fiscal Year Ending 8/31	Maintenance Tax Notes (QZAB), Series 2003		
	Principal	Interest	Total
2020	$ 8,000,000.00	$ 9,995.56	$ 8,009,995.56
Total	$ 8,000,000.00	$ 9,995.56	$ 8,009,995.56

DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8/31	Outstanding Debt Service [1]	Less: Refunded Bonds	Plus: The Bonds [2] Principal	Interest	Total	Combined Total [1] [2] [3]
2020	$ 32,893,654.19	$ 347,175.00	$ 185,000.00	$ 161,100.00	$ 346,100.00	$ 32,892,579.19
2021	33,659,562.52	829,350.00	290,000.00	474,050.00	764,050.00	33,594,262.52
2022	34,646,987.52	827,600.00	200,000.00	459,550.00	659,550.00	34,478,937.52
2023	35,638,337.52	835,600.00	110,000.00	449,550.00	559,550.00	35,362,287.52
2024	35,636,537.52	832,850.00	115,000.00	444,050.00	559,050.00	35,362,737.52
2025	35,639,037.52	834,850.00	120,000.00	438,300.00	558,300.00	35,362,487.52
2026	35,637,175.02	841,350.00	135,000.00	432,300.00	567,300.00	35,363,125.02
2027	35,635,912.52	827,100.00	130,000.00	425,550.00	555,550.00	35,364,362.52
2028	35,637,637.52	833,100.00	140,000.00	419,050.00	559,050.00	35,363,587.52
2029	35,639,887.52	828,350.00	140,000.00	412,050.00	552,050.00	35,363,587.52
2030	35,636,775.00	833,350.00	155,000.00	405,050.00	560,050.00	35,363,475.00
2031	35,637,437.50	834,750.00	165,000.00	397,300.00	562,300.00	35,364,987.50
2032	35,636,168.76	835,468.76	175,000.00	390,700.00	565,700.00	35,366,400.00
2033	34,464,137.50	7,820,775.00	6,835,000.00	383,700.00	7,218,700.00	33,862,062.50
2034	32,020,487.50	6,763,500.00	5,955,000.00	178,650.00	6,133,650.00	31,390,637.50
2035	19,552,556.26					19,552,556.26
2036	19,555,837.50					19,555,837.50
2037	19,548,250.00					19,548,250.00
2038	19,550,400.00					19,550,400.00
2039	19,550,050.00					19,550,050.00
2040	19,546,300.00					19,546,300.00
2041	19,548,350.00					19,548,350.00
	$ 660,911,479.39	$ 24,925,168.76	$ 14,850,000.00	$ 5,870,950.00	$ 20,720,950.00	$ 656,707,260.63

(1) Includes the accreted value of outstanding capital appreciation bonds.
(2) Includes accrued interest in the amount of $45,645.00.
(3) Based on its wealth per student, the District expects to receive approximately $283,255 of state financial assistance for the payment of debt service for the fiscal year 2019/20. The amount of state financial assistance, if any, may differ substantially each year depending on a variety of factors, including the amount, if any, appropriated for that purpose by the state legislature and a school district's wealth per student. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the Official Statement.

TAX ADEQUACY WITH RESPECT TO THE DISTRICT'S BONDS

Projected Maximum Debt Service Requirement [1]	$	35,366,400.00
Projected State Financial Assistance for Hold Harmless of Increased Homestead Exemption [2]		283,255.00
Projected Net Debt Service Requirement [1] [2]	$	35,083,145.00
$0.35614 Tax Rate @ 98% Collections Produces	$	35,083,144.95
2019/20 Certified Net Taxable Assessed Valuation	$	10,051,864,675

(1) Includes the Bonds and excludes the Refunded Bonds. Includes interest accreted on outstanding capital appreciation bonds.
(2) The amount of state financial assistance for debt service, if any, may differ substantially each year depending on a variety of factors, including the amount, if any, appropriated for that purpose by the state legislature and a school district's wealth per student. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the Official Statement. The District will not receive any Instructional Facilities Allotment nor Existing Debt Allotment state aid in 2019/20, but will receive additional state aid for the increase in the homestead exemption which took effect in 2015/16.

AUTHORIZED BUT UNISSUED BONDS

The District does not have any authorized but unissued unlimited ad valorem tax bonds. The District may incur other financial obligations payable from its collection of taxes and other sources of revenue, including maintenance tax notes payable from its collection of maintenance taxes, public property finance contractual obligations, delinquent tax notes, and leases for various purposes payable from State appropriations and surplus maintenance taxes.

COMPARATIVE STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES (1)

	Fiscal Year Ended August 31				
	2015	**2016**	**2017**	**2018**	**2019**
Beginning Fund Balance	**$ 100,045,703**	**$ 122,741,313**	**$ 138,319,826**	**$ 145,800,878**	**$ 153,104,931**
Revenues:					
Local and Intermediate Sources	$ 92,077,923	$ 102,583,906	$ 102,963,022	$ 105,806,377	$ 112,477,669
State Program Revenues	118,047,029	110,007,247	103,124,625	105,103,775	108,009,147
Federal Sources & Other	1,676,335	2,855,646	3,712,784	4,139,554	6,704,976
Total Revenues	**$ 211,801,287**	**$ 215,446,799**	**$ 209,800,431**	**$ 215,049,706**	**$ 227,191,792**
Expenditures:					
Instruction	$ 107,088,009	$ 112,544,711	$ 113,171,760	$ 115,986,516	$ 115,506,266
Instructional Resources & Media Services	2,203,213	2,432,634	2,425,513	2,491,641	2,462,602
Curriculum and Instruction Staff	2,461,063	2,468,658	2,688,329	2,695,463	4,447,989
Instructional Leadership	4,480,430	4,674,886	5,305,626	5,714,129	5,905,690
School Leadership	11,918,584	13,065,837	13,755,434	14,617,490	15,304,401
Guidance, Counseling & Evaluation Services	6,446,804	7,001,756	6,925,027	7,287,911	7,320,474
Social Work Services	463,115	745,692	693,915	503,214	525,094
Health Services	1,578,745	1,619,028	1,660,071	1,625,495	1,725,193
Student (Pupil) Transportation	5,484,675	6,811,920	9,599,197	8,490,837	7,975,618
Food Services	1	-	4,338	3,279	-
Extracurricular Activities	3,656,358	3,797,755	4,062,026	4,037,071	4,050,165
General Administration	7,353,318	7,625,962	8,280,820	8,298,551	8,911,109
Facilities Maintenance and Operations	26,628,605	25,011,521	23,784,356	25,734,510	26,893,734
Security and Monitoring Services	2,555,775	2,588,012	2,480,503	2,564,646	2,999,075
Data Processing Services	3,799,088	3,294,312	3,530,105	3,918,290	3,720,747
Community Services	742,809	744,753	865,132	891,407	956,110
Debt Service - Principal on Long Term Debt	731,519	731,519	344,959	344,959	344,959
Debt Service - Interest on Long Term Debt	62,400	53,695	10,400	10,400	10,400
Debt Service - Bond Issuance Cost and Fees	3,098	2,310	2,310	2,310	2,310
Capital Outlay	669,208	3,817,722	1,878,867	1,716,391	3,910,656
Payments to Appraisal District	-	-	-	-	978,581
Other Intergovernmental Charges	857,019	908,466	937,503	936,346	-
Total Expenditures	**$ 189,183,836**	**$ 199,941,149**	**$ 202,406,191**	**$ 207,870,856**	**$ 213,951,173**
Excess (Deficiency) of Revenues over Expenditures	$ 22,617,451	$ 15,505,650	$ 7,394,240	$ 7,178,850	$ 13,240,619
Other Resources and (Uses):					
Sale of Real and Personal Property	$ 78,159	$ 72,863	$ 86,812	$ 125,203	$ 127,633
Total Other Resources (Uses)	**$ 78,159**	**$ 72,863**	**$ 86,812**	**$ 125,203**	**$ 127,633**
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	$ 22,695,610	$ 15,578,513	$ 7,481,052	$ 7,304,053	$ 13,368,252
Ending Fund Balance	**$ 122,741,313**	**$ 138,319,826**	**$ 145,800,878**	**$ 153,104,931**	**$ 166,473,183**

(1) See "MANAGEMENT'S DISCUSSION AND ANALYSIS" in Appendix D and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in the Official Statement.

CHANGE IN NET ASSETS [(1)]

	Fiscal Year Ended August 31				
	2015	2016	2017	2018	2019
Revenues:					
Program Revenues:					
Charges for Services	$ 4,348,533	$ 4,674,105	$ 4,524,800	$ 4,590,237	$ 3,812,074
Operating Grants and Contributions	34,844,417	29,381,400	41,428,025	4,022,067	56,560,228
General Revenues:					
Property Taxes Levied for General Purposes	92,693,999	99,623,240	101,040,592	100,958,055	105,568,521
Property Taxes Levied for Debt Service	20,090,243	21,681,371	26,004,024	25,942,351	28,047,472
State Aid - Formula Grants	111,798,949	102,779,386	94,400,991	95,110,955	98,146,037
Grants and Contributions Not Restricted	69,486	23,999	-	208,171	2,800
Investment Earnings	206,950	687,509	2,446,240	4,561,526	6,680,051
Miscellaneous	298,220	294,298	201,980	567,982	247,447
	$ 264,350,797	$ 259,145,308	$ 270,046,652	$ 235,961,344	$ 299,064,630
Expenses:					
Instruction	$ 118,671,778	$ 119,286,904	$ 134,569,316	$ 89,827,768	$ 144,116,946
Instruction Resources & Media Services	2,484,130	2,753,916	2,817,371	2,087,229	3,111,190
Curriculum & Staff Development	5,049,277	5,432,709	5,961,598	3,917,357	8,429,223
Instructional Leadership	5,446,409	5,758,176	6,087,473	4,294,280	7,174,319
School Leadership	12,226,016	13,720,730	14,360,951	10,122,707	17,162,560
Guidance, Counseling & Evaluation Services	6,971,684	7,635,301	7,940,012	4,917,424	8,717,168
Social Work Services	533,315	696,048	904,579	957,290	1,096,919
Health Services	1,745,665	1,828,426	1,884,102	1,218,718	2,187,509
Student Transportation	6,060,314	6,478,596	8,491,227	6,699,179	9,786,986
Food Service	13,898,421	15,007,128	13,964,364	14,918,286	18,079,109
Extracurricular Activities	4,956,638	5,424,069	5,100,028	4,500,283	5,570,196
General Administration	7,523,092	7,914,425	8,507,836	6,280,175	9,792,793
Plant, Maintenance & Operations	28,066,758	27,253,373	24,949,307	25,533,455	32,437,582
Security and Monitoring Services	2,572,674	2,568,194	2,488,235	2,481,646	3,105,078
Data Processing Services	3,177,492	3,815,141	3,805,769	3,534,658	4,355,431
Community Services	1,389,389	1,411,317	1,635,714	1,153,291	1,855,894
Debt Service - Interest on Long-term Debt	10,832,510	10,967,667	12,766,645	13,201,974	16,512,159
Debt Service - Bond Issuance Cost and Fees	-	-	1,757,777	148,891	9,810
Facilities Acquisition and Construction	97,650	2,170,865	1,700,855	7,705,066	-
Other Facility Costs	-	-	-	-	5,596,260
Payments to Appraisal District	857,019	908,466	937,503	936,346	978,581
Total Expenditures	$ 232,560,231	$ 241,031,451	$ 260,630,662	$ 204,436,023	$ 300,075,713
Change in Net Assets	$ 31,790,566	$ 18,113,857	$ 9,415,990	$ 31,525,321	$ (1,011,083)
Beginning Net Assets	$ 121,218,912	$ 123,928,637	$ 142,042,494	$ 151,075,930	$ 41,277,067
Prior Period Adjustment	$ (29,080,841) [(2)]	$ -	$ (382,554)	$ (141,324,184) [(3)]	$ -
Ending Net Assets	$ 123,928,637	$ 142,042,494	$ 151,075,930	$ 41,277,067	$ 40,265,984

(1) The foregoing information represents government-wide financial information provided in accordance with GASB 34, which the District adopted for the 2002 fiscal year.
(2) The prior period adjustment is from the District implementing GASB Statement No. 68 Accounting and Financial Reporting for Pensions.
(3) The prior period adjustment is from the District implementing GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.

APPENDIX B

GENERAL INFORMATION REGARDING THE DISTRICT AND ITS ECONOMY

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GENERAL INFORMATION REGARDING
GALENA PARK INDEPENDENT SCHOOL DISTRICT, CITY OF GALENA PARK, TEXAS, AND
HARRIS COUNTY, TEXAS

GENERAL AND ECONOMIC INFORMATION

The Galena Park Independent School District (the "District") is located in southeastern Harris County, Texas and includes the City of Galena Park, Texas and a portion of the City of Jacinto City, Texas. The unincorporated communities of Greens Bayou, Woodland Acres, Cloverleaf Addition, and a small portion of the City of Houston, Texas are also within the boundaries of the District. The District is located in the heart of the Houston Ship Channel industrial area, and the majority of the labor force is employed at nearby chemical plants and oil refineries.

SCHOLASTIC INFORMATION

The District offers a fully accredited and comprehensive educational program. The District is accredited by the Accreditation Division of the Texas Education Agency on a K-12 basis. Presently two high schools, one freshman center, one sophomore center, one senior high, four middle schools, one 6th grade campus and fifteen elementary schools serve the District. The District's current personnel total 3,255 of which 1,791 are certified.

In addition to the core curriculum courses, the District offers a diversity of enrichment programs including:

Four foreign languages - Spanish, French, German and Latin

Honors courses at both middle and high schools and Advanced Placement courses at both high schools

Gifted/Talented programs

Career and Technology Education

Air Force Junior Reserve Officer Training Corp. and LOTC

English as a Second Language (ESL)

Special Education for eligible students

Media – Print and Television

Fine Arts – Art, Band, Choir, Dance and Theater

University Interscholastic League Academics and Sports

Research and Development

Science Courses

Sports Medicine

Robotics

PRESENT SCHOOL PLANTS

A description of the present school facilities is as follows:

School	Capacity	Grades Provided	Current Enrollment	Teachers	Others [(a)]	Aides	Admin.
Cimmarron Elementary	916	K-5	745	42	9	9	2
Cloverleaf Elementary	968	K-5	810	45	8	7	3
Galena Park Elementary	700	K-5	582	37	9	9	2
Green Valley Elementary	865	K-5	689	45	10	11	2
Harvard Elementary	950	K-5	652	42	11	7	2
Jacinto City Elementary	849	K-5	700	42	10	12	2
MacArthur Elementary	638	K-5	672	40	10	9	2
Normandy Crossing Elementary	898	K-5	656	41	10	6	3
North Shore Elementary	920	K-5	1,002	56	10	11	3
Purple Sage Elementary	922	K-5	559	35	9	8	2
Pyburn Elementary	572	K-5	594	37	9	8	2
Sam Houston Elementary	850	K-5	803	47	10	9	3
Tice Elementary	786	K-5	716	40	10	6	2
Williamson (Freedom) Elementary	850	K-5	685	43	11	13	2
Woodland Acres Elementary	499	K-5	459	30	7	5	2
Cobb 6th Grade Campus	1,200	6	1,253	75	7	9	4
Cunningham Middle School	1,354	7-8	986	63	6	6	4
Galena Park Middle School	1,093	6-8	1,104	66	6	6	4
North Shore Middle School	1,734	7-8	1,351	89	8	8	4
Woodland Acres Middle School	560	6-8	546	39	7	5	3
Early College High School	102	9-12	487	15	2	0	2
Galena Park High School	1,789	9-12	1,813	115	16	11	8
North Shore Ninth Grade Center	1,918	9	1,151	75	12	12	4
North Shore 10th Grade Center	1,200	10	1,173	45	11	7	4
North Shore Senior High School	4,134	11-12	2,228	143	14	15	11
Zotz Education Center				28	4	3	4
JJAEP [(b)]			12				
Galena Park I.S.D. Childcare Center	95	0-3 years	77	0	0	15	1
PEP Child Development	45	0-3 years	27	0	0	7	1
Total	**27,407**		**22,532**	**1,375**	**236**	**234**	**88**

[(a)] *Includes counselors, librarians, nurses, diagnosticians and psychologists.*
[(b)] *Alternative Education facility students of the District attend Region 4 facilities at the District's expense.*

STUDENT ENROLLMENT BY GRADES

Grade	2019/20	2018/19	2017/18	2016/17	2015/16
E.C.	75	67	61	47	58
Pre-K	1,042	998	999	893	880
K	1,397	1,421	1,389	1,489	1,479
1	1,528	1,476	1,620	1,593	1,715
2	1,493	1,550	1,578	1,699	1,758
3	1,574	1,523	1,680	1,741	1,695
4	1,553	1,623	1,703	1,677	1,631
5	1,662	1,686	1,681	1,606	1,575
6	1,810	1,733	1,663	1,673	1,692
7	1,744	1,672	1,654	1,758	1,650
8	1,690	1,674	1,766	1,716	1,701
9	1,733	1,751	1,710	1,739	1,708
10	1,767	1,715	1,703	1,749	1,662
11	1,708	1,683	1,724	1,635	1,691
12	1,652	1,717	1,660	1,769	1,654
Other					
Total	22,428	22,289	22,591	22,784	22,549

AVERAGE DAILY ATTENDANCE INCREASES/ (DECREASES)

		Increase (Decrease)	
School Year	ADA	Actual	Percent (%)
2005-06	19,609	327	1.70
2006-07	19,587	-22	-0.11
2007-08	19,585	-2	-0.01
2008-09	19,780	195	1.00
2009-10	19,830	50	0.25
2010-11	20,085	255	1.29
2011-12	20,225	140	0.70
2012-13	20,461	236	1.17
2014-15	21,029	568	2.78
2015-16	21,175	146	0.69
2016-17	21,320	145	0.68
2017-18	21,282	-38	-0.18
2018-19	20,771	-511	-2.40
2019-20	20,717	-54	-0.26

GENERAL INFORMATION REGARDING THE CITY OF GALENA PARK AND HARRIS COUNTY, TEXAS

The City of Galena Park, Texas (the "City") is located in eastern Harris County, Texas ("Harris County") and is completely surrounded by the City of Houston, Texas (the "City of Houston"). The Houston Ship Channel is located just south of the City limits, and many residents are employed in the industrial area surrounding the Channel. The Port of Houston is the world's sixth largest and routinely ranks first in the nation in volume of foreign tonnage and second in the nation in total tonnage. The City has become a storage, shipping and fabrication center for the area's oil and petrochemical industry. Overall, more than 785,000 jobs throughout Texas are directly and indirectly related to the diverse global trade and commerce activities at the Port. In addition, the port generates $118 billion of economic activity in Texas every year.

Harris County is located in southeast Texas and is the state's most populous county. The City of Houston, the state's largest city and the fourth largest city in the United States, is the county seat. The County's economy is based on petrochemicals, tourism, shipping, refining, chemicals, aerospace, alternative energy, biotechnology, energy, health care, information technology, nanotechnology, telecommunications, manufacturing, and education. The City of Houston is home to many businesses including corporate headquarters for 24 of the Fortune 500 companies.

Sources: North Channel Area Chamber of Commerce http://www.northchannelarea.com; Greater Houston Partnership http://www.houston.org; Municipal Advisory Council of Texas http://MACTexas.com; and the U.S. Census Bureau http://census.gov.

UNEMPLOYMENT RATES

	December 2019	December 2018
City of Houston	3.4%	3.8%
Harris County	3.6%	4.0%
State of Texas	3.3%	3.6%
United States of America	3.4%	3.7%

Source: Texas Employment Commission, Austin, Texas

MAJOR EMPLOYERS WITHIN THE CITY OF HOUSTON, TEXAS

Name of Company	Type of Business	Number of Employees
Memorial Hermann Health System	Healthcare	24,000
The University of Texas MD Anderson	Healthcare	20,000
United Airlines	Airline	15,000
The Methodist Hospital System	Healthcare	14,985
Exxon Mobil Corporation	Oil and Gas	13,000
UTMB Health	Healthcare	12,448
Kroger Company	Retail Grocery	12,000
Shell Oil Company	Oil and Gas	11,892
National Oilwell Varco	Oilfield Services	11,563
Schlumberger Limited	Oilfield Services	10,000
Chevron	Oil and Gas	9,000
Baylor College of Medicine	Education	8,924
ARAMARK Corp.	Managed Services	8,500

Source: http://hereishouston.com/houstons-largest-employers as of July 2019

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

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Holland & Knight

1100 Louisiana Street, Suite 4300 | Houston TX 77002 | T 713-821-7000 | F 713-821-7001
Holland & Knight LLP | www.hklaw.com

April 29, 2020

Galena Park Independent School District

GALENA PARK INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2020, dated April 15, 2020, in the principal amount of $14,850,000.

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance and sale by the Galena Park Independent School District (the "District"), of its $14,850,000 Unlimited Tax School Building Refunding Bonds, Series 2020 (the "Series 2020 Bonds").

All terms used herein in capitalized form and not otherwise defined herein shall have the same meanings as ascribed to them in the Bond Order dated August 27, 2019 adopted by the Board of Trustees of the District authorizing the issuance of the Series 2020 Bonds (the "Bond Order").

The Series 2020 Bonds have been issued in fully registered form, bear interest from the date thereof at the rates provided for by the Bond Order, finally mature as provided in the Bond Order, and are subject to redemption prior to their maturity in the manner and upon the terms and conditions as provided for by the Bond Order and other documents relating to the issuance of the Series 2020 Bonds.

The Series 2020 Bonds have been issued for the purpose of refunding the Refunded Bonds and paying certain costs of issuance with respect thereto.

The description of the Series 2020 Bonds in this opinion and other statements concerning the terms and conditions of the issuance of the Series 2020 Bonds do not purport to set forth all of the terms and conditions of the Series 2020 Bonds or of any other document relating to the issuance of the Series 2020 Bonds, but are intended only to identify the Series 2020 Bonds and to describe briefly certain features thereof. This opinion shall not be deemed or treated as an offering circular, prospectus or official statement, and is not intended in any way to be a disclosure document used in connection with the sale or delivery of the Series 2020 Bonds.

In rendering the opinions set forth below, we have examined a certified copy of the Bond Order and various other agreements, certificates and opinions, and are relying on the covenants and agreements of the District contained therein, including, without limitation, the Certificate Relating to Tax, Arbitrage and Other Matters of the District delivered on the date herewith and the covenant of the District to comply with the applicable requirements contained in Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder (the "Code"), to the extent necessary to preserve the exclusion of interest on the Series 2020 Bonds from gross income for federal income tax purposes.

We have examined a certified copy of the proceedings of the District, and other information submitted to us relative to the issuance and sale by the District of the Series 2020 Bonds. In addition, we have examined and relied upon the certain certified copies of customary certificates of officers, agents and representatives of the District, the District's financial advisor, and public officials as to among other things the due organization and valid existence of the District, the due adoption of the Bond Order and all documents associated with the issuance thereof, the levy and collection of the ad valorem taxes and the issuance of bonds payable therefrom, other certified showings relating to the authorization and issuance of the Series 2020 Bonds and the compliance of the District with all conditions precedent to the issuance of the Series 2020 Bonds.

We have relied on such other agreements, certificates, documents and opinions, including certificates and representations of public officials and other officers and representatives of the various parties participating in this transaction, as we have deemed relevant and necessary in connection with the opinions expressed below. We have not undertaken an independent audit, examination, investigation or inspection of the matters described or contained in such agreements, documents, certificates, representations and opinions, and have relied solely on the facts, estimates and circumstances described and set forth therein.

In our examination of the foregoing, we have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Texas and the federal income tax laws of the United States of America.

Based upon and subject to the foregoing, we are of the opinion that, under existing law:

(1) The transcript of certified proceedings evidences complete legal authority for the issuance of the Bonds in full compliance with the Constitution and laws of the State of Texas presently effective and therefore the Series 2020 Bonds constitute valid and legally binding obligations of the District; and

(2) A continuing ad valorem tax, without limit as to rate or amount, has been levied on all taxable property in the District and pledged irrevocably to the payment of the principal of and interest on the Series 2020 Bonds.

(3) The interest on the Series 2020 Bonds is excludable from gross income for federal income tax purposes. Moreover, such interest will not be treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on certain taxpayers other than corporations (as defined for federal income tax purposes).

The opinions expressed in the preceding paragraph are conditioned upon compliance by the District with its covenants relating to certain arbitrage rebate and other tax requirements contained in Section 103 and Part IV of Subchapter B of Chapter 1 of Subtitle A of the Code (including, without limitation, its covenants not to use any proceeds of the Series 2020 Bonds in a manner that would cause the Series 2020 Bonds to be classified as private activity bonds under Sections 141(a) and 141(d) of the Code and to comply with the requirements contained in Section 148 of the Code), to the extent necessary to preserve the exclusion of interest on the Series 2020 Bonds from gross income for federal income tax purposes. Failure of the District to comply with such requirements could cause the interest on the Series 2020 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020 Bonds. Other provisions of the Code may give rise to adverse federal income tax consequences to particular bondholders. The scope of this opinion is limited to matters addressed above and no opinion is expressed hereby regarding other federal income tax consequences that may arise due to ownership of the Series 2020 Bonds. We express no opinion regarding any state tax consequences of acquiring, carrying, owning or disposing of the Series 2020 Bonds. Owners of the Series 2020 Bonds should consult their tax advisors regarding any state tax consequences of owning the Series 2020 Bonds.

Our opinions expressed herein are predicated upon present laws, facts and interpretations thereof. We assume no affirmative obligation with respect to any change in circumstances or laws or interpretations thereof after the date hereof that may adversely affect the opinions contained herein to update the opinions expressed herein.

All opinions as to legal obligations of the District set forth above are subject to and limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws, in each case relating to or affecting the enforcement of creditors' rights, (b) applicable laws or equitable principles that may affect remedies or injunctive or other equitable relief, and (c) judicial discretion which may be exercised in applicable cases to adversely affect the enforcement of certain rights or remedies.

The scope of our engagement in relation to the issuance of the Series 2020 Bonds has been limited solely to the examination of facts and law incident to rendering the opinions expressed herein. We have not been engaged or undertaken to review, confirm or verify and therefore express no opinion as to the accuracy, completeness, fairness or sufficiency of any of the statements in the Official Statement or any exhibits or appendices thereto or any other offering material relating to the Series 2020 Bonds, except as otherwise set forth in our opinion to the Underwriters dated as of the date hereof. In addition, we have not been engaged to and therefore express no opinion regarding the perfection or priority of the lien on the ad valorem taxes or other amounts pledged under the Resolution or as to the compliance by the District or the Underwriters with any federal or state statute, regulation or ruling with respect to the sale or distribution of the Series 2020 Bonds.

Sincerely yours,

HOLLAND & KNIGHT LLP

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APPENDIX D

AUDITED FINANCIAL REPORT
FISCAL YEAR ENDED AUGUST 31, 2019

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GALENA PARK

Independent School District

Comprehensive Annual Financial Report

For the Year Ended August 31, 2019

Galena Park Independent School District * 14705 Woodforest Blvd. * Houston, Texas 77015

**Comprehensive
Annual Financial Report**

**For the Fiscal Year Ended
August 31, 2019**

GALENA PARK INDEPENDENT SCHOOL DISTRICT

14705 Woodforest Blvd., Houston, Texas 77015

Prepared By the Business Services Department:

Sonya George, CPA
Deputy Superintendent for Operational Support/Chief Financial Officer

Dina Edgar
Assistant Superintendent for Business Services

Ida A. Schultze, CPA, RTSBA
Executive Director for Budget & Financial Services

GALENA PARK INDEPENDENT SCHOOL DISTRICT
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INTRODUCTORY SECTION

Galena Park
Independent School District

GALENA PARK INDEPENDENT SCHOOL DISTRICT
Principal Officials and Advisors

Board of Trustees

Name	Office	Term Expires	Length of Service	Occupation
Ramon Garza	President	2022	9 years	Insurance Agent
Jeff Miller	Vice-President	2022	22 years	Independent Insurance Agent
Adrian Stephens	Secretary	2021	2 year	Education and Sales
Wilfred J. Broussard, Jr.	Board Trustee	2020	11 years	Real Estate Broker
Wanda Heath Johnson	Board Trustee	2021	14 years	Retired
Norma Hernandez	Board Trustee	2020	1 year	Retired
Noe Esparza	Board Trustee	2020	1 year	Industrial Sales

Administrative Officials

Name	Position	Length of Service
Dr. Angi Williams	Superintendent	34 years
Sonya George, CPA	Deputy Superintendent for Operational Support/Chief Financial Officer	8 years
Elizabeth Lalor	Deputy Superintendent for Education Support	28 years
Dr. John Moore	Associate Superintendent for Operational Support	28 years
Dr. Wanna Giacona	Associate Superintendent for Human Resource Services	25 years
Dina Edgar	Assistant Superintendent for Business Services	2 years
Mike Mckay	Assistant Superintendent for Human Resource Services	20 years
Terri Moore	Assistant Superintendent for Curriculum and Instruction	28 years
Dr. David Harris	Assistant Superintendent for School Administration	2 years
Dr. Mechelle Epps	Assistant Superintendent for Student Support Services	22 years

Consultants and Advisors

Bond Counsel	Holland and Knight LLP, Houston, Texas
Financial Advisor	SAMCO Capital Markets, Inc., Plano, Texas
Independent Auditors	Whitley Penn, LLP, Houston, Texas
Chief Appraiser	Harris County Appraisal District

CERTIFICATE OF BOARD

Galena Park Independent School District	Harris	101-910
Name of School District	County	Co.– Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended August 31, 2019, at a meeting of the board of trustees of such school district on January 13, 2020.

Ramon

President of the Board

Adrian Stephens

Secretary of the Board

GALENA PARK INDEPENDENT SCHOOL DISTRICT
A Texas Recognized School District
14705 Woodforest Blvd. Houston, TX 77015 832-386-1204

January 13, 2020

To the Board of Trustees and Taxpayers of the Galena Park Independent School District:

The Texas Education Code requires that all school districts file a complete set of financial statements with the Texas Education Agency (TEA) within 150 days of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards,* issued by the Comptroller General of the United States. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the Galena Park Independent School District (the "District") for the fiscal year ended August 31, 2019.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. The District's financial statements have been audited by Whitley Penn, LLP, CPAs, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended August 31, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the District's financial statements for the period ended August 31, 2019, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally-mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is

designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the District

The Galena Park Independent School District encompasses 34 square miles and is located in southeastern Harris County, Texas. Interstate Highway 10 bisects the District. While a small portion of the District is located inside the city limits of Houston, it also includes portions of the incorporated cities of Galena Park, Jacinto City, and the unincorporated communities of Greens Bayou, Woodland Acres, and the Cloverleaf Addition. The District is one of the largest employers in East Harris County with more than 3,000 employees. The District is not included in any other governmental "reporting entity" since the Board of Trustees is elected by the public and has decision-making authority. Residents of the District elect a seven-member Board of Trustees. The respective Trustees serve overlapping three-year terms. There are no component units included in the reporting entity.

The purpose and responsibility of the District is to provide a thorough and efficient educational system for children, pre-kindergarten through grade 12, enrolled in public schools within its boundaries, whereby each child has access to programs and services that are appropriate to his or her educational needs. In addition to its regular educational program, the District offers comprehensive programs in the areas of career and technology education, special education, bilingual education, compensatory education and gifted and talented education. The District is accredited by the Texas Education Agency.

The District's 15 elementary schools, 5 middle schools, 2 high schools, 1 early college high school, and 1 alternative high school campuses are well-known for innovative programs and academic accomplishments. At present there are no charter schools in the District. The District educates children from diverse backgrounds. The student body reflects the cultural diversity of Texas. Of the approximately 22,400 students enrolled, 80 percent are Hispanic, 15 percent are African American, 4 percent are White, and 1 percent identify themselves as Asian/Pacific Islander, American Indian or of more than one ethnicity. The District expects stable enrollment with little fluctuation over the next several years.

In 2019, the District opened a replacement campus at Cloverleaf Elementary. The prior year marks the commencement of replacement campuses at Galena Park Elementary, North Shore Elementary, and Woodland Acres Elementary, as well as a North Shore Senior High 10th Grade Center addition. There are a number of active construction projects currently underway, consisting of additions to Galena Park High School, and replacement campuses for Jacinto City Elementary and Pyburn Elementary. Note 4 in the Notes to the Financial Statements discusses these projects and the value of construction in progress. When these projects are completed, six of the oldest campuses will have been completely replaced, and significant additions made to two high schools. The age of school buildings ranges from newly constructed to 76 years old. Table 19 in the Statistical Section lists the opening date of each building, in addition to the square footage, enrollment, and capacity.

The annual budget serves as the foundation for the District's financial planning and control. The budget development process begins in January with the Superintendent and administrative leadership team determining the budget parameters that will be used as a guide for the resource allocation process. All of the District's budget managers are required to submit requests for appropriations based on these parameters. Budget requests are forwarded to the Business Services Department for compilation and summarization. The Business Services Department personnel develop the draft budget and prioritize budget requests and potential budget reductions based on the principles established in the Superintendent's budget parameters. The preliminary budget is then presented and discussed with the Board of Trustees. The proposed budget must be prepared by August 20th for the September 1st fiscal year start date. The Board President must call a Board meeting for the purpose of discussing and adopting the budget and tax rate. A public notice of this meeting is required to be published at least 10 days, but not more than 30 days, prior to the public meeting.

The District maintains budgetary controls throughout its financial systems. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the official budget adopted by the Board. The Board adopts an official appropriations budget at the functional expenditure level for the general fund, debt service fund and the food service program included in the special revenue fund. Budgetary control is maintained at the organizational level by the encumbrance of estimated purchase amounts prior to the release of purchase orders to vendors. Outstanding encumbrances at the end of the fiscal year are treated as assigned fund balance and are recorded as expenditures in the subsequent year upon receipt of the goods and services.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. The District is located in the heart of the Houston Ship Channel industrial area, and the majority of the labor force is employed at nearby chemical plants and oil refineries. The Houston Ship Channel is located just south of the District boundary, and many residents are employed in the industrial area surrounding the Channel. The Port of Houston is one of the largest ports in the world in terms of foreign waterborne tonnage and total tonnage. Each year, more than 9,000 deep vessels and 200,000 barges ship goods through the port, and more than 100 steamship lines offer service, linking Houston with 1,053 ports around the world. A vital element in the infrastructure of Houston and the region, the port maintains a high level of commercial prominence that solidifies its status as a major gateway to global commerce.

A cornerstone of the area economy, the Port of Houston is a 25-mile-long complex of diversified public and private facilities designed for handling general cargo, containers, grain and other dry bulk materials, project and heavy-lift cargo, and other types of cargo. Overall, more than 1.2 million jobs throughout Texas are directly and indirectly related to the diverse global trade and commerce activities at the port. In addition, the port generates nearly $340 billion of economic activity in Texas each year and more than $802 billion in economic impact across the nation. Additionally, more than $5.6 billion in state and local tax revenues are generated by business activities related to the port. Port Houston's economic activity has allowed Texas to remain the leading exporting state for the past seventeen consecutive years.

Economic Outlook. Houston's energy, healthcare, transportation and distribution sectors have historically supported a continuous growth in the District's tax base. The Houston area economy has seen a steady rebound in oil and gas prices through October of 2018, and despite ongoing global events that could disrupt trade, over 233.1 million metric tons in goods and commodities passed through Houston-Galveston Customs during the first nine months of 2019, which represents a 8.3 percent increase over the same period in the prior year. Further, Houston ranked first in tonnage and sixth in value among U.S. customs districts during this time frame. Houston has held the top spot in seven of the past ten years.

Access. The District is connected to Downtown Houston via Interstate 10 and is also linked to the entire Houston metropolitan area via the Sam Houston Toll Road. Both of these thoroughfares pass through the center of the District. The District's proximity to Houston provides the area with access to one of the nation's leading centers for medical education and research, many colleges and universities, a dynamic cultural arts community, excellent recreational opportunities, and a national center of commerce, world trade and corporate management.

Relevant Financial Policies

Budget. Budget planning is an integral part of overall program planning so that the budget effectively reflects the District's programs and activities, and provides the resources to implement them. In the budget planning process, general educational goals, specific program goals, and alternatives for achieving program goals are considered. Budget planning and evaluation are continuous processes and are a part of each month's activities.

Fund Balance. In order to preserve financial stability, the District must be prepared to respond to cash flow shortages, large or unexpected one-time expenditures, changes in the economy, and changes in state funding. In March 2014, the Board of Trustees approved the local annual operating budget policy that targeted a yearly, unassigned general fund balance between ten percent and fifteen percent of the total operating expenditures. Additionally, the policy requires the District to target a yearly minimum, restricted debt service fund balance of

fifteen percent of annual debt service requirements on all outstanding debt issuance. In the current fiscal year, the general fund unassigned fund balance was $65.2 million, or 30 percent of the operating budget. As a result of the District's strong operational performance and solid expenditure flexibility, Fitch Ratings, Inc. has issued a bond rating of AA+ and Moody's Investors Services, Inc. has upgrading the District's bond rating to Aa1, one of the highest among Texas school districts.

Financial Planning. The 86th Texas Legislature passed House Bill 3 (HB 3), one of the most historic and transformative school finance education bills in recent history. The bill provides $11.6 billion in additional funding for Texas classrooms, increases teacher compensation, and assists in facilitating property tax relief for Texas taxpayers. Additionally, HB 3 requires that all prekindergarten programs for eligible four-year-old students be offered on a full time basis. While Galena Park ISD had a favorable outcome as a result of the school finance reform with a projected increase of approximately $18 million in state aid, the District continues to review the impact of HB 3 and the many other bills imposing additional mandates that will result in a financial impact to the District. On an ongoing basis, the District adjusts future projections as new data becomes available. The District maintains a Five-year Technology plan, a Multi-year Fleet Replacement plan, a Multi-year Fine Arts refresh plan and a Long-range Facilities plan.

Awards and Acknowledgements

Our District as a whole received many recognitions and achievements during the 2018-19 school year across multiple disciplines organizationally. Galena Park's athletic programs continue to shine with 14 athletic teams advancing to UIL Regional Competitions and North Shore Senior High School earning the UIL Class 6A Division I football state championship. GPISD band and choirs received a record number of awards at UIL Concert and Sight-reading events. Our two high schools and four middle schools entered thirty choirs and sixteen band competitions and brought home seventeen First Division plaques and twenty-six Sweepstakes trophies. The District received the School Safety Center's Safety Certification this past year, a distinction earned by only ten percent of school districts across the state of Texas.

The TEA has awarded the District an "A=Superior" rating for the fiscal year ended August 31, 2018. This is the 17th year of the State's Financial Integrity Rating System of Texas (School FIRST), originally developed in response to Senate Bill 875 of the 76th Texas Legislature. The rating is based upon an analysis of staff and student data reported for the 2017-18 school year and budgetary and actual financial data for the fiscal year ended August 31, 2018. The primary goal of School FIRST is to ensure quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with the Texas school finance system.

The District was one of only 51 charter and public school districts in the state of Texas to receive the highest rating of five-stars from the Texas Smart Schools organization. Texas Smart Schools uses academic, financial, and demographic data to identify school districts that produce high academic achievement while also maintaining cost-effective operations. GPISD's Smart Score demonstrated high academic progress with very low spending compared to its fiscal peers.

In February 2019, the District's Purchasing Department was recognized with the Award of Merit for Purchasing Operations by the Texas Association of School Business Officials for the fifth time. This award recognizes a district's achievement in implementing best practices in the area of purchasing.

The District expects to be recognized by the Association of School Business Officials International (ASBO) as a second-year recipient of the ASBO International Meritorious Budget Award (MBA) for the 2018-19 Budget document after two years of receiving awards for the ASBO International's *Pathway* MBA program. The award recognizes excellence in school budget presentation.

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting and the Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for

Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended August 31, 2018.

In order to be awarded the certificates, a governmental unit must publish an efficiently organized Comprehensive Annual Financial Report, the contents of which must conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements. The District has received the ASBO award for eight consecutive years and the GFOA award for seven years. The certificates are valid for a period of one year only. We believe that our current CAFR continues to meet the requirements of both certificate programs, and it will be submitted accordingly to ASBO and GFOA to determine its eligibility for a 2019 certificate.

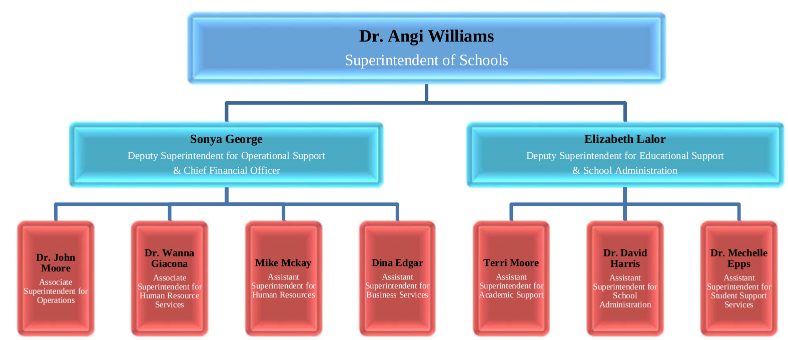
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Business Services Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Trustees for their unfailing support for maintaining the highest standards of professionalism in the management of the District's finances. Finally, we would like to thank the residents of the District for their support of and belief in our public school system, and the teachers and campus teams who provide the quality education for which our District is known.

Respectfully submitted,

Angi Williams, Ed.D.
Superintendent of Schools

Sonya George
Chief Financial Officer

2018-2019
Galena Park Independent School District
Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Galena Park Independent School District

Texas

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

August 31, 2018

Christopher P. Morrill

Executive Director/CEO

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Galena Park Independent School District

for its Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended August 31, 2018.

The CAFR meets the criteria established for ASBO International's Certificate of Excellence.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Tom Wohlleber, CSRM
President

Siobhán McMahon, CAE
Chief Operating Officer

FINANCIAL SECTION

Galena Park
Independent School District

Houston Office
3737 Buffalo Speedway
Suite 1600
Houston, Texas 77098
713.621.1515 Main

whitleypenn.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Galena Park Independent School District
Houston, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Galena Park Independent School District (the "District") as of and for the year ended August 31, 2019, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Trustees
Galena Park Independent School District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 and the budgetary comparison information, pension information, and other-post employment benefit information on pages 60 through 67 be presented to supplement the basic financial statements. Such information, 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 the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information (as described in the accompanying table of contents) and other information, such as the introductory and statistical section, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information (as described in the accompanying table of contents) is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the other supplementary information (as described in the accompanying table of contents) is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

To the Board of Trustees
Galena Park Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
January 13, 2020

Galena Park
Independent School District

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the front of this report, and the District's financial statements which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources at August 31, 2019 by $40,265,984 (net position). Of this amount, unrestricted net position represents a deficit net position of $46,367,360. This deficit is mainly due to reflecting the District's proportionate share of the net pension liability and net other post-employment benefit liability in the financial statements as required by the Governmental Accounting Standards Board. Accounting for these long-term liabilities does not affect the financial stability of the District, nor does it change how the District conducts its financial decision-making. Rather, the District is reflecting its portion of the liabilities that the State of Texas manages and operates. The District's total net position decreased by $1,011,083.

- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $214,490,220, a decrease of $25,980,588 in comparison with the prior year. The decrease in governmental fund balance was primarily due to a decrease in the capital projects fund in the amount of $39,962,355. Approximately 30 percent of this total amount, $65,168,115, is unassigned fund balance represented in the general fund. The unassigned fund balance in the general fund represents 30 percent of total general fund expenditures and 20 percent of total governmental fund expenditures.

- The District's total bonded debt decreased by $15,574,680, or 5 percent during the current fiscal year.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 16 through 17 of this report.

Fund Financial Statements

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

Governmental Funds

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

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

The District maintains twenty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered to be major funds. Data from the other twenty-one governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and child nutrition special revenue fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 18 through 21 of this report.

Proprietary Fund

The District maintains an internal service fund, one type of proprietary fund. The *internal service fund* is an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. The District uses an internal service fund to account for its print shop copier services. Because this service predominantly benefits governmental functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund financial statements provide separate information for the print shop.

The basic proprietary fund financial statements can be found on pages 22 through 24 of this report.

Fiduciary Funds

The fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The Agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operation. In addition, the District's private -purpose trust fund reports a trust arrangement under which principal and income benefit individuals.

The basic fiduciary fund financial statement can be found on pages 25 through 26 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 57 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information can be found on pages 60 through 67 of this report.

Other Information

The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information and can be found on pages 72 through 89 of this report.

GALENA PARK INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $40,265,984 at the close of the most recent fiscal year.

The District's investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress); less any outstanding related debt used to acquire those assets totaled $70,926,256. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Galena Park Independent School District's Net Position

	2019	2018
Current and other assets	$ 245,209,199	275,731,515
Capital assets	352,374,145	331,445,858
Total Assets	597,583,344	607,177,373
Deferred loss on refunding	1,673,812	2,256,334
Deferred outflows - pension	45,940,662	19,387,870
Deferred outflows - OPEB	11,679,747	1,336,477
Total Deferred Outflows of Resources	59,294,221	22,980,681
Current liabilities	23,121,104	26,369,622
Long term liabilities	558,523,524	521,335,605
Total Liabilities	581,644,628	547,705,227
Deferred inflows - pension	4,666,962	7,462,400
Deferred inflows - OPEB	30,299,991	33,713,360
Total Deferred Inflows of Resources	34,966,953	41,175,760
Net Position:		
Net investment in capital assets	70,926,256	74,968,166
Restricted	15,707,088	15,117,125
Unrestricted	(46,367,360)	(48,808,224)
Total Net Position	$ 40,265,984	$ 41,277,067

Net position is restricted for various purposes as follows:

	Governmental Activities	
	2019	2018
Federal and state programs	$ 4,424,633	$ 3,010,661
Debt service	11,282,455	12,106,464
	$ 15,707,088	$ 15,117,125

The balance of unrestricted net position may be used to meet the District's ongoing obligations to students and creditors. At the end of the current fiscal year, the District reports a deficit balance in unrestricted net position of $46,367,360 due to the District recording the net pension and net OPEB liabilities and related amounts.

Galena Park Independent School District's Changes in Net Position

	2019	1900
Program Revenues		
Charges for services	$ 3,812,074	$ 4,590,237
Operating grants	56,560,228	4,022,067
General Revenues		
Property taxes	133,615,993	126,900,406
State aid	98,146,037	95,110,955
Grants and contributions not restricted	2,800	208,171
Interest earnings	6,680,051	4,561,526
Other	247,447	567,982
Total Revenues	299,064,630	235,961,344
Expenses		
Instruction	144,116,946	89,827,768
Instructional resources and media services	3,111,190	2,087,229
Curriculum and instructional staff development	8,429,223	3,917,357
Instructional leadership	7,174,319	4,294,280
School leadership	17,162,560	10,122,707
Guidance, counseling, and evaluation services	8,717,168	4,917,424
Social work services	1,096,919	957,290
Health services	2,187,509	1,218,718
Student transportation	9,786,986	6,699,179
Food services	18,079,109	14,918,286
Extracurricular activities	5,570,196	4,500,283
General administration	9,792,793	6,280,175
Facilities maintenance and operations	32,437,582	25,533,455
Security and monitoring services	3,105,078	2,481,646
Data processing services	4,355,431	3,534,658
Community services	1,855,894	1,153,291
Interest on long-term debt	16,512,159	13,201,974
Bond issuance costs and fees	9,810	148,891
Other facility costs	5,596,260	7,705,066
Payments to appraisal districts	978,581	936,346
Total Expenses	300,075,713	204,436,023
Increase (decrease) in net position	(1,011,083)	31,525,321
Beginning Net Position	41,277,067	9,751,746
Ending Net Position	$ 40,265,984	$ 41,277,067

Governmental Activities

Governmental activities decreased the District's net position by $1,011,083 for the year ended August 31, 2019. The total revenues from taxpayers, user service fees, grants and other sources for the District were $299.1 million, a $63.1 million increase from fiscal year 2018. Total expenses for the 2019 fiscal year were $300.1 million, a $95.6 million increase from fiscal year 2018.

The dramatic change in total expenses as well as operating grants and contributions revenues from year to year is reflective of a negative adjustment during the prior fiscal year brought about by the implementation of the OPEB standard promulgated by the Government Accounting Standards Board (GASB) and significant changes in the benefits provided by the TRS retiree healthcare plan (TRS-Care). The reduction in plan benefits resulted in a sizable decrease in the District's net OPEB liability and a resulting negative OPEB expense of $65.9 million in accordance with newly implemented accounting standards. Under this standard, the District was also required to report what is essentially both negative on-behalf expenses and negative on-behalf revenues for the portion of the reduction in the net OPEB liability that is the responsibility of the State, or an additional $38.9 million.

Revenues for the District's governmental activities increased $63.1 million for the year ended August 31, 2019. This increase was primarily due to an increase in operating grants and increased property tax revenues. Revenues are generated primarily from three sources. Property taxes, state-aid formula grants, and operating grants and contributions represent 96 percent of total revenues. The remaining 4 percent is generated from charges for services, investment earnings, and miscellaneous revenues.

	Total Revenues	% of Total Revenues
Property taxes	$ 133,615,993	45%
State Aid - Formula Grants	98,146,037	33%
Operating grants and contributions	56,563,028	19%
Charges for services	3,812,074	1%
Other revenue	6,927,498	2%
Total Revenues	$ 299,064,630	100%

Expenses for the District's governmental activities increased $95.6 million for the year ended August 31, 2019. The primary functional expenses of the District are instruction, facilities maintenance and operations, food services, school leadership, and interest on long-term debt which represent 76 percent of total expenses. The remaining individual functional categories of expenses are each less than 5 percent of total expenses.

	Total Expenses	% of Total Expenses
Instruction	$ 144,116,946	48%
Facilities maintenance and operations	32,437,582	11%
Food services	18,079,109	6%
School leadership	17,162,560	6%
Interest on long-term debt	16,512,159	6%
Other functional expenses	71,767,357	24%
Total Expenses	$ 300,075,713	100%

Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $214,490,220, a decrease of $25,980,588 in comparison with the prior year. The decrease in governmental fund balance was primarily due to spending related to capital outlay and the District's ongoing construction projects in the capital projects.

The general *fund* is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $65,168,115, while total fund balance reached $166,473,183. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30 percent of total general fund expenditures, while total fund balance represents 77.8 percent of that same amount.

The increase in the general fund's fund balance of $13,368,252 was primarily due to the increase in property taxes due to higher appraisal values, and an increase in state and federal program revenues.

The *debt service fund* has a total fund balance of $10,442,380 all of which is restricted for the payment of debt service. The net decrease in the debt service fund balance during the current year of $753,600 was primarily due to the scheduled principal and interest payments on debt.

The *capital projects fund* has a total fund balance of $32,217,212, all of which is restricted for the capital acquisition. The net decrease in the capital projects fund balance during the current year of $39,962,355 was due to the completion of the construction at Cloverleaf Elementary School and the ongoing construction efforts at three campuses.

Proprietary Fund

The District's proprietary fund financial statement, internal service printing services, provides detail information about the profitability of the Print Shop Fund. At the end of the year, net position was $102,564, an increase of $262 compared to the prior year. The net change in the fund's position is eliminated and allocated to the governmental expenses in the government-wide financial statements.

General Fund Budgetary Highlights

Differences between the original budget and final amended budget of the general fund can be briefly summarized as follows:

	Budget	
	Original	Final Amended
Total revenues	$ 216,944,000	$ 225,669,349
Total expenditures	214,853,000	224,364,558
Net change in fund balance	$ 2,091,000	$ 1,304,791

The original revenues budget was amended by $8.7 million to reflect anticipated increases in various local, state, and federal revenues during the fiscal year.

The amended expenditure budget increased $9.5 million over the original budget due primarily to anticipated salary costs, construction and life cycle projects.

Actual expenditures were $10.4 million below final budgeted amounts. The positive variance was primarily due to lower than anticipated salary accruals, $0.7 million savings in utilities costs, and $3.6 million in construction projects not completed by year end.

Resources available were $1.5 million over the final budgeted amounts. The majority of this positive variance occurred when Foundation School Program (FSP) revenue received was $1.1 million above projections. Additionally, the District received an unexpected $0.6 million in hurricane remediation late in the fiscal year. These additions were partially offset by lower than expected Available School Fund (ASF) revenue and TRS Care On-Behalf revenue.

Capital Assets and Long-term Debt

Capital Assets

The District's investment in capital assets for its governmental type activities as of August 31, 2019, amounts to $352,374,145 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, vehicles, and construction in progress. The total increase in the District's investment in capital assets for the current fiscal year was $20,928,287. Changes in capital assets are shown below:

Galena Park Independent School District's Capital Assets

	Balance September 1, 1900	Additions	Retirements and Transfers	Balance August 31, 2019
Land	20,435,749	$ 1,746,625	$ -	22,182,374
Building and improvements	443,311,864	10,702,851	11,732,842	465,747,557
Furniture and equipment	29,032,717	1,444,835	(2,925,237)	27,552,315
Vehicles	13,491,903	293,263	(577,955)	13,207,211
Construction in progress	3,913,712	29,305,373	(24,586,959)	8,632,126
Total	510,185,945	43,492,947	(16,357,309)	537,321,583
Less accumulated depreciation for:				
Buildings and improvements	(154,125,108)	(11,291,524)	5,352,490	(160,064,142)
Furniture and equipment	(17,528,414)	(2,352,536)	2,569,460	(17,311,490)
Vehicle	(7,086,565)	(1,063,196)	577,955	(7,571,806)
Total accumulated depreciation	(178,740,087)	(14,707,256)	8,499,905	(184,947,438)
Net capital assets	$ 331,445,858	$ 28,785,691	$ (7,857,404)	$ 352,374,145

Additional information on the District's capital assets can be found in Note 4 of the notes to the financial statements.

Long-term Debt

At the end of the current fiscal year, the District had $315,338,913 in bonded debt outstanding, a decrease of $15,574,680 over the previous year due to scheduled debt payments. The District's bonds are sold with an "AAA" rating and are guaranteed through the Texas Permanent School Fund Guarantee Program. The underlying rating of the bonds from Standard and Poor's is "Aaa" and from Moody's Investors Service is "Aa1" for general obligation debt.

Changes to long-term debt, for the year ended August 31, 2019 are as follows:

Galena Park Independent School District's Long-term Debt

	Balance September 1, 1900	Additions	(Retirements)	Balance August 31, 2019
General obligation bonds	$ 305,535,509	$ -	$ (13,505,753)	$ 292,029,756
Plus: Premiums and discount on issuance of Bonds	24,688,168	-	(1,723,968)	22,964,200
Qualified zone academy bonds	689,916	-	(344,959)	344,957
Accreted interest on premium compound interest bonds	59,682,012	5,170,638	(3,764,248)	61,088,402
Accrued compensated absences	1,355,061	43,654	(279,088)	1,119,627
	$ 391,950,666	$ 5,214,292	$ (19,618,016)	$ 377,546,942

Additional information on the District's long-term debt can be found in Note 6 of the notes to the financial statements.

Economic Factors and Next Year's Budgets and Tax Rates

The District's Board of Trustees and Administrators considered a variety of factors when adopting the budget for the 2019-20 fiscal year. Those factors include property values, enrollment trends, state funding, the economy, and legislative mandates. The following assumptions were taken into account when adopting the general operating budget for 2019-20:

- The tax rate for 2019-20 is $1.47165 with $1.14165 applicable to maintenance and operations and $0.3300 for debt service.

- Taxable values used for the 2019-20 adopted budget are expected to increase by approximately 15.1 percent above the 2018-19 levels. The budgeted property tax revenues were based on the certified taxable value of $10.1 billion with a 97.5 percent collection rate.

- The district's 2019-20 average daily attendance decreased slightly from 2018-19 to 20,730.

With voter approval from a tax ratification election held in December 2007 the maintenance and operations tax rate increased from $1.1134 to $1.1834 per $100 valuation. A second successful tax ratification election in September 2012 increased the maintenance and operations tax rate an additional .05999 cents for a total rate of $1.2433. The 86th Texas legislative session ended with various impacts to school funding. Senate Bill 2 and House Bill 3 (HB 3) passed the Texas Legislature and significantly changes the funding methodology for school districts. HB 3 effectively applies a state property tax compression percentage each year beginning with the 2019-20 fiscal year that will reduce the maintenance and operations tax rate. The state's intent is to provide balanced funding between local property values and state funding. HB 3, which calculations for state funding limits school districts property value growth to 2.5 percent, uses current year values versus prior year values for state aid calculations, increases the basic allotment per student from $5,140 to $6,160, and eliminates the cost of education index in the calculation. This District's maintenance and operations rate decreases from $1.2433 to $1.1465 for 2019-20 as a result of the state compression. In addition, the legislature established a transition grant to ensure individual district revenue will not fall below the old school funding formula assuming a 2.5 percent property value growth. The District has budgeted revenues based on the revenue expected from the transition grant, which expires after five years.

Galena Park ISD is one of the few districts that continues to provide a 20 percent Homestead Exemption to our residents in the manner provided by the Texas Tax Code S. 11.13(n). Residential property taxes provides 27 percent of the total collections, while commercial property taxes make up the remaining 73 percent.

Property values increased in the current year resulting in an increase in revenues available for appropriation for the current budget year. Amounts available for appropriation in the general fund are $245.3 million, an increase of $28.4 million from the previous year. Expenditures are budgeted to increase 9.9 percent to $236.1 million. The majority of the increase in budgeted expenditures was to fund payroll costs associated with new positions needed to support increasing special populations of students, opening of new campuses, an increase to the starting teacher pay schedule, an increase to the District contribution to healthcare benefits, and to fund a 4 percent general pay increase for teachers and all other staff. A surplus budget was adopted for 2019-20. If these budgetary estimates are realized the District's General Fund balance will increase $9.2 million by August 31, 2020.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Office of the Executive Director of Budget and Financial Support Services, Galena Park Independent School District, 14705 Woodforest Blvd, Houston, TX 77015.

Galena Park
Independent School District

BASIC FINANCIAL STATEMENTS

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

August 31, 2019

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	$ 174,483,176
1225	Property taxes receivables, net	8,121,094
1240	Due from other governments	8,307,473
1250	Accrued interest	205,088
1290	Other receivables, net	736,265
1300	Inventories	858,494
1490	Other current assets	500
	Capital assets not subject to depreciation:	
1510	Land	22,182,374
1580	Construction in progress	8,632,126
	Capital assets net of depreciation:	
1520	Buildings and improvements, net	305,683,415
1530	Furniture and equipment, net	10,240,825
1531	Vehicles, net	5,635,405
1910	Long-term investments	52,497,109
1000	**Total Assets**	597,583,344
	Deferred Outflows of Resources	
1700	Deferred charge on refunding	1,673,812
1705	Deferred outflows - pension	45,940,662
1706	Deferred outflows - OPEB	11,679,747
	Total Deferred Outflows of Resources	59,294,221
	Liabilities	
2110	Accounts payable	12,325,842
2140	Interest payable	1,021,756
2150	Payroll deductions and withholdings	1,905,348
2160	Accrued wages payable	7,730,835
2180	Due to other governments	237
2300	Unearned revenue	137,086
	Noncurrent Liabilities:	
2501	Due within one year	19,576,028
2502	Due in more than one year	357,970,914
2540	Net pension liability	85,158,483
2545	Net other post-employment benefits liabilities (OPEB)	95,818,099
2000	**Total Liabilities**	581,644,628
	Deferred Inflows of Resources	
2605	Deferred inflows - pension	4,666,962
2606	Deferred inflows - OPEB	30,299,991
	Total Deferred Inflows of Resources	34,966,953
	Net Position	
3200	Net investment in capital assets	70,926,256
	Restricted for:	
3820	Federal and state programs	4,424,633
3850	Debt service	11,282,455
3900	Unrestricted	(46,367,360)
3000	**Total Net Position**	$ 40,265,984

See notes to the financial statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES
For the Year of August 31, 2019

Data Control Codes	Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities
	Governmental activities:				
11	Instruction	$ 144,116,946	$ 812,261	$ 20,870,596	$ (122,434,089)
12	Instructional resources and media services	3,111,190	48,451	274,906	(2,787,833)
13	Curriculum and instructional staff development	8,429,223	28,143	3,649,815	(4,751,265)
21	Instructional leadership	7,174,319	30,979	1,065,937	(6,077,403)
23	School leadership	17,162,560	243,410	1,368,208	(15,550,942)
31	Guidance, counseling, and evaluation services	8,717,168	18,619	1,255,681	(7,442,868)
32	Social work services	1,096,919	-	580,412	(516,507)
33	Health services	2,187,509	5,531	5,214,242	3,032,264
34	Student transportation	9,786,986	30,220	1,011,908	(8,744,858)
35	Food services	18,079,109	1,137,995	16,424,054	(517,060)
36	Extracurricular activities	5,570,196	1,160,518	227,203	(4,182,475)
41	General administration	9,792,793	79,157	1,425,726	(8,287,910)
51	Facilities maintenance and operations	32,437,582	180,014	1,752,271	(30,505,297)
52	Security and monitoring services	3,105,078	5,868	50,150	(3,049,060)
53	Data processing services	4,355,431	11,062	231,507	(4,112,862)
61	Community services	1,855,894	8,784	846,489	(1,000,621)
72	Interest on long-term debt	16,512,159	-	292,858	(16,219,301)
73	Bond issuance costs and fees	9,810	-	-	(9,810)
81	Other facility costs	5,596,260	11,062	18,265	(5,566,933)
99	Payments to appraisal district	978,581	-	-	(978,581)
TG	**Total governmental activities**	$ 300,075,713	$ 3,812,074	$ 56,560,228	(239,703,411)

Data Control Codes		
	General revenues:	
	Taxes:	
MT	Property taxes, levied for general purposes	105,568,521
DT	Property taxes, levied for debt service	28,047,472
SF	State-aid formula grants	98,146,037
GC	Grants and contributions not restricted	2,800
IE	Investment earnings	6,680,051
MI	Miscellaneous	247,447
TR	**Total general revenues**	238,692,328
CN	Change in net position	(1,011,083)
NB	**Net position - beginning**	41,277,067
NE	**Net position - ending**	$ 40,265,984

See notes to the financial statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit C-1

BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2019

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Assets					
1110	Cash and temporary investments	$ 117,011,376	$ 10,838,353	$ 40,402,292	$ 6,125,499	$ 174,377,520
	Receivables:					
1210	Current property taxes receivable	1,505,140	399,499	-	-	1,904,639
1220	Delinquent property taxes receivable	6,277,926	1,281,294	-	-	7,559,220
1230	Allowance for uncollectible taxes (credit)	(1,127,830)	(214,935)	-	-	(1,342,765)
1240	Receivables from other governments	4,660,953	-	-	3,646,520	8,307,473
1250	Accrued interest	205,088	-	-	-	205,088
1260	Due from other funds	3,200,333	-	3,448	4,205	3,207,986
1290	Other receivables	697,937	-	1,027	37,301	736,265
1300	Inventories	388,366	-	-	470,128	858,494
1490	Other current assets	500	-	-	-	500
1910	Long term investments	52,497,109				52,497,109
1000	**Total Assets**	$ 185,316,898	$ 12,304,211	$ 40,406,767	$ 10,283,653	$ 248,311,529
	Liabilities and Fund Balance					
	Liabilities:					
2110	Accounts payable	$ 2,968,262	$ -	$ 8,178,991	$ 1,177,892	$ 12,325,145
2140	Interest payable	-	395,973	-	-	395,973
2150	Payroll deductions and withholdings	1,905,348	-	-	-	1,905,348
2160	Accrued wages payable	7,290,575	-	10,564	428,000	7,729,139
2170	Due to other funds	4,825	-	-	3,202,462	3,207,287
2180	Payable to other governments	-	-	-	237	237
2300	Unearned revenue	19,469	-	-	117,617	137,086
2000	**Total Liabilities**	12,188,479	395,973	8,189,555	4,926,208	25,700,215
	Deferred Inflows of Resources					
2600	Unavailable revenue - property taxes	6,655,236	1,465,858		-	8,121,094
	Total Deferred Inflows of Resources	6,655,236	1,465,858	-	-	8,121,094
	Fund Balances:					
	Nonspendable:					
3410	Inventories	388,366	-	-	-	388,366
	Restricted					
3450	Federal/State grant restrictions	-	-	-	4,424,633	4,424,633
3470	Capital acquisitions	-	-	32,217,212	-	32,217,212
3480	Debt service	-	10,442,380	-	-	10,442,380
	Committed					
3545	Campus activity	-	-	-	932,812	932,812
	Assigned					
3590	Other assigned	100,916,702	-	-	-	100,916,702
3600	**Unassigned**	65,168,115		-	-	65,168,115
3000	**Total Fund Balances**	166,473,183	10,442,380	32,217,212	5,357,445	214,490,220
4000	**Total Liabilities and Fund Balance**	$ 185,316,898	$ 12,304,211	$ 40,406,767	$ 10,283,653	$ 248,311,529

See notes to the financial statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION
August 31, 2019

Data Control Codes		
	Total fund balance, governmental funds	$ 214,490,220
	Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
1	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation, where applicable	352,374,145
2	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	8,121,094
3	Deferred charges on refunding	1,673,812
4	Deferred inflows and outflows related to pension activities	41,273,700
5	Deferred inflows and outflows related to OPEB activities	(18,620,244)
	Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	
6	General obligation bonds	(292,029,756)
7	Premiums on issuance	(22,964,200)
8	Qualified Zone Academy Bonds	(344,957)
9	Accreted interest on premium compound interest bonds	(61,088,402)
10	Compensated absences	(1,119,627)
11	Additional accrued interest payable	(625,783)
12	Net pension liability	(85,158,483)
13	Net OPEB liability	(95,818,099)
14	Addition of Internal Service fund net position	102,564
19	**Total net position - governmental activities**	$ 40,265,984

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit C-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended August 31, 2019

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Revenues					
5700	Local, intermediate, and out-of-state	$ 112,477,669	$ 28,837,329	$ 1,595,839	$ 2,676,447	$ 145,587,284
5800	State program revenues	108,009,147	292,858	-	1,405,395	109,707,400
5900	Federal program revenues	6,704,976	-	-	31,150,916	37,855,892
5020	**Total revenues**	227,191,792	29,130,187	1,595,839	35,232,758	293,150,576
	Expenditures					
	Current:					
0011	Instruction	115,506,266	-	-	10,481,748	125,988,014
0012	Instructional resources and media services	2,462,602	-	-	54,344	2,516,946
0013	Curriculum and instructional staff development	4,447,989	-	-	3,290,803	7,738,792
0021	Instructional leadership	5,905,690	-	-	589,347	6,495,037
0023	School leadership	15,304,401	-	-	212,905	15,517,306
0031	Guidance, counseling and evaluation services	7,320,474	-	-	591,888	7,912,362
0032	Social work services	525,094	-	-	538,702	1,063,796
0033	Health services	1,725,193	-	-	207,661	1,932,854
0034	Student transportation	7,975,618	-	-	355,736	8,331,354
0035	Food services	-	-	-	15,651,622	15,651,622
0036	Extracurricular activities	4,050,165	-	-	822,144	4,872,309
0041	General administration	8,911,109	-	-	59,335	8,970,444
0051	Facilities maintenance and operations	26,893,734	-	-	259,264	27,152,998
0052	Security and monitoring services	2,999,075	-	-	350	2,999,425
0053	Data processing services	3,720,747	-	-	245	3,720,992
0061	Community services	956,110	-	-	771,519	1,727,629
	Debt service:					
0071	Principal on long-term debt	344,959	13,505,753	-	-	13,850,712
0072	Interest on long-term debt	10,400	16,370,534	-	-	16,380,934
0073	Bond issuance costs and fees	2,310	7,500	-	-	9,810
	Capital outlay:					
0081	Facilities acquisition and construction expenditures	3,910,656	-	41,558,194	2,052	45,470,902
	Intergovernmental:					
0099	Payments to appraisal district	978,581	-	-	-	978,581
6030	**Total Expenditures**	213,951,173	29,883,787	41,558,194	33,889,665	319,282,819
1100	Excess (deficiency) of revenues over expenditures	13,240,619	(753,600)	(39,962,355)	1,343,093	(26,132,243)
	Other Financing Sources (Uses)					
7912	Sale of real and personal property	127,633	-	-	24,022	151,655
7080	Total other financing sources and uses	127,633	-	-	24,022	151,655
1200	Net change in fund balance	13,368,252	(753,600)	(39,962,355)	1,367,115	(25,980,588)
0100	**Fund Balance - beginning**	153,104,931	11,195,980	72,179,567	3,990,330	240,470,808
3000	**Fund Balance - ending**	$ 166,473,183	$ 10,442,380	$ 32,217,212	$ 5,357,445	$ 214,490,220

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit C-4

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2019

Data Control Codes		
	Net change in fund balances - total governmental funds (from C-3)	$ (25,980,588)
	Amounts reported for governmental activities in the statement of activities (B-1) are different because:	
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
1	Capitalized expenditures reclassified to assets.	43,492,947
2	Depreciation expense taken to Statement of Activities.	(14,707,256)
3	The net effect of various miscellaneous transactions involving capital assets (i.e., retirements, transfers, and capital contributions) is to increase net position.	(7,857,404)
4	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,427,191)
5	Repayment of bond principal and payments of accreted interest on capital appreciation bonds are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	17,614,960
6	Pension contributions made during the current fiscal year are reported as expenditures in the governmental funds and are reported as deferred outflows and reductions in net pension liability as opposed to expenses in the statement of activity.	5,475,791
7	OPEB contributions made during the current fiscal year are reported as expenditures in the governmental funds and are reported as deferred outflows and reductions in the OPEB Obligation as opposed to expenses in the statement of activity.	1,380,716
	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
8	Decrease in interest payable not recognized in fund statements	133,719
9	Amortization of gain/loss on refunding	1,141,447
10	Decrease in long-term portion of accrued compensated absences	235,434
11	Accreted interest on capital appreciation bonds	(5,170,638)
12	Pension expense for the plan measurement year	(12,496,868)
13	OPEB expense for the plan measurement year	(2,846,414)
14	Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities (see D-2).	262
	Change in net position of governmental activities	$ (1,011,083)

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit D-1

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2019

Data Control Codes		Governmental Activities Internal Service Fund
	Assets	
	Current Assets:	
1110	Cash and cash equivalents	$ 105,656
	Total Current Assets	105,656
1000	Total Assets	105,656
	Liabilities	
	Current Liabilities:	
2110	Accounts payable	697
2160	Accrued wages payable	1,696
2170	Due to other funds	699
	Total Current Liabilities	3,092
2000	Total Liabilities	3,092
	Net Position	
3800	Unrestricted net position	102,564
	Total Net Position	$ 102,564

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit D-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
For the Year Ended August 31, 2019

Data Control Codes		Governmental Activities Internal Service Fund
	Operating Revenues	
	Charges for services	
5749	Miscellaneous revenue from local sources	$ 260,941
5020	Total Operating Revenues	260,941
	Operating Expenses	
6100	Payroll costs	71,081
6200	Purchased and contracted services	144,618
6300	Supplies and materials	44,472
6400	Other operating expenses	508
6030	Total Operating Expenses	260,679
1200	Operating Income (Loss)	262
0100	**Net Position - beginning**	102,302
3300	**Net Position - ending**	$ 102,564

See notes to the financial statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit D-3

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended August 31, 2019

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from customers	$ 260,941
Cash payments to suppliers for goods and services	(189,567)
Cash payments to employees	(72,246)
Net cash provided by (used for) operating activities	(872)
Net Decrease in Cash and Cash Equivalents	(872)
Cash and Cash Equivalents September 1	106,528
Cash and Cash Equivalents August 31	$ 105,656
Reconciliation of Operating Income (Loss) to net Cash provided by (used for) Operating-Activities:	
Operating income (loss)	$ 262
Adjustments to Reconcile Operating income (loss) to Net Cash (used for) Operating-Activities:	
(Decrease) in Accounts Payable	(595)
Increase in Accrued Wages Payable	(1,165)
(Decrease) in Interfund Payables	626
Total adjustments	(1,134)
Net Cash provided by (used for) operating activities	$ (872)

See notes to the financial statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit E-1

STATEMENT OF FIDUCIARY NET POSITION

August 31, 2019

Data Control Codes		Private Purpose Trust Fund	Agency Fund
	Assets		
1110	Cash and cash equivalents	$ 30,663	$ 340,426
1290	Other receivables	-	907
1000	**Total Assets**	30,663	$ 341,333
	Liabilities		
2110	Accounts payable	7,488	$ 27,730
2190	Due to student groups	-	313,603
2000	**Total Liabilities**	7,488	$ 341,333
	Net Position		
3590	Held In Trust for Other Purposes	$ 23,175	

See notes to the financial statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended August 31, 2019

	Private Purpose Trust Fund
Additions	
Gifts and contributions	$ 10,249
Earnings on investments	21
Total Additions	10,270
Deductions	
Scholarships awarded	39,853
Total deductions	39,853
Change in net position	(29,583)
Net position, beginning of year	52,758
Net position, end of year	$ 23,175

See notes to the financial statements.

Note 1 - Summary of Significant Accounting Policies

The Galena Park Independent School District (the "District") is public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees that is elected by registered voters of the District.

The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources as identified by the American Institute of Certified Public Accountants. Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) Financial Accountability System Resource Guide (FASRG) and the requirements of contracts and grants of agencies from which it receives funds.

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

Reporting Entity

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by GAAP, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the District's financial reporting entity. Based on these considerations, the District's basic financial statements do not include any other entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the District's financial reporting entity are based on criteria prescribed by GAAP. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include: considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

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

Note 1 - Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

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

Interfund activities between governmental funds and proprietary funds appear as due to/due from on the governmental fund balance sheet and proprietary fund statement of net position and as other resources and other uses on the governmental fund statement of revenues, expenditures and changes in fund balances and on the proprietary fund statement of revenues, expenses and changes in fund net position. All interfund activities between governmental funds and internal service funds are eliminated on the government-wide statements. The District has no interfund services provided and used between functions that would be program revenue which would not be eliminated in the process of consolidation. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide statement of net position.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The District's fiduciary funds include both agency funds and private-purpose trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. These funds use the *accrual basis of accounting* to recognize receivables and payables. Private-purpose trust funds employ the same *economic resources measurement focus* and *accrual basis of accounting* as do proprietary funds.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

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

- The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

- The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District reports the following nonmajor governmental funds:

- The *special revenue funds* are used to account for resources restricted to, or committed for specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of the specified project periods. With respect to the campus activity funds, funds are rolled over from year to year for use in the program.

Additionally, the District reports the following fund types:

- The *internal service fund* is used to account for the operations of the District's print shop.
- The *private-purpose trust fund* is used to account for donations for scholarship funds that are received by the District that are to be awarded to current and former students for post-secondary education purposes.
- The *agency fund* is used to account for assets held by the District as an agent for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operation.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (governmental and the internal service fund) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Amounts reported as program revenues include 1) charges to students or users for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and investment income.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to the funds and/or employees for self-funded health services. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Note 1 - Summary of Significant Accounting Policies (continued)

Implementation of New Standards

In the current fiscal year, the District implemented the following new standards. The applicable provisions of these new standards are summarized below. Implementation is reflected in the financial statements and the notes to the financial statements.

GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. This District had no asset retirement obligations that qualified for recognition under this statement.

GASB Statement No. 88, Certain Disclosures Related to Direct Borrowings and Direct Placements. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This District had no direct borrowings or direct placements that qualified for recognition under this statement.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, external investment pools (LOGIC, Lone Star, Texas CLASS and TexPool) and other investment securities.

The District categorizes fair value measurements of its investments based on the hierarchy established by GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's local government investment pools are valued and recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

Receivables and Payables

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

Property tax receivables include unpaid property taxes at year-end along with penalties and interest assessed on these unpaid taxes, and are shown net of an allowance for uncollectible taxes. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements. Property values are determined by the Harris County Appraisal District as of January 1 of each year. Prior to September 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

The tax rates applicable to the maintenance and operation and debt service for fiscal year 2019 were $1.24330 and $0.33000, respectively, based on a taxable value of $8,532,674,721. Uncollected taxes are recorded as unavailable revenue in the fund financial statements net of the related allowance for uncollectible taxes.

Note 1 - Summary of Significant Accounting Policies (continued)

Inventories and Prepaid Items

Inventories consisting of supplies and materials are valued at weighted average cost and they include maintenance, transportation, office and instructional supplies, and food service commodities. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Food service commodity inventory is recorded at fair market value on the date received. Commodities are recognized as revenues in the period received when all the eligibility requirements are met.

Commodity inventory items are recorded as expenditures when distributed to user locations. A portion of fund balance is considered restricted to reflect minimum inventory quantities considered necessary for the District's continuing operations.

Beginning in 2014, the District no longer uses the consumption method as it relates to prepaid items. The District has opted to use the purchase method and in accordance with GAAP, prepaid items are not required to be recorded on the District's balance sheet.

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. The District's infrastructure includes parking lots and roads associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost that equals or exceeds $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	**Years**
Buildings and Improvements	40 years
Furniture, fixtures and equipment	10 years
Vehicles	10 years

Note 1 - Summary of Significant Accounting Policies (continued)

Compensated Absences

The District has a vacation pay policy for non-contractual employees (administration and other full-time employees) whereby eligible employees shall receive vacation pay from one to fifteen days, dependent upon the number of years of service, after the completion of a year's service in the District. All vacation days must be used during the year and unused vacation pay cannot be carried over to future periods.

The District's sick leave policy is coordinated with a state mandated sick leave policy whereby substantially all full-time teaching and paraprofessional employees receive up to twelve days sick leave per year. State sick leave days accrue at the rate of five per year without limit to accumulation. The unused balance may be transferred to another District within the Texas public school system. All state sick leave days must be used prior to retirement from the Texas public school system to receive the benefit. The District pays for all state sick leave days used.

Additional local sick leave of up to seven days per year accrues to employees eligible to receive state mandated sick days. All employees not eligible for state mandated sick days may receive up to twelve days of local sick leave. Local sick leave may be accrued without limitation; however, the District does not pay accumulated local sick leave upon termination with the District. Employees are eligible to receive local sick leave upon qualified retirement from the District, dependent upon the number of years of service with the District.

Upon retirement, under an eligible retirement plan, an employee is eligible for reimbursement of accrued local sick leave based on the following schedule:

Years of Service	Salary Service Reimbursed	Maximum Reimbursement
Less than 20	$100/day for up to 50 local days	$5,000
20 – 30	$100/day for up to 75 local days	$7,500
31 – 35	$100/day for up to 100 local days	$10,000
Over 35	$100/day for up to 175 local days	$17,500

Compensated absences are liquidated from the General Fund when due and payable.

Long-term Obligations

The District's long-term obligations consist of bond indebtedness and compensated absences. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the year of issuance.

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

The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. The current requirements for compensated absences and Qualified Zone Academy Bonds are liquated in the general fund.

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources

Deferred outflows and inflows of resources are reported in the statement of financial position as described below:

A *deferred outflow of resources* is a consumption of a government's net position (a decrease in assets in excess of any related decrease in liabilities or an increase in liabilities in excess of any related increase in assets) by the government that is applicable to a future reporting period. The District has three items that qualify for reporting in this category:

- *Deferred outflows of resources for refunding* – Reported in the government-wide statement of net position, this deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- *Deferred outflows of resources for pension* – Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results 1) changes in actuarial assumptions; 2) differences between expected and actual actuarial experiences and 3) changes in the District's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

- *Deferred outflows of resources for other post-employment benefits (OPEB)* – Reported in the government wide financial statement of net position, this deferred outflow results from OPEB plan contributions made after the measurement date of the net OPEB liability and the results of 1) differences between projected and actual earnings on OPEB plan investments and 2) changes in the District's proportional share of OPEB liabilities. The deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on OPEB plan investments will be amortized over a closed five year period. The remaining deferred outflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with other post-employment benefits through the other post-employment benefit plan.

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

- *Deferred inflows of resources for unavailable revenues* – Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District reported property taxes that are unavailable as deferred inflows of resources on the fund financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources (continued)

- *Deferred inflows of resources for pension* – Reported in the government-wide financial statement of net position, these deferred inflows result primarily from 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences and 4) changes in the District's proportional share of pension liabilities. The deferred inflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.

- *Deferred inflows of resources for post-employment benefits* – Reported in the government wide financial statement of net position, these deferred inflows result primarily from 1) changes in actuarial assumptions and 2) differences between expected and actual actuarial experiences. These post-employment related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with other post-employment benefits through the other post-employment benefit plan.

Pensions

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

Other Post-Employment Benefits

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

Fund Balance Classifications

In the fund financial statements, governmental funds report classifications of fund balance based on controls placed upon the funds. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 54, effective June 30, 2011, fund balance classifications are recorded as follows:

- *Nonspendable fund balance* - amounts that are not in spendable form or are required to be maintained intact. As such, inventory has been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1).

- *Restricted fund balance* - amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors.

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Balance Classifications (continued)

- *Committed fund balance* - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. The District has committed 100 percent of Fund 461 Campus Activity Funds' fund balance.

- *Assigned fund balance* - amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority. Per Board Policy, CE Local, the Board has delegated authority to the Superintendent or Chief Financial Officer to establish fund balance assignments.

- *Unassigned fund balance* - amounts that are available for any purpose. Positive amounts are reported only in the general fund. The District strives for a minimum unassigned General Fund Balance of ten to fifteen percent of operating expenditures. In the Debt Service Fund, the District's goal is to have a fund balance of fifteen percent of debt service expenditures.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Data Control Codes

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

Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 - Deposits and Investments

Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities are approved by the TEA and shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At August 31, 2019, the District's cash in bank totaled $7,337,528 while the carrying value was $2,518,255. Pledged collateral and FDIC insurance for these deposits totaled $9,770,497.

Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, collateralized mortgage obligations, no-load money market mutual funds, certain municipal securities, repurchase agreements, or investment pools.

For the year ended August 31, 2019, the District invested in the Local Government Investment Cooperative (LOGIC), Lone Star Investment Pool (LSIP), Texas CLASS, and TexPool.

The Local Government Investment Cooperative (Logic) is a "Constant Dollar" net asset value poll and is administered by First Southwest and JP Morgan Chase. Logic maintains three primary goals for investing public funds; safety, liquidity and yield. The District's amortized cost in Logic is the same as the value of the pool shares. Logic is rated "AAAm" by Standard and Poor's Ratings Services.

LSIP is a Texas public investment pool sponsored by the Texas Association of School Boards (TASB) for investment of funds by state and local government entities, primarily local school districts. The Board has entered into an agreement with First Public, LLC (First Public), a Texas limited liability company and a member of the National Association of Securities Dealers, Securities Investor Protection Corporation, and Municipal Securities Rulemaking Board, pursuant to which First Public serves as administrator of LSIP's operations. American Beacon Advisors, Fort Worth, Texas, and Standish Mellon Asset Management Company, LLC, Pittsburgh, Pennsylvania, provide investment management services to LSIP regarding the investment and reinvestment of the pool's assets. The fund's credit quality is excellent as its portfolio is composed of U. S. government and U. S. agency securities. Investments in LSIP provide for investment in securities with maturities and returns generally greater than money market instruments. LSIP is marked-to market daily to maintain an accurate net asset value. The District's amortized cost in LSIP is the same as the value of the pool shares.

The District participates in the Texas Cooperative Liquid Assets Securities System ("Texas CLASS"), an external investment pool. Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. The pool is governed by a board of trustees, elected annually by its participants.

TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (Trust Company) to provide a safe environment for the placement of local government funds in authorized short-term, fully-collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government agency securities and placed through a primary government securities dealer.

Note 2 - Deposits and Investments (continued)

Investments (continued)

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

TexPool operates in a manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than fair value to report net position to compute share prices. The amortized cost of the position in TexPool is the same as the value of TexPool shares. Accordingly, the District's investments in TexPool are stated at cost, which approximates fair value.

Logic, LSIP, Texas CLASS, and TexPool are currently rated AAAm by Standard and Poor's. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the Local Government Investment Pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

At August 31, 2019, the District's cash and investment balances and the weighted average maturity of these investments were as follows:

	Fair Value/ Amortized Cost	Weighted Average Maturity (Days)
Governmental Activities		
Cash and deposits	$ 2,147,166	N/A
Certificates of deposit	248,000	167
Investments		
Local Government Investment Pools		
LOGIC	10,058,021	47
Lone Star	99,082,146	44
Texas CLASS	44,961,455	50
TexPool Prime	2,850,741	31
Total Local Government Investment Pools	156,952,363	
Investment securities		
Federal Home Loan Bank	29,993,409	636
Federal Farm Credit Bank	11,740,127	260
Federal Home Loan Mortgage Corp.	22,503,701	550
Federal National Mortgage Assoc.	1,999,808	12
Federal Agricultural Mortgage Corporation	249,621	130
Other Securities	1,096,226	92
Total Investment Securities	67,582,892	
Total Investments	224,535,255	186
Total Governmental Activities	226,930,421	
Fiduciary Funds		
Cash and deposits	371,089	N/A
Total Fiduciary Funds	371,089	
Total Cash and Investments	$ 227,301,510	

Note 2 - Deposits and Investments (continued)

Investments (continued)

Due to the immediate availability of the funds, the District's temporary investments at August 31, 2019 are included in cash and cash equivalents. In addition, the District's certificates of deposit are reported at fair value using Level 1 inputs, and the District's investment securities are reported at fair value using Level 2 inputs.

Interest Rate Risk*:*

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity and specific identification. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 365 days, with the exception of bond proceeds that are matched to and not to exceed expenditure schedules; diversification; and by holding securities to maturity. In addition, the District shall not directly invest in an individual security maturing more than three years from the date of purchase.

Credit Risk*:*

State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. As of August 31, 2019, the District's investments in Logic, LSIP, Texas CLASS, and TexPool were rated "AAAm" by Standard and Poor's. The District's investment securities in Federal Agricultural Mortgage Corporation were rated "AA+", the Federal National Mortgage Association investment is rated A-1+, and the other US Securities are rated AA+.

Concentration of Credit Risk*:*

The District's investment policy requires the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer.

Note 3 - Receivables, Unavailable Revenues and Unearned Revenues

Receivables as of year-end for the District's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Property Taxes	$ 7,783,066	$ 1,680,793	$ -	$ -	$ 9,463,859
Due from other governments	4,660,953	-	-	3,646,520	8,307,473
Accrued interest	205,088	-	-	-	205,088
Other receivables	697,937	-	1,027	37,301	736,265
Gross Receivables	13,347,044	1,680,793	1,027	3,683,821	18,712,685
Less allowance for doubtful accounts	(1,127,830)	(214,935)	-	-	(1,342,765)
Net Total Receivables	$ 12,219,214	$ 1,465,858	$ 1,027	$ 3,683,821	$ 17,369,920

Receivables are expected to be collected within one year of the end of the fiscal year.

Note 3 - Receivables, Unavailable Revenues and Unearned Revenues (continued)

This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has only one type of item at the fund financial statement level, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Governmental funds reports unearned revenue in connection with resources that have been received, but nor yet earned.

At the end of the current fiscal year, the District's deferred inflows related to unavailable property taxes and unearned revenues reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	$ 6,655,236	$ -
Delinquent property taxes receivable (Debt Service Fund)	1,465,858	-
Grant funds received prior to meeting all eligibility requirements	-	137,086
	$ 8,121,094	$ 137,086

Note 4 - Capital Assets

Capital asset activity for the year ended August 31, 2019, was as follows:

	Balance September 1, 2018	Additions	(Retirements)	Transfers	Balance August 31, 2019
Capital assets, not being depreciated					
Land	$ 20,435,749	$ 1,746,625	$ -	$ -	$ 22,182,374
Construction in progress	3,913,712	29,305,373	-	(24,586,959)	8,632,126
Total Capital Assets, not being depreciated	24,349,461	31,051,998	-	(24,586,959)	30,814,500
Capital assets, being depreciated					
Buildings and improvements	443,311,864	10,702,851	(12,854,117)	24,586,959	465,747,557
Furniture and equipment	29,032,717	1,444,835	(2,925,237)	-	27,552,315
Vehicles	13,491,903	293,263	(577,955)	-	13,207,211
Total Capital Assets, being depreciated	485,836,484	12,440,949	(16,357,309)	24,586,959	506,507,083
Less accumulated depreciation for:					
Buildings and improvements	(154,125,108)	(11,291,524)	5,352,490	-	(160,064,142)
Furniture and Equipment	(17,528,414)	(2,352,536)	2,569,460	-	(17,311,490)
Vehicles	(7,086,565)	(1,063,196)	577,955	-	(7,571,806)
Total Accumulated Depreciation	(178,740,087)	(14,707,256)	8,499,905	-	(184,947,438)
Governmental Capital Assets	$ 331,445,858	$ 28,785,691	$ (7,857,404)	$ -	$ 352,374,145

Note 4 - Capital Assets (continued)

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

Function	Depreciation Expense
11 Instruction	$ 6,137,280
12 Instructional resources and media services	231,639
13 Curriculum and staff development	116,349
21 Instructional leadership	225,118
23 School leadership	479,749
31 Guidance, counseling and evaluation services	193,694
32 Social work services	16,727
33 Health services	80,911
34 Student transportation	1,018,106
35 Food Services	1,307,933
36 Extracurricular activities	563,040
41 General administration	297,600
51 Facilities maintenance and operations	3,470,968
52 Security and monitoring services	104,254
53 Data processing services	458,824
61 Community services	5,064
	$ 14,707,256

The District has active construction projects as of August 31, 2019. The District's commitments with contractors as of August 31, 2019 are as follows:

Project	Approved Construction Budget	Construction in Progress	Remaining Commitment
Cobb Sixth Grade Campus - Gymnasium Addition	$ 2,523,103	$ 888,490	$ 1,634,613
Galena Park High School - Additions/Renovations	21,538,717	990,016	20,548,701
Jacinto City Elementary - Replacement	27,620,703	5,892,126	21,728,577
Pyburn Elementary - Replacement	23,201,092	861,494	22,339,598
	$ 74,883,615	$ 8,632,126	$ 66,251,489

Note 5 - Interfund Receivables, Payables, and Transfers

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

The composition of interfund balances as of August 31, 2019, is as follows:

	Receivable Fund			
Payable Fund	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Totals
Governmental activities				
General fund	$ -	$ 620	$ 4,205	$ 4,825
Nonmajor governmental funds	3,199,634	2,828	-	3,202,462
Internal Service Funds	699			699
Total governmental activities	$ 3,200,333	$ 3,448	$ 4,205	$ 3,207,986

Note 6 - Long-term Debt

Changes in Long-term Debt

Long-term liability activity for the year ended August 31, 2019, was as follows:

	Balance September 1, 2018	Issued and Additions	Retired and Refunded	Balance August 31, 2019	Due Within One Year
Bonds Payable					
General Obligation Bonds	$ 305,535,509	$ -	$ (13,505,753)	$ 292,029,756	$ 14,701,608
Plus: Premiums and discount on issuance of Bonds	24,688,168	-	(1,723,968)	22,964,200	-
Qualified Zone Academy Bonds	689,916	-	(344,959)	344,957	344,957
Total Bonds Payable	330,913,593	-	(15,574,680)	315,338,913	15,046,565
Accretion on Compound Interest Bonds	59,682,012	5,170,638	(3,764,248)	61,088,402	4,493,392
Compensated Absences	1,355,061	43,654	(279,088)	1,119,627	36,069
Total long-term liabilities	$ 391,950,666	$ 5,214,292	$ (19,618,016)	$ 377,546,942	$ 19,576,026

The District issues general obligation bonds to provide funds for the construction and equipment of school facilities, buses, and to refund general obligation bonds. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of changes in the general obligation bonds for the fiscal year:

Bond Series	Issue Amount	Interest Rate (%)	Matures	Amount Outstanding
1996 Unlimited Tax School Bldg. & Refunding Bonds	$ 40,054,475	4.40-6.425	2031	$ 7,513,318
2002 Unlimited Tax School Bldg. & Refunding Bonds	29,496,438	3.00-5.00	2032	16,626,438
2003 Maintenance Tax Note ("QZAB")	8,000,000	0.13	2019	344,957
2010 Unlimited Tax School Building Bonds	17,000,000	4.00-5.00	2034	16,030,000
2011 Unlimited Tax School Building Bonds	9,250,000	2.00-4.00	2026	4,030,000
2012 Unlimited Tax Refunding Bonds	9,234,299	2.50-3.25	2032	7,150,000
2013 Unlimited Tax Refunding Bonds	9,440,000	3.00-3.75	2032	2,935,000
2013 Unlimited Tax Refunding Taxable Bonds	28,550,000	4.00-4.50	2021	8,150,000
2014 Unlimited Tax Refunding Bonds	8,970,000	2.00-3.25	2033	8,060,000
2015 Unlimited Tax Refunding Bonds	9,505,000	2.00-4.00	2026	4,795,000
2016 Unlimited Tax School Bldg. & Refunding Bonds	98,595,000	2.00-5.00	2041	89,915,000
2017 Unlimited Tax Refunding Bonds	29,720,000	2.00-5.00	2033	27,680,000
2018 Unlimited Tax School Bldg. & Refunding Bonds	100,230,000	3.00-5.00	2041	99,145,000
	Total Bonds Payable			292,374,713
	Plus: Unamortized Premiums on Issuance			22,964,200
				315,338,913
	Less: Current Portion			(15,046,565)
				$ 300,292,348

Note 6 - Long-term Debt (continued)

Change in Long-term Debt (continued)

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

Year Ending August 31,	Principal	Interest	Total
2020	$ 15,046,567	$ 11,520,513	26,567,080
2021	15,876,758	10,111,864	25,988,622
2022	14,770,716	9,492,288	24,263,004
2023	15,270,063	8,881,388	24,151,451
2024	15,805,673	8,249,838	24,055,511
2025 - 2029	69,234,571	31,948,702	101,183,273
2030 - 2034	78,715,365	22,431,170	101,146,535
2035 - 2039	46,390,000	10,058,294	56,448,294
2040 - 2044	21,265,000	1,309,889	22,574,889
	$ 292,374,713	$ 114,003,946	$ 406,378,659
Less Current Portion	15,046,565		
Long Term Debt	$ 277,328,148		

In prior years, the District defeased certain outstanding bonds by placing proceeds of new bonds in irrevocable escrow accounts to provide for all future debt service payments on the old bonds. Accordingly, the escrow accounts to provide for all future bonds are not included in the District's financial statements. At August 31, 2019, none of the defeased refunded bonds remain outstanding.

Accreted Interest on Premium Compound Interest Bonds

A portion of the bonds sold in the Series 1996, 2002 and 2014 refunding bond issues were capital appreciation bonds commonly referred to as "premium compound interest bonds." The District annually records the appreciation of bond principal for the accreted value of the bonds through maturity of the issue. The interest of these bond series will be paid upon maturity. The following table summarizes the significant features of the individual bonds, by issue:

Capital Appreciation Bonds	Maturity	Maturity Value of Bonds	Original Bond Principal Amount	Accreted Interest On Bonds	Accreted Value of Bonds at Year End
1996	2018-2031	$ 80,840,000	$ 13,279,475	$ 30,999,215	$ 44,278,690
2002	2022-2032	79,000,000	16,626,438	29,445,145	46,071,583
2014	2020	995,000	330,000	644,042	974,042
		$ 160,835,000	$ 30,235,913	$ 61,088,402	$ 91,324,315

Note 7 - Revenues from Local, Intermediate, and Out-of-State Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Property Taxes	$ 106,791,584	$ 28,251,600	$ -		$ 135,043,184
Investment Income	4,403,860	585,729	1,595,839	94,623	6,680,051
Co-curricular Student Activities	359,216	-	-	1,227,563	1,586,779
Food Sales	-	-	-	1,137,995	1,137,995
Other	923,009	-	-	216,266	1,139,275
	$ 112,477,669	$ 28,837,329	$ 1,595,839	$ 2,676,447	$ 145,587,284

Note 8 - Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592; or on the internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2018.pdf;

Note 8 - Defined Benefit Pension Plan (continued)

Benefits Provided

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

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years or if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

	Contribution Rates	
	2019	2018
Member	7.70%	7.70%
Non-Employer Contributing Entity	6.80%	6.80%
Employers	6.80%	6.80%

	Measurement Year (2018) Contributions Required and Made	Fiscal Year (2019) TRS Contributions
Member (Employee)	$ 12,111,305	$ 12,477,024
Non-employer contributing agency (State)	7,162,160	7,392,186
District	5,211,932	5,484,651

Note 8 - Defined Benefit Pension Plan (continued)

Contributions (continued)

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

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

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

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

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

Note 8 - Defined Benefit Pension Plan (continued)

Actuarial Assumptions

The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2017 rolled forward to August 31, 2018
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	6.907 percent
Long-term expected Investment Rate of Return	7.25 percent
Municipal Bond Rate	3.69 percent*
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30 percent
Salary Increases including inflation	3.05 to 9.05 percent, including inflation
Ad hoc post-employment benefit changes	None

* Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

The actuarial methods and assumptions are primarily based on a study of actual experience for the three year period ending August 31, 2017 and adopted in July 2018.

Discount Rate

The discount rate used to measure the total pension liability was 6.907 percent. The single discount rate was based on the expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.69 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 8 - Defined Benefit Pension Plan (continued)

Discount Rate (continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018, are summarized below:

Asset Class	Target Allocation[1]	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18.00%	5.70%	1.04%
Non-U.S. Developed	13.00%	6.90%	0.90%
Emerging Markets	9.00%	8.95%	0.80%
Directional Hedge Funds	4.00%	3.53%	0.14%
Private Equity	13.00%	10.18%	1.32%
Stable Value			
U.S. Treasuries	11.00%	1.11%	0.12%
Absolute Return	0.00%	0.00%	0.00%
Stable Value Hedge Funds	4.00%	3.09%	0.12%
Cash	1.00%	-0.30%	0.00%
Real Return			
Global Inflation Linked Bonds	3.00%	0.70%	0.02%
Real Assets	14.00%	5.21%	0.73%
Energy and Natural Resources	5.00%	7.48%	0.37%
Commodities	0.00%	0.00%	0.00%
Risk Parity			
Risk Parity	5.00%	3.70%	0.18%
Inflation Expectations	0.00%	0.00%	2.30%
Volatility Drag[2]	0.00%	0.00%	-0.79%
Total	100.00%		7.25%

[1] Target allocations are based on the FY2016 policy model.

[2] The Expected Contribution to Long-Term Portfolio Returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

Note 8 - Defined Benefit Pension Plan (continued)

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (6.907%) in measuring the Net Pension Liability.

	Discount Rate		
	1% Decrease (5.907%)	Current Rate (6.907%)	1% Increase (7.907%)
District's proportional share of the net pension liability	$ 128,524,572	$ 85,158,483	$ 50,051,063

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

At August 31, 2019, the District reported a liability of $85,158,483 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$ 85,158,483
State's proportionate share that is associated with the District	117,096,424
Total	$ 202,254,907

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 and rolled forward to August 31, 2018. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018, the employer's proportion of the collective net pension liability was 0.1547 percent which was an increase of 0.0021 percent from its proportion measured as of August 31, 2017.

Changes since the Prior Actuarial Valuation

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

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

Note 8 - Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

For the year ended August 31, 2019, the District recognized pension expense of $12,496,868. The District also recognized revenue of $11,589,425 representing pension expense incurred by the State on behalf of the District.

At August 31, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 530,808	$ (2,089,453)
Changes in assumptions	30,703,735	(959,492)
Net difference between projected and actual earnings on pension plan investments	-	(1,615,821)
Changes in proportion and differences between District contributions and proportionate share of contributions	9,221,468	(2,196)
District contributions subsequent to the measurement date	5,484,651	-
Total	$ 45,940,662	$ (4,666,962)

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of $5,484,651 will be recognized as a reduction of the net pension liability in the year ended August 31, 2020. The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31,	Pension Expense Amount
2020	$ 9,522,567
2021	6,122,190
2022	5,208,344
2023	6,135,981
2024	5,361,467
Thereafter	3,438,500
	$ 35,789,049

Note 9 - Defined Other Post-Employment Benefit Plans

Plan Description

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

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592; or on the internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2018.pdf;

Benefits Provided

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

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs.

The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

TRS-Care Monthly for Retirees
Effective January 1, 2018 - December 31, 2018

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

Note 9 - Defined Other Post-Employment Benefit Plans (continued)

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2019	2018
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding remitted by Employers	1.25%	1.25%

	Measurement Year (2018)	**Fiscal Year (2019)**
	Contributions Required and Made	TRS-Care Contributions
Member (Employee)	$ 1,022,384	$ 1,053,256
Non-employer contributing agency (State)	1,822,752	1,859,208
District	1,323,845	1,381,346

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to. When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of $535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of $182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional $212 million in one-time, supplemental funding for the FY2018-19 biennium to continue to support the program. This was also received in FY2018 bringing the total appropriations received in fiscal year 2018 to $394.6 million.

Note 9 - Defined Other Post-Employment Benefit Plans (continued)

Actuarial Assumptions

The total OPEB liability in the August 31, 2017 was rolled forward to August 31, 2018. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation, salary increases, and general payroll growth, used in this OPEB valuation were identical to those used in the respective TRS pension valuation. Since the assumptions were based upon a recent actuarial experience study performed and they were reasonable for this OPEB valuation, they were employed in this report.

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The Post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability	

Valuation date	August 31, 2017, rolled forward to August 31, 2018
Actuarial Cost method	Individual Entry Age Normal
Inflation	2.30%
Discount Rate*	3.69%
Aging factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age adjusted claims costs.
Payroll growth rate	2.50%
Salary increases	3.05% to 9.05%**
Healthcare trend rates	6.75% to 107.74%***
Election rates	Normal Retirement: 70% participation prior to age 65 and 75% participation after age 65.
Ad hoc post-employment benefit changes	None

* Source: Fixed Income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of August 31, 2018.
** Includes Inflation at 2.30 percent
*** Initial medical trend rates of 107.74 percent and 9.00 percent for Medicare retirees and an initial medical trend rate of 6.75 percent for non-Medicare retirees.

Note 9 - Defined Other Post-Employment Benefit Plans (continued)

Actuarial Assumptions (continued)

In this valuation the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of $850/$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

Discount Rate

A single discount rate of 3.69 percent was used to measure the total OPEB liability. There was a change of 0.27 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to *not be able to* make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Discount Rate Sensitivity Analysis

Discount Rate - The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used (3.69%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease (2.69%)	Current Rate (3.69%)	1% Increase (4.69%)
District's proportionate share of the Net OPEB Liability:	$ 114,056,458	$ 95,818,099	$ 81,390,381

Healthcare Cost Trend Rate - The following presents the District’s proportional share of the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one-percentage point lower or one-percentage point higher than the assumed healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease	Current	1% Increase
District's proportionate share of the Net OPEB Liability:	$ 79,578,492	$ 95,818,099	$ 117,206,013

Note 9 - Defined Other Post-Employment Benefit Plans (continued)

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

At August 31, 2019, the District reported a liability of $95,818,099 for its proportionate share of the TRS’s Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	$ 95,818,099
State's proportionate share that is associated with District	132,116,561
Total	$ 227,934,660

The Net OPEB Liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District’s proportion of the Net OPEB Liability was based on the District’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At August 31, 2018 the employer’s proportion of the collective Net OPEB Liability was 0.1919 percent which was an increase of 0.0066 percent from its proportion measured as of August 31, 2017.

Changes Since the Prior Actuarial Valuation

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

- The total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the TOL.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the TOL.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the TOL.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability $2.3 billion.

For the year ended August 31, 2019, the District recognized OPEB expense of $2,846,412. The District also recognized revenue of $4,805,607 representing OPEB expense incurred by the State on behalf of the District.

Note 9 - Defined Other Post-Employment Benefit Plans (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (continued)

At August 31, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 5,084,710	$ (1,512,150)
Changes in actuarial assumptions	1,598,944	(28,787,841)
Difference between projected and actual investment earnings	16,757	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	3,597,990	-
Contributions paid to TRS subsequent to the measurement date	1,381,346	-
Total	$ 11,679,747	$ (30,299,991)

The $1,381,346 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending August 31, 2020. The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended August 31:	OPEB Expense Amount
2020	$ (3,323,582)
2021	(3,323,582)
2022	(3,323,582)
2023	(3,326,752)
2024	(3,328,564)
Thereafter	(3,375,526)
	$ (20,001,588)

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries know as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District. For the years ended August 31, 2019, 2018, and 2017 the subsidy payments received by TRS-Care on behalf of the District are as follows:

Fiscal Year	Medicare Part D
2019	$ 608,916
2018	474,846
2017	461,626

Note 10 - Risk Management

Property/Liability

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance. In addition, the District is a member of the Texas Association of School Boards Joint Self-Insurance Fund (Fund). The Fund was created to formulate, develop and administer a program of modified self-funding for the property and/or liability coverage for its membership, provide claims administration, and develop a comprehensive loss control program. The District pays contributions to the Fund for its general and educators' liability and fleet comprehensive, collision, and liability coverage. The Districts agreement with the Fund will be self-sustaining through member premiums and will provide, through commercial companies, reinsurance contracts.

Employees of the District are covered by a fully-insured medical plan through TRS Active Care, by a dental PPO insurance plan through Guardian and a dental HMO insurance plan through Ameritas Dental. The District and employee contributions are paid directly to the carrier and the carrier assumes all liability to the plan.

Settled claims have not exceeded insurance coverage in any of the previous three years. There has not been any significant reduction of insurance coverage from that of the previous year.

Note 11 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

From time to time, the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

Note 12 - Arbitrage

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. As of August 31, 2019, there was no liability related to arbitrage.

Note 13 - Fund Balance

As of August 31, 2019, assigned fund balance is as follows

	General Fund
Average Daily Attendance Adjustment	$ 38,767
Campus Budget Carryover	107,542
Campus Match for Fixed Asset Replacements	254,912
Capital and Lifecycle Expenditures	12,484,431
Contingency - Unanticipated Deficits or Revenue Reductions for Adverse Economic Conditions	59,030,000
District Personnel Growth	1,335,116
Fine Arts Enhancements	300,000
Health and Wellness Initiatives	445,350
Insurance Deductibles	5,451,904
Legal Fees Contingency	250,000
Mid Year Hires	450,000
On Site Health Clinics	350,000
One Time Supplemental Payment	2,123,500
Outstanding Encumbrances	15,060
Potential Land Acquisition/Renovations	10,000,000
Prekindergarten	3,997,000
Senate Bill 11 Initiatives	1,429,000
Senate Bill 500 Initiatives	219,650
Technology/Network/Cyber Security Initiatives	2,634,470
	$ 100,916,702

Note 14 - Subsequent Event

On October 15, 2019, the District issued $105,000,000 of Unlimited Tax School Building and Refunding Bonds, Series 2019. Proceeds from the sale of the bonds will be used to acquire, construct, renovate and equip school buildings in the District, purchase land for school sites, and pay the costs of issuing the bonds.

Galena Park
Independent School District

REQUIRED SUPPLEMENTARY INFORMATION

GALENA PARK INDEPENDENT SCHOOL DISTRICT — *Exhibit G-1*

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended August 31, 2019

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget - Positive (Negative)
	Revenues				
5700	Local revenues	$ 109,858,000	$ 112,265,773	$ 112,477,669	$ 211,896
5800	State program revenues	103,730,000	106,986,791	108,009,147	1,022,356
5900	Federal program revenues	3,356,000	6,416,785	6,704,976	288,191
5020	**Total revenues**	216,944,000	225,669,349	227,191,792	1,522,443
	Expenditures				
	Current:				
0011	Instruction	119,371,000	117,258,426	115,506,266	1,752,160
0012	Instructional resources and media services	2,544,000	2,656,134	2,462,602	193,532
0013	Curriculum and staff development	4,033,000	4,563,620	4,447,989	115,631
0021	Instructional leadership	6,114,000	6,089,353	5,905,690	183,663
0023	School leadership	15,415,000	15,509,303	15,304,401	204,902
0031	Guidance, counseling and evaluation services	7,543,000	7,581,575	7,320,474	261,101
0032	Social work services	524,000	592,667	525,094	67,573
0033	Health services	1,734,000	1,733,701	1,725,193	8,508
0034	Student transportation	7,626,000	8,634,895	7,975,618	659,277
0035	Food services	25,000	25,000	-	25,000
0036	Extracurricular activities	3,898,000	4,238,764	4,050,165	188,599
0041	General administration	9,341,000	9,540,249	8,911,109	629,140
0051	Facilities maintenance and operations	26,000,000	29,442,553	26,893,734	2,548,819
0052	Security and monitoring services	2,827,000	3,060,726	2,999,075	61,651
0053	Data processing services	4,600,000	4,066,145	3,720,747	345,398
0061	Community services	936,000	973,820	956,110	17,710
	Debt Service:				
0071	Principal on long-term debt	350,000	350,000	344,959	5,041
0072	Interest on long-term debt	10,800	10,800	10,400	400
0073	Bond issuance costs and fees	5,200	5,200	2,310	2,890
	Capital outlay:				
0081	Facilities acquisition and construction	988,000	7,052,627	3,910,656	3,141,971
	Intergovernmental:				
0099	Payments to appraisal district	968,000	979,000	978,581	419
6030	**Total Expenditures**	214,853,000	224,364,558	213,951,173	10,413,385
1100	Excess (deficiency) of revenues over expenditures	2,091,000	1,304,791	13,240,619	11,935,828
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	-	-	127,633	127,633
7080	**Total other financing sources and uses**	-	-	127,633	127,633
1200	Net change in fund balances	2,091,000	1,304,791	13,368,252	12,063,461
0100	**Fund balances - beginning**	153,104,931	153,104,931	153,104,931	-
3000	**Fund balances - ending**	$ 155,195,931	$ 154,409,722	$ 166,473,183	$ 12,063,461

GALENA PARK INDEPENDENT SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Exhibit G-2

The District adopts annual appropriations type budgets for the General Fund, Child Nutrition Special Revenue Fund, and the Debt Service Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed project length budgets and monitoring through submission of reimbursement reports.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund during the fiscal year ended August 31, 2019.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The business services department reviews closely the expenditure requests submitted by the various organizational heads (principal and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget was prepared for adoption for budgeted governmental fund types by August 31, 2018. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

Encumbrance accounting is utilized in all government fund types. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year-end and encumbrances outstanding at that time are appropriately provided for in the subsequent year's budget.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
For the Last Five Measurement Years Ended August 31

Exhibit G-3

	2018	2017	2016
District's proportion of the net pension liability	0.1547%	0.1526%	0.1484%
District's proportionate share of the net pension liability	$ 85,158,483	$ 48,789,176	$ 56,068,678
State's proportionate share of the net pension liability associated with the District	117,096,424	69,993,572	83,923,356
Total	$ 202,254,907	$ 118,782,748	$ 139,992,034
District's covered payroll (for Measurement Year)	$ 157,289,669	$ 151,760,707	$ 145,634,727
District's proportionate share of the net pension liability as a percentage of its covered payroll	54.14%	32.15%	38.50%
Plan's fiduciary net position as a percentage of the total pension liability*	73.74%	82.17%	78.00%
Plan's net pension liability as a percentage of covered payroll*	126.11%	75.93%	92.75%

	2015	2014
District's proportion of the net pension liability	0.1397%	0.0961%
District's proportionate share of the net pension liability	$ 49,393,685	$ 25,667,021
State's proportionate share of the net pension liability associated with the District	80,743,272	68,611,587
Total	$ 130,136,957	$ 94,278,608
District's covered payroll (for Measurement Year)	$ 138,624,105	$ 130,249,117
District's proportionate share of the net pension liability as a percentage of its covered payroll	35.63%	19.70%
Plan's fiduciary net position as a percentage of the total pension liability*	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll*	91.94%	72.89%

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68.

* Per Teacher Retirement System of Texas' comprehensive annual financial report.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit G-4

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Ten Fiscal Years Ended August 31

	2019	2018	2017	2016	2015
Contractually required contributions	$ 5,484,651	$ 5,214,328	$ 5,007,387	$ 4,714,247	$ 4,140,459
Contributions in relation to the contractually required contributions	5,484,651	5,214,328	5,007,387	4,714,247	4,140,459
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 162,039,276	$ 157,289,669	$ 151,760,707	$ 145,634,727	$ 138,624,105
Contributions as a percentage of covered payroll	3.38%	3.32%	3.30%	3.24%	2.99%

	2014	2013	2012	2011	2010
Contractually required contributions	$ 2,436,154	$ 2,012,917	$ 2,078,627	$ 2,130,068	$ 3,091,417
Contributions in relation to the contractually required contributions	2,436,154	2,012,917	2,078,627	2,130,068	3,091,417
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 130,249,117	$ 126,142,312	$ 127,628,389	$ 133,037,350	$ 132,200,257
Contributions as a percentage of covered payroll	1.87%	1.60%	1.63%	1.60%	2.34%

During the fiscal year 2015, the District adopted GASB Statement No. 68 and 71.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit G-5

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS

Changes of Assumptions

Assumptions, methods, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including postretirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

Changes in Benefit Terms

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

Other Information

Effective September 1, 2014, employers who did not contribute to Social Security for TRS-eligible employees were required to contribute an additional 1.5 percent of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of net pension liability.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit G-6

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
For the Last Two Measurement Years Ended August 31

	2018	2017
District's proportion of the net OPEB liability	0.1919%	0.1853%
District's proportionate share of the net OPEB liability	$ 95,818,099	$ 80,595,763
State's proportionate share of the net OPEB liability associated with the District	132,116,561	116,350,040
Total	$ 227,934,660	$ 196,945,803
District's covered payroll (for Measurement Year)	$ 157,289,669	$ 151,760,707
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.9%	53.1%
Plan fiduciary net position as a percentage of the total OPEB liability *	1.57%	0.91%
Plan's net OPEB liability as a percentage of covered payroll *	146.64%	132.55%

The amounts presented for each Plan year which ends the preceding August 31 of the District's fiscal year.

Net OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75.

* Per Teacher Retirement System of Texas' comprehensive annual financial report.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit G-7

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
Last Ten Fiscal Years Ended August 31

	2019	2018	2017	2016	2015
Contractually required contributions	$ 1,381,346	$ 1,323,845	$ 963,583	$ 916,754	$ 875,679
Contributions in relation to the contractually required contributions	1,381,346	1,323,845	963,583	916,754	875,679
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 162,039,276	$ 157,289,669	$ 151,760,707	$ 145,634,727	$ 138,624,105
Contributions as a percentage of covered payroll	0.85%	0.84%	0.63%	0.63%	0.63%

	2014	2013	2012	2011	2010
Contractually required contributions	$ 789,064	$ 746,663	$ 811,399	$ 894,075	$ 930,708
Contributions in relation to the contractually required contributions	789,064	746,663	811,399	894,075	930,708
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 130,249,117	$ 126,142,312	$ 127,628,389	$ 133,037,350	$ 132,200,257
Contributions as a percentage of covered payroll	0.61%	0.59%	0.64%	0.67%	0.70%

During the fiscal year 2018, the District adopted GASB Statement No. 75.

Changes of Assumptions

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

- The total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the TOL.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the TOL.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the TOL.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability $2.3 billion.

Changes in Benefit Terms

Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates. This change in plan benefits significantly lowered the OPEB liability and had an immediate effect on the OPEB expenses recognized by participating entities.

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute $200 per month toward their health insurance premiums

Galena Park
Independent School District

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

The Special Revenue Funds are used to account for all federal, state and locally-funded grants. These grants are awarded to the District with the purpose of accomplishing specific educational goals. Grants included in the Special Revenue Funds are described below.

Fund Number	Fund Name & Description
205	**Early Head Start Program** – funds used to promote the school readiness of low-income preschool children (ages 3-5), including children of migratory seasonal and farm workers, and infants and toddlers (birth through age 3) by enhancing their cognitive social and emotional development in learning environments that support their growth in language, literacy, mathematics, science, social and emotional functioning, creative art, physical skills and approaches to learning.
206	**McKinney - Vento Support for Homeless Education** - to ensure the enrollment, attendance and success of homeless children and youth in school.
211	**ESEA, Title I, Part A - Improving Basic Programs** - supplemental service designed to accelerate the academic achievement of economically disadvantaged students, especially in the tested areas, to ensure that state standards are met on identified campuses.
212	**ESEA Title I, Part C** – for funds granted for programs benefiting children of migrant agriculture or agriculture-related workers and children of migrant fisherman.
224	**IDEA, Part B - Formula** - salaries and supplies to aid children with disabilities with low reading achievement.
225	**IDEA, Part B - Preschool** - aids preschool students with disabilities.
226	**IDEA, Part B - Discretionary** - assists with high need students with disabilities whose direct special education and related services costs exceed $25,000 per school year.
240	**National School Breakfast and Lunch Program** – federal reimbursement revenues originating from the United States Department of Agriculture and fees from child and adult meals.
244	**Vocational Education - Basic** - funds are for the use of various vocationally-inclined students in regular, disadvantaged and disability classes.
255	**ESEA, Title II, Part A** - supplements the professional development, retention and recruitment programs district-wide, specifically on high needs campuses.
263	**ESEA, Title III, Part A** - provides additional educational opportunities to supplement programs for students of limited English proficiency and immigrant children by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.
265	**ESEA, Title IV Part B** - provides after-school activities for students in elementary through high school.

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

Fund Number	Fund Name & Description
288	**Summer School LEP -** provides funds for summer school programs for LEP students.
289	**Various Federal Funds -** supports and encourages the development of new, self-supporting, community anti-drug coalitions; early childhood summer programs, library grants and wetlands and water education, and for various education related costs due to disruptions of the learning environment due to Hurricane Harvey.
397	**Advanced Placement Incentives** - enhancement of Advanced Placement programs on specific campuses based on student scores on Advanced Placement examinations.
410	**Instructional Materials Allotment** - provides funds to purchase instructional materials, technological equipment and technology-related services.
427	**State Funded Special Revenue Funds** - provides funds to help schools fund various programs.
429	**Other State Funded Special Revenue Funds -** provides funds to help schools fund various programs including mentors and campus awards.
461	**Campus Activity Funds** - proceeds from fundraising activities, vending sales, corporate and private donations to school-sponsored activities benefiting students and staff of the campus.
481	**Other Local Grants -** grants from local businesses or organizations to be used for educational activities.
486	**Miscellaneous Donations** – local donations used for specific education purposes as specified by the donor.

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GALENA PARK INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2019

Data Control Codes		205 Early Head Start Program	206 McKinney - Vento Support for Homeless Education	211 ESEA Title I, Part A Improving Basic Programs	212 ESEA Title I, Part C
	Assets				
1110	Cash and temporary investments	$ -	$ -	$ -	$ -
	Receivables:				
1240	Receivables from other governments	94,349	26,296	1,211,858	20,189
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	2,811	7,578	46
1310	Inventories, at cost	-	-	-	-
1000	**Total Assets**	$ 94,349	$ 29,107	$ 1,219,436	$ 20,235
	Liabilities and Fund Balance				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ 18,083	$ 51	$ 18,812	$ -
2160	Accrued wages payable	8,947	-	36,737	6,028
2170	Due to other funds	67,319	28,972	1,163,887	14,207
2180	Payable to other governments	-	84	-	-
2300	Unearned revenues	-	-	-	-
2000	**Total Liabilities**	94,349	29,107	1,219,436	20,235
	Fund Balances:				
	Restricted				
3450	Federal/State grant restrictions	-	-	-	-
	Committed				
3545	Campus activity	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balance**	$ 94,349	$ 29,107	$ 1,219,436	$ 20,235

GALENA PARK INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2019

Data Control Codes		224 IDEA, Part B - Formula	225 IDEA, Part B Preschool	226 IDEA, Part B- Discretionary	240 National School Breakfast and Lunch Program
	Assets				
1110	Cash and temporary investments	$ -	$ -	$ -	$ 4,547,577
	Receivables:				
1240	Receivables from other governments	792,676	26,009	-	686,665
1260	Due from other funds	-	-	-	4,205
1290	Other receivables	-	-	-	3,482
1310	Inventories, at cost	-	-	-	470,128
1000	**Total Assets**	$ 792,676	$ 26,009	$ -	$ 5,712,057
	Liabilities and Fund Balance				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ 36,610	$ 2,981	$ -	$ 637,727
2160	Accrued wages payable	111,487	3,567	-	193,124
2170	Due to other funds	644,579	19,461	-	712,827
2180	Payable to other governments	-	-	-	-
2300	Unearned revenues	-	-	-	-
2000	**Total Liabilities**	792,676	26,009	-	1,543,678
	Fund Balances:				
	Restricted				
3450	Federal/State grant restrictions	-	-	-	4,168,379
	Committed				
3545	Campus activity	-	-	-	-
3000	**Total Fund Balances**	-	-	-	4,168,379
4000	**Total Liabilities and Fund Balance**	$ 792,676	$ 26,009	$ -	$ 5,712,057

Data Control Codes		244 Vocational Education - Basic	255 ESEA, Title II Part A	263 ESEA, Title III Part A	265 ESEA, Title IV Part B
	Assets				
1110	Cash and temporary investments	$ -	$ -	$ -	$ -
	Receivables:				
1240	Receivables from other governments	-	273,494	290,671	55,425
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1000	**Total Assets**	$ -	$ 273,494	$ 290,671	$ 55,425
	Liabilities and Fund Balance				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ -	$ 100,220	$ -	$ 279
2160	Accrued wages payable	-	2,374	20,412	12,576
2170	Due to other funds	-	170,747	270,259	42,570
2180	Payable to other governments	-	153	-	-
2300	Unearned revenues	-	-	-	-
2000	**Total Liabilities**	-	273,494	290,671	55,425
	Fund Balances:				
	Restricted				
3450	Federal/State grant restrictions	-	-	-	-
	Committed				
3545	Campus activity	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balance**	$ -	$ 273,494	$ 290,671	$ 55,425

Data Control Codes		288 Summer School LEP	289 Various Federal Funds	397 Advanced Placement Incentives	410 Instructional Materials Allotment
	Assets				
1110	Cash and temporary investments	$ 13,372	$ -	$ 6,567	$ 526,736
	Receivables:				
1240	Receivables from other governments	-	168,888	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1000	**Total Assets**	$ 13,372	$ 168,888	$ 6,567	$ 526,736
	Liabilities and Fund Balance				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ 750	$ 7,780	$ -	$ 270,482
2160	Accrued wages payable	-	32,003	-	-
2170	Due to other funds	-	67,634	-	-
2180	Payable to other governments	-	-	-	-
2300	Unearned revenues	12,622	61,471	6,567	-
2000	**Total Liabilities**	13,372	168,888	6,567	270,482
	Fund Balances:				
	Restricted				
3450	Federal/State grant restrictions	-	-	-	256,254
	Committed				
3545	Campus activity	-	-	-	-
3000	**Total Fund Balances**	-	-	-	256,254
4000	**Total Liabilities and Fund Balance**	$ 13,372	$ 168,888	$ 6,567	$ 526,736

Data Control Codes		427 State Funded Special Revenue Funds	429 Other State Funded Special Revenue Funds	461 Campus Activity Funds	481 Other Local Funds
	Assets				
1110	Cash and temporary investments	$ 26	$ 1,780	$ 1,007,048	$ 21,353
	Receivables:				
1240	Receivables from other governments	-	-	-	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	1,916	21,468
1310	Inventories, at cost	-	-	-	-
1000	**Total Assets**	$ 26	$ 1,780	$ 1,008,964	$ 42,821
	Liabilities and Fund Balance				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ -	$ -	$ 75,407	$ 8,710
2160	Accrued wages payable	-	-	745	-
2170	Due to other funds	-	-	-	-
2180	Payable to other governments	-	-	-	-
2300	Unearned revenues	26	1,780	-	34,111
2000	**Total Liabilities**	26	1,780	76,152	42,821
	Fund Balances:				
	Restricted				
3450	Federal/State grant restrictions	-	-	-	-
	Committed				
3545	Campus activity	-	-	932,812	-
3000	**Total Fund Balances**	-	-	932,812	-
4000	**Total Liabilities and Fund Balance**	$ 26	$ 1,780	$ 1,008,964	$ 42,821

Data Control Codes		486 Miscellaneous Donations	Total Nonmajor Governmental Funds
	Assets		
1110	Cash and temporary investments	$ 1,040	$ 6,125,499
	Receivables:		
1240	Receivables from other governments	-	3,646,520
1260	Due from other funds	-	4,205
1290	Other receivables	-	37,301
1310	Inventories, at cost	-	470,128
1000	**Total Assets**	$ 1,040	$ 10,283,653
	Liabilities and Fund Balance		
	Liabilities:		
	Current Liabilities:		
2110	Accounts payable	$ -	$ 1,177,892
2160	Accrued wages payable	-	428,000
2170	Due to other funds	-	3,202,462
2180	Payable to other governments	-	237
2300	Unearned revenues	1,040	117,617
2000	**Total Liabilities**	1,040	4,926,208
	Fund Balances:		
	Restricted		
3450	Federal/State grant restrictions	-	4,424,633
	Committed		
3545	Campus activity	-	932,812
3000	**Total Fund Balances**	-	5,357,445
4000	**Total Liabilities and Fund Balance**	$ 1,040	$ 10,283,653

GALENA PARK INDEPENDENT SCHOOL DISTRICT *Exhibit H-2*
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS ***Page 1 of 6***
For the Year Ended August 31, 2019

Data Control Codes		205 Early Head Start Program	206 McKinney - Vento Support for Homeless Education	211 ESEA Title I, Part A Improving Basic Programs	212 ESEA Title I, Part C
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	787,981	82,845	6,660,958	124,314
5020	**Total revenues**	787,981	82,845	6,660,958	124,314
	Expenditures				
	Current:				
0011	Instruction	484	30,135	4,579,213	33,009
0012	Instruction resources and media services	-	-	10,359	-
0013	Curriculum and instructional staff development	-	-	1,219,192	-
0021	Instructional leadership	74,566	1,088	107,544	50,328
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	412	20,411	334,632	37,622
0033	Health services	71,566	-	-	-
0034	Student transportation	-	31,211	296,216	1,003
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	640,953	-	113,802	2,352
	Capital outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	**Total Expenditures**	787,981	82,845	6,660,958	124,314
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7912	Sale of real and personal property	-	-	-	-
7080	**Total other financing sources and uses**	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	**Fund balance - beginning**	-	-	-	-
3000	**Fund balance - ending**	$ -	$ -	$ -	$ -

GALENA PARK INDEPENDENT SCHOOL DISTRICT *Exhibit H-2*
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS ***Page 2 of 6***
For the Year Ended August 31, 2019

Data Control Codes		224 IDEA, Part B - Formula	225 IDEA, Part B Preschool	226 IDEA, Part B- Discretionary	240 National School Breakfast and Lunch Program
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ 1,229,915
5800	State program revenues	-	-	-	74,483
5900	Federal program revenues	4,304,814	98,287	253,823	15,955,384
5020	**Total revenues**	4,304,814	98,287	253,823	17,259,782
	Expenditures				
	Current:				
0011	Instruction	3,127,541	98,287	204,954	-
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	593,540	-	-	-
0021	Instructional leadership	39,950	-	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	488,481	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	41,820	-	48,869	-
0034	Student transportation	13,482	-	-	-
0035	Food services	-	-	-	15,651,622
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	244,683
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	-
	Capital outlay:				
0081	Facilities acquisition and construction	-	-	-	1,183
6030	**Total Expenditures**	4,304,814	98,287	253,823	15,897,488
1100	Excess (deficiency) of revenues over expenditures	-	-	-	1,362,294
	Other Financing Sources (Uses)				
7912	Sale of real and personal property	-	-	-	24,022
7080	**Total other financing sources and uses**	-	-	-	24,022
1200	Net change in fund balances	-	-	-	1,386,316
0100	**Fund balance - beginning**	-	-	-	2,782,063
3000	**Fund balance - ending**	$ -	$ -	$ -	$ 4,168,379

GALENA PARK INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended August 31, 2019

Data Control Codes		244 Vocational Education - Basic	255 ESEA, Title II Part A	263 ESEA, Title III Part A	265 ESEA, Title IV Part B
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	331,444	932,232	674,919	507,175
5020	**Total revenues**	331,444	932,232	674,919	507,175
	Expenditures				
	Current:				
0011	Instruction	330,575	4,551	197,602	259,764
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	926,025	420,839	-
0021	Instructional leadership	-	1,656	51,076	247,352
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	5,402	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	59
	Capital outlay:				
0081	Facilities acquisition and construction	869	-	-	-
6030	**Total Expenditures**	331,444	932,232	674,919	507,175
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7912	Sale of real and personal property	-	-	-	-
7080	**Total other financing sources and uses**	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	**Fund balance - beginning**	-	-	-	-
3000	**Fund balance - ending**	$ -	$ -	$ -	$ -

GALENA PARK INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended August 31, 2019

Data Control Codes		288 Summer School LEP	289 Various Federal Funds	397 Advanced Placement Incentives	410 Instructional Materials Allotment
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	3,875	1,182,637
5900	Federal program revenues	52,054	384,686	-	-
5020	**Total revenues**	52,054	384,686	3,875	1,182,637
	Expenditures				
	Current:				
0011	Instruction	10,164	161,981	-	1,154,001
0012	Instruction resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	40,760	69,452	3,875	-
0021	Instructional leadership	319	792	-	245
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	101,382	-	-
0032	Social work services	-	3,325	-	-
0033	Health services	-	45,406	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	490
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	245
0061	Community services	811	2,348	-	-
	Capital outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	**Total Expenditures**	52,054	384,686	3,875	1,154,981
1100	Excess (deficiency) of revenues over expenditures	-	-	-	27,656
	Other Financing Sources (Uses)				
7912	Sale of real and personal property	-	-	-	-
7080	**Total other financing sources and uses**	-	-	-	-
1200	Net change in fund balances	-	-	-	27,656
0100	**Fund balance - beginning**	-	-	-	228,598
3000	**Fund balance - ending**	$ -	$ -	$ -	$ 256,254

GALENA PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2019

Data Control Codes		427 State Funded Special Revenue Funds	429 Other State Funded Special Revenue Funds	461 Campus Activity Funds	481 Other Local Funds
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ 2,138	$ 1,230,266	$ 214,080
5800	State program revenues	-	144,400	-	-
5900	Federal program revenues	-	-	-	-
5020	**Total revenues**	-	146,538	1,230,266	214,080
	Expenditures				
	Current:				
0011	Instruction	-	2,100	124,469	162,918
0012	Instruction resources and media services	-	-	27,461	16,524
0013	Curriculum and instructional staff development	-	-	1,005	16,115
0021	Instructional leadership	-	-	1,187	13,244
0023	School leadership	-	-	211,660	1,245
0031	Guidance, counseling and evaluation services	-	-	-	2,025
0032	Social work services	-	142,300	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	8,422	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	822,144	-
0041	General administration	-	-	59,335	-
0051	Facilities maintenance and operations	-	-	14,091	-
0052	Security and monitoring services	-	-	350	-
0053	Data processing services	-	-	-	-
0061	Community services	-	2,138	6,999	2,009
	Capital outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	**Total Expenditures**	-	146,538	1,277,123	214,080
1100					
	Excess (deficiency) of revenues over expenditures	-	-	(46,857)	-
	Other Financing Sources (Uses)				
7912	Sale of real and personal property	-	-	-	-
7080	**Total other financing sources and uses**	-	-	-	-
1200	Net change in fund balances	-	-	(46,857)	-
0100	**Fund balance - beginning**	-	-	979,669	-
3000	**Fund balance - ending**	$ -	$ -	$ 932,812	$ -

GALENA PARK INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended August 31, 2019

Data Control Codes		486 Miscellaneous Donations	Total - Nonmajor Governmental Funds
	Revenues		
5700	Local, intermediate, and out-of-state	$ 48	$ 2,676,447
5800	State program revenues	-	1,405,395
5900	Federal program revenues	-	31,150,916
5020	**Total revenues**	48	35,232,758
	Expenditures		
	Current:		
0011	Instruction	-	10,481,748
0012	Instruction resources and media services	-	54,344
0013	Curriculum and instructional staff development	-	3,290,803
0021	Instructional leadership	-	589,347
0023	School leadership	-	212,905
0031	Guidance, counseling and evaluation services	-	591,888
0032	Social work services	-	538,702
0033	Health services	-	207,661
0034	Student transportation	-	355,736
0035	Food services	-	15,651,622
0036	Extracurricular activities	-	822,144
0041	General administration	-	59,335
0051	Facilities maintenance and operations	-	259,264
0052	Security and monitoring services	-	350
0053	Data processing services	-	245
0061	Community services	48	771,519
	Capital outlay:		
0081	Facilities acquisition and construction	-	2,052
6030	**Total Expenditures**	48	33,889,665
1100			
	Excess (deficiency) of revenues over expenditures	-	1,343,093
	Other Financing Sources (Uses)		
7912	Sale of real and personal property	-	24,022
7080	**Total other financing sources and uses**	-	24,022
1200	Net change in fund balances	-	1,367,115
0100	**Fund balance - beginning**	-	3,990,330
3000	**Fund balance - ending**	$ -	$ 5,357,445

Galena Park
Independent School District

GALENA PARK INDEPENDENT SCHOOL DISTRICT *Exhibit H-3*
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
August 31, 2019

	Balance September 1, 2018	Additions	Deductions	Balance August 31, 2019
Assets				
Cash and Cash Equivalents	$ 266,352	$ 994,740	$ (920,666)	$ 340,426
Other Receivables	-	3,048	(2,141)	907
	$ 266,352	$ 997,788	$ (922,807)	$ 341,333
Liabilities				
Accounts Payable	$ 3,065	$ 801,974	$ (777,309)	$ 27,730
Due to Student Groups	263,287	992,598	(942,282)	313,603
	$ 266,352	$ 1,794,572	$ (1,719,591)	$ 341,333

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2019

Exhibit J-1
Page 1 of 2

	1	2	3	10	20
	Tax Rates				
Last Ten Fiscal Years	Maintenance	Debt Service	Net Assessed/Appraised Value For School Tax Purposes	Beginning Balance 9/1/2018	Current Year's Total Levy
2010 and prior	Various	Various	Various	$ 1,566,982	$ -
2011	1.18340	0.33000	$ 5,462,732,192	163,649	-
2012	1.18340	0.33000	5,420,068,595	160,870	-
2013	1.18340	0.33000	6,362,846,718	320,107	-
2014	1.24330	0.27010	6,748,726,082	383,514	-
2015	1.24330	0.27010	7,433,199,935	347,694	-
2016	1.24330	0.27010	8,142,261,887	584,050	-
2017	1.24330	0.32000	8,161,446,159	760,033	-
2018	1.24330	0.32000	8,177,706,984	2,249,924	-
2019	1.24330	0.33000	8,532,674,721	-	134,244,571
1000 **Totals**				$ 6,536,823	$ 134,244,571

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
For the Year Ended August 31, 2019

Exhibit J-1
Page 2 of 2

	31	32	40	50
Last Ten Fiscal Years	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 8/31/2019
2010 and prior	$ 36,256	$ 8,504	$ (492,645)	$ 1,029,574
2011	9,291	2,591	(2,120)	149,648
2012	11,711	3,266	(4,230)	141,663
2013	18,667	5,206	(2,765)	293,469
2014	61,539	13,369	12,088	320,694
2015	55,434	12,043	(14,953)	265,264
2016	240,479	52,243	2,502	293,831
2017	197,618	50,863	(57,908)	453,644
2018	502,682	129,380	(797,188)	820,674
2019	104,581,605	27,758,328	-	1,904,639
1000 **Totals**	$ 105,715,282	$ 28,035,793	$ (1,357,219)	5,673,100
			Penalty and interest receivable on taxes	3,790,759
			Total taxes receivable per Governmental Fund Balance Sheet (C-1)	$ 9,463,859

GALENA PARK INDEPENDENT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
For the Year Ended August 31, 2019

Exhibit J-2

Data Control Codes		Budget Original	Budget Final	Actual	Variance with Final Budget - Positive (Negative)
	Revenues				
5700	Local, Intermediate, and Out-of-State	$ 1,231,000	$ 1,231,000	$ 1,229,915	$ (1,085)
5800	State Program Revenues	79,000	79,000	74,483	(4,517)
5900	Federal Program Revenues	16,193,000	16,193,000	15,955,384	(237,616)
5020	**Total Revenues**	17,503,000	17,503,000	17,259,782	(243,218)
	Expenditures				
	Current:				
0035	Food Services	17,142,000	17,392,809	15,651,622	1,741,187
0051	Plant maintenance and operations	306,000	294,000	244,683	49,317
	Capital outlay:				
0081	Facilities acquisition and construction	-	1,191	1,183	8
6030	**Total Expenditures**	17,448,000	17,688,000	15,897,488	1,790,512
1100	Excess (Deficiency) Revenues Over Expenditures	55,000	(185,000)	1,362,294	1,547,294
	Other Financing Sources (Uses)				
7912	Sale of real or personal property	-	-	24,022	24,022
	Total other financing sources and uses	-	-	24,022	24,022
1200	Net change in fund balances	55,000	(185,000)	1,386,316	1,571,316
0100	**Fund Balance - beginning**	2,782,063	2,782,063	2,782,063	-
3000	**Fund Balance - ending**	$ 2,837,063	$ 2,597,063	$ 4,168,379	$ 1,571,316

GALENA PARK INDEPENDENT SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended August 31, 2019

Exhibit J-3

Data Control Codes		Budget Original	Budget Final	Actual	Variance with Final Budget - Positive (Negative)
	Revenues				
5700	Local, Intermediate, and Out-of-State	$ 29,828,000	$ 29,828,000	$ 28,837,329	$ (990,671)
5800	State Program Revenues	328,000	328,000	292,858	(35,142)
5020	**Total Revenues**	30,156,000	30,156,000	29,130,187	(1,025,813)
	Expenditures				
	Debt Service:				
0071	Principal on long-term debt	13,505,760	13,505,760	13,505,753	7
0072	Interest on long-term debt	16,370,540	16,370,540	16,370,534	6
0073	Bond issuance costs and fees	6,500	7,500	7,500	-
6030	**Total Expenditures**	29,882,800	29,883,800	29,883,787	13
1200	Net change in fund balances	273,200	272,200	(753,600)	(1,025,800)
0100	**Fund Balance - beginning**	11,195,980	11,195,980	11,195,980	-
3000	**Fund Balance - ending**	$ 11,469,180	$ 11,468,180	$ 10,442,380	$ (1,025,800)

Galena Park
Independent School District

STATISTICAL SECTION
(UNAUDITED)

Galena Park
Independent School District

GALENA PARK INDEPENDENT SCHOOL DISTRICT
STATISTICAL SECTION

The statistical section of the Galena Park Independent School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's economic condition and overall financial health. To assist financial statement users, the information contained within this section is categorized as follows:

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 1
Page 1 of 2

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2019	2018	2017	2016	2015
Governmental Activities:					
Net investment in capital assets	$ 70,926,256	$ 74,968,166	$ 77,029,615	$ 71,473,347	$ 64,843,915
Restricted	15,707,088	15,117,125	13,199,434	11,671,948	9,080,679
Unrestricted	(46,367,360)	(48,808,224)	60,846,881	58,897,199	50,004,043
Total Governmental Activities Net Position	$ 40,265,984	$ 41,277,067	$ 151,075,930	$ 142,042,494	$ 123,928,637

Source of Information: Galena Park Independent School District's Financial Statements.

During the fiscal year 2015, the District adopted GASB Statement No. 68.

During the fiscal year 2018, the Districted adopted GASB 75.
This has been reflected beginning with fiscal year 2017 in the table above.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 1
Page 2 of 2

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2014	2013	2012	2011	2010
Governmental Activities:					
Net investment in capital assets	$ 50,303,111	$ 48,447,172	$ 48,387,569	$ 53,833,026	$ 49,875,572
Restricted	13,823,205	13,023,826	10,016,278	10,531,018	9,835,302
Unrestricted	57,092,596	33,597,971	10,028,641	5,897,450	10,646,315
Total Governmental Activities Net Position	$ 121,218,912	$ 95,068,969	$ 68,432,488	$ 70,261,494	$ 70,357,189

GALENA PARK INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

Table 2
Page 1 of 2

	2019	2018	2017	2016	2015
Expenses:					
Governmental Activities:					
Instruction	$ 144,116,946	$ 89,827,768	$ 134,569,316	$ 119,286,904	$ 118,671,778
Instructional Resources and Media Services	3,111,190	2,087,229	2,817,371	2,753,916	2,484,130
Curriculum and Instructional Staff Development	8,429,223	3,917,357	5,961,598	5,432,709	5,049,277
Instructional Leadership	7,174,319	4,294,280	6,087,473	5,758,176	5,446,409
School Leadership	17,162,560	10,122,707	14,360,951	13,720,730	12,226,016
Guidance, Counseling, and Evaluation Services	8,717,168	4,917,424	7,940,012	7,635,301	6,971,684
Social Work Services	1,096,919	957,290	904,579	696,048	533,315
Health Services	2,187,509	1,218,718	1,884,102	1,828,426	1,745,665
Student (Pupil) Transportation	9,786,986	6,699,179	8,491,227	6,478,596	6,060,314
Food Services	18,079,109	14,918,286	13,964,364	15,007,128	13,898,421
Cocurricular/Extracurricular Activities	5,570,196	4,500,283	5,100,028	5,424,069	4,956,638
General Administration	9,792,793	6,280,175	8,507,836	7,914,425	7,523,092
Facilities Maintenance and Operations	32,437,582	25,533,455	24,949,307	27,253,373	28,066,758
Security and Monitoring Services	3,105,078	2,481,646	2,488,235	2,568,194	2,572,674
Data Processing Services	4,355,431	3,534,658	3,805,769	3,815,141	3,177,492
Community Services	1,855,894	1,153,291	1,635,714	1,411,317	1,389,389
Debt Service - Interest on Long-term Debt	16,512,159	13,201,974	12,766,645	10,967,667	10,832,510
Debt Service - Bond Issuance Costs and Fees	9,810	148,891	1,757,777	-	-
Other Facility Costs	5,596,260	7,705,066	1,700,855	2,170,865	97,650
Payments to appraisal district	978,581	936,346	937,503	908,466	857,019
Total Expenses	300,075,713	204,436,023	260,630,662	241,031,451	232,560,231
Program Revenues:					
Governmental Activities:					
Charges for Services:					
Instruction	812,261	1,048,802	673,736	804,888	662,850
School Leadership	243,410	236,070	147,074	160,176	125,841
Food Services	1,137,995	1,721,115	2,147,598	181,054	2,396,603
Cocurricular/Extracurricular Activities	1,160,518	1,042,594	1,237,846	2,339,622	971,872
General Administration	79,157	44,917	21,501	-	-
Facilities Maintenance and Operations	180,014	257,557	180,392	1,188,365	191,367
Security and Monitoring Services	5,868	11,230	5,375	-	-
Other Facility Costs	11,062	11,230	5,375	-	-
Other Activities	181,789	216,722	105,903	-	-
Operating Grants and Contributions	56,560,228	4,022,067	41,428,025	29,381,400	34,844,417
Total Program Revenues	60,372,302	8,612,304	45,952,825	34,055,505	39,192,950
Total Net (Expense)/Revenue	$ (239,703,411)	$ (195,823,719)	$ (214,677,837)	$ (206,975,946)	$ (193,367,281)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	133,615,993	126,900,406	127,044,616	121,304,611	112,784,242
State-aid formula grants	98,146,037	95,110,955	94,400,991	102,779,386	111,798,949
Grants and contributions not restricted	2,800	208,171		23,999	69,486
Investment earnings	6,680,051	4,561,526	2,446,240	687,509	206,950
Miscellaneous	247,447	567,982	201,980	294,298	298,220
Total General Revenues and Other Changes in Net Position	238,692,328	227,349,040	224,093,827	225,089,803	225,157,847
Total Change in Net Position	$ (1,011,083)	$ 31,525,321	$ 9,415,990	$ 18,113,857	$ 31,790,566

Source of Information: Galena Park Independent School District's Financial Statements.

During the fiscal year 2015, the District adopted GASB Statement No. 68.

During the fiscal year 2018, the Districted adopted GASB 75.

GALENA PARK INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

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	2014	2013	2012	2011	2010
Expenses:					
Governmental Activities:					
Instruction	$ 113,536,472	$ 110,548,329	$ 119,602,322	$ 122,370,042	$ 113,577,108
Instructional Resources and Media Services	2,543,759	2,421,087	2,516,129	2,534,826	2,442,877
Curriculum and Instructional Staff Development	4,785,800	4,508,432	5,345,912	5,908,955	5,161,904
Instructional Leadership	5,158,621	4,728,055	5,141,031	4,956,514	4,445,447
School Leadership	11,686,374	9,877,826	10,620,953	11,178,042	10,327,302
Guidance, Counseling, and Evaluation Services	5,967,337	5,606,717	6,634,847	6,937,775	6,148,901
Social Work Services	581,864	419,590	388,202	537,078	593,215
Health Services	1,696,559	1,641,843	1,733,425	1,724,297	1,574,097
Student (Pupil) Transportation	5,442,835	5,533,763	5,520,678	5,508,054	4,584,314
Food Services	13,828,395	12,325,411	12,428,159	11,309,542	9,775,884
Cocurricular/Extracurricular Activities	4,784,559	3,896,064	4,209,663	3,842,327	3,538,725
General Administration	6,990,616	6,445,569	6,905,251	7,385,442	5,963,619
Facilities Maintenance and Operations	27,857,900	23,624,581	25,311,366	24,487,945	20,412,889
Security and Monitoring Services	2,778,838	2,013,057	1,968,539	2,363,252	2,105,534
Data Processing Services	2,516,556	2,539,098	2,289,328	2,195,154	2,694,257
Community Services	1,427,226	1,419,328	1,387,390	1,318,585	1,294,642
Debt Service - Interest on Long-term Debt	11,978,110	13,296,766	13,569,926	13,692,016	13,543,239
Debt Service - Bond Issuance Costs and Fees	-	-	2,100	99,352	6,814
Other Facility Costs	199,646	-	-	-	5,004,840
Payments to appraisal district	764,804	680,484	687,831	667,412	586,095
Total Expenses	224,526,271	211,526,000	226,263,052	229,016,610	213,781,703
Program Revenues:					
Governmental Activities:					
Charges for Services:					
Instruction	1,055,658	378,481	691,838	321,668	253,892
School Leadership	126,835	92,036	108,021	141,352	121,318
Food Services	2,748,933	2,584,100	2,629,662	2,664,951	2,671,651
Cocurricular/Extracurricular Activities	882,036	776,879	755,675	341,864	285,589
General Administration	-	-	-	-	23,471
Facilities Maintenance and Operations	293,264	29,935	145,482	160,201	109,623
Security and Monitoring Services	-	-	-	59,129	66,313
Other Facility Costs	-	-	-	-	11,884
Other Activities	-	-	-	-	12,918
Operating Grants and Contributions	36,638,833	34,920,645	47,454,168	52,386,497	35,532,170
Total Program Revenues	41,745,559	38,782,076	51,784,846	56,075,662	39,088,829
Total Net (Expense)/Revenue	$ (182,780,712)	$ (172,743,924)	$ (174,478,206)	$ (172,940,948)	$ (174,692,874)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	101,858,021	82,406,881	82,638,413	84,019,149	79,970,986
State Aid - Formula Grants	104,724,697	90,609,429	89,566,964	88,240,597	96,509,112
Unrestricted Grants and Contributions	86,213	3,524,025	3,619	133,886	366
Investment Earnings	167,415	195,268	226,543	285,073	1,041,617
Miscellaneous Income	266,551	325,679	213,661	166,548	37,369
Total General Revenues and Other Changes in Net Position	207,102,897	177,061,282	172,649,200	172,845,253	177,559,450
Total Change in Net Position	$ 24,322,185	$ 4,317,358	$ (1,829,006)	$ (95,695)	$ 2,866,576

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 3
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FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2019	2018	2017	2016	2015
General Fund					
Reserved	$ -	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-	-
Nonspendable	388,366	304,129	306,603	268,136	264,221
Assigned	100,916,702	58,758,224	57,700,343	55,725,484	43,270,858
Unassigned	65,168,115	94,042,578	87,793,932	82,326,206	79,206,234
Total General Fund	$ 166,473,183	$ 153,104,931	$ 145,800,878	$ 138,319,826	$ 122,741,313
All other Governmental Funds					
Reserved	$ -	$ -	$ -	$ -	$ -
Unreserved	-	-	-	-	-
Nonspendable	-	-	-	411,560	296,283
Restricted	47,084,225	86,386,208	78,363,471	10,598,276	7,570,842
Committed	932,812	979,669	1,025,607	1,102,102	1,177,195
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	$ 48,017,037	$ 87,365,877	$ 79,389,078	$ 12,111,938	$ 9,044,320

Source of Information: Galena Park Independent School District's Financial Statements.
In fiscal year 2011, the District implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The fund balance classifications of Reserved and Unreserved are not used. The prior years were not restated.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

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FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2014	2013	2012	2011	2010
General Fund					
Reserved	$ -	$ -	$ -	$ -	$ 2,481,483
Unreserved	-	-	-	-	41,272,266
Nonspendable	307,509	2,197,568	2,237,057	1,671,045	-
Assigned	62,387,369	31,379,551	30,576,739	28,828,263	-
Unassigned	37,350,825	43,934,114	22,881,292	18,590,443	-
Total General Fund	$ 100,045,703	$ 77,511,233	$ 55,695,088	$ 49,089,751	$ 43,753,749
All other Governmental Funds					
Reserved	$ -	$ -	$ -	$ -	$ 8,881,453
Unreserved	-	-	-	-	22,880,112
Nonspendable	328,052	330,573	259,018	391,839	-
Restricted	15,290,632	14,938,506	15,433,451	20,337,361	-
Committed	1,105,276	1,118,844	1,117,250	925,527	-
Unassigned	-	74,845	-	(2,513)	-
Total All Other Governmental Funds	$ 16,723,960	$ 16,462,768	$ 16,809,719	$ 21,652,214	$ 31,761,565

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 4
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CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2019	2018	2017	2016	2015
Revenues					
Local, intermediate, and out-of-state	$ 145,587,284	$ 136,892,734	$ 133,337,630	$ 128,445,612	$ 115,585,283
State program revenues	109,707,400	108,204,475	107,035,082	111,995,083	122,134,322
Federal program revenues	37,855,892	34,007,875	27,173,751	26,322,625	24,897,318
Total Revenues	293,150,576	279,105,084	267,546,463	266,763,320	262,616,923
Expenditures					
Current:					
Instruction	125,988,014	129,063,669	123,706,019	119,942,290	116,123,750
Instruction resources and media services	2,516,946	2,591,408	2,464,077	2,474,879	2,261,229
Curriculum and instructional staff development	7,738,792	5,486,693	5,726,416	5,238,950	5,099,920
Instructional leadership	6,495,037	6,275,181	5,903,738	5,533,203	5,315,963
School leadership	15,517,306	14,844,711	13,964,197	13,251,279	12,087,329
Guidance, counseling and evaluation services	7,912,362	7,636,819	7,322,810	7,386,617	6,886,719
Social work services	1,063,796	1,034,714	883,931	820,905	543,602
Health services	1,932,854	1,831,454	1,824,679	1,743,465	1,708,342
Student transportation	8,331,354	8,974,070	9,887,235	6,963,858	5,647,991
Food services	15,651,622	15,128,504	13,250,802	14,151,542	13,497,039
Extracurricular activities	4,872,309	4,884,225	5,097,570	4,841,762	4,428,695
General administration	8,970,444	8,300,263	8,283,519	7,668,435	7,366,069
Facilities maintenance and operations	27,152,998	25,999,768	24,044,269	25,359,501	28,443,150
Security and monitoring services	2,999,425	2,565,479	2,480,853	2,590,903	2,575,648
Data processing services	3,720,992	3,918,590	3,530,405	3,294,586	3,799,413
Community services	1,727,629	1,592,004	1,585,371	1,365,667	1,436,163
Debt service:					
Principal on long-term debt	13,850,712	28,434,482	48,217,460	12,243,335	10,975,838
Interest on long-term debt	16,380,934	11,469,245	11,631,463	8,596,257	9,044,466
Bond issuance costs and fees	9,810	957,353	1,757,777	9,060	174,015
Capital outlay:					
Facilities acquisition and construction expenditures	45,470,902	93,708,297	26,244,957	3,817,722	680,693
Intergovernmental:					
Payments to appraisal districts	978,581	936,346	937,503	908,466	857,019
Total Expenditures	319,282,819	375,633,275	318,745,051	248,202,682	238,953,053
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,132,243)	(96,528,191)	(51,198,588)	18,560,638	23,663,870
Other Financing Sources (Uses):					
Refunding bonds issued	-	14,880,000	41,000,000	-	9,505,000
Capital related debt issued (regular bonds)	-	85,350,000	87,315,000	-	-
Sale of real and personal property	151,655	157,017	96,947	85,493	84,150
Transfers in	-	-	-	4	-
Premium or discount on issuance of bonds	-	11,422,026	11,141,318	-	456,463
Transfers out	-	-	-	(4)	-
Payment to bond refunding escrow agent	-	-	(13,213,931)	-	(18,693,513)
Other resources	-	-	-	-	-
Total Other Financing Sources (Uses)	151,655	111,809,043	126,339,334	85,493	(8,647,900)
Net change in Fund Balances	$ (25,980,588)	$ 15,280,852	$ 75,140,746	$ 18,646,131	$ 15,015,970
Debt Service as a percentage of Noncapital Expenditures	10.96%	13.90%	20.60%	8.66%	8.60%

Source of Information: Galena Park Independent School District's Financial Statements.

* Debt service as a percentage of noncapital expenditures is determined by dividing debt service expenditures by total expenditures less current year capital outlay in the reconciliation between the government-wide statement of activities and the statement of revenues, expenditures, and changes in fund balance.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

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CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2014	2013	2012	2011	2010
Revenues					
Local, intermediate, and out-of-state	$ 107,545,114	$ 100,870,878	$ 86,839,658	$ 88,352,462	$ 87,446,212
State program revenues	115,638,378	111,519,829	100,431,290	101,831,613	99,495,102
Federal program revenues	25,663,538	25,300,766	28,555,473	35,122,701	41,171,536
Total Revenues	248,847,030	237,691,473	215,826,421	225,306,776	228,112,850
Expenditures					
Current:					
Instruction	108,236,343	105,345,195	104,778,613	113,533,933	116,343,652
Instruction resources and media services	2,297,366	2,096,006	2,156,143	2,238,478	2,250,754
Curriculum and instructional staff development	4,741,875	4,465,590	4,486,751	5,322,015	5,883,925
Instructional leadership	5,040,251	4,807,130	4,699,674	5,027,723	4,851,875
School leadership	11,495,594	9,780,324	9,733,219	10,470,061	11,055,609
Guidance, counseling and evaluation services	5,900,141	5,905,014	5,558,339	6,582,751	6,881,197
Social work services	578,533	466,373	417,632	386,115	534,991
Health services	1,653,579	1,580,846	1,606,261	1,695,358	1,686,373
Student transportation	5,705,878	5,610,045	5,210,690	5,098,572	5,446,174
Food services	13,146,607	12,385,551	12,037,705	13,163,036	11,077,711
Extracurricular activities	4,198,630	3,533,511	3,384,149	4,182,803	3,885,984
General administration	6,824,006	6,348,851	6,143,821	6,732,709	6,980,173
Facilities maintenance and operations	26,445,792	21,969,662	21,411,993	23,414,498	21,786,715
Security and monitoring services	2,839,113	2,412,958	2,044,109	2,006,943	2,332,810
Data processing services	2,271,870	2,635,290	2,826,525	2,449,516	2,051,911
Community services	1,408,332	1,395,984	1,406,599	1,373,535	1,305,020
Debt service:					
Principal on long-term debt	10,528,062	9,904,288	8,124,325	10,848,290	10,025,749
Interest on long-term debt	9,871,530	11,049,145	13,148,832	10,496,688	10,771,053
Bond issuance costs and fees	172,598	533,905	166,082	165,893	99,352
Capital outlay:					
Facilities acquisition and construction expenditures	294,454	3,892,873	4,583,902	8,337,870	3,175,535
Intergovernmental:					
Payments to appraisal districts	764,804	721,839	680,484	687,831	667,412
Total Expenditures	224,415,358	216,840,380	214,605,848	234,214,618	229,093,975
Excess (Deficiency) of Revenues Over (Under) Expenditures	24,431,672	20,851,093	1,220,573	(8,907,842)	(981,125)
Other Financing Sources (Uses):					
Refunding bonds issued	8,970,000	37,990,000	9,234,299	9,250,000	-
Capital related debt issued (regular bonds)	-	-	-	-	17,000,000
Sale of real and personal property	41,806	34,816	230,813	79,973	39,096
Transfers in	13,427	79,105	1,346,897	235,750	68,924
Premium or discount on issuance of bonds	986,842	3,212,391	745,214	671,423	85,170
Transfers out	(13,427)	(79,105)	(1,346,897)	(235,750)	(40,928)
Payment to bond refunding escrow agent	(9,787,132)	(40,619,106)	(9,796,601)	(9,753,590)	-
Other resources	-	-	128,542	89,284	26,578
Total Other Financing Sources (Uses)	211,516	618,101	542,267	337,090	17,178,840
Net change in Fund Balances	$ 24,643,188	$ 21,469,194	$ 1,762,840	$ (8,570,752)	$ 16,197,715
Debt Service as a percentage of Noncapital Expenditures	9.23%	9.94%	10.23%	9.63%	9.29%

GALENA PARK INDEPENDENT SCHOOL DISTRICT

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REVENUE BY SOURCE FOR GOVERNMENTAL FUNDS*
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2019	2018	2017	2016	2015
Revenues from Local and Intermediate Sources:					
Property Taxes	$ 135,043,184	$ 127,052,391	$ 126,197,919	$ 122,825,737	$ 110,746,646
Food Sales	1,137,995	1,721,115	2,147,598	2,333,083	2,396,720
Earnings on Investments	6,680,051	4,561,526	2,446,240	687,500	206,953
Cocurricular / Student Activities	1,586,779	1,486,254	1,636,307	1,753,061	1,143,482
Other Revenues from Local and Intermediate Sources	1,139,275	2,071,448	909,566	846,231	1,091,482
Total Revenue from Local and Intermediate Sources	145,587,284	136,892,734	133,337,630	128,445,612	115,585,283
State Program Revenues:					
Foundation School Formula	87,169,752	90,716,034	85,840,648	97,269,336	102,427,994
TRS On-behalf Revenue	9,860,310	9,990,020	9,012,952	8,871,824	8,584,055
Debt Allotment	292,858	297,857	293,518	1,645,363	2,340,175
Available School Fund (Per Capita)	10,161,308	4,378,235	8,202,430	3,790,886	5,505,980
District Awards Teacher Excellence (DATE)	-	-	-	-	-
Texas Educator Excellence Governors Award (TEEG)	-	-	-	-	-
Technology Allotment	-	-	-	-	-
TX HS Initiative - Early Warning Data System (STTE)	-	-	-	-	-
Student Success Initiative	-	-	-	-	-
Instructional Materials Allotment	1,182,637	2,371,307	2,779,972	-	1,647,182
TRS Employee Health Insurance	-	-	-	-	1,451,572
Other State Program Revenues **	1,040,535	451,022	905,562	417,674	177,364
Total State Program Revenues	109,707,400	108,204,475	107,035,082	111,995,083	122,134,322
Federal Program Revenues:					
State Fiscal Stabilization Fund	-	-	-	-	-
National School Breakfast and Lunch Program	15,584,005	13,311,988	10,877,567	11,012,191	10,597,174
ESEA Title I, Part A - Improving Basic Programs	6,660,958	5,531,025	5,260,683	5,132,166	5,307,455
IDEA Part B - Formula	4,304,814	3,642,371	3,778,859	3,515,491	3,727,742
IDEA Part B - Formula - ARRA	-	-	-	-	-
ESEA Title I, Part A - Improving Basic Programs - ARRA	-	-	-	-	-
SHARS	4,779,673	2,579,298	2,127,418	1,634,964	-
ESEA Title II, Part A - Teacher, Principal, Training, Recruiting	932,232	567,266	650,054	682,687	726,222
Early Head Start	787,981	802,344	795,590	781,856	781,856
ESEA Title III, Part A	674,919	699,755	927,765	683,384	658,421
USDA Commodities	1,013,479	1,131,030	1,051,725	979,489	846,558
Advanced Placement Incentive Program	-	-	12,968	-	-
E-Rate	378,343	378,343	406,155	498,286	656,906
Vocational Education - Carl D. Perkins	331,444	317,990	253,670	-	-
ESEA Title II, Part D - Technology Immersion Pilot (TIP)	-	-	-	-	726,222
Title I, Part C	124,314	114,610	184,710	-	-
21st Century	507,175	330,747	307,558	331,383	406,429
Education Jobs Fund	-	-	-	-	-
Other Federal Program Revenue **	1,776,555	4,601,108	539,029	1,070,728	462,333
Total Federal Program Revenues	37,855,892	34,007,875	27,173,751	26,322,625	24,897,318
Total Revenues for Governmental Funds	$ 293,150,576	$ 279,105,084	$ 267,546,463	$ 266,763,320	$ 262,616,923

* This schedule is prepared in lieu of a Schedule of Tax Revenues by Source, as all tax revenues received by the District are Ad Valorem Taxes.

** Individual local, state and federal programs in excess of $300,000 are reported separately in this schedule. All others are combined as Other Local, State or Federal Program Revenues. Additionally, prior year information is not restated for programs or grants that exceed $300,000 in a subsequent year, the amounts remain in Other Local, State or Federal Program Revenues.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 5
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REVENUE BY SOURCE FOR GOVERNMENTAL FUNDS*
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2014	2013	2012	2011	2010
Revenues from Local and Intermediate Sources:					
Property Taxes	$ 101,898,646	$ 96,060,301	$ 82,518,824	$ 83,600,427	$ 83,277,367
Food Sales	2,750,940	2,655,573	2,584,201	2,629,662	2,664,951
Earnings on Investments	167,415	177,448	195,268	226,543	284,441
Cocurricular / Student Activities	1,062,967	1,367,827	1,121,203	1,025,400	639,550
Other Revenues from Local and Intermediate Sources	1,665,146	609,729	420,162	870,430	579,903
Total Revenue from Local and Intermediate Sources	107,545,114	100,870,878	86,839,658	88,352,462	87,446,212
State Program Revenues:					
Foundation School Formula	96,750,134	89,799,577	81,902,071	79,814,416	82,113,931
TRS On-behalf Revenue	7,975,683	6,868,878	7,395,226	8,193,606	7,069,140
Debt Allotment	2,553,951	4,503,773	3,597,685	3,134,120	3,700,428
Available School Fund (Per Capita)	5,347,184	9,490,102	5,056,922	6,555,194	2,364,313
District Awards Teacher Excellence (DATE)	-	-	1,454,823	1,480,587	1,410,553
Texas Educator Excellence Governors Award (TEEG)	-	-	-	-	923,541
Technology Allotment	-	-	-	591,107	588,162
TX HS Initiative - Early Warning Data System (STTE)	-	-	-	-	362,670
Student Success Initiative	-	-	351,661	322,868	-
Instructional Materials Allotment	2,834,175	560,990	503,730	1,181,649	-
TRS Employee Health Insurance	-	-	-	-	-
Other State Program Revenues **	177,251	296,509	169,172	558,066	962,364
Total State Program Revenues	115,638,378	111,519,829	100,431,290	101,831,613	99,495,102
Federal Program Revenues:					
State Fiscal Stabilization Fund	-	-	-	7,685,510	9,496,712
National School Breakfast and Lunch Program	10,280,909	9,978,169	9,218,262	9,151,875	8,387,965
ESEA Title I, Part A - Improving Basic Programs	5,111,193	5,038,958	5,436,695	5,777,650	6,158,912
IDEA Part B - Formula	3,956,789	3,547,960	3,613,526	3,819,176	3,959,045
IDEA Part B - Formula - ARRA	-	-	-	1,115,174	3,371,003
ESEA Title I, Part A - Improving Basic Programs - ARRA	-	-	-	653,454	2,899,607
SHARS	1,606,362	1,588,777	958,755	1,316,842	1,324,154
ESEA Title II, Part A - Teacher, Principal, Training, Recruiting	744,649	718,650	734,977	959,530	925,830
Early Head Start	732,369	772,064	744,934	766,216	754,745
ESEA Title III, Part A	554,948	668,683	889,017	683,393	717,819
USDA Commodities	871,112	856,296	720,258	762,388	583,059
Advanced Placement Incentive Program	-	-	-	457,761	575,924
E-Rate	694,871	678,780	399,938	615,467	421,917
Vocational Education - Carl D. Perkins	-	-	-	-	-
ESEA Title II, Part D - Technology Immersion Pilot (TIP)	-	-	-	-	-
Title I, Part C	184,509	-	345,741	-	-
21st Century	253,876	-	536,926	-	-
Education Jobs Fund	-	-	3,792,270	-	-
Other Federal Program Revenue **	671,951	1,452,429	1,164,174	1,358,265	1,594,844
Total Federal Program Revenues	25,663,538	25,300,766	28,555,473	35,122,701	41,171,536
Total Revenues for Governmental Funds	$ 248,847,030	$ 237,691,473	$ 215,826,421	$ 225,306,776	$ 228,112,850

GALENA PARK INDEPENDENT SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Table 6
Page 1 of 2

Fiscal Year Ended August 31,	Appraised Value		Less Exemptions	Total Taxable Assessed Value
	Real Property	Personal Property		
2010	$ 3,374,490,897	$ 3,950,573,931	$ (1,681,471,194)	$ 5,643,593,634
2011	3,268,053,301	3,908,453,891	(1,683,347,545)	5,493,159,647
2012	3,250,137,926	4,002,379,770	(1,832,449,109)	5,420,068,587
2013	3,287,403,674	5,077,288,433	(2,001,845,389)	6,362,846,718
2014	3,581,313,317	5,306,633,833	(2,139,221,068)	6,748,726,082
2015	3,919,364,074	5,764,517,819	(2,250,681,962)	7,433,199,931
2016	4,507,635,430	5,798,150,791	(2,163,524,334)	8,142,261,887
2017	4,940,676,453	5,278,686,671	(2,057,916,965)	8,161,446,159
2018	5,353,434,805	5,230,755,233	(2,406,483,054)	8,177,706,984
2019	5,474,700,264	5,245,830,296	(2,187,855,839)	8,532,674,721

(1) Tax rates are per $100 of taxable assessed value.

Source: Harris County Appraisal District

Note: The real property numbers were derived by using the tax roll for the necessary year and adding the totals for all items designated as "real" in the property use category description.

Personal property represents items not identified as "real" in the property use category description.

Actual value is the market value as reported by HCAD.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Table 6
Page 2 of 2

Fiscal Year Ended August 31,	Total Direct Tax Rate (1)	Actual Value	Assessed Value as a Percentage of Actual Value
2010	$ 1.47840	$ 7,340,015,099	77%
2011	1.51340	7,191,240,810	76%
2012	1.51340	7,264,497,418	75%
2013	1.51340	8,376,275,379	76%
2014	1.51340	8,901,084,602	76%
2015	1.51340	9,711,137,783	77%
2016	1.51340	10,369,374,842	79%
2017	1.56330	10,323,739,943	79%
2018	1.56330	10,681,744,645	77%
2019	1.57330	10,840,772,505	79%

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 7
Page 1 of 2

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

Taxing Authority	2019	2018	2017	2016	2015
Overlapping Rates:					
Cities:					
Galena Park, City of	$ 1.17339	$ 1.03745	$ 1.03745	$ 1.03745	$ 1.04745
Houston, City of	0.58831	0.58421	0.58642	0.60112	0.63108
Jacinto City, City of	0.78355	0.78355	0.78355	0.78355	0.79991
Counties:					
Harris Co	0.41858	0.41801	0.41656	0.41923	0.41731
Municipal Utility Districts:					
Harris Co MUD #8	0.50000	0.57000	0.58250	0.58250	0.64000
Harris Co MUD #53	0.60000	0.60000	0.66000	0.74000	0.81000
Harris Co MUD #285	0.71000	0.72000	0.74000	0.81000	0.90000
Water Control and Improvement Districts:					
Harris Co WC&ID #36	0.35000	0.35000	0.35000	0.35000	0.35000
Port of Houston Authority	0.01155	0.01256	0.01334	0.01342	0.01531
Other Governmental Entities:					
Harris Co Dept. of Education	0.00519	0.00520	0.00520	0.00542	0.00600
Harris Co Flood Control District	0.02877	0.02831	0.02829	0.02733	0.02736
Harris Co FWSD #51	0.25000	0.25000	0.25700	0.28200	0.30000
San Jacinto Community College District	0.17933	0.18334	0.18238	0.17578	0.18560
District Direct Rates:					
Maintenance and Operations	1.24330	1.24330	1.24330	1.24330	1.24330
Debt Service	0.33000	0.32000	0.32000	0.27010	0.27010
Total District Direct Rates	$ 1.57330	$ 1.56330	$ 1.56330	$ 1.51340	$ 1.51340

Source: Harris County Appraisal District

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 7
Page 2 of 2

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

Taxing Authority	2014	2013	2012	2011	2010
Overlapping Rates:					
Cities:					
Galena Park, City of	$ 1.04745	$ 1.05745	$ 1.03745	$ 1.03745	$ 1.03745
Houston, City of	0.63875	0.63875	0.63875	0.63875	0.63875
Jacinto City, City of	0.79991	0.76612	0.79593	0.80153	0.72107
Counties:					
Harris Co	0.41455	0.40021	0.39117	0.38805	0.39224
Municipal Utility Districts:					
Harris Co MUD #8	0.68000	0.68000	0.56500	0.54250	0.52750
Harris Co MUD #53	0.88000	0.91000	0.87500	0.82500	0.79500
Harris Co MUD #285	0.96000	0.98000	0.94500	0.93000	0.93000
Water Control and Improvement Districts:					
Harris Co WC&ID #36	0.33000	0.31000	0.29000	0.29000	0.28000
Port of Houston Authority	0.01716	0.01952	0.01856	0.02054	0.01640
Other Governmental Entities:					
Harris Co Dept. of Education	0.00636	0.00662	0.00658	0.06581	0.06050
Harris Co Flood Control District	0.02827	0.02809	0.02809	0.02923	0.02920
Harris Co FWSD #51	0.33000	0.34500	0.34000	0.32000	0.02922
San Jacinto Community College District	0.18560	0.18560	0.18560	0.17628	0.17080
District Direct Rates:					
Maintenance and Operations	1.24330	1.24330	1.18340	1.18340	1.18340
Debt Service	0.27010	0.27010	0.33000	0.33000	0.29500
Total District Direct Rates	$ 1.51340	$ 1.51340	$ 1.51340	$ 1.51340	$ 1.47840

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 8

PRINCIPAL TAXPAYERS
CURRENT AND NINE YEARS AGO

	2019			2010		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Houston Fuel Co	$ 470,300,131	1	5.47%	$ 97,654,569	6	1.73%
Oiltanking Houston Inc	394,631,465	2	4.59%	123,037,952	4	2.18%
Kinder Morgan Crude & Condensate LLC	392,468,527	3	4.57%	Not Available		
Magellan Terminal Holdings	381,264,714	4	4.44%	125,024,236	3	2.22%
Helmerich & Payne	358,660,665	5	4.17%	242,118,318	2	4.29%
Enterprise Terminalling LLC	220,186,813	6	2.56%	Not Available		
Stolt Nielsen Inc	214,309,755	7	2.49%	Not Available		
Shell Oil Co	181,350,826	8	2.11%	104,368,474	5	1.85%
Oiltanking Houston LP	180,433,403	9	2.10%	Not Available		
Chevron Chemical Co	167,491,200	10	1.95%	96,768,643	7	1.71%
GE Packaged Power LP	Not Available			290,208,187	1	5.14%
GB Biosciences Corp	Not Available			90,625,690	8	1.61%
GATX Terminals Corp	Not Available			71,878,883	9	1.27%
Ameriforge Group Inc	Not Available			69,266,510	10	1.23%
	$ 2,961,097,499		34.45%	$ 1,310,951,462		23.23%

Source: District Records

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 9

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended August 31,	Total Tax Levy for Fiscal Year (1)	Collected Within the Fiscal Year of the Levy: Amount	Collected Within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy
2010	$ 83,030,858	$ 81,391,301	98.03%	$ 1,458,107	$ 82,849,408	99.78%
2011	82,295,914	81,347,725	98.85%	798,541	82,146,266	99.82%
2012	81,213,991	80,669,815	99.33%	402,513	81,072,328	99.83%
2013	95,279,365	94,771,892	99.47%	214,002	94,985,894	99.69%
2014	100,735,324	100,810,877	100.08%	(396,246)	100,414,631	99.68%
2015	110,720,681	109,459,347	98.86%	996,069	110,455,416	99.76%
2016	122,639,634	121,009,127	98.67%	1,336,677	122,345,804	99.76%
2017	125,913,501	124,665,857	99.01%	793,999	125,459,856	99.64%
2018	125,923,060	124,470,324	98.85%	632,062	125,102,386	99.35%
2019	134,244,571	132,339,933	98.58%	-	132,339,933	98.58%

(1) Appraised value less exemptions equal taxable assessed value. The beginning taxable value net of adjustments times the tax rate set by the District's Board of Trustees each fall equals the total net tax levy. The net tax levy for prior years reflects ongoing adjustments applied to that year's tax levy.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 10

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities				
Fiscal Year	Schoolhouse and Refunding Bonds	Qualified Zone Academy Bonds	Total Primary Government	Ratio of Debt to Assessed Value (1)	Debt per Student (2)
2010	$ 283,991,592	$ 5,768,947	$ 289,760,539	5.13%	$ 13,275
2011	277,026,865	5,037,428	282,064,293	4.98%	13,598
2012	269,248,264	4,305,909	273,554,173	4.99%	12,533
2013	260,208,967	3,574,390	263,783,357	4.11%	12,017
2014	252,892,055	2,842,871	255,734,926	3.75%	11,251
2015	236,617,958	2,111,352	238,729,310	3.16%	10,391
2016	226,885,674	1,379,833	228,265,507	2.80%	10,140
2017	306,325,778	1,034,875	307,360,653	3.77%	13,490
2018	389,905,689	689,916	390,595,605	4.78%	17,290
2019	376,082,361	344,957	376,427,318	4.41%	16,888

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(1) See Table 6 for assessed value information.

(2) See Table 17 for student enrollment information.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 11

RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	Schoolhouse and Refunding Bonds Outstanding	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Net Bonded Debt per Student (2)
2010	$ 283,991,592	$ 4,232,268	$279,759,324	4.96%	$ 13,067
2011	277,026,865	4,973,571	272,053,294	4.95%	12,620
2012	269,248,264	7,386,838	261,861,426	4.83%	12,023
2013	260,208,967	8,942,426	251,266,541	3.95%	11,415
2014	252,892,055	10,043,759	242,848,296	3.60%	10,786
2015	236,617,958	4,024,630	232,593,328	3.13%	10,274
2016	226,885,674	7,539,501	219,346,173	2.69%	9,744
2017	306,325,778	8,430,836	297,894,942	3.65%	13,075
2018	389,905,689	11,195,980	378,709,709	4.63%	16,764
2019	376,082,361	10,442,380	365,639,981	4.29%	16,405

(1) See Table 6 for assessed value information.

(2) See Table 17 for student enrollment.

Galena Park
Independent School District

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 12

COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT
For the Year Ended August 31, 2019

Governmental Unit	Net Debt Amount	Net Debt As Of	Percentage Overlapping	Amount of Overlapping Debt
Cities:				
Galena Park	$ 4,985,000	08/31/19	100.00%	$ 4,985,000
Houston	3,741,325,000	08/31/19	0.29%	10,849,843
Jacinto City	1,375,000	08/31/19	37.60%	517,000
Counties:				
Harris	1,599,402,125	08/31/19	1.89%	30,228,700
Municipal Utility Districts:				
Harris Co. MUD 8	2,795,000	08/31/19	100.00%	2,795,000
Harris Co. MUD 53	12,165,000	08/31/19	25.72%	3,128,838
Harris Co. MUD 285	57,510,000	08/31/19	65.49%	37,663,299
Water Control and Improvement Districts				
Harris Co. WC&ID 36	9,995,000	08/31/19	100.00%	9,995,000
Port of Houston Authority	593,754,397	08/31/19	1.89%	11,221,958
Other Governmental Entities:				
Harris County Department of Education	6,320,000	08/31/19	1.89%	119,448
Harris County Flood Control District	83,075,000	08/31/19	1.89%	1,570,118
Harris Co. FWSD 47	5,375,000	08/31/19	21.21%	1,140,038
Harris Co. FWSD 51	8,555,000	08/31/19	100.00%	8,555,000
Harris County Hospital District	57,300,000	08/31/19	1.89%	1,082,970
Harris County Improvement Department	4,200,000	08/31/19	67.00%	2,814,000
Harris County Toll Road Authority	-	08/31/19	1.89%	-
San Jacinto Community College District	498,677,707	08/31/19	15.80%	78,791,078
	Subtotal, overlapping debt			205,457,288
	Galena Park Independent School District Direct Debt			376,427,318
	Total Direct and Overlapping Debt			$ 581,884,606

Sources: Texas Municipal Report issued by the Municipal Advisory Council of Texas

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Galena Park Independent School District. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for paying the debt, of each overlapping government.

GALENA PARK INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Table 13
Page 1 of 2

	2019	2018	2017	2016	2015
Debt Limit	$ 1,072,053,056	$ 1,058,419,004	$ 1,021,936,312	$ 1,030,578,622	$ 968,388,190
Less: Total Net Debt Applicable to Limit	364,311,123	377,143,291	237,832,528	161,102,136	177,003,817
Legal Debt Margin	$ 707,741,933	$ 681,275,713	$ 784,103,784	$ 869,476,486	$ 791,384,373
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	33.98%	35.63%	23.27%	15.63%	18.28%

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Taxable Value	$ 8,532,674,721
Add back:	
Exempt Real Property	2,187,855,839
Total Assessed Value	$ 10,720,530,560
Debt Limit (10% of total assessed value)	$ 1,072,053,056
Debt Applicable to Limit:	
Schoolhouse and Refunding Bonds	374,408,546
Qualified Zone Academy Bonds	344,957
Less: Amount set aside for repayment of bonds	(10,442,380)
Total Net Debt Applicable to Limit	364,311,123
Legal Debt Margin	$ 707,741,933

Note: Although there is no legal debt limit in the State of Texas, most school business officials in the State hold the opinion that the Attorney General would not approve bonded indebtedness in excess of 10 percent of assessed value.

Source: Harris County Appraisal District.

GALENA PARK INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Table 13
Page 2 of 2

	2014	2013	2012	2011	2010
Debt Limit	$ 888,794,715	$ 836,469,211	$ 732,506,483	$ 626,711,874	$ 732,506,483
Less: Total Net Debt Applicable to Limit	191,581,929	200,567,976	211,902,613	235,156,283	225,458,448
Legal Debt Margin	$ 697,212,786	$ 635,901,235	$ 499,406,933	$ 487,790,549	$ 391,555,591
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	21.56%	23.98%	30.96%	31.82%	31.64%

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 14

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Residential Units (1)	Total Assessed Value per Residential Unit (1)	Average Assessed Value per Residential Unit (1)	Median Annual Income (2)	Per Capita Personal Income (2)	Unemployment Rate (2)
2010	20,536	$ 1,263,129,320	$ 68,046	Not Available	Not Available	8.6%
2011	20,534	1,193,407,476	61,508	34,430	Not Available	8.1%
2012	20,572	1,150,278,910	58,119	35,150	Not Available	7.0%
2013	20,606	1,103,012,056	53,529	35,342	Not Available	6.1%
2014	20,669	1,131,283,208	54,733	36,042	Not Available	5.5%
2015	20,832	1,195,762,229	57,400	36,879	Not Available	4.6%
2016	20,911	1,210,395,703	57,883	51,831	Not Available	5.8%
2017	21,000	1,371,699,481	65,319	52,874	Not Available	5.2%
2018	21,123	1,490,080,386	70,543	53,815	Not Available	4.4%
2019	21,240	1,592,091,619	74,957	54,294	Not Available	3.9%

(1) Harris County Appraisal District

The residential property numbers were derived by using the tax roll for the necessary year and adding the totals for all items designated as "residential" in the property use category description.

(2) TRACER of Texas Workforce Commission for Harris County

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 15

PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2019			2010		
Taxpayer	Employees	Rank	Percentage of Principal Employers	Employees	Rank	Percentage of Principal Employers
Galena Park Independent School District	3,218	1	59%	3,094		57%
Walmart	710	2	13%	400		7%
Chevron	331	3	6%	592		11%
Shell Oil Products	225	4	4%	not available		
Sam's Club East Freeway	200	5	4%	500		9%
United States Gypsum Co	190	6	3%	350		6%
Home Depot	175	7	3%	not available		
Lowes	147	8	3%	not available		
National Oilwell Varco	124	9	2%	350		6%
Academy	112	10	2%	not available		
City of Galena Park	not available			150		3%
	5,432		100.00%	5,436		100%

Source: District records or managerial contact for referenced Employer.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 16
Page 1 of 2

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES
LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015
Professional Staff					
Teachers	1,359	1,409	1,401	1,410	1,380
Professional Support	412	370	393	401	380
Campus Administration	87	80	78	80	77
Central Administration	54	50	57	51	47
Education Aides	250	239	245	204	223
Auxiliary Staff	1,057	1,074	980	794	870
Total	3,218	3,222	3,153	2,940	2,977

Source: Texas Education Agency TAPR (Texas Academic Performance Report)

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 16
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FULL-TIME EQUIVALENT DISTRICT EMPLOYEES
LAST TEN FISCAL YEARS

	2014	2013	2012	2011	2010
Professional Staff					
Teachers	1,473	1,480	1,492	1,537	1,573
Professional Support	263	297	270	307	274
Campus Administration	76	69	65	74	70
Central Administration	51	11	35	29	34
Education Aides	177	127	98	134	167
Auxiliary Staff	918	956	1,014	1,023	976
Total	2,958	2,940	2,974	3,104	3,094

GALENA PARK INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Table 17
Page 1 of 2

Fiscal Year August 31,	Average Daily Attendance	Governmental Fund Expenditures: Operating Expenditures (1)	Governmental Fund Expenditures: Cost per Student	Government-wide Expenses: Governmental Activities Expenses	Government-wide Expenses: Cost per Student
2010	19,830	$ 205,022,286	$ 10,339	$ 229,016,610.00	$ 11,549
2011	20,114	204,365,877	10,160	226,263,052	11,249
2012	20,226	188,582,707	9,324	211,523,486	10,458
2013	20,500	191,994,074	9,366	213,051,992	10,393
2014	20,884	203,548,714	9,747	224,526,271	10,751
2015	21,019	218,078,041	10,375	232,560,231	11,064
2016	21,002	223,536,308	10,644	241,031,451	11,477
2017	21,185	230,893,394	10,899	260,630,662	12,303
2018	20,899	241,063,898	11,535	204,436,023	9,782
2019	20,773	243,570,461	11,725	300,075,713	14,445

Source: District Records

(1) Operating expenditures include governmental fund expenditures less debt service and facilities acquisition and construction expenditures.

GALENA PARK INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Table 17
Page 2 of 2

Fiscal Year August 31,	District Employees: Teachers	District Employees: Professionals	District Employees: Other	District Employees: Total	Final Enrollment	Percentage Increase in Enrollment	Student / Teacher Ratio	Students Participating in Free/Reduced Lunch Program
2010	1,573	379	1,142	3,094	21,409	0.950%	14	17,761
2011	1,537	410	1,157	3,104	21,557	0.69%	14	16,842
2012	1,492	370	1,112	2,974	21,780	1.03%	15	17,216
2013	1,480	297	1,163	2,940	22,012	1.07%	15	18,220
2014	1,473	263	1,222	2,958	22,515	2.29%	15	18,055
2015	1,380	380	1,217	2,977	22,639	0.55%	16	18,075
2016	1,410	401	1,129	2,940	22,511	-0.57%	16	17,919
2017	1,401	393	1,359	3,153	22,784	1.21%	16	18,263
2018	1,409	370	1,444	3,223	22,591	-0.85%	16	17,964
2019	1,359	412	1,448	3,218	22,289	-1.34%	16	11,754

Galena Park
Independent School District

GALENA PARK INDEPENDENT SCHOOL DISTRICT ***Table 18***
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS

Fiscal Year	Minimum Salary (1)	Maximum Salary (1)	Statewide Average (2)
2010	$ 44,500	$ 69,525	$ 48,263
2011	45,000	70,575	48,638
2012	45,000	70,575	48,375
2013	45,000	70,575	48,821
2014	45,500	71,825	49,692
2015	50,000	73,150	50,715
2016	51,000	74,500	51,891
2017	52,500	75,250	52,525
2018	54,000	76,700	53,334
2019	55,000	79,320	54,122

(1) Source: District Records

(2) Source: Texas Education Agency TAPR (Texas Academic Performance Report)

GALENA PARK INDEPENDENT SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Table 19
Page 1 of 10

Building:	Year Built	2019	2018	2017	2016	2015
HIGH SCHOOLS						
Galena Park	1950					
Square Footage		277,914	277,914	277,914	277,914	277,914
Additions		-	-	-	-	-
Revised Sq Ft		277,914	277,914	277,914	277,914	277,914
Capacity (see note #1)		1,869	1,869	1,869	1,869	1,869
Enrollment		1,843	2,016	2,051	2,062	1,967
North Shore West	1954					
Square Footage		390,876	390,876	390,876	390,876	390,876
Additions		-	-	-	-	-
Revised Sq Ft		390,876	390,876	390,876	390,876	390,876
Capacity (see note #1)		1,678	1,678	1,678	1,678	1,678
Enrollment		1,162	1,192	1,251	1,185	1,184
North Shore East (see note #3)	1956					
Square Footage		120,555	120,555	120,555	120,555	120,555
Additions		-	-	-	-	-
Revised Sq Ft		120,555	120,555	120,555	120,555	120,555
Capacity (see note #1)		1,134	1,134	1,134	1,134	1,134
Enrollment (see note #2)						
North Shore Senior High - 10th Grade	2018					
Square Footage (see note #4)		125,020				
Additions		-				
Revised Sq Ft		125,020				
Capacity (see note #1)		1,200				
Enrollment		1,116				
North Shore Senior High	1998					
Square Footage		492,913	492,913	492,913	492,913	492,913
Additions		-	-	-	-	-
Revised Sq Ft		492,913	492,913	492,913	492,913	492,913
Capacity (see note #1)		3,384	3,384	3,384	3,384	3,384
Enrollment		2,259	3,586	3,590	3,468	3,373
Sub-Total Sq Ft. High Schools		**1,407,278**	**1,282,258**	**1,282,258**	**1,282,258**	**1,282,258**
MIDDLE SCHOOLS						
Galena Park	1993					
Square Footage		149,394	149,394	149,394	149,394	149,394
Additions		-	-	-	-	-
Revised Sq Ft		149,394	149,394	149,394	149,394	149,394
Capacity (see note #1)		1,106	1,106	1,106	1,106	1,106
Enrollment		1,064	1,013	1,024	999	971
North Shore	1993					
Square Footage		216,836	216,836	216,836	216,836	216,836
Additions		-	-	-	-	-
Revised Sq Ft		216,836	216,836	216,836	216,836	216,836
Capacity (see note #1)		1,449	1,449	1,449	1,449	1,449
Enrollment		1,380	1,406	1,398	1,396	1,365

GALENA PARK INDEPENDENT SCHOOL DISTRICT

SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Table 19
Page 2 of 10

Building:	Year Built	2014	2013	2012	2011	2010
HIGH SCHOOLS						
Galena Park	1950					
Square Footage		277,914	277,914	277,914	277,914	277,914
Additions		-	-	-	-	-
Revised Sq Ft		277,914	277,914	277,914	277,914	277,914
Capacity (see note #1)		1,869	1,869	1,869	1,869	1,869
Enrollment		2,025	1,915	1,867	1,733	1,857
North Shore West	1954					
Square Footage		390,876	390,876	390,876	390,876	390,876
Additions		-	-	-	-	-
Revised Sq Ft		390,876	390,876	390,876	390,876	390,876
Capacity (see note #1)		1,678	1,678	1,678	1,678	1,678
Enrollment		1,036	1,156	1,122	1,193	1,135
North Shore East (see note #3)	1956					
Square Footage		120,555	120,555	120,555	120,555	120,555
Additions		-	-	-	-	-
Revised Sq Ft		120,555	120,555	120,555	120,555	120,555
Capacity (see note #1)		1,134	1,134	1,134	1,134	1,134
Enrollment (see note #2)						
North Shore Senior High	1998					
Square Footage		492,913	492,913	492,913	492,913	492,913
Additions		-	-	-	-	-
Revised Sq Ft		492,913	492,913	492,913	492,913	492,913
Capacity (see note #1)		3,384	3,384	3,384	3,384	3,384
Enrollment		3,257	3,319	3,322	3,241	3,052
Sub-Total Sq Ft. High Schools		**1,282,258**	**1,282,258**	**1,282,258**	**1,282,258**	**1,282,258**
MIDDLE SCHOOLS						
Galena Park	1993					
Square Footage		149,394	149,394	149,394	149,394	149,394
Additions		-	-	-	-	-
Revised Sq Ft		149,394	149,394	149,394	149,394	149,394
Capacity (see note #1)		1,106	1,106	1,106	1,106	1,106
Enrollment		1,039	1,052	1,072	1,060	1,002
North Shore	1993					
Square Footage		216,836	216,836	216,836	216,836	216,836
Additions		-	-	-	-	-
Revised Sq Ft		216,836	216,836	216,836	216,836	216,836
Capacity (see note #1)		1,449	1,449	1,449	1,449	1,449
Enrollment		1,344	1,310	1,269	1,324	1,304

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 19
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SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	Year Built	2019	2018	2017	2016	2015
MIDDLE SCHOOLS (continued)						
Woodland Acres	1947					
Square Footage		97,086	97,086	97,086	97,086	97,086
Additions		-	-	-	-	-
Revised Sq Ft		97,086	97,086	97,086	97,086	97,086
Capacity (see note #1)		659	659	659	659	659
Enrollment		514	534	542	523	517
Cunningham	1981					
Square Footage		167,234	167,234	167,234	167,234	167,234
Additions		-	-	-	-	-
Revised Sq Ft		167,234	167,234	167,234	167,234	167,234
Capacity (see note #1)		1,123	1,123	1,123	1,123	1,123
Enrollment		962	988	958	945	945
Cobb 6th Grade Campus	2000					
Square Footage		130,893	130,893	130,893	130,893	130,893
Additions		-	-	-	-	-
Revised Sq Ft		130,893	130,893	130,893	130,893	130,893
Capacity (see note #1)		1,240	1,240	1,240	1,240	1,240
Enrollment		1,155	1,142	1,168	1,167	1,157
Sub-Total Sq Ft. Middle Schools		**761,443**	**761,443**	**761,443**	**761,443**	**761,443**
ELEMENTARY SCHOOLS						
Cimarron	1954					
Square Footage		90,123	90,123	90,123	90,123	90,123
Additions		-	-	-	-	-
Revised Sq Ft		90,123	90,123	90,123	90,123	90,123
Capacity (see note #1)		1,034	1,034	1,034	1,034	1,034
Enrollment		735	749	799	799	791
Cloverleaf	1942					
Square Footage		89,346	89,346	89,346	89,346	89,346
Additions		-	-	-	-	-
Revised Sq Ft		89,346	89,346	89,346	89,346	89,346
Capacity (see note #1)		1,048	1,048	1,048	1,048	1,048
Enrollment		772	836	805	831	812
Galena Park	2018					
Square Footage (see note #4)		91,901	79,396	79,396	79,396	79,396
Additions		-	-	-	-	-
Revised Sq Ft		91,901	79,396	79,396	79,396	79,396
Capacity (see note #1)		700	700	700	700	700
Enrollment		602	603	622	644	628

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 19
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SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	Year Built	2014	2013	2012	2011	2010
MIDDLE SCHOOLS (continued)						
Woodland Acres	1947					
Square Footage		97,086	97,086	97,086	97,086	97,086
Additions		-	-	-	-	-
Revised Sq Ft		97,086	97,086	97,086	97,086	97,086
Capacity (see note #1)		659	659	659	659	659
Enrollment		459	458	472	487	509
Cunningham	1981					
Square Footage		167,234	167,234	167,234	167,234	162,765
Additions		-	-	-	-	-
Revised Sq Ft		167,234	167,234	167,234	167,234	162,765
Capacity (see note #1)		1,123	1,123	1,123	1,123	1,047
Enrollment		998	887	913	907	932
Cobb 6th Grade Campus	2000					
Square Footage		130,893	130,893	130,893	130,893	130,893
Additions		-	-	-	-	-
Revised Sq Ft		130,893	130,893	130,893	130,893	130,893
Capacity (see note #1)		1,240	1,240	1,240	1,240	1,240
Enrollment		1,063	1,155	1,162	1,009	1,066
Sub-Total Sq Ft. Middle Schools		**761,443**	**761,443**	**761,443**	**761,443**	**756,974**
ELEMENTARY SCHOOLS						
Cimarron	1954					
Square Footage		90,123	90,123	90,123	90,123	90,123
Additions		-	-	-	-	-
Revised Sq Ft		90,123	90,123	90,123	90,123	90,123
Capacity (see note #1)		1,034	1,034	1,034	1,034	1,034
Enrollment		833	809	810	807	855
Cloverleaf	1942					
Square Footage		89,346	89,346	89,346	89,346	89,346
Additions		-	-	-	-	-
Revised Sq Ft		89,346	89,346	89,346	89,346	89,346
Capacity (see note #1)		1,048	1,048	1,048	1,048	1,048
Enrollment		871	845	804	836	777
Galena Park	2018					
Square Footage (see note #4)		79,396	79,396	79,396	79,396	79,396
Additions		-	-	-	-	-
Revised Sq Ft		79,396	79,396	79,396	79,396	79,396
Capacity (see note #1)		700	700	700	700	700
Enrollment		671	670	655	667	643

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	Year Built	2019	2018	2017	2016	2015
ELEMENTARY SCHOOLS (continued)						
Green Valley	1958					
Square Footage		96,041	96,041	96,041	96,041	96,041
Additions		-	-	-	-	-
Revised Sq Ft		96,041	96,041	96,041	96,041	96,041
Capacity (see note #1)		988	988	988	988	988
Enrollment		677	763	780	806	765
Jacinto City	1943					
Square Footage		95,554	95,554	95,554	95,554	95,554
Additions		-	-	-	-	-
Revised Sq Ft		95,554	95,554	95,554	95,554	95,554
Capacity (see note #1)		864	864	864	864	864
Enrollment		721	784	791	827	823
MacArthur	1951					
Square Footage		88,864	88,864	88,864	88,864	88,864
Additions		-	-	-	-	-
Revised Sq Ft		88,864	88,864	88,864	88,864	88,864
Capacity (see note #1)		790	790	790	790	790
Enrollment		708	768	711	707	696
North Shore	2018					
Square Footage (see note #4)		135,598	88,789	88,789	88,789	88,789
Additions		-	-	-	-	-
Revised Sq Ft		135,598	88,789	88,789	88,789	88,789
Capacity (see note #1)		1,010	920	920	920	920
Enrollment		992	969	995	987	959
Pyburn	1952					
Square Footage		73,654	73,654	73,654	73,654	73,654
Additions		-	-	-	-	-
Revised Sq Ft		73,654	73,654	73,654	73,654	73,654
Capacity (see note #1)		720	720	720	720	720
Enrollment		599	653	642	649	633
Woodland Acres	2018					
Square Footage (see note #4)		80,497	62,010	62,010	62,010	62,010
Additions		-	-	-	-	-
Revised Sq Ft		80,497	62,010	62,010	62,010	62,010
Capacity (see note #1)		500	499	499	499	499
Enrollment		481	469	459	438	437

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	Year Built	2014	2013	2012	2011	2010
ELEMENTARY SCHOOLS (continued)						
Green Valley	1958					
Square Footage		96,041	96,041	96,041	96,041	96,041
Additions		-	-	-	-	-
Revised Sq Ft		96,041	96,041	96,041	96,041	96,041
Capacity (see note #1)		988	988	988	988	988
Enrollment		720	701	679	669	621
Jacinto City	1943					
Square Footage		95,554	95,554	95,554	95,554	95,554
Additions		-	-	-	-	-
Revised Sq Ft		95,554	95,554	95,554	95,554	95,554
Capacity (see note #1)		864	864	864	864	864
Enrollment		828	860	792	822	796
MacArthur	1951					
Square Footage		88,864	88,864	88,864	88,864	88,864
Additions		-	-	-	-	-
Revised Sq Ft		88,864	88,864	88,864	88,864	88,864
Capacity (see note #1)		790	790	790	790	790
Enrollment		721	730	726	735	780
North Shore	2018					
Square Footage (see note #4)		88,789	88,789	88,789	88,789	88,789
Additions		-	-	-	-	-
Revised Sq Ft		88,789	88,789	88,789	88,789	88,789
Capacity (see note #1)		920	920	920	920	920
Enrollment		915	912	885	854	878
Pyburn	1952					
Square Footage		73,654	73,654	73,654	73,654	73,654
Additions		-	-	-	-	-
Revised Sq Ft		73,654	73,654	73,654	73,654	73,654
Capacity (see note #1)		720	720	720	720	720
Enrollment		681	683	652	623	644
Woodland Acres	2018					
Square Footage (see note #4)		62,010	62,010	62,010	62,010	62,010
Additions		-	-	-	-	-
Revised Sq Ft		62,010	62,010	62,010	62,010	62,010
Capacity (see note #1)		499	499	499	499	499
Enrollment		419	422	426	453	444

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	Year Built	2019	2018	2017	2016	2015
ELEMENTARY SCHOOLS (continued)						
Tice	1981					
Square Footage		80,680	80,680	80,680	80,680	80,680
Additions		-	-	-	-	-
Revised Sq Ft		80,680	80,680	80,680	80,680	80,680
Capacity (see note #1)		792	792	792	792	792
Enrollment		680	690	714	700	690
Purple Sage	1990					
Square Footage		92,795	92,795	92,795	92,795	92,795
Additions		-	-	-	-	-
Revised Sq Ft		92,795	92,795	92,795	92,795	92,795
Capacity (see note #1)		747	747	747	747	747
Enrollment		528	548	596	568	560
Havard	2000					
Square Footage		102,713	102,713	102,713	102,713	102,713
Additions		-	-	-	-	-
Revised Sq Ft		102,713	102,713	102,713	102,713	102,713
Capacity (see note #1)		890	890	890	890	890
Enrollment		711	690	700	682	696
Normandy Crossing	2004					
Square Footage		106,800	106,800	106,800	106,800	106,800
Additions		-	-	-	-	-
Revised Sq Ft		106,800	106,800	106,800	106,800	106,800
Capacity (see note #1)		777	777	777	777	777
Enrollment		632	664	668	643	630
Shirley J Williamson	2003					
Square Footage		105,000	105,000	105,000	105,000	105,000
Additions		-	-	-	-	-
Revised Sq Ft		105,000	105,000	105,000	105,000	105,000
Capacity (see note #1)		797	797	797	797	797
Enrollment		680	688	628	641	621
Sam Houston	2007					
Square Footage		105,000	105,000	105,000	105,000	105,000
Additions		-	-	-	-	-
Revised Sq Ft		105,000	105,000	105,000	105,000	105,000
Capacity (see note #1)		880	880	880	880	880
Enrollment		826	837	854	869	848
Sub-Total Sq Ft. Elementary Schools		**1,434,566**	**1,356,765**	**1,356,765**	**1,356,765**	**1,356,765**

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	Year Built	2014	2013	2012	2011	2010
ELEMENTARY SCHOOLS (continued)						
Tice	1981					
Square Footage		80,680	80,680	80,680	80,680	80,680
Additions		-	-	-	-	-
Revised Sq Ft		80,680	80,680	80,680	80,680	80,680
Capacity (see note #1)		792	792	792	792	792
Enrollment		733	707	675	637	637
Purple Sage	1990					
Square Footage		92,795	92,795	92,795	92,795	92,795
Additions		-	-	-	-	-
Revised Sq Ft		92,795	92,795	92,795	92,795	92,795
Capacity (see note #1)		747	747	747	747	747
Enrollment		503	512	572	594	591
Havard	2000					
Square Footage		102,713	102,713	102,713	102,713	102,713
Additions		-	-	-	-	-
Revised Sq Ft		102,713	102,713	102,713	102,713	102,713
Capacity (see note #1)		890	890	890	890	890
Enrollment		679	674	684	665	675
Normandy Crossing	2004					
Square Footage		106,800	106,800	106,800	106,800	106,800
Additions		-	-	-	-	-
Revised Sq Ft		106,800	106,800	106,800	106,800	106,800
Capacity (see note #1)		777	777	777	777	777
Enrollment		652	609	649	627	655
Shirley J Williamson	2003					
Square Footage		105,000	105,000	105,000	105,000	105,000
Additions		-	-	-	-	-
Revised Sq Ft		105,000	105,000	105,000	105,000	105,000
Capacity (see note #1)		797	797	797	797	797
Enrollment		698	686	575	542	551
Sam Houston	2007					
Square Footage		105,000	105,000	105,000	105,000	105,000
Additions		-	-	-	-	-
Revised Sq Ft		105,000	105,000	105,000	105,000	105,000
Capacity (see note #1)		880	880	880	880	880
Enrollment		863	826	827	845	813
Sub-Total Sq Ft. Elementary Schools		**1,356,765**	**1,356,765**	**1,356,765**	**1,356,765**	**1,356,765**

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	Year Built	2019	2018	2017	2016	2015
OTHER CAMPUSES						
Becker Early Head Start	1978					
Square Footage		9,295	9,295	9,295	9,295	9,295
Additions						
Revised Sq Ft		9,295	9,295	9,295	9,295	9,295
Capacity		64	64	64	64	64
Enrollment		64	64	64	64	64
PEP Center	2007					
Square Footage		9,651	9,651	9,651	9,651	9,651
Additions		-	-	-	-	-
Revised Sq Ft		9,651	9,651	9,651	9,651	9,651
Capacity		48	48	48	48	48
Enrollment		48	48	48	48	48
Sub-Total Sq Ft. Other Campuses		**18,946**	**18,946**	**18,946**	**18,946**	**18,946**
OTHER FACILITIES						
ACT Clinic	2008					
Square Footage		3,100	3,100	3,100	3,100	3,100
Administration Building	2001					
Square Footage		81,000	81,000	81,000	81,000	81,000
Facilities & Planning/Warehouse	1955					
Square Footage		18,456	18,456	18,456	18,456	18,456
Grounds Maintenance Dept.						
Square Footage		5,670	5,670	5,670	5,670	5,670
FFA Agricultural Facility	2002					
Square Footage		28,880	28,880	28,880	28,880	28,880
South Annex	1944					
Square Footage		5,603	5,603	5,603	5,603	5,603
Maintenance Facility	1950					
Square Footage		22,154	22,154	22,154	22,154	22,154
Stadium/Natatorium	2002					
Square Footage		44,519	44,519	44,519	44,519	44,519
Transportation Department	2001					
Square Footage		17,700	17,700	17,700	17,700	17,700
Athletics Office	2002					
Square Footage		10,669	10,669	10,669	10,669	10,669
North Annex						
Square Footage		2,250	2,250	2,250	2,250	2,250
Sub-Total Sq Ft. Other Facilities		**240,001**	**240,001**	**240,001**	**240,001**	**240,001**
GRAND TOTAL		**3,862,234**	**3,659,413**	**3,659,413**	**3,659,413**	**3,659,413**

Source: District Records
Note #1: Capacity does not include temporary buildings
Note #2: This is a specialized campus where students are enrolled in either GPHS, NSSHS, or NSHS West.
Note #3: North Shore East consists of Accelerated Center for Education, Center for Success, Central Intake, and Success Academy
Note #4: New campus construction completed in 2018, open for the 2018-19 school year.

GALENA PARK INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

Building:	Year Built	2014	2013	2012	2011	2010
OTHER CAMPUSES						
Becker Early Head Start	1978					
Square Footage		9,295	9,295	9,295	9,295	9,295
Additions						
Revised Sq Ft		9,295	9,295	9,295	9,295	9,295
Capacity		64	64	64	64	64
Enrollment		64	64	64	64	64
PEP Center	2007					
Square Footage		9,651	9,651	9,651	9,651	9,651
Additions		-	-	-	-	-
Revised Sq Ft		9,651	9,651	9,651	9,651	9,651
Capacity		48	48	48	48	48
Enrollment		48	48	48	48	48
Sub-Total Sq Ft. Other Campuses		**18,946**	**18,946**	**18,946**	**18,946**	**18,946**
OTHER FACILITIES						
ACT Clinic	2008					
Square Footage		3,100	3,100	3,100	3,100	3,100
Administration Building	2001					
Square Footage		81,000	81,000	81,000	81,000	81,000
Facilities & Planning/Warehouse	1955					
Square Footage		18,456	18,456	18,456	17,006	17,006
Grounds Maintenance Dept.						
Square Footage		5,670	5,670	5,670	5,670	5,670
FFA Agricultural Facility	2002					
Square Footage		28,880	28,880	28,880	28,880	28,880
South Annex	1944					
Square Footage		5,603	5,603	5,603	5,603	5,603
Maintenance Facility	1950					
Square Footage		22,154	22,154	22,954	22,954	22,954
Stadium/Natatorium	2002					
Square Footage		44,519	44,519	44,519	44,519	44,519
Transportation Department	2001					
Square Footage		17,700	17,700	17,700	17,700	17,700
Athletics Office	2002					
Square Footage		10,669	10,669	10,669	10,669	10,669
North Annex						
Square Footage		2,250	2,250			
Sub-Total Sq Ft. Other Facilities		**240,001**	**240,001**	**238,551**	**237,101**	**237,101**
GRAND TOTAL		**3,659,413**	**3,659,413**	**3,657,963**	**3,656,513**	**3,652,044**

Galena Park
Independent School District

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Financial Advisory Services
Provided By:

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