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

PRELIMINARY OFFICIAL STATEMENT
Dated: July 2, 2025

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations on which the federal alternative minimum tax is imposed. 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.

$90,000,000*
GALENA PARK INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Harris County, Texas)
Unlimited Tax School Building Bonds, Series 2025

Dated Date: July 15, 2025 **Due: August 15, as shown on page ii**

The Galena Park Independent School District Unlimited Tax School Building Bonds, Series 2025 (the "Bonds") are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Sections 45.001 and 45.003(b)(1), Texas Education Code, as amended, Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), an election held in the Galena Park Independent School District (the "District") on May 4, 2024 and the order adopted by the Board of Trustees of the District (the "Board") on June 9, 2025 (the "Bond Order"). As permitted by Chapter 1371, the Board, in the Bond Order, delegated the authority to certain District officials (the "Pricing Officer") to execute a pricing certificate (the "Pricing Certificate") establishing the pricing terms for the Bonds (the Pricing Certificate, together with the Bond Order, are collectively referred to herein as the "Order"). 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 "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM").

Interest on the Bonds will accrue from the Dated Date shown above and will be payable on August 15, 2025 and each February 15 and August 15 thereafter, 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 BOKF, NA, 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 Record Date, as defined herein.

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 for the purpose of (i) constructing, acquiring, renovating and equipping school buildings in the District, acquiring property and sites for school buildings, purchasing school buses, and (ii) paying the costs of issuing the Bonds. (See "THE BONDS - Authorization and Purpose").

The Bonds maturing on and after August 15, 2035 are subject to redemption at the option of the District in whole or in part on February 15, 2035 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"). If two or more serial bonds of consecutive maturities are combined into one or more "Term Bonds" by the Underwriters named below (the "Underwriters"), such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Bond Order (see "THE BONDS – Mandatory Sinking Fund Redemption").

MATURITY SCHEDULE
(On page ii)

The Bonds are offered for delivery when, as and if issued, and received by the Underwriters 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. Certain legal matters will be passed upon for the Underwriters by their counsel, Bracewell LLP, Houston, Texas. The Bonds are expected to be available for initial delivery through the facilities of DTC on or about August 6, 2025 (the "Date of Delivery").

J.P. MORGAN

ESTRADA HINOJOSA **PIPER SANDLER & CO.** **RCB CAPITAL MARKETS**

**Preliminary, subject to change.*

$90,000,000*
GALENA PARK INDEPENDENT SCHOOL DISTRICT
(A political subdivision of the State of Texas located in Harris County, Texas)
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2025

MATURITY SCHEDULE
Base CUSIP No.: 363335 [(1)]

Maturity Date 8/15	Principal Amount*	Interest Rate	Initial Yield	CUSIP No. Suffix[(1)]
2026	$1,830,000			
2027	1,905,000			
2028	1,980,000			
2029	2,060,000			
2030	2,145,000			
2031	2,225,000			
2032	2,320,000			
2033	2,410,000			
2034	2,510,000			
2035	3,180,000			
2036	3,305,000			
2037	3,440,000			
2038	3,580,000			
2039	3,720,000			
2040	3,870,000			
2041	4,025,000			
2042	4,195,000			
2043	4,370,000			
2044	4,560,000			
2045	4,760,000			
2046	4,995,000			
2047	5,245,000			
2048	5,510,000			
2049	5,785,000			
2050	6,075,000			

(Interest to accrue from the Dated Date)

**Preliminary, subject to change.*

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GALENA PARK INDEPENDENT SCHOOL DISTRICT

BOARD OF TRUSTEES

Name	Date Initially Elected	Current Term Expires	Occupation
Norma Hernandez, President	2019	2026	Retired Educator
Ramon Garza, Vice President	2010	2028	Insurance Agent
Linda Clark Sherrard, Secretary	2022	2028	Retired
Amanda Erebia, Trustee	2024	2027	SVP, Retail Performance Manager
Noe Esparza, Trustee	2019	2026	Sales
Jose Jimenez, Trustee	2023	2026	Insurance Agent
Adrian Stephens, Trustee	2018	2027	Sales

APPOINTED OFFICIALS

Name	Position	Length of Service with District
Dr. John Moore	Superintendent	34 Years
Ben Pape	Chief Financial Officer	1 Year
Dr. Wanna Giacona	Chief Administrative Officer	31 Years
Michael McKay	Assistant Superintendent for Operational Support	26 Years
Jerld Link	Assistant Superintendent for Human Resource Services	9 Years
Holli Malloy	Assistant Superintendent for Academic Support	11 Years
Dr. Mechelle Epps	Assistant Superintendent for Student Support Services	28 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:

Ben Pape
Chief Financial Officer
Galena Park Independent School District
14705 Woodforest Blvd.
Houston, Texas 77015
(832) 386-1000

Brian Grubbs / Doug Whitt
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

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

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

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

The 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 Underwriters. 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 "APPENDIX E - 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 (the "TEA") 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.

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS 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 UNDERWRITERS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK ("DTC") OR ITS BOOK-ENTRY-ONLY SYSTEM, OR THE AFFAIRS OF THE TEA DESCRIBED UNDER "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM", AS SUCH INFORMATION WAS PROVIDED BY DTC AND TEA, RESPECTIVELY.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS. 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.SEE "FORWARD LOOKING STATEMENTS" HEREIN.

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 THIS ENTIRE OFFICIAL STATEMENT INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

TABLE OF CONTENTS

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 $90,000,000 (preliminary, subject to change) pursuant to the Constitution and general laws of the State of Texas, particularly Sections 45.001 and 45.003(b)(1), Texas Education Code, as amended, Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), an election held in the District on May 4, 2024 and the order adopted by the Board on June 9, 2025 (the "Bond Order"). As permitted by Chapter 1371, the Board, in the Bond Order, delegated the authority to certain District officials (the "Pricing Officer") to execute a pricing certificate (the "Pricing Certificate") establishing the pricing terms of the Bonds (the Pricing Certificate, and the Bond Order, are collectively referred to herein as the "Order"). Proceeds from the sale of the Bonds will be used for the purpose of (i) constructing, acquiring, renovating and equipping school buildings in the District, acquiring property and sites for school buildings, purchasing school buses, and (ii) paying the costs of issuing the Bonds. (See "THE BONDS - Authorization and Purpose").

Paying Agent/Registrar

The initial Paying Agent/Registrar is BOKF, NA, Dallas, Texas. The District intends to use the Book-Entry-Only System of The Depository Trust Company, New York, New York. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

Security

The Bonds will constitute direct and voted 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 "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM").

Redemption

The Bonds maturing on and after August 15, 2035 are subject to redemption at the option of the District in whole or in part on February 15, 2035 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"). If two or more serial bonds of consecutive maturities are combined into one or more "Term Bonds" by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Bond Order (see "THE BONDS – Mandatory Sinking Fund Redemption").

Permanent School Fund Guarantee

The District has received conditional approval from the Texas Education Agency 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 "APPENDIX E - 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 of the TEA. The District's unenhanced, underlying rating, including the Bonds, is "Aa1" by Moody's. (See "APPENDIX E - THE PERMANENT SCHOOL FUND 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; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations on which the federal alternative minimum tax is imposed. 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 due authorization and validity of the Bonds by Holland & Knight LLP, Houston, Texas, Bond Counsel.

Delivery

When issued, anticipated to be on or about August 6, 2025.

INTRODUCTORY STATEMENT

This Official Statement (the "Official Statement"), which includes the cover page 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 School Building Bonds, Series 2025 (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 adopted by the Board of Trustees of the District (the "Board") on June 9, 2025 authorizing the issuance of the Bonds ("Bond Order") and certain other information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained by writing the 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 Underwriters 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.

THE BONDS

Authorization and Purpose

The Bonds are being issued in the principal amount of $90,000,000 (preliminary, subject to change) pursuant to the Constitution and general laws of the State, including particularly Sections 45.001 and 45.003(b)(1), as amended, Texas Education Code, Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), an election held in the District on May 4, 2024 (the "Election") and the Bond Order. As permitted by Chapter 1371, the Board, in the Bond Order, delegated the authority to certain District officials (the "Pricing Officer") to execute a pricing certificate (the "Pricing Certificate") establishing the pricing terms of the Bonds (the Pricing Certificate, and the Bond Order, are collectively referred to herein as the "Order"). Proceeds from the sale of the Bonds will be used for the purpose of (i) constructing, acquiring, renovating and equipping school buildings in the District, acquiring property and sites for school buildings, purchasing school buses, and (ii) paying the costs of issuing the Bonds.

General Description

The Bonds will be dated July 15, 2025 (the "Dated Date") and interest will accrue from the 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, 2025 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, BOKF, NA, 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.

Optional Redemption

The Bonds maturing on and after August 15, 2035, 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, 2035, 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. 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 registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

Mandatory Sinking Fund Redemption

If two or more serial bonds of consecutive maturities are combined into one or more "Term Bonds" by the Underwriters, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with the provisions of the Bond Order and as further set forth in the final Official Statement.

Notice of Redemption

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Order have been met and money sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice will state that said redemption may, at the option of the District, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a notice of conditional redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the District will not redeem such Bonds, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Bonds have not been redeemed. ANY NOTICE OF REDEMPTION SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN IRRESPECTIVE OF WHETHER RECEIVED BY THE BONDHOLDER, AND, SUBJECT TO PROVISION FOR PAYMENT OF THE REDEMPTION PRICE, HAVING BEEN MADE, AND ANY PRECONDITIONS STATED IN THE NOTICE OF REDEMPTION HAVING BEEN SATISFIED INTEREST ON THE REDEEMED BONDS SHALL CEASE TO ACCRUE FROM AND AFTER SUCH REDEMPTION DATE NOTWITHSTANDING THAT A BOND HAS NOT BEEN PRESENTED FOR PAYMENT.

DTC Notices

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

Security

The Bonds are direct and voted 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 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 "APPENDIX E - 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 in "APPENDIX E - 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. See "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" and "REGISTERED OWNERS' REMEDIES" herein.

Legality

The Bonds are offered when, as and if issued, subject to the approval of legality by the Attorney General of the State 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

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

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

Defeasance

The Bond Order provides for the defeasance of the Bonds when payment of the principal amount of the Bonds plus interest accrued on the Bonds to their due date (whether such due date be by reason of stated maturity, redemption, or otherwise) is provided by irrevocably depositing with a paying agent, or other authorized escrow agent, in trust (1) money in an amount sufficient to make such payment and/or (2) Defeasance Securities, that will mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds, and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the Defeasance Securities. The District has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Defeasance Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the District moneys in excess of the amount required for such defeasance. The Bond Order provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. The Pricing Officer may restrict such eligible securities as deemed appropriate. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that on the date the governing body of the District adopts or approves the proceedings authorizing the financial arrangements have been refunded and are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

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

Sources and Uses of Funds

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

Sources	
Par Amount of Bonds	$
Accrued Interest	
[Net] Reoffering Premium	
Total Sources of Funds	$
Uses	
Deposit to Construction Fund	$
Costs of Issuance[(1)]	
Underwriters' Discount	
Deposit to Interest and Sinking Fund	
Total Uses of Funds	$

[(1)] Includes the fees of Bond Counsel, the Financial Advisor, the Paying Agent/Registrar, ratings agencies and other costs of issuance relative to the Bonds

REGISTERED OWNERS' REMEDIES

The Bond Order establishes specific events of default with respect to the Bonds and provides that if the District defaults in the payment of principal or interest on the Bonds when due, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, and the continuation thereof for a period of 60 days after notice of default is given by the District by any registered owner, the registered owners may seek a writ of mandamus to compel District officials to carry out their legally imposed duties with respect to the Bonds, if there is no other available remedy at law to compel performance of the Bonds or the Bond Order covenants and the District's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Bond Order does not provide for the appointment of a trustee to represent the interest of the bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in Tooke v. City of Mexia, 197 S.W.3rd 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued", in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In Tooke, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act covers school districts and relates to contracts entered into by school districts for providing goods or services to school districts. The District is not aware of any State court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by the Local Government Immunity Waiver Act. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in Tooke, and it is unclear whether Tooke will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by State courts. In general, State courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. State courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). 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. As a result, bondholders may not be able to bring such a suit against the District for breach of the Bonds or Bond Order covenants. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the 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 "APPENDIX E - 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 Bond Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, by general principles of equity which permit the exercise of judicial discretion.

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

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each stated 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, redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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 with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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 Underwriters take any responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the 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 Bond Order will be given only to DTC.

REGISTRATION, TRANSFER AND EXCHANGE

Paying Agent/Registrar

The initial Paying Agent/Registrar for the Bonds is BOKF, NA, Dallas, Texas. In the Bond 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 Bond 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, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each 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.

Limitation on Transfer of Bonds

The Paying Agent/Registrar shall not be required to make any such transfer, conversion or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date; provided, however, that such limitation shall not apply to uncalled portions of a Bond redeemed in part.

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

Subject to satisfying certain conditions, the payment of the Bonds will be guaranteed by the corpus of the Permanent School Fund of the State of Texas. In the event of default, registered owners will receive all payments due on the Bonds from the Permanent School Fund, and the Charter District Bond Guarantee Reserve would be the first source to pay debt service if a charter school was unable to make such payment. See "APPENDIX E – THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM" for pertinent information regarding the Permanent School Fund Guarantee Program. The disclosure regarding the Permanent School Fund Guarantee Program in Appendix E is incorporated herein and made a part hereof for all purposes.

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

Overview

The following language constitutes only a summary of the Finance System. The information contained under the captions "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" and "TAX RATE LIMITATIONS" is subject to change, and only reflects the District's understanding based on information available to the District as of the date of this Remarketing Memorandum. 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. Additionally, prospective investors are encouraged to review the Property Tax Code (as defined herein) for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the defined tax rates.

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. School districts are prohibited from levying an M&O tax rate for the purpose of creating a surplus in M&O tax revenues to pay the district's debt service. 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.

2025 Legislative Session

The regular session of the 89th Texas Legislature (the "Legislature") commenced on January 14, 2025 and concluded on June 2, 2025. The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor of Texas (the "Governor") may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The first special session is scheduled to begin on July 21, 2025, with the agenda to include 6 bills vetoed by the Governor (including the ban of THC products).

During the 89th Regular Session, the Legislature considered a general appropriations act and legislation affecting the Finance System and ad valorem taxation procedures and exemptions, and investments, among other legislation affecting school districts and the administrative agencies that oversee school districts. Contingent on voter approval at a Statewide election to be held on November 4, 2025, legislation passed by both houses of the Legislature would increase: (1) the State mandated general homestead exemption from $100,000 to $140,000, and (2) the additional exemption on the residence homesteads of those at least sixty-five (65) years of age or disabled from $10,000 to $60,000. Additionally, subject to the Governor's signing of the relevant legislation, both houses of the Legislature passed legislation that would authorize roughly $8.5 billion in funding for public schools and would provide districts with a $55 per-student increase to their base funding, as well as provide districts with additional funding for teacher and staff salaries, educator preparation, special education, safety requirements and early childhood learning. Finally, legislation passed by the Legislature and signed into law by the Governor will create an education savings account program (commonly referred to as vouchers) for students that attend private schools or home school. Such program could impact attendance in the District by incentivizing students to homeschool or attend private schools, which could negatively affect the District's attendance based funding.

The District is still in the process of reviewing legislation passed during the 89th Regular Session. At this time, the District cannot make any representations as to the full impact of such legislation. Further, the District can make no representations or predictions regarding the scope of legislation that may be considered in any special session or the potential impact of such legislation at this time, but it intends to monitor applicable legislation related thereto.

2023 Legislative Session

The regular session of the 88th Texas Legislature (the "88th Regular Session") began on January 10, 2023 and adjourned on May 29, 2023. The Governor called and the Legislature concluded four special sessions during the 88th Texas Legislature (such special sessions, together with the 88th Regular Session, the "2023 Legislative Sessions").

During the 88th Regular Session, legislation enacted by the Legislature fully-funded the Foundation School Program for the 2024-2025 State fiscal biennium and increased the State guaranteed yield on the first $0.08 cents of tax effort beyond a school district's Maximum Compressed Tax Rate (as defined herein) to $126.21 per penny of tax effort per student in WADA (as defined herein) in 2024 (from $98.56 in 2023) and $129.52 per penny of tax effort per student in WADA in 2025. See "– State Funding for School Districts – Tier Two." The Legislature also provided for an increase in funding for the school safety allotment to $10.00 (from $9.72 in the prior year) per ADA (as defined herein) and $15,000 per campus.

During the second called special session, legislation was passed that (i) reduced the Maximum Compressed Tax Rate for school districts by approximately $0.107 for the 2023-2024 school year; (ii) increased the amount of the mandatory school district general residential homestead exemption from ad valorem taxation from $40,000 to $100,000 and to hold districts harmless from certain M&O and I&S tax revenue losses associated with the increase in the mandatory homestead exemption; (iii) adjusted the amount of the limitation on school district ad valorem taxes imposed on the residence homesteads of the elderly or disabled to reflect increases in exemption amounts; (iv) prohibits school districts, cities and counties from repealing or reducing an optional homestead exemption that was granted in tax year 2022 (the prohibition expires on December 31, 2027); (v) established a three-year pilot program limiting growth in the taxable assessed value of non-residence homestead property valued at $5,000,000 or less to 20 percent (school districts are not held harmless for any negative revenue impacts associated with such limits); (vi) excepted certain appropriations to pay for ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations; and (vii) expanded the size of the governing body of an appraisal district in a county with a population of more than 75,000 by adding elected directors and authorizing the Legislature to provide for a four-year term of office for a member of the board of directors of certain appraisal districts. At an election held on November 7, 2023, voters approved a State constitutional amendment effectuating the legislative changes. The first election for members of the board of directors of applicable appraisal districts, including the Harris Central Appraisal District, was held on May 4, 2024. The legislation adopted during the second called special session reduces the amount of property taxes paid by homeowners and businesses and increases the State's share of the cost of funding public education.

Local Funding for School Districts

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

State Compression Percentage

The State Compression Percentage is a statutorily-defined percentage of the rate of $1.00 per $100 that is used to determine a school district's Maximum Compressed Tax Rate (described below). The State Compression Percentage is the lesser of three alternative calculations: (1) 93% or a lower percentage set by appropriation for a school year; (2) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the State Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (3) the prior year State Compression Percentage. For any year, the maximum State Compression Percentage is 93%. For the State fiscal year ending in 2025, the State Compression Percentage is set at 68.55%.

Maximum Compressed Tax Rate

The Maximum Compressed Tax Rate (the "MCR") is the tax rate per $100 of valuation of taxable property at which a school district must levy its Tier One Tax Rate to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of two alternative calculations: (1) the school district's prior year MCR; or (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5% (if the increase in property value is less than 2.5%, then MCR is equal to the prior year MCR). However, each year the TEA shall evaluate the MCR for each school district in the State, and for any given year, if a school district's MCR is calculated to be less than 90% of any other school district's MCR for the current year, then the school district's MCR is instead equal to the school district's prior year MCR, until TEA determines that the difference between the school district's MCR and any other school district's MCR is not more than 10%. These compression formulas are intended to more closely equalize local generation of Tier One funding among districts with disparate tax bases and generally reduce the Tier One Tax Rates of school districts as property values increase. The maximum MCR for the 2024-2025 school year is $0.6855 and $0.6169 was established as the floor.

Tier One Tax Rate

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

Enrichment Tax Rate

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

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

State Funding for School Districts

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

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

The current public school finance system also provides an Existing Debt Allotment ("EDA") to subsidize debt service on eligible outstanding school district bonds, an Instructional Facilities Allotment ("IFA") to subsidize debt service on newly issued bonds, and a New Instructional Facilities Allotment ("NIFA") to subsidize operational expenses associated with the opening of a new instructional facility. IFA primarily addresses the debt service needs of property-poor school districts. For the 2024-2025 State fiscal biennium, the State Legislature appropriated funds in the amount of $1,072,511,740 for the EDA, IFA, and NIFA.

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

Tier One

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

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

The fast growth allotment weights change to 0.48 for districts in the top 40% of school districts for growth, 0.33 for districts in the middle 30% of school districts for growth and 0.18 for districts in the bottom 30% of school districts for growth. The fast growth allotment is limited to $320 million for the 2024-2025 school year.

Tier Two

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

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

The Foundation School Program also includes facilities funding components consisting of the IFA and the EDA, subject to legislative appropriation each State fiscal biennium. To the extent funded for a biennium, these programs assist school districts in funding facilities by, generally, equalizing a school district's I&S tax effort. The IFA guarantees each awarded school district a specified amount per student (the "IFA Yield") in State and local funds for each cent of I&S tax levied to pay the principal of and interest on eligible bonds issued to construct, acquire, renovate or improve instructional facilities. The IFA Yield has been $35 since this program first began in 1997. New awards of IFA are only available if appropriated funds are allocated for such purpose by the State Legislature. To receive an IFA award, in years where new IFA awards are available, a school district must apply to the Commissioner in accordance with rules adopted by the TEA before issuing the bonds to be paid with IFA State assistance. The total amount of debt service assistance over a biennium for which a school district may be awarded is limited to the lesser of (1) the actual debt service payments made by the school district in the biennium in which the bonds are issued; or (2) the greater of (a) $100,000 or (b) $250 multiplied by the number of students in ADA. The IFA is also available for lease-purchase agreements and refunding bonds meeting certain prescribed conditions. Once a school district receives an IFA award for bonds, it is entitled to continue receiving State assistance for such bonds without reapplying to the Commissioner. The guaranteed level of State and local funds per student percent of local tax effort applicable to the bonds may not be reduced below the level provided for the year in which the bonds were issued. For the 2024-2025 State fiscal biennium, the State Legislature did not appropriate any funds for new IFA awards; however, awards previously granted in years the State Legislature did appropriate funds for new IFA awards will continue to be funded.

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

Since future-year IFA awards were not funded by the State Legislature for the 2024-2025 State fiscal biennium and debt service assistance on school district bonds that are not yet eligible for EDA is not available, debt service payments during the 2024-2025 State fiscal biennium on new bonds issued by school districts in the 2024-2025 State fiscal biennium to construct, acquire and improve facilities must be funded solely from local I&S taxes, except to the extent the bonds of a school district are eligible for hold harmless funding from the State for local tax revenue lost as a result of an increase in the mandatory homestead exemption from $40,000 to $100,000. Hold harmless applies only to bonds authorized by voters prior to September 1, 2023.

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

Tax Rate and Funding Equity

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

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

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

Local Revenue Level in Excess of Entitlement

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

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

Options for Local Revenue Levels in Excess of Entitlement

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

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

Possible Effects of Wealth Transfer Provisions on the District's Financial Condition

For the 2024-2025 school year, the District was not designated as an "excess local revenue" Chapter 49 school district by TEA. Accordingly, the District has not been required to exercise one of the wealth equalization options permitted under applicable State law. As a district with local revenue less than the maximum permitted level, the District may benefit in the future by agreeing to accept taxable property or funding assistance from or agreeing to consolidate with, a property-rich district to enable such district to reduce its wealth per student to the permitted level. The District has not been notified as to its status for the 2025-2026 school year.

A district's "excess local revenues" must be tested for each future school year and, if it exceeds the maximum permitted level, the District must reduce its wealth per student by the exercise of one of the permitted wealth equalization options. Accordingly, if the District's wealth per student should exceed the maximum permitted value in future school years, it 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 ration 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.

In August 2025, the District will be adopting its fiscal year 2025-2026 budget. The District is anticipating a budget shortfall for fiscal year 2025-2026 of approximately $[8.4] million. To address the budget shortfall, the District will take budget reduction measures and make transfers from the general fund balance. Additionally, property value audits may show an increase in property values that would provide additional dollars for the District therefore reducing the shortfall. See "APPENDIX A – Financial Information of the District – Comparative Statement of General Fund Revenues and Expenditures" for information regarding the District's General Fund.

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. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Session for information on legislation affecting ad valorem taxation exemptions.

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.

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

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 school district taxes imposed for general elementary and secondary public school purposes, (1) a $100,000 exemption of the appraised value of all homesteads, (2) a $10,000 exemption of the appraised value of the residence 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 "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Session" herein for a discussion of a potential increase in the general State mandated homestead exemption from $100,000 to $140,000 and a potential increase in the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from $10,000 to $60,000.

Local Option Homestead Exemptions

The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit. Cities, counties, and school districts are prohibited from repealing or reducing an optional homestead exemption that was granted in tax year 2022 through December 31, 2027. See "Appendix A – Financial Information of the District – Assessed Valuation" herein 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" hereto for the reduction in taxable valuation attributable to the freeze on taxes for the elderly and disabled.

The total amount of ad valorem taxes that may be imposed for general elementary and secondary public school purposes on the residence homestead of a person who is 65 years old or older or disabled may be adjusted to reflect any statutory reduction from the preceding tax year in the MCR of the M&O taxes imposed for those purposes on the homestead.

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. House Bill 9 approved by the 89th Texas Legislature, increases exemption for tangible personal property used in the "production of income" from the current $2,500 to $250,000. This legislation is effective September 1, 2025 but is contingent on the passage of a Constitutional amendment at the November 2025 State-wide Constitutional election.

Freeport and Goods-In-Transit Exemptions

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

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or outside the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or outside the State within 175 days ("Goods-in-Transit"), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer's motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property. See "Appendix A – Financial Information of the District – Assessed Valuation" hereto 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. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

Temporary Exemption for Qualified Property Damaged by a Disaster

The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the Governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. For tax years beginning on or after January 1, 2022, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the Governor declares the area to be a disaster area. The Texas Legislature amended Section 11.35, Tax Code to clarify that "damage" for purposes of such statute is limited to "physical damage." For more information on the exemption, reference is made to Section 11.35 of the Tax Code, as amended.

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" herein)

Tax Limitation Agreements

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

During the Regular Session of the 88th Texas Legislature, House Bill 5, codified as Chapter 403, Subchapter T, Texas Government Code ("Chapter 403T") was enacted into law. Chapter 403T is intended as a replacement of former Chapter 313, Property Tax Code ("Chapter 313"), but it contains significantly different provisions than the prior program under Chapter 313. Under Chapter 403T, a school district may offer a 50% abatement on taxable value for maintenance and operations property taxes for certain eligible projects, except that projects in a federally designated economic opportunity zone receive a 75% abatement. Chapter 403T also provides a 100% abatement of maintenance and operations taxes for eligible property during a project's construction period. Taxable valuation for purposes of the debt services taxes securing the Bonds cannot be abated under Chapter 403T. Eligible projects must relate to manufacturing, provision of utility services, dispatchable electric generation (such as nonrenewable energy), development of natural resources, critical infrastructure, or research and development for high-tech equipment or technology, and projects must create and maintain jobs and meet certain minimum investment requirements.

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

Tax Abatement Agreements

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

For a discussion of how the various exemptions described above are applied by the District, See "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.

Owners of certain property with a taxable value in excess of the current year "minimum eligibility amount", as determined by the State Comptroller, and situated in a county with a population of 1.2 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 $61,349,201 for the 2025 tax year and is adjusted annually by the State Comptroller to reflect the inflation rate.

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

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the District may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances. The Property Tax Code permits taxpayers owning homes or certain businesses located in a disaster area and damaged as a direct result of the declared disaster to pay taxes imposed in the year following the disaster in four equal installments without penalty or interest, commencing on February 1 and ending on August 1. See "AD VALOREM TAX PROCEDURES – Temporary Exemption for Qualified Property Damaged by a Disaster" herein for further information related to a discussion of the applicability of this section of the Property Tax Code.

District's Rights in the Event of Tax Delinquencies

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

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

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

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

TAX RATE LIMITATIONS

M&O Tax Rate Limitations

A school district is authorized to levy maintenance and operation ("M&O") taxes subject to approval of a proposition submitted to district voters under Section 45.003(d) of the Texas Education Code, as amended. The maximum M&O tax rate that may be levied by a district cannot exceed the voted maximum rate or the maximum rate described in the next succeeding paragraph. The maximum voted M&O tax rate for the District is $1.50 per $100 of assessed valuation as approved by the voters at an election held on December 5, 1964 pursuant to Article 2784e-1, Texas Revised Civil Statues Annotated, as amended.

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 (subject to compression of the nine available copper pennies in a year in which the State increases the guaranteed yield on those pennies) 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, the 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. The Bonds are issued as "new money bonds" and are subject to the $0.50 threshold tax rate test. The District has not used state financial assistance other than EDA or IFA allotment funding to pass the 50-cent Test. In connection with prior bond issues, the District has used State financial assistance other than EDA or IFA allotment funding but 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.

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

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

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

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

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

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

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 Goose Creek CISD.

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 not 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 of Texas. The Plan is administered by the Teacher Retirement System of Texas ("TRS"). State contributions are made to cover costs of the TRS retirement plan up to certain statutory limits. The District is obligated for a portion of TRS costs relating to employee salaries that exceed the statutory limit. Aside from the District's contribution to TRS, the District has no pension fund expenditures or liabilities. For fiscal year ended August 31, 2024, the District made a contribution to TRS on a portion of their employee's salaries that exceeded the statutory minimum. The District generally does not offer any post-employment retirement benefits and has no liabilities for "Other Post Employment Retirement Benefits" as defined in GASB Statement No. 45. 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 the Plan 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 TEA. (See "APPENDIX E - THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM"). The District's unenhanced, underlying rating, including the Bonds, is "Aa1" by Moody's.

An explanation of the significance of such rating may be obtained from Moody's. The rating on the Bonds by Moody's reflects only the view of said company at the time the ratings are given, and the District makes no representations as to the appropriateness of the ratings. There is no assurance that the ratings will continue for any given period of time, or that the ratings will not be revised downward or withdrawn entirely by Moody's, if, in the judgment of Moody's, circumstances so warrant.

The above ratings are not a recommendation to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of the ratings may have an adverse effect on the market price or marketability of the Bonds.

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

LEGAL MATTERS

The District will furnish the Underwriters a complete transcript of proceedings incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas as to the Bonds 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 based upon examination of such transcript of proceedings, the approving legal opinion of Holland & Knight LLP, Houston, Texas, Bond Counsel to the District ("Bond Counsel"), to like effect and 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. Certain legal matters will be passed upon for the Underwriters by their counsel, Bracewell LLP, Houston, Texas. The legal fee to be paid to the Underwriters' 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 and the Underwriters 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 "THE BONDS" (except under the subcaptions "Permanent School Fund Guarantee", "Payment Record", and "Sources and Uses of Funds," as to which no opinion will be expressed), "REGISTRATION, TRANSFER AND EXCHANGE", "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS", "CURRENT PUBLIC SCHOOL FINANCE SYSTEM", (except under the subcaption "Possible Effects of Wealth Transfer Provisions on the District's Financial Condition," as to which no opinion will be expressed) "TAX RATE LIMITATIONS" (except for the last sentence of the second paragraph under the subcaption "I&S Tax Rate Limitations"), "LEGAL MATTERS" (except for the last two sentences of the first paragraph thereunder), "TAX MATTERS", "LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS", "REGISTRATION AND QUALIFICATION OF BONDS FOR SALE" and "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance with Prior Undertakings," as to which no opinion will be expressed) and such firm is of the opinion that the information relating to the Bonds and the Bond Order contained under such captions is a fair and accurate summary of the information purported to be shown and that the information and descriptions contained under such captions relating to the provisions of applicable state and federal laws 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

Opinion of Bond Counsel

In the opinion of Bond Counsel, as more fully described below, under existing law and assuming continuing compliance by the District with certain tax covenants, the interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals under the Code; however, the interest on the Bonds is included in the "adjusted financial statement income" of certain corporations on which the federal alternative minimum tax is imposed under the Code.

The foregoing opinions of Bond Counsel are subject to the condition that the District complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be excludable from gross income for federal income tax purposes. The District has covenanted to comply with such requirements.

The scope of the foregoing opinions of Bond Counsel is limited to matters addressed above and no opinion is expressed by Bond Counsel regarding other federal income tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. In rendering such opinions, Bond Counsel further assumes and relies upon (i) without undertaking to verify the same by independent investigation, the accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact of the District with respect to matters affecting the excludability of interest on the Bonds from gross income for federal income tax purposes under the Code; and (ii) continuing compliance by the District with the applicable requirements of the Code as to such tax matters and certain procedures, agreements and covenants that must be met subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excludable from gross income for federal income tax purposes.

Bond Counsel has not been engaged or retained to monitor post-issuance compliance. Failure of the District to comply with such requirements may cause the interest on the Bonds to not be excludable from gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which such noncompliance occurs or is ascertained.

Bond Counsel's opinions set forth above are based upon current facts and circumstances, and upon existing law and interpretations thereof, as of the date such opinions are delivered and Bond Counsel assumes no affirmative obligation to update, revise or supplement such opinions to reflect any action thereafter taken or not taken or if such facts or circumstances, or laws or interpretations thereof, change after the date of such opinions, including, without limitation, changes that adversely affect the excludability of interest on the Bonds, even if such actions, inactions or changes come to Bond Counsel's attention. Further, such opinions are limited solely to the matters stated therein, and no opinion is to be implied or is intended beyond the opinions expressly stated therein. Moreover, the opinion of Bond Counsel is only an opinion and not a warranty or guaranty of the matters discussed or of a particular result, and is not binding on the Internal Revenue Service (the "IRS") or the courts. See also "LEGAL MATTERS" herein.

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 and local jurisdictions. Bond Counsel expresses no opinion regarding any state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds. Prospective purchasers of the Bonds should consult their tax advisors as to any state and local tax consequences to them of owning the Bonds.

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

Certain Collateral Federal Income Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of any Bonds. Bond Counsel has not expressed an opinion regarding the collateral federal income tax consequences that may arise with respect to the Bonds.

Prospective purchasers of the Bonds should be aware that ownership of, receipt or accrual of interest on, or disposition of, tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S Corporations with "excess net passive income" and foreign corporations subject to the branch profits tax, individuals eligible 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.

Information Reporting and Backup Withholding

Interest paid on tax-exempt obligations is subject to information reporting to the IRS 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, will be subject to "backup withholding" with respect to payments on the Bonds and proceeds from the sale of the Bonds. Any amounts so withheld would be refunded or allowed as a credit against the federal income tax of such owner of the Bonds. This withholding generally applies if the owner of the 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.

Original Issue Premium

The Bonds maturing on __________ in the years 20[__] through and including 20[__] (collectively, the "Premium Bonds") were offered and sold to the public at a price in excess of their stated redemption price (the principal amount) at maturity. That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that accrues during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

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. Purchasers of Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange or other disposition of, Premium Bonds.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds which are not purchased in the initial offering may be determined according to rules which differ from those described above.

Original Issue Discount

The Bonds maturing on _________ in the years 20[__] through and including 20[__] (collectively, the "Discount Bonds") were sold at prices less than the stated principal amounts thereof. The difference between the principal amount of the Discount Bonds and the initial offering price to the public, excluding bond houses and brokers, at which price a substantial amount of such Discount Bonds of the same maturity was sold, is "original issue discount." Original issue discount represents interest which is excluded from gross income for federal income tax purposes to the same extent and subject to the same considerations discussed above as to stated interest on the Bonds. Such interest is taken into account for purposes of determining the alternative minimum tax liability, and other collateral tax consequences, although the owner of such Discount Bonds may not have received cash in such year. Original issue discount will accrue over the term of a Discount Bond at a constant interest rate compounded on interest payment dates. A purchaser who acquires a Discount Bond in the initial offering at a price equal to the initial offering price thereof will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period such purchaser holds such Discount Bond and will increase its adjusted basis in such Discount Bond by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bond.

Purchasers of Discount Bonds should consult their own tax advisors regarding the treatment for federal income tax purposes of interest accrued upon sale, redemption or the disposition of Discount Bonds, including various special rules relating thereto, and the state and local tax consequences, in connection with the acquisition, ownership, accrual of discount on, sale, exchange or other disposition of, Discount Bonds.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Discount Bonds which are not purchased in the initial offering may be determined according to rules which differ from those described above.

Miscellaneous

Bond Counsel gives no assurance that any future legislation or clarifications or amendments to the Code, if enacted into law or that 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.

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. Purchasers of the Bonds at other than their original issuance at the respective prices indicated on the inside cover of this Official Statement should consult their own tax advisors regarding other tax considerations.

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 INDIVIDUAL AND CORPORATE 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 Bond Counsel Opinion" for the complete text thereof. See also "LEGAL MATTERS" herein

INVESTMENT POLICIES

Investments

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

Legal Investments

Under State law, the District is authorized to invest in: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (the "FDIC") or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed, or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the FDIC or the National Credit Union Share Insurance Fund (the "NCUSIF") or their respective successors; (8) interest-bearing banking deposits, other than those described in clause (7), that (i) are invested through a broker or institution with a main office or branch office in this state and selected by the District in compliance with the Public Funds Investment Act (the "PFIA"), (ii) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the District's account, (iii) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States, and (iv) the District appoints as its custodian of the banking deposits, in compliance with the PFIA, the institution in clause (8)(i) above, a bank, or a broker-dealer; (9) certificates of deposit and share certificates meeting the requirements of the PFIA (i) that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the FDIC or the NCUSIF, or their respective successors, or are secured as to principal by obligations described in clauses (1) through (8), above, or secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for District deposits, or (ii) where (a) the funds are invested by the District through a broker or institution that has a main office or branch office in the State and selected by the District in compliance with the PFIA, (b) the broker or institution arranges for the deposit of the funds in one or more federally insured depository institutions, wherever located, for the account of the District, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and (d) the District appoints, in compliance with the PFIA, the institution in clause (9)(ii)(a) above, a bank, or broker-dealer as custodian for the District with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described by clauses (1) or (12), which are pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party selected and approved by the District, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) certain bankers' acceptances with a stated maturity of 270 days or less, if the short-term obligations of the accepting bank, or of the holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency; (12) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or an equivalent by either (i) two nationally recognized credit rating agencies, or (ii) one nationally recognized credit rating agency if the commercial paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (13) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission and complies with Securities and Exchange Commission Rule 2a-7; (14) no-load mutual funds that are registered and regulated by the Securities and Exchange Commission that have a weighted maturity of less than two years and either (i) have a duration of one year or more and are invested exclusively in obligations approved in this paragraph, or (ii) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset backed securities; (15) guaranteed investment contracts that have a defined termination date and are secured by obligations described in clause (1), excluding obligations which the District is explicitly prohibited from investing in, and in an amount at least equal to the amount of bond proceeds invested under such contract; and (16) securities lending programs if (i) the securities loaned under the program are 100% collateralized, including accrued income, (ii) a loan made under the program allows for termination at any time, (iii) a loan made under the program is either secured by (a) obligations described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent, or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (12) through (14) above, or an authorized investment pool, (iv) the terms of a loan made under the program require that the securities being held as collateral be pledged to the District, held in the District's name, and deposited at the time the investment is made with the District or with a third party designated by the District, (v) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State, and (vi) the agreement to lend securities has a term of one year or less.

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).

The District may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAAm" or an equivalent by at least one nationally recognized rating service.

The District is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Under State law, the District may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term of up to two years, but the District retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the District must do so by order, ordinance or resolution. The District has not contracted with, and has no present intention of contracting with, any such investment management firm or the Texas Securities Board to provide such services.

Investment Policies

Under State law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for District funds, maximum allowable stated maturity of any individual investment owned by the District and the maximum average dollar-weighted maturity allowed for pooled fund groups. All District funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Effective September 1, 2019, the investment officer of a local government is allowed to invest bond proceeds or pledged revenue only to the extent permitted by the PFIA and in accordance with (i) statutory provisions governing the debt issuance (or lease, installment sale, or other agreement) and (ii) the local government's investment policy regarding the debt issuance or the agreement.

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

Additional Provisions

Under State law, the District is additionally required to: (1) annually review its adopted policies and strategies, (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution, (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Board; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the District's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District.

Current Investments

As of February 28, 2025, the District had approximately $249,641,893 (unaudited) invested in public investment pools (an investment pool that generally has the characteristics of a money-market fund), $4,121,288 (unaudited) invested in a money market fund, $20,236,808 (unaudited in commercial paper, $109,891,322 (unaudited) in U.S. Treasuries and $45,339,681 (unaudited) in U.S. Agencies. 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 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.

CYBERSECURITY RISK MANAGEMENT

The District's operations are increasingly dependent on information technologies and services, which are exposed to cybersecurity risks and cyber incidents or attacks. While the District continually assesses and monitors its cybersecurity risks, the District may be subject to cyber-attacks from time to time. In response to such assessments and monitoring, the District takes actions it deems appropriate in response to cybersecurity risks, including, but not limited to, implementing cybersecurity training programs, obtaining technology improvements to mitigate cybersecurity risks, and taking other similar measures. To date, the District has not been the victim of any cyber-attack that has had a material adverse effect on its operations or financial condition. However, no assurance can be given that the District will fully prevent or successfully remediate the operational and/or financial impact of any cybersecurity incursions or incidents arising from events wholly or partially beyond the District's control, including electrical telecommunications outages, natural disasters or cyber-attacks initiated by criminal activities of individuals or organizations. Any such occurrence could materially and adversely affect the District's operations and/or financial condition.

WEATHER EVENTS

The District is located near the Texas Gulf Coast. Land located in this area is susceptible to, and land in the District has experienced high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a future weather event significantly damaged all or part of the properties comprising the tax base within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the District's tax rate. Texas law allows school districts to increase property tax rates without voter approval upon the occurrence of certain disasters such as floods and upon a gubernatorial or presidential declaration of disaster. See "TAX RATE LIMITATIONS - Public Hearing and Voter- Approval Tax Rate." There can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District or be sufficient for such purposes. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

EXPOSURE TO OIL AND GAS INDUSTRY

In the past, the greater Houston area has been particularly affected by adverse conditions in the oil and gas industry, and adverse conditions in the oil and gas industry and spillover effects into other industries could adversely impact the businesses of ad valorem property taxpayers and the property values in the District, resulting in a reduction in property tax revenue. "See Appendix A – FINANCIAL INFORMATION OF THE DISTRICT - PRINCIPAL TAXPAYERS." The Bonds are secured by an ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds. Reductions in oil and gas revenues may also have an adverse effect on State revenues available during the next biennium, which may impact how the State funds education.

FINANCIAL ADVISOR

SAMCO Capital Markets, Inc. (the "Financial Advisor") 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 their limited participation, the Financial Advisor assumes no responsibility for the accuracy or completeness of any of the information contained herein. The fee of the Financial Advisor for services with respect to the 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, as amended) 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 Bond 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 "APPENDIX E - 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 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in and after 2025. 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 12 months after any such fiscal year end, then the District shall file unaudited Financial Statements within such 12-month period and audited Financial Statements for the applicable fiscal year, when and if the audit report on such Financial Statements becomes available.

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

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

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 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. Neither the Bonds nor the Bond Order make any provision for a bond trustee, debt service reserves, credit enhancement (except for the Permanent School Fund guarantee), or liquidity enhancement.

For these purposes, any event described in clause (12) of the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District. For the purposes of the above described event notices (15) and (16), the term "financial obligation" means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of (i) or (ii); provided however, that a "financial obligation" shall not include municipal securities as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12.

Limitations and Amendments

The District has agreed to update information and to provide notices of 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 an underwriter to purchase or sell Bonds in the initial primary offering in compliance with Rule 15c2-12, taking into account any amendments or interpretations of Rule 15c2-12 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 15c2-12.

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

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.

UNDERWRITING

The Underwriters have agreed, subject to certain customary conditions, to purchase the Bonds at a price equal to the initial offering prices to the public, as shown on the inside cover page hereof, less an Underwriters' discount of $_______ plus accrued interest from the Dated Date to the date of delivery of the Bonds to the Underwriters. The Underwriters' obligations are subject to certain conditions precedent, and the Underwriters will be obligated to purchase all of the Bonds, if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public prices may be changed, from time to time, by the Underwriters.

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

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, if applicable to this transaction, each of CS&Co. and LPL will purchase the Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

RBC Capital Markets, LLC ("RBCCM"), has provided the following information for inclusion in this Official Statement: RBCCM and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBCCM and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBCCM and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. RBCCM and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District. RBCCM and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. RBCCM has entered into a distribution arrangement with its affiliate City National Securities, Inc. (CNS). As part of this arrangement, RBCCM may distribute municipal securities to investors through the financial advisor network of CNS. As part of this arrangement, RBCCM may compensate CNS for its selling efforts with respect to the Bonds.

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

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

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 or 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 Bond Order contained in this Official Statement are made subject to all of the provisions of such statutes, documents, and the Bond 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 Rule 15c2-12.

The Bond Order authorized the Pricing Officer to approve the form and content of this Official Statement and any addenda, supplement or amendment thereto and authorized its further use in the re-offering of the Bonds by the Underwriters. This Official Statement will be approved by the Pricing Officer of the District for distribution in accordance with the provisions of Rule 15c2-12.

/s/

Pricing Officer

APPENDIX A

FINANCIAL INFORMATION OF THE DISTRICT

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Financial Information

ASSESSED VALUATION [1]

2024/25 Total Valuation		$ 14,733,094,754
Less Exemptions & Deductions [2]:		
State Homestead Exemption	$ 1,221,485,740	
State Over-65 Exemption	34,274,815	
100% Disabled or Employable Veterans Homestead Exemption	9,150,760	
Local Optional Over-65 Exemption Loss	20,788,385	
Local Optional Exemption	418,109,469	
Veterans Exemption	2,130,221	
Surviving Spouse 100% Disabled Veteran	416,995	
Pollution Control	240,871,010	
Solar and Wind Exemption	3,082,238	
Prorations & Other Partial Exemptions	3,539,529	
Homestead Cap Loss	345,973,212	
Non-Homestead (23.231) Cap Loss	49,672,582	
	$ 2,357,457,011	
2024/25 Net Taxable Valuation		$ 12,375,637,743
2025/26 Preliminary Net Taxable Valuation [3]		$ 11,828,856,765

(1) Source: Comptroller of Public Accounts - Property Tax Division. Includes the application of a $100,000 State-mandated general homestead exemption. (See "AD VALOREM TAX PROCEDURES – State Mandated Homestead Exemptions.") See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Session" herein for a discussion of a potential increase in the general State mandated homestead exemption from $100,000 to $140,000 and a potential increase in the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from $10,000 to $60,000.
(2) Excludes the values on which property taxes are frozen for persons 65 years of age or older and disabled taxpayers which totaled $142,931,682 in 2024/25.
(3) Source: Preliminary values from the Harris Central Appraisal District as of April 30, 2025.

VOTED GENERAL OBLIGATION DEBT

Unlimited Tax Bonds Outstanding [1]		$ 387,109,938
Plus: The Bonds [2]		90,000,000
Total Unlimited Tax Bonds [1] [2]		477,109,938
Less: Interest & Sinking Fund Balance (As of August 31, 2024) [3]		(2,864,615)
Net General Obligation Debt		$ 474,245,323
Ratio of Net G.O. Debt to Net Taxable Valuation [4]	4.01%	
2025 Population Estimate [5]	92,259	
Per Capita Net Taxable Valuation	$128,214	
Per Capita Net G.O. Debt	$5,140	

(1) Excludes interest accreted on outstanding capital appreciation bonds.
(2) Preliminary, subject to change.
(3) Source: Galena Park ISD Audited Financial Statements.
(4) See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in this Official Statement and "DEBT SERVICE REQUIREMENTS" in this appendix and see the "Audited Financial Report Fiscal Year Ended August 31, 2024" in Appendix D for more information relative to the District's outstanding obligations.
(5) Source: The Municipal Advisory Council of Texas.

PROPERTY TAX RATES AND COLLECTIONS

Fiscal Year	Net Taxable Valuation	Tax Rate	% Collections [6] Current [7]	Total [7]
2006/07	$ 4,285,048,074 [1]	$ 1.7150 [8]	97.56%	100.38%
2007/08	4,895,335,935 [1]	1.4309 [8]	98.12%	100.69%
2008/09	5,522,164,939 [1]	1.4559	97.50%	99.37%
2009/10	5,760,037,347 [1]	1.4784	97.35%	99.33%
2010/11	5,529,155,987 [1]	1.5134	98.27%	101.08%
2011/12	5,574,094,432 [1]	1.5134	98.74%	101.37%
2012/13	6,310,996,787 [1]	1.5134	98.53%	99.70%
2013/14	6,458,013,104 [1]	1.5134	98.63%	100.04%
2014/15	7,506,397,132 [1]	1.5134	97.44%	98.39%
2015/16	7,969,228,194 [1] [2]	1.5134	98.37%	100.99%
2016/17	8,291,803,545 [1] [2]	1.5633	98.17%	99.45%
2017/18	8,581,755,236 [1] [2]	1.5633	98.22%	100.16%
2018/19	8,589,554,373 [1] [2]	1.5733	98.58%	100.65%
2019/20	10,051,864,675 [1] [2]	1.4717 [9]	96.00%	97.14%
2020/21	10,811,374,633 [1] [2]	1.4581	97.11%	98.62%
2021/22	10,643,869,001 [1] [2]	1.4651	96.82%	99.00%
2022/23	12,243,157,464 [1] [3]	1.3542	96.83%	104.03%
2023/24	13,133,656,641 [1] [4]	1.1319	97.63%	96.77%
2024/25	12,375,637,743 [1] [4]	1.1719	(In Process of Collection)	
2025/26	11,828,856,765 [4] [5]			

(1) Source: Comptroller of Public Accounts - Property Tax Division. See the Assessed Valuation section in this Appendix for additional information.
(2) The passage of a Texas constitutional amendment on November 3, 2015 increased the homestead exemption from $15,000 to $25,000.
(3) The passage of a Texas constitutional amendment on May 7, 2022 increased the homestead exemption from $25,000 to $40,000.
(4) The passage of a Texas constitutional amendment on November 7, 2023 increased the homestead exemption from $40,000 to $100,000. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Session" herein for a discussion of a potential increase in the general State mandated homestead exemption from $100,000 to $140,000 and a potential increase in the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from $10,000 to $60,000.
(5) Source: Preliminary values from the Harris Central Appraisal District as of April 30, 2025.
(6) Source: Galena Park ISD Audited Financial Statements.
(7) Excludes penalties and interest.
(8) 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 this Official Statement.
(9) The decline in the District's Maintenance & Operation Tax from the 2018/19 fiscal year to the 2020/21 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 this Official Statement for a discussion of the legislatively-mandated compression of maintenance and operations tax rates.

TAX RATE DISTRIBUTION [(1)]

	2020/21	2021/22	2022/23	2023/24	2024/25
Maintenance & Operations [(2)]	$1.1281	$1.1251	$1.0427	$0.8376	$0.8376
Debt Service	$0.3300	$0.3400	$0.3115	$0.2943	$0.3343
Total Tax Rate	$1.4581	$1.4651	$1.3542	$1.1319	$1.1719

(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 2024/25 fiscal year is a function of House Bill 3 adopted by the Texas Legislature in June 2019. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" for a discussion of the legislatively-mandated compression of maintenance and operations tax rates.

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	383,734,757	3.82%
2020/21	10,811,374,633	368,848,149	3.41%
2021/22	10,643,869,001	349,386,390	3.28%
2022/23	12,243,157,464	331,405,674	2.71%
2023/24	13,133,656,641	313,055,611	2.38%
2024/25	12,375,637,743	458,176,171 [(4)]	3.70%
2025/26	11,828,856,765 [(3)]	437,186,147 [(4)]	3.70%

(1) At fiscal year end. Excludes interest accreted on outstanding capital appreciation bonds.
(2) See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" in this Official Statement, "DEBT SERVICE REQUIREMENTS" and "OTHER OBLIGATIONS" in this Appendix and see the "Audited Financial Report Fiscal Year Ended August 31, 2024" in Appendix D for more information.
(3) Source: Preliminary values from the Harris Central Appraisal District as of April 30, 2025.
(4) Includes the Bonds. Preliminary, subject to change.

ESTIMATED OVERLAPPING DEBT STATEMENT

Taxing Body	Amount	Percent Overlapping	Amount Overlapping
Galena Park, City of	$ -	100.00%	$ -
Harris County	2,062,319,039	1.38%	28,460,003
Harris Co Department of Education	28,960,000	1.38%	399,648
Harris Co Flood Control District	968,445,000	1.38%	13,364,541
Harris Co FWSD #47	2,450,000	17.43%	427,035
Harris Co FWSD #51	8,320,000	100.00%	8,320,000
Harris Co Hospital District	867,820,000	1.38%	11,975,916
Harris Co Improvement District #15	6,790,000	64.33%	4,368,007
Harris Co MUD #8	445,000	100.00%	445,000
Harris Co MUD #285	57,305,000	57.73%	33,082,177
Harris Co MUD #421	30,875,000	56.24%	17,364,100
Harris Co WC&ID #36	10,500,000	99.65%	10,463,250
Houston, City of	3,453,793,272	0.39%	13,469,794
Port of Houston Authority	406,509,397	1.38%	5,609,830
San Jacinto CCD	505,569,308	15.80%	79,879,951
Total Overlapping Debt [(1)]			$ 227,629,250
Galena Park Independent School District [(2)]			474,245,323
Total Direct & Overlapping Debt [(1)] [(2)]			$ 701,874,573

Ratio of Net Direct & Overlapping Debt to Net Taxable Valuation	5.93%
Per Capita Direct & Overlapping Debt	$7,608

(1) Equals gross-debt less self-supporting debt.
(2) Includes the Bonds. Preliminary, subject to change.

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 [1]

2024/25 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Oil Tanking Houston Inc.	Industrial	$ 780,882,119	6.31%
Houston Fuel Oil	Oil & Gas	446,905,654	3.61%
Kinder Morgan	Oil & Gas	399,748,339	3.23%
Magellan Terminal Holdings	Industrial	298,278,696	2.41%
Enterprise Terminalling LLC	Oil & Gas	253,556,127	2.05%
Targa Midstream	Oil & Gas	212,157,727	1.71%
Stolt Nielsen Inc.	Oil & Gas	208,864,979	1.69%
Aero Products and Services JV, LLC	Industrial	204,850,339	1.66%
Chevron Chemical Co.	Oil & Gas	173,392,575	1.40%
G&H Towing Company, Inc.	Shipping/Freight	144,800,000	1.17%
		$ 3,123,436,555	25.24%

2023/24 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Oil Tanking Houston Inc.	Industrial	$ 913,415,454	6.95%
Houston Fuel Oil	Oil & Gas	535,188,224	4.07%
Kinder Morgan	Oil & Gas	433,642,919	3.30%
Magellan Terminal Holdings	Industrial	351,000,000	2.67%
Shell Oil Co.	Oil & Gas	256,734,619	1.95%
Enterprise Terminalling LLC	Oil & Gas	255,708,716	1.95%
Stolt Nielsen Inc.	Oil & Gas	239,938,692	1.83%
Targa Midstream	Oil & Gas	200,563,884	1.53%
Aero Products and Services JV, LLC	Industrial	195,500,356	1.49%
Chevron Chemical Co.	Oil & Gas	160,554,715	1.22%
		$ 3,542,247,579	26.97%

2022/23 Top Ten Taxpayers

Name of Taxpayer	Type of Business	Taxable Value	% of Net Valuation
Oil Tanking Houston Inc.	Industrial	$ 822,189,439	6.72%
Houston Fuel Oil	Oil & Gas	485,189,206	3.96%
Kinder Morgan	Oil & Gas	415,977,179	3.40%
Magellan Terminal Holdings	Industrial	353,693,040	2.89%
Enterprise Terminalling LLC	Oil & Gas	245,971,646	2.01%
Stolt Nielsen Inc.	Oil & Gas	232,521,135	1.90%
Shell Oil Co.	Oil & Gas	211,447,708	1.73%
Targa Midstream	Oil & Gas	184,441,462	1.51%
Chevron Chemical Co.	Oil & Gas	166,583,185	1.36%
Aero Products and Services JV, LLC	Industrial	166,209,702	1.36%
		$ 3,284,223,702	26.82%

(1) Source: Harris Central Appraisal District.
Note: As shown in the tables above, the top ten taxpayers in the District account for in excess of 25% of the District's tax base. Adverse developments in economic conditions, especially in a particular industry in which any one of these large taxpayers participates, could adversely impact these businesses and, consequently, the tax values in the District, resulting in less local tax revenue. If any major taxpayer, or a combination of top taxpayers, were to default in the payment of taxes, the ability of the District to make timely payment of debt service on the Bonds may be dependent on its ability to enforce and liquidate its tax lien, which is a time consuming process that may only occur annually. See "REGISTERED OWNERS' REMEDIES" and "AD VALOREM TAX PROCEDURES – District's Rights in the Event of Tax Delinquencies" in this Official Statement. See also "EXPOSURE TO OIL AND GAS INDUSTRY" in this Official Statement.

CLASSIFICATION OF ASSESSED VALUATION BY USE CATEGORY [(1)]

Category		2024/25	% of Total		2023/24	% of Total		2022/23	% of Total
Real, Residential, Single-Family	$	3,918,565,435	26.60%	$	4,065,725,536	25.99%	$	3,457,127,093	24.85%
Real, Residential, Multi-Family		555,954,462	3.77%		630,539,012	4.03%		536,603,571	3.86%
Real, Vacant Lots/Tracts		138,612,016	0.94%		121,732,541	0.78%		109,900,197	0.79%
Real, Qualified Land & Improvements		7,975,864	0.05%		8,996,742	0.06%		14,369,185	0.10%
Real, Non-Qualified Land & Improvements		38,521,212	0.26%		37,523,367	0.24%		32,415,111	0.23%
Real, Commercial & Industrial		5,355,500,824	36.35%		5,633,236,274	36.01%		5,120,991,143	36.82%
Oil & Gas		6,008,180	0.04%		3,619,030	0.02%		3,560,030	0.03%
Utilities		257,895,200	1.75%		236,223,377	1.51%		212,720,148	1.53%
Tangible Personal, Commercial		575,927,316	3.91%		524,724,815	3.35%		488,014,831	3.51%
Tangible Personal, Industrial		3,847,107,762	26.11%		4,355,544,016	27.84%		3,916,426,122	28.16%
Tangible Personal, Mobile Homes & Other		16,461,127	0.11%		15,499,201	0.10%		12,231,892	0.09%
Tangible Personal, Special Inventory		14,565,356	0.10%		12,282,637	0.08%		5,311,795	0.04%
Total Appraised Value	$	14,733,094,754	100.00%	$	15,645,646,548	100.00%	$	13,909,671,118	100.00%
Less:									
Homestead Cap Adjustment	$	345,973,212		$	653,880,960		$	456,122,378	
Non-Homestead (23.231) Cap Adjustment		49,672,582			-			-	
Productivity Loss		7,962,055			8,982,507			14,352,067	
Exemptions		1,953,849,162	(2)		1,849,126,440	(2)		1,196,039,209	(3)
Total Exemptions/Deductions [(5)]	$	2,357,457,011		$	2,511,989,907		$	1,666,513,654	
Net Taxable Assessed Valuation	$	12,375,637,743		$	13,133,656,641		$	12,243,157,464	

Category		2021/22	% of Total		2020/21	% of Total		2019/20	% of Total
Real, Residential, Single-Family	$	2,843,713,921	23.95%	$	2,503,209,006	20.98%	$	2,294,114,037	20.64%
Real, Residential, Multi-Family		449,991,613	3.79%		428,421,944	3.59%		387,197,325	3.48%
Real, Vacant Lots/Tracts		92,163,833	0.78%		95,688,320	0.80%		94,995,909	0.85%
Real, Qualified Land & Improvements		18,446,662	0.16%		9,589,286	0.08%		13,396,928	0.12%
Real, Non-Qualified Land & Improvements		37,842,181	0.32%		22,925,340	0.19%		19,086,629	0.17%
Real, Commercial & Industrial		4,735,457,369	39.89%		4,565,245,472	38.26%		4,403,994,814	39.63%
Oil & Gas		6,764,060	0.06%		7,318,010	0.06%		8,087,900	0.07%
Utilities		162,102,805	1.37%		157,153,239	1.32%		145,618,506	1.31%
Tangible Personal, Commercial		429,825,858	3.62%		452,550,311	3.79%		420,847,175	3.79%
Tangible Personal, Industrial		3,080,132,857	25.95%		3,677,016,774	30.81%		3,311,803,979	29.80%
Tangible Personal, Mobile Homes & Other		11,604,038	0.10%		10,989,459	0.09%		10,591,283	0.10%
Tangible Personal, Special Inventory		3,164,994	0.03%		3,536,998	0.03%		2,886,086	0.03%
Total Appraised Value	$	11,871,210,191	100.00%	$	11,933,644,159	100.00%	$	11,112,620,571	100.00%
Less:									
Homestead Cap Adjustment	$	237,220,356		$	164,390,623		$	146,131,604	
Non-Homestead (23.231) Cap Adjustment		-			-			-	
Productivity Loss		18,423,590			9,558,625			13,340,247	
Exemptions		971,697,244	(4)		948,320,278	(4)		901,284,045	(4)
Total Exemptions/Deductions [(5)]	$	1,227,341,190		$	1,122,269,526		$	1,060,755,896	
Net Taxable Assessed Valuation	$	10,643,869,001		$	10,811,374,633		$	10,051,864,675	

(1) Source: Comptroller of Public Accounts - Property Tax Division.
(2) The passage of a Texas constitutional amendment on November 7, 2023 increased the homestead exemption from $40,000 to $100,000. See "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – 2025 Legislative Session" herein for a discussion of a potential increase in the general State mandated homestead exemption from $100,000 to $140,000 and a potential increase in the State mandated homestead exemption of persons sixty-five (65) years of age or older and the disabled from $10,000 to $60,000.
(3) The passage of a Texas constitutional amendment on May 7, 2022 increased the homestead exemption from $25,000 to $40,000.
(4) The passage of a Texas constitutional amendment on November 3, 2015 increased the homestead exemption from $15,000 to $25,000.
(5) Excludes values on which property taxes are frozen for persons 65 years of age or older and disabled taxpayers.

PRINCIPAL REPAYMENT SCHEDULE

Fiscal Year Ending 8/31	Outstanding Bonds [1]	Plus: The Bonds [2]	Total [1] [2]	Bonds Unpaid At Year End [1] [2]	Percent of Principal Retired
2025	$ 18,933,767.20	$ -	$ 18,933,767.20	$ 458,176,170.70	3.97%
2026	19,160,023.25	1,830,000.00	20,990,023.25	437,186,147.45	8.37%
2027	14,123,399.55	1,905,000.00	16,028,399.55	421,157,747.90	11.73%
2028	14,396,442.35	1,980,000.00	16,376,442.35	404,781,305.55	15.16%
2029	14,710,939.65	2,060,000.00	16,770,939.65	388,010,365.90	18.67%
2030	14,995,710.00	2,145,000.00	17,140,710.00	370,869,655.90	22.27%
2031	15,272,528.45	2,225,000.00	17,497,528.45	353,372,127.45	25.93%
2032	14,882,127.45	2,320,000.00	17,202,127.45	336,170,000.00	29.54%
2033	28,820,000.00	2,410,000.00	31,230,000.00	304,940,000.00	36.09%
2034	29,805,000.00	2,510,000.00	32,315,000.00	272,625,000.00	42.86%
2035	19,080,000.00	3,180,000.00	22,260,000.00	250,365,000.00	47.52%
2036	19,850,000.00	3,305,000.00	23,155,000.00	227,210,000.00	52.38%
2037	20,670,000.00	3,440,000.00	24,110,000.00	203,100,000.00	57.43%
2038	21,475,000.00	3,580,000.00	25,055,000.00	178,045,000.00	62.68%
2039	22,310,000.00	3,720,000.00	26,030,000.00	152,015,000.00	68.14%
2040	23,180,000.00	3,870,000.00	27,050,000.00	124,965,000.00	73.81%
2041	24,085,000.00	4,025,000.00	28,110,000.00	96,855,000.00	79.70%
2042	5,480,000.00	4,195,000.00	9,675,000.00	87,180,000.00	81.73%
2043	5,755,000.00	4,370,000.00	10,125,000.00	77,055,000.00	83.85%
2044	6,045,000.00	4,560,000.00	10,605,000.00	66,450,000.00	86.07%
2045	6,345,000.00	4,760,000.00	11,105,000.00	55,345,000.00	88.40%
2046	6,575,000.00	4,995,000.00	11,570,000.00	43,775,000.00	90.82%
2047	6,810,000.00	5,245,000.00	12,055,000.00	31,720,000.00	93.35%
2048	7,050,000.00	5,510,000.00	12,560,000.00	19,160,000.00	95.98%
2049	7,300,000.00	5,785,000.00	13,085,000.00	6,075,000.00	98.73%
2050	-	6,075,000.00	6,075,000.00	-	100.00%
Total	$ 387,109,937.90	$ 90,000,000.00	$ 477,109,937.90		

(1) Excludes the accreted value of outstanding capital appreciation bonds.
(2) Preliminary, subject to change.

DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 8/31	Outstanding Debt Service (1)	Plus: The Bonds (2) Principal	Interest	Total	Combined Total (1) (2) (3)
2025	$ 38,947,302.24	$ -	$ 331,478.13	$ 331,478.13	$ 39,278,780.37
2026	38,951,975.02	1,830,000.00	3,977,737.50	5,807,737.50	44,759,712.52
2027	38,950,125.02	1,905,000.00	3,904,537.50	5,809,537.50	44,759,662.52
2028	38,950,787.52	1,980,000.00	3,828,337.50	5,808,337.50	44,759,125.02
2029	38,952,362.52	2,060,000.00	3,749,137.50	5,809,137.50	44,761,500.02
2030	38,949,475.00	2,145,000.00	3,666,737.50	5,811,737.50	44,761,212.50
2031	38,951,912.50	2,225,000.00	3,580,937.50	5,805,937.50	44,757,850.00
2032	38,949,287.50	2,320,000.00	3,491,937.50	5,811,937.50	44,761,225.00
2033	38,951,712.50	2,410,000.00	3,399,137.50	5,809,137.50	44,760,850.00
2034	38,949,337.50	2,510,000.00	3,302,737.50	5,812,737.50	44,762,075.00
2035	27,110,756.26	3,180,000.00	3,202,337.50	6,382,337.50	33,493,093.76
2036	27,114,287.50	3,305,000.00	3,075,137.50	6,380,137.50	33,494,425.00
2037	27,107,200.00	3,440,000.00	2,942,937.50	6,382,937.50	33,490,137.50
2038	27,109,600.00	3,580,000.00	2,805,337.50	6,385,337.50	33,494,937.50
2039	27,108,750.00	3,720,000.00	2,662,137.50	6,382,137.50	33,490,887.50
2040	27,108,250.00	3,870,000.00	2,513,337.50	6,383,337.50	33,491,587.50
2041	27,106,550.00	4,025,000.00	2,358,537.50	6,383,537.50	33,490,087.50
2042	7,557,200.00	4,195,000.00	2,187,475.00	6,382,475.00	13,939,675.00
2043	7,558,200.00	4,370,000.00	2,009,187.50	6,379,187.50	13,937,387.50
2044	7,560,450.00	4,560,000.00	1,818,000.00	6,378,000.00	13,938,450.00
2045	7,558,200.00	4,760,000.00	1,618,500.00	6,378,500.00	13,936,700.00
2046	7,560,400.00	4,995,000.00	1,380,500.00	6,375,500.00	13,935,900.00
2047	7,560,400.00	5,245,000.00	1,130,750.00	6,375,750.00	13,936,150.00
2048	7,558,000.00	5,510,000.00	868,500.00	6,378,500.00	13,936,500.00
2049	7,558,000.00	5,785,000.00	593,000.00	6,378,000.00	13,936,000.00
2050	-	6,075,000.00	303,750.00	6,378,750.00	6,378,750.00
	$ 639,740,521.08	$ 90,000,000.00	$ 64,702,140.63	$ 154,702,140.63	$ 794,442,661.71

(1) Includes the accreted value of outstanding capital appreciation bonds.
(2) Preliminary, subject to change.
(3) Based on it's wealth per student, the District does not expect to receive state financial assistance for the payment of debt service for the fiscal year 2024/25. 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 this Official Statement.

TAX ADEQUACY WITH RESPECT TO THE DISTRICT'S BONDS

Projected Maximum Debt Service Requirement (1)	$ 44,762,075.00
Projected State Financial Assistance for Hold Harmless of Increased Homestead Exemption in 2024/25 (2)	2,485,000.00
Projected Net Debt Service Requirement	$ 42,277,075.00
$0.36470 Tax Rate @ 98% Collections Produces	$ 42,277,075.00
2025/26 Preliminary Net Taxable Valuation (3)	$ 11,828,856,765

(1) Includes the Bonds. Preliminary, subject to change.
(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. The District will not receive any Instructional Facilities Allotment nor Existing Debt Allotment state aid in 2023/24, but will receive additional state aid for the increase in the homestead exemption which took effect in 2015/16, 2022/23 and 2023/24.
(3) Source: Preliminary values from the Harris Central Appraisal District as of April 30, 2025.

AUTHORIZED BUT UNISSUED BONDS

Following the issuance of the Bonds, the District will have $340,010,000 (preliminary, subject to change) authorized but unissued ad valorem tax bonds from the May 4, 2024 election. The District may incur other financial obligations payable from its collection of taxes and other sources of revenue, including 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				
	2020	**2021**	**2022**	**2023**	**2024**
Beginning Fund Balance	**$ 166,473,183**	**$ 177,578,294**	**$ 193,868,422**	**$ 194,683,206**	**$ 220,569,462**
Revenues:					
Local and Intermediate Sources	$ 111,740,914	$ 114,129,640	$ 108,966,612	$ 127,265,819	$ 117,437,557
State Program Revenues	122,034,474	135,793,332	120,370,802	121,353,954	132,167,175
Federal Sources & Other	4,791,222	7,660,320	8,755,287	11,824,110	5,952,601
Total Revenues	**$ 238,566,610**	**$ 257,583,292**	**$ 238,092,701**	**$ 260,443,883**	**$ 255,557,333**
Expenditures:					
Instruction	$ 118,862,521	$ 137,331,341	$ 130,728,986	$ 130,223,525	$ 133,904,051
Instructional Resources & Media Services	2,362,142	2,776,099	2,615,570	2,614,829	2,672,850
Curriculum and Instruction Staff	4,248,768	5,339,655	5,591,565	4,636,857	4,593,967
Instructional Leadership	6,397,613	5,860,151	5,778,337	5,695,701	5,787,505
School Leadership	16,220,237	17,037,626	16,713,041	17,197,475	17,730,761
Guidance, Counseling & Evaluation Services	7,826,500	8,924,798	9,212,737	9,306,125	9,197,382
Social Work Services	592,562	634,197	628,859	735,650	519,121
Health Services	1,924,924	2,447,556	2,312,924	2,245,044	2,215,875
Student (Pupil) Transportation	9,263,598	8,394,754	9,619,398	9,394,667	10,045,739
Food Services	287,316	336,723	173,564	77	-
Extracurricular Activities	3,865,300	4,124,782	4,021,550	4,372,315	4,664,701
General Administration	9,310,128	9,228,106	9,070,821	9,395,759	9,995,645
Facilities Maintenance and Operations	30,515,910	27,622,946	27,784,779	28,401,669	29,396,362
Security and Monitoring Services	3,980,016	3,698,027	3,978,925	3,797,467	4,180,209
Data Processing Services	5,124,229	4,543,837	4,657,073	5,638,522	5,907,895
Community Services	1,444,557	1,359,139	1,651,659	1,590,410	1,583,618
Debt Service - Principal on Long Term Debt	344,957	-	746,343	990,505	1,181,450
Debt Service - Interest on Long Term Debt	10,400	-	5,163	2,366	13,658
Capital Outlay	3,909,681	720,744	940,564	1,521,165	1,393,634
Payments to Appraisal District	1,043,300	1,051,148	1,046,378	1,083,695	1,172,330
Total Expenditures	**$ 227,534,659**	**$ 241,431,629**	**$ 237,278,236**	**$ 238,843,823**	**$ 246,156,753**
Excess (Deficiency) of Revenues					
over Expenditures	$ 11,031,951	$ 16,151,663	$ 814,465	$ 21,600,060	$ 9,400,580
Other Resources and (Uses):					
Sale of Property	$ 73,160	$ 158,465	$ 125,583	$ 5,890,562	$ 159,043
Other Resources	-	-	-	157,527	-
Other Uses	-	-	-	(1,646,545)	-
Transfers In	-	(20,000)	-	-	-
Transfers Out	-	-	(155,706)	(115,348)	(10,498,567)
Issuance of Leases	-	-	-	-	1,377,967
Issuance of SBITAs	-	-	-	-	944,550
Proceeds from Right-To-Use Leased Asset	-	-	30,442	-	-
Total Other Resources (Uses)	**$ 73,160**	**$ 138,465**	**$ 319**	**$ 4,286,196**	**$ (8,017,007)**
Excess (Deficiency) of					
Revenues and Other Sources					
over Expenditures and Other Uses	$ 11,105,111	$ 16,290,128	$ 814,784	$ 25,886,256	$ 1,383,573
Ending Fund Balance	**$ 177,578,294**	**$ 193,868,422**	**$ 194,683,206**	**$ 220,569,462**	**$ 221,953,035**

(1) See "MANAGEMENT'S DISCUSSION AND ANALYSIS" in Appendix D hereto for a discussion of the 2024/25 budget and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM - Possible Effects of Wealth Transfer Provisions on the District's Financial Condition" in this Official Statement.

CHANGE IN NET ASSETS [1]

	Fiscal Year Ended August 31				
	2020	2021	2022	2023	2024
Revenues:					
Program Revenues:					
Charges for Services	$ 3,473,226	$ 1,978,683	$ 3,996,319	$ 5,198,043	$ 4,574,312
Operating Grants and Contributions	60,970,808	57,042,073	61,521,354	89,450,030	80,217,057
General Revenues:					
Property Taxes Levied for General Purposes	111,015,246	114,357,739	109,159,043	109,827,457	106,267,106
Property Taxes Levied for Debt Service	32,064,753	33,320,831	32,894,489	32,821,319	37,226,475
State Aid - Formula Grants	110,314,055	123,970,344	108,647,325	108,821,372	119,327,666
Investment Earnings	5,044,982	761,662	59,210	13,765,562	16,066,927
Miscellaneous	44,008	89,446	146,965	340,876	211,401
Total Revenue	$ 322,927,078	$ 331,520,778	$ 316,424,705	$ 360,224,659	$ 363,890,944
Expenses:					
Instruction	$ 153,242,430	$ 162,718,256	$ 148,052,627	$ 158,390,425	$ 161,790,725
Instruction Resources & Media Services	2,859,936	3,100,617	2,852,909	2,801,347	2,946,315
Curriculum & Staff Development	8,223,134	9,075,087	9,430,176	9,152,485	9,296,588
Instructional Leadership	7,939,367	6,900,962	6,469,405	6,697,056	6,709,164
School Leadership	18,314,290	18,015,282	16,667,212	17,421,347	18,396,079
Guidance, Counseling & Evaluation Services	9,453,702	10,141,622	10,246,617	10,406,775	10,707,305
Social Work Services	1,074,481	1,126,211	1,063,713	1,268,191	1,423,973
Health Services	2,524,360	2,949,124	2,600,631	2,727,441	2,783,349
Student Transportation	9,622,201	9,554,362	10,553,744	11,127,074	11,412,471
Food Service	16,406,346	14,927,236	16,269,472	19,014,199	19,015,520
Cocurricular/Extracurricular Activities	5,903,790	5,210,628	5,754,307	6,849,601	6,861,312
General Administration	10,414,676	9,706,591	9,914,275	9,649,997	10,387,170
Plant Maintenance & Operations	31,435,083	30,771,077	32,533,648	37,074,110	37,304,578
Security and Monitoring Services	4,017,895	3,570,635	4,167,230	6,255,791	6,924,814
Data Processing Services	5,212,184	5,118,380	5,348,311	6,142,937	6,247,135
Community Services	2,384,822	2,537,001	2,539,775	2,902,184	2,994,302
Debt Service - Interest on Long-term Debt	17,406,100	16,882,470	15,222,187	15,308,850	14,750,041
Debt Service - Bond Issuance Cost and Fees	145,873	-	-	-	-
Other Facility Costs	1,858,683	1,061,631	-	-	-
Shared Services Arrangements	395,167	343,072	376,824	291,152	372,894
Payments to Appraisal District	1,043,300	1,051,148	1,046,378	1,083,695	1,172,330
Total Expenditures	$ 309,877,820	$ 314,761,392	$ 301,109,441	$ 324,564,657	$ 331,496,065
Change in Net Assets	$ 13,049,258	$ 16,759,386	$ 15,315,264	$ 35,660,002	$ 32,394,879
Beginning Net Assets	$ 40,265,984	$ 53,617,277	$ 70,376,663	$ 85,691,927	$ 121,735,730
Prior Period Adjustment	$ 302,035 [2]	$ -	$ -	$ 382,707 [3]	$ -
Ending Net Assets	$ 53,617,277	$ 70,376,663	$ 85,691,927	$ 121,734,636	$ 154,130,609

(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 2020 prior period adjustment was the result of the District implementing GASB Statement No. 84 for Fiduciary Activities.
(3) The 2023 prior period adjustment was the result of the District implementing GASB Statement No. 96 for Subscription-Based Information Technology Arrangements.

APPENDIX B

GENERAL INFORMATION REGARDING THE DISTRICT AND ITS ECONOMY

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 3,253 of which 1,926 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	669	45.40	7.10	10.80	2.00
Cloverleaf Elementary	968	K-5	821	49.80	10.00	11.80	2.00
Galena Park Elementary	700	K-5	588	42.00	8.40	8.60	2.00
Green Valley Elementary	865	K-5	565	45.50	9.00	15.70	3.00
Harvard Elementary	950	K-5	694	45.50	11.00	15.20	2.00
Jacinto City Elementary	849	K-5	689	48.70	7.80	17.60	2.00
MacArthur Elementary	638	K-5	556	40.20	9.00	10.80	2.00
Normandy Crossing Elementary	898	K-5	596	42.50	9.00	10.80	3.00
North Shore Elementary	920	K-5	965	56.40	11.00	13.70	3.00
Purple Sage Elementary	922	K-5	428	32.60	9.00	7.90	2.00
Pyburn Elementary	572	K-5	454	35.30	8.30	8.80	2.00
Sam Houston Elementary	850	K-5	703	47.50	10.00	13.70	3.00
Tice Elementary	786	K-5	669	42.50	10.00	10.80	1.00
Williamson (Freedom) Elementary	850	K-5	621	43.50	10.00	13.70	2.00
Woodland Acres Elementary	499	K-5	458	32.50	6.60	7.90	2.00
Cobb 6th Grade Campus	1,200	6	991	71.40	7.00	5.80	4.00
Cunningham Middle School	1,354	7-8	802	62.30	7.10	6.80	4.00
Galena Park Middle School	1,093	6-8	896	61.20	5.80	5.80	4.00
North Shore Middle School	1,734	7-8	1,299	80.20	8.00	7.80	5.00
Woodland Acres Middle School	560	6-8	570	41.00	4.70	5.80	3.00
Early College High School	102	9-12	487	16.30	2.50	0.00	2.00
Galena Park High School	1,789	9-12	1,815	118.30	13.20	8.80	9.00
North Shore Ninth Grade Center*	1,918	9	0	0.00	0.00	0.00	0.00
North Shore 10th Grade Center*	1,200	10	0	0.00	0.00	0.00	0.00
North Shore Senior High School	4,134	11-12	4,284	265.70	33.80	30.60	20.00
Zotz Education Center			230	22.30	2.00	3.90	4.00
JJAEP [(b)]			12				
Galena Park I.S.D. Childcare Center	95	0-3 years	101	0.00	1.00	21.00	2.00
PEP Child Development	52	0-3 years	52	1.00	0.00	11.00	1.00
Total	**27,414**		**21,015**	**1,390**	**221**	**285**	**91**

**Totals included in North Shore Senior High School.*

[(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	2024/25	2023/24	2022/23	2021/22	2020/21
E.C.	223	83	84	79	47
Pre-K	1,002	957	1,068	980	930
K	1,263	1,325	1,358	1,403	1,362
1	1,433	1,479	1,539	1,454	1,464
2	1,447	1,513	1,415	1,392	1,467
3	1,501	1,413	1,361	1,435	1,454
4	1,412	1,371	1,428	1,438	1,539
5	1,348	1,422	1,417	1,496	1,539
6	1,471	1,455	1,549	1,496	1,677
7	1,490	1,576	1,532	1,662	1,789
8	1,600	1,587	1,685	1,737	1,695
9	1,625	1,715	1,792	1,709	1,716
10	1,690	1,794	1,726	1,707	1,746
11	1,768	1,672	1,716	1,711	1,738
12	1,742	1,743	1,722	1,732	1,755
Other					
Total	21,015	21,105	21,392	21,431	21,918

AVERAGE DAILY ATTENDANCE INCREASES/ (DECREASES)

School Year	ADA	Actual	Percent (%)
2011-12	20,225	140	0.70
2012-13	20,461	236	1.16
2013-14	20,887	426	2.08
2014-15	21,023	136	0.65
2015-16	21,015	-8	-0.04
2016-17	21,195	180	0.86
2017-18	21,282	87	0.41
2018-19	20,771	-511	-2.40
2019-20	20,202	-569	-2.74
2020-21	20,593	391	1.94
2021-22	19,748	-845	-4.10
2022-23	19,328	-420	-2.13
2023-24	19,079	-249	-1.29
2024-25	19,094	15	0.08

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

	May 2025	May 2024
City of Houston	4.0	4.2
Harris County	4.1	4.3
State of Texas	4.0	3.8
United States of America	4.0	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	>20,000
The University of Texas MD Anderson	Healthcare	>20,000
The Methodist Hospital System	Healthcare	>20,000
Walmart	Retail	>20,000
H-E-B	Grocery	>20,000
United Airlines	Airline	10,000 – 19,999
Exxon Mobil Corporation	Oil and Gas	10,000 – 19,999
HCA	Healthcare	10,000 – 19,999
UTMB Health	Healthcare	10,000 – 19,999
Kroger Company	Retail Grocery	10,000 – 19,999
Shell Oil Company	Oil and Gas	10,000 – 19,999
Landry's	Dinging and Hospitality	10,000 – 19,999
Schlumberger Limited	Oilfield Services	10,000 – 19,999

Source: https://hcoed.harriscountytx.gov/docs/Largest_100_Employers.pdf

APPENDIX C

FORM OF LEGAL OPINION OF BOND COUNSEL

Holland & Knight

811 Main Street, Suite 2500 | Houston TX 77002 | T 713-821-7000 | F 713-821-7001
Holland & Knight LLP | www.hklaw.com

August 6, 2025

Galena Park Independent School District

GALENA PARK INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2025, dated July 15, 2025, in the principal amount of $90,000,000[i].

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 Unlimited Tax School Building Bonds, Series 2025 (the "Series 2025 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 June 9, 2025 adopted by the Board of Trustees of the District authorizing the issuance of the Series 2025 Bonds (the "Bond Order").

The Series 2025 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 2025 Bonds.

The Series 2025 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 2025 Bonds in this opinion and other statements concerning the terms and conditions of the issuance of the Series 2025 Bonds do not purport to set forth all of the terms and conditions of the Series 2025 Bonds or of any other document relating to the issuance of the Series 2025 Bonds, but are intended only to identify the Series 2025 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 2025 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 (the "Tax Certificate") 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 2025 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 2025 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 2025 Bonds and the compliance of the District with all conditions precedent to the issuance of the Series 2025 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 2025 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 2025 Bonds.

(3) The interest on the Series 2025 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 individuals under the Code; however, interest on the Series 2025 Bonds is included in the "adjusted financial statement income" of certain corporations on which the federal alternative minimum tax is imposed under the Code.

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 2025 Bonds in a manner that would cause the Series 2025 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), and in the Tax Certificate, to the extent necessary to preserve the exclusion of interest on the Series 2025 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 2025 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025 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 2025 Bonds. We express no opinion regarding any state tax consequences of acquiring, carrying, owning or disposing of the Series 2025 Bonds. Owners of the Series 2025 Bonds should consult their tax advisors regarding any state tax consequences of owning the Series 2025 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 2025 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 2025 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 2025 Bonds.

Sincerely yours,

HOLLAND & KNIGHT LLP

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[i] Preliminary, subject to change.

APPENDIX D

AUDITED FINANCIAL REPORT
FISCAL YEAR ENDED AUGUST 31, 2024

GALENA PARK

Independent School District

Annual Comprehensive Financial Report

For the Fiscal Year Ended August 31, 2024

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

Annual Comprehensive Financial Report

For the Fiscal Year Ended August 31, 2024

GALENA PARK INDEPENDENT SCHOOL DISTRICT

14705 Woodforest Blvd., Houston, Texas 77015

Prepared by the Business Services Department:

Ben Pape
Chief Financial Officer

Ida A. Schultze, CPA, RTSBA
Executive Director for Treasury and Finance

Christopher Young, RTSBA
Director of Accounting

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

As of August 31, 2024

Board of Trustees

Name	Office	Term Expires	Length of Service	Occupation
Norma Hernandez	President	2026	6 years	Retired
Ramon Garza	Vice President	2025	14 years	Insurance Agent
Linda Clark Sherrard	Secretary	2025	3 years	Retired
Adrian Stephens	Trustee	2027	7 years	Sales
Amanda Erebia	Trustee	2027	1 year	SVP, Retail Performance Mgr
Jose Jimenez	Trustee	2026	2 years	Insurance Agent
Noe Esparza	Trustee	2026	6 years	Sales

Administrative Officials

Name	Position	Length of Service
Dr. John Moore	Superintendent	33
Dr. Wanna Giacona	Chief Administrative Officer	30
Ben Pape	Chief Financial Officer	1
Dr. Mechelle Epps	Assistant Superintendent for Student Support Services	27
Mike McKay	Assistant Superintendent for Operations	25
Hollice Malloy	Assistant Superintendent for Curriculum & Instruction and Professional Development	10
Jerid Link	Assistant Superintendent for Human Resource Services	8

Consultants and Advisors

Bond Counsel	Holland & 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, 2024, at a meeting of the board of trustees of such school district on January 13, 2025.

Norma Hernandez	Linda C. Sherrard
President of the Board	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, 2025

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 Annual Comprehensive Financial Report of the Galena Park Independent School District (the “District”) for the fiscal year ended August 31, 2024.

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, 2024 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, 2024, 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. Current enrollment is 20,863 and the District projects this enrollment to remain steady or decline slightly in the future. The District educates children from diverse backgrounds. The student body reflects the cultural diversity of Texas. Of the approximately 21,000 students enrolled, 83% are Hispanic, 14% are African American, 2% are White, and 1% identify themselves as Asian/Pacific Islander, American Indian or of more than one ethnicity.

During the past six years the District has seen the completed construction of replacement campuses at Jacinto City Elementary, Cloverleaf Elementary, Galena Park Elementary, North Shore Elementary, Woodland Acres Elementary, and Pyburn Elementary Phase 1, as well as a Galena Park High School Phase 1 (14 classroom) addition, North Shore Senior High Welding addition, and North Shore Senior High 10th Grade Center building. Galena Park High School Phase 2 Infrastructure (roadway and sewer lines) was also completed. By July 2024, Pyburn Elementary Phase 2 building replacement and Galena Park High School Phase 2 consisting of a new dining commons, kitchen, and Career and Technology classroom building, were substantially completed. There is one active construction project as the District completes the Tice Elementary canopy addition. 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 81 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. Port 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. Port Houston is home to the world's second largest petrochemical complex. 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, Port Houston centered along the 52 mile-long Houston Ship Channel, consists 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 1.35 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. Port Houston has begun a billion-dollar expansion, deepening, and widening project of the Houston Ship Channel called Project 11. The project is set for a 2025 completion. While not immune to pandemic induced strains on the global supply chain, Port Houston has continued to keep freight moving and handle the historic surge in import container cargo. Houston's leading exports are chemicals, computers and peripheral equipment, crude, fabricated metal products, fuel, plastics, oil field equipment, synthetic rubber, and energy-related activities. Port Houston's economic activity has allowed Texas to remain the leading exporting state for the past twenty two consecutive years.

Economic Outlook. Houston's energy, healthcare, transportation and distribution sectors have historically supported a continuous growth in the District's tax base, making Houston the third fastest growing city. 2024 continues to show improvement from the economic downturn resulting from the 2020 pandemic. This is reflected in the record setting airline travel and increased activities in accommodations and food service industries. Houston has more jobs currently than prior to the pandemic. This fiscal year saw significant increases in employment in education followed by the construction industry. Slight declines were seen in Retail Trade, Telecommunications, and Real Estate & Rental markets. Education, healthcare, and professional services dominate the local employment. During 2024, Texas Medical Center opened Helix Park, the first phase of a new 27 acre campus. The 88th Texas Legislature met in 2023, where key topics related to the state's two-year budget, education, school safety, school choice, teacher retention, and property taxes were discussed.

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 $64 million, or 26% 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. continued to rate the District's bond rating at Aa1, one of the highest among Texas school districts. A strong fund balance allows the District to respond to unanticipated situations that may arise.

Financial Planning. The District is actively navigating the financial changes brought on by recent legislative developments, particularly House Bill 3 (HB3) and Senate Bill 3 (SB3) from the 88th Texas Legislative Session, as well as the lack of an increase to the basic allotment. State aid hold-harmless provisions and the availability of federal funds have helped to mitigate reductions in Foundation School Program funds and have been critical in supporting our initiatives following ongoing declining enrollment and attendance following the COVID-19 pandemic. The District has been proactive in making feasible, but necessary, reductions to prepare for the impending expiration of ESSER funds in the upcoming fiscal year. Regular monitoring of student attendance and property value data ensures accurate state aid calculations for planning throughout the year. As new data becomes available or changes in the economy and community arise, the District adjusts future projections and plans accordingly to account for potential financial impacts. The District continues to enhance its security measures and programs. The District has also maintained multi-year plans for replacements and upgrades in the area of Technology, Fleet, Fine Arts and Facilities.

Awards and Acknowledgements

Our District as a whole received many recognitions and achievements during the 2023-2024 school year across multiple disciplines organizationally. Galena Park Independent School District's athletic programs continue to shine with one athletic team advancing to UIL State Competition, one team advancing to state qualifying competition, and 2 teams qualified for Regional competitions. Eight athletic teams won the District Championship Competitions. In total, 433 students advanced in their individual sports. Thirty-five students participated in state level career and technology competitions, two of which advanced to and competed at the national competition. One student made the lamb sale at the Houston Livestock Show and Rodeo. The fine arts program excelled this year with as both high school marching bands advanced to the UIL Area marching contest. More than 130 secondary band and choir students earned places at the Texas Music Educators Association All-Region competitions. Thirty-four secondary band and choir students earned Sweepstakes and First Division ratings at UIL Concert and Sight-reading evaluations. North Shore Senior High School and Galena Park High School had 10 art students advance to the Texas Art Educators Association's State Visual Art Scholastic Event.

The Texas Education Agency has awarded the District an "A=Superior" rating for the fiscal year ended August 31, 2023. This is the 22nd 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 2022-2023 school year and budgetary and actual financial data for the fiscal year ended August 31, 2023. 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.

In February 2024, 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 tenth time. This award recognizes a district's achievement in implementing best practices in the area of purchasing.

The District has been recognized by the Association of School Business Officials International (ASBO) as a seventh-year recipient of the ASBO International Meritorious Budget Award (MBA) for the 2023-24 Budget document. 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended August 31, 2023.

In order to be awarded the certificates, a governmental unit must publish an efficiently organized Annual Comprehensive 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 fourteen consecutive years and the GFOA award for thirteen years. The certificates are valid for a period of one year only. We believe that our current ACFR 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 2024 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.

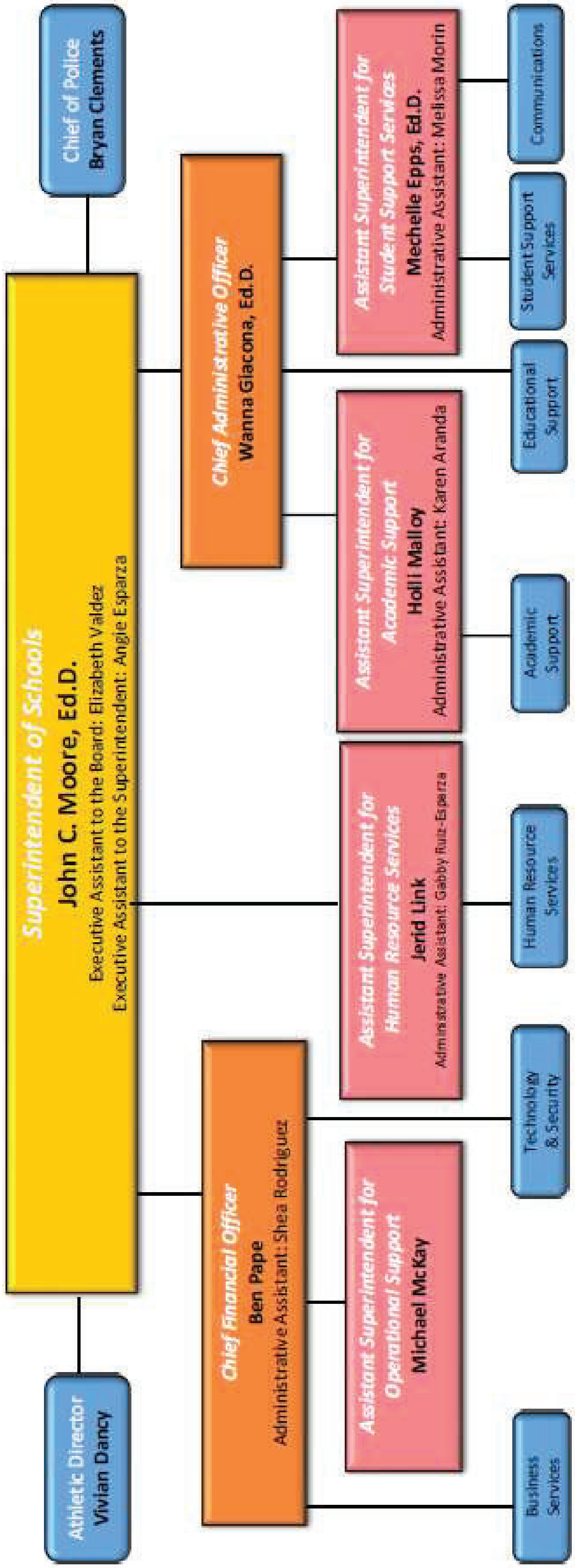
Respectfully submitted,

John Moore

John Moore, Ed.D.
Superintendent of Schools

Ben Pape

Ben Pape
Chief Financial Officer


Chief of Police
Bryan Clements
Athletic Director
Vivian Dancy
Superintendent of Schools
John C. Moore, Ed.D.
Executive Assistant to the Board: Elizabeth Valdez
Executive Assistant to the Superintendent: Angie Esparza
Chief Financial Officer
Ben Pape
Administrative Assistant: Shea Rodriguez
Assistant Superintendent for Operational Support
Michael McKay
Assistant Superintendent for Human Resource Services
Jerid Link
Administrative Assistant: Gabby Ruiz-Esparza
Chief Administrative Officer
Wanna Giacona, Ed.D.
Assistant Superintendent for Academic Support
Holli Malloy
Administrative Assistant: Karen Aranda
Assistant Superintendent for Student Support Services
Mechelle Epps, Ed.D.
Administrative Assistant: Melissa Morin
Business Services
Technology & Security
Human Resource Services
Academic Support
Educational Support
Student Support Services
Communications

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Galena Park Independent School District
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

August 31, 2023

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 Annual Comprehensive Financial Report
for the Fiscal Year Ended August 31, 2023.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.

CERTIFICATE OF EXCELLENCE
IN FINANCIAL REPORTING

Ryan S. Stechschulte
President

James M. Rowan, CAE, SFO
CEO/Executive Director

FINANCIAL SECTION

Galena Park
Independent School District

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Galena Park Independent School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Galena Park Independent School District (the "District"), as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements, required Texas Education Agency (TEA) schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

To the Board of Trustees
Galena Park Independent School District

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, required TEA schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, statistical section, and Schedule L-1 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
January 13, 2025

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, 2024. 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, 2024 by $154,130,609 (net position). Of this amount, $17,126,503 (unrestricted net position) may be used to meet the District's ongoing obligations to students and creditors.

- The District's total net position increased by $32,394,879 due to increased state aid, property tax revenues, and investment earnings.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of $251,143,704, a decrease of $12,190,373 in comparison with the prior year. The overall decrease in governmental fund balances was primarily due to a decrease in the capital projects fund balance of $15,128,182. The general fund experienced an increase in fund balance of $1,383,573 and the debt service fund experienced an increase in fund balance of $774,977. The unassigned fund balance in the general fund represents 26.1 percent of the total general fund expenditures.

- The District's total bonded debt decreased by $23,323,697 or 7 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, Other Facility Costs, Payments To Fiscal Agent/Member Districts Of Shared Services Arrangements, and Payments To Appraisal District.

The government-wide financial statements are referenced as Exhibit A-1 and B-1 in 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 thirty 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-seven 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 are referenced as Exhibits C-1 through C-2R in 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 and the employee cafeteria and catering program. 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 and employee cafeteria and catering program.

The basic proprietary fund financial statements are referenced as Exhibits D-1 through D-3 in 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 District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position as referenced as Exhibits E-1 and E-2, respectively, in 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 immediately follow the basic financial statements in 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 is referenced as Exhibits G-1 through G-5 in this report.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. The combining and individual fund statements and schedules are referenced as Exhibits H-1 through H-2 in this report.

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 $154,130,609 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, right-to-use lease equipment, and right-to-use subscription assets); less any outstanding related debt used to acquire those assets totaled $124,045,637. 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

	2024	Restated 2023
Current and other assets	$ 292,868,181	$ 312,189,294
Capital assets, net	437,154,629	419,653,577
Total Assets	730,022,810	731,842,871
Deferred loss on refunding	514,528	755,313
Deferred outflows - pension	44,906,736	41,008,753
Deferred outflows - OPEB	16,304,206	16,922,462
Total Deferred Outflows of Resources	61,725,470	58,686,528
Current liabilities	25,832,587	38,913,540
Long term liabilities	540,393,593	547,887,532
Total Liabilities	566,226,180	586,801,072
Deferred inflows - leases	337,465	353,886
Deferred inflows - pension	5,241,450	8,271,994
Deferred inflows - OPEB	65,812,576	73,366,717
Total Deferred Inflows of Resources	71,391,491	81,992,597
Net Position:		
Net investment in capital assets	124,045,637	110,166,709
Restricted	12,958,469	9,816,379
Unrestricted	17,126,503	1,752,642
Total Net Position	$ 154,130,609	$ 121,735,730

Net position is restricted for various purposes as follows:

	Governmental Activities	
	2024	2023
Federal and state programs	$ 6,967,026	$ 6,204,979
Debt service	5,991,443	3,611,400
	$ 12,958,469	$ 9,816,379

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 positive balances in all three categories of net position.

Government-wide Financial Analysis

The District's capital assets increased by $17.9 million in the current year due to the completion of capital projects funded by capital project funds and federal grants. Projects included multiple HVAC units, an adaptive playground, flooring and generator projects. Total assets decreased by $1.4 million. Deferred outflows increased by $3.0 million with the significant increase from deferred outflows related to pension in the amount of $3.9 million offset by slight decreases from deferred loss on refunding and deferred outflows related to OPEB. Total liabilities decreased $20.2 million due primarily to the reduction of accounts payable at year end, the decrease in the amount due back to the state for state aid adjustments from prior years, and a reduction in the bonds payable due to principal payments and the redemption the remaining principal of the Series 2014 bonds. However, these decreases were partially offset by the increase in the net pension liability. Net position was also impacted by the decrease in deferred inflows for pension by $3.0 million and decrease in deferred outflows for OPEB in the amounts of $7.6 million.

Galena Park Independent School District's Changes in Net Position

	2024	2023
Program Revenues		
Charges for services	$ 4,574,312	$ 5,198,043
Operating grants	80,217,057	89,450,030
General Revenues		
Property taxes	143,493,581	142,648,776
State aid	119,327,666	108,821,372
Interest earnings	16,066,927	13,765,562
Other	211,401	340,876
Total Revenues	363,890,944	360,224,659
Expenses		
Instruction	161,790,725	158,390,425
Instructional resources and media services	2,946,315	2,801,347
Curriculum and instructional staff development	9,296,588	9,152,485
Instructional leadership	6,709,164	6,697,056
School leadership	18,396,079	17,421,347
Guidance, counseling, and evaluation services	10,707,305	10,406,775
Social work services	1,423,973	1,268,191
Health services	2,783,349	2,727,441
Student transportation	11,412,471	11,127,074
Food services	19,015,520	19,014,199
Extracurricular activities	6,861,312	6,849,601
General administration	10,387,170	9,649,997
Facilities maintenance and operations	37,304,578	37,074,110
Security and monitoring services	6,924,814	6,255,791
Data processing services	6,247,135	6,142,937
Community services	2,994,302	2,902,184
Interest on long-term debt	14,750,041	15,308,850
Payments to Fiscal Agent/Member Districts of Shared Services Arrangements	372,894	291,152
Payments to appraisal districts	1,172,330	1,083,695
Total Expenses	331,496,065	324,564,657
Increase (decrease) in net position	32,394,879	35,660,002
Beginning Net Position, Restated	121,735,730	86,075,728
Ending Net Position	$ 154,130,609	$ 121,735,730

Governmental Activities

Governmental activities increased the District's net position by $32,394,879 including reinstatements. Revenues are generated primarily from three sources. Property taxes, state-aid formula grants, and operating grants and contributions represent percent of total revenues. In the current year, the district experienced a decrease in Operating grants program revenues as the pandemic related grants began to phase out. However, this decline was matched by an increase in general revenues due to higher than anticipated interest rates and an increased amount of revenue from the state due to 16 academic days earned in August 2024 and an increase in state textbook allotments. The remaining percent is generated from charges for services, investment earnings, and miscellaneous revenues.

	Total Revenues	% of Total Revenues
Property taxes	$ 143,493,581	39%
State Aid - Formula Grants	119,327,666	33%
Operating grants and contributions	80,217,057	22%
Other revenue	20,852,640	6%
Total Revenues	$ 363,890,944	100%

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 percent of total expenses. The increase in expenses took place primarily in function 11 due to additional staffing to address the learning loss as a result of the pandemic. Function 52 also experienced an increase as the District placed contracted police officers at every campus this year. Interest on long-term debt (function 72) increased due to the full implementation of GASB 87 and 96 and a new copier lease that started at the beginning of the fiscal year. The remaining individual functional categories of expenses are each less than 5 percent of total expenses.

	Total Expenses	% of Total Expenses
Instruction	$ 161,790,725	49%
Facilities maintenance and operations	37,304,578	11%
Food services	19,015,520	6%
School leadership	18,396,079	6%
Interest on long-term debt	14,750,041	4%
Other functional expenses	80,239,122	24%
Total Expenses	$ 331,496,065	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 $251,143,704, a decrease of $12,190,373 in comparison with the prior year. The decrease in ending governmental fund balances was primarily due to the completion of the capital projects (Galena Park High School Phase II and Pyburn Elementary School) during the fiscal year.

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 $64,196,494, while total fund balance reached $221,953,035. 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 26.1 percent of total general fund expenditures, while total fund balance represents 90.2 percent of that same amount. The increase in the general fund's fund balance of $1,383,573 resulted from higher than normal interest rates and income and increased state revenues for indirect costs from the COVID 19 related grants.

The *debt service fund* has a total fund balance of $2,864,615 all of which is restricted for the payment of debt service. The net increase in the debt service fund balance during the current year of $774,977 was primarily due to increased Existing Debt Allotment from the state and higher interest earnings.

The *capital projects fund* has a total fund balance of $18,048,298, all of which is restricted for the capital acquisitions. The net decrease in the capital projects fund balance during the current year of $15,128,182 was primarily due to the completion of Galena Park High School Phase II and Pyburn Elementary School and other capital projects as the 2016 Bond Referendum prepares to end.

Additional information on the fund balance of Governmental Funds may be found in Note 14 of this report.

Proprietary Fund

The District's proprietary fund financial statement, internal service printing and employee cafeteria services, provide detail information about the profitability of the print shop fund and the employee cafeteria and catering services fund. At the end of the year, net position was $166,255, an increase of $94,225 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	$ 251,361,946	$ 256,495,578
Total Expenditures	252,470,326	266,741,529
Net Change in Fund Balance	$ (1,108,380)	$ (10,245,951)

The amended revenues budget increased by $5.1 million over the original budget due primarily to higher than anticipated interest earnings and an increase to Current Year Tax Levy due to property values. However, this increase was partially offset by a decrease to anticipated SHARS revenue which was impacted by the results of the 2011 and 2022 SHARS audit of the state contractor by the federal government.

The amended expenditure budget increased by $14.3 million over the original budget due to an increase in Facilities acquisition and construction budget for projects (North Shore 9th grade renovations, Purple Sage Elementary sinks, and Tice Canopy), but the projects were not completed by year end.

Capital Assets

The District's investment in capital assets for its governmental type activities as of August 31, 2024, amounts to $437,154,629 (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, furniture and equipment, vehicles, the intangible right-to-use assets, and construction in progress. Changes in capital assets are shown below:

	2024	Restated 2023
Land	$ 27,709,141	$ 27,550,197
Building and improvements	381,581,635	319,546,492
Furniture and equipment	23,927,822	17,026,944
Right-to-use assets	3,763,311	1,874,819
Construction in progress	172,720	53,655,125
Total	$ 437,154,629	$ 419,653,577

Additional information on the District's capital assets can be found in Note 4 of this report.

Long-term Liabilities

At the end of the current fiscal year, the District had $318,442,917 in bonded debt outstanding, a decrease of $23,323,697 from the previous year due to the redemption of Series 2014 Bonds in February 2024 plus scheduled principal payments on bonds. 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 bonds payable, for the year ended August 31, 2024 are as follows:

	Outstanding 9/1/23	Issued	Retired	Outstanding 8/31/24
Bonds Payable	$ 341,766,614	$ -	$ (23,323,697)	$ 318,442,917

Changes to accretion on compound interest bonds, for the year ended August 31, 2024 are as follows:

	Outstanding 9/1/23	Issued	Retired	Outstanding 8/31/24
Accretion on Compound Interest Bonds	$ 61,969,373	$ 4,914,801	$ (5,819,326)	$ 61,064,848

Additional information on the District's long-term debt can be found in Note 6 of this report.

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 2024-25 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 2024-25:

- The tax rate for 2024-25 is $1.17191 per $100 of assessed value, with $0.83760 applicable to maintenance and operations and $0.33431 for debt service.
- Taxable values used for the 2024-25 adopted budget are expected to decrease by approximately 5.35 percent below the 2023-24 levels. The budgeted property tax revenues were based on the certified taxable value of $12.02 billion with a 97.0 percent collection rate.
- The District's 2024-25 average daily attendance increased from 2023-24 to 19,178.

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. This District's maintenance and operations rate has decreased since the tax ratification to 0.83760 for 2024-25 as a result of the rate compression directed by the 86th Texas Legislature.

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 provide 20 percent of the assessed value, while commercial property taxes make up 80 percent.

The amount available for appropriation in the general fund is $248.4 million, an increase of $3.0 million from the previous year.

Expenditures are budgeted to increase 2.11 percent to $257.8 million. The budgeted expenditures fund an increase to the starting teacher pay schedule, a 2.0 percent general pay increase for teachers and all other staff, and continued updates for technology, facilities, and fleet vehicles. A deficit budget was adopted for 2024-25. If these budgetary estimates are realized the District's General Fund balance will decrease $9.4 million by August 31, 2025.

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 for Finance and Treasury, 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, 2024

Data Control Codes		Governmental Activities
	Assets	
1110	Cash and cash equivalents	$ 89,170,244
1120	Investments	105,944,279
1225	Property taxes receivables, net	15,893,829
1240	Due from other governments	27,974,913
1250	Accrued interest	2,264,937
1290	Other receivables, net	749,576
1300	Inventories	979,622
1410	Prepaid items	8,349
1490	Other current assets	500
1910	Long-term investments	49,881,932
	Capital assets not subject to depreciation/amortization:	
1510	Land	27,709,141
1580	Construction in progress	172,720
	Capital assets net of depreciation/amortization:	
1520	Buildings and improvements	381,581,635
1530	Furniture and equipment	23,927,822
1550	Right-to-use assets	3,763,311
1000	**Total Assets**	730,022,810
	Deferred Outflows of Resources	
	Deferred charge on refunding	514,528
	Deferred outflows - pension	44,906,736
	Deferred outflows - OPEB	16,304,206
1700	**Total Deferred Outflows of Resources**	61,725,470
	Liabilities	
2110	Accounts payable	6,510,943
2140	Interest payable	451,187
2150	Payroll deductions and withholdings	4,012,091
2160	Accrued wages payable	14,024,652
2180	Due to other governments	456,452
2300	Unearned revenue	377,262
	Noncurrent Liabilities:	
	Due within one year: Bonds, accreted interest,	
2501	leases, SBITAs, compensated absences	24,281,402
	Due in more than one year:	
2502	Bonds, accreted interest, leases, SBITAs, compensated absences	359,649,539
2540	Net pension liability	112,573,403
2545	Net other post-employment benefits liabilities (OPEB)	43,889,249
2000	**Total Liabilities**	566,226,180
	Deferred Inflows of Resources	
	Deferred inflows - leases	337,465
	Deferred inflows - pension	5,241,450
	Deferred inflows - OPEB	65,812,576
2600	**Total Deferred Inflows of Resources**	71,391,491
	Net Position	
3200	Net investment in capital assets	124,045,637
	Restricted for:	
3820	Federal and state programs	6,967,026
3850	Debt service	5,991,443
3900	Unrestricted	17,126,503
3000	**Total Net Position**	$ 154,130,609

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit B-1

STATEMENT OF ACTIVITIES

For the Year Ended August 31, 2024

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	$ 161,790,725	$ 1,530,766	$ 31,247,738	$ (129,012,221)
12	Instructional resources and media services	2,946,315	19,466	103,366	(2,823,483)
13	Curriculum and instructional staff development	9,296,588	19,491	5,125,306	(4,151,791)
21	Instructional leadership	6,709,164	5,845	884,722	(5,818,597)
23	School leadership	18,396,079	105,837	673,491	(17,616,751)
31	Guidance, counseling, and evaluation services	10,707,305	-	1,679,930	(9,027,375)
32	Social work services	1,423,973	-	884,629	(539,344)
33	Health services	2,783,349	-	1,884,770	(898,579)
34	Student transportation	11,412,471	1,932	1,047,839	(10,362,700)
35	Food services	19,015,520	785,367	19,479,585	1,249,432
36	Extracurricular activities	6,861,312	1,956,214	298,297	(4,606,801)
41	General administration	10,387,170	1,510	3,655,220	(6,730,440)
51	Facilities maintenance and operations	37,304,578	108,962	5,473,155	(31,722,461)
52	Security and monitoring services	6,924,814	30,295	2,741,920	(4,152,599)
53	Data processing services	6,247,135	-	297,691	(5,949,444)
61	Community services	2,994,302	6,419	1,702,205	(1,285,678)
72	Interest on long-term debt	14,750,041	2,208	2,664,299	(12,083,534)
93	Payments to Fiscal Agent/Member Districts of Shared Services Arrangements	372,894	-	372,894	-
99	Payments to appraisal district	1,172,330	-	-	(1,172,330)
TG	**Total Governmental Activities**	$ 331,496,065	$ 4,574,312	$ 80,217,057	(246,704,696)

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property taxes, levied for general purposes	106,267,106
DT	Property taxes, levied for debt service	37,226,475
SF	State-aid formula grants	119,327,666
IE	Investment earnings	16,066,927
MI	Miscellaneous	211,401
TR	**Total General Revenues**	279,099,575
CN	Change in net position	32,394,879
NB	**Net Position - Beginning, Restated**	121,735,730
NE	**Net Position - Ending**	$ 154,130,609

GALENA PARK INDEPENDENT SCHOOL DISTRICT *Exhibit C-1*

BALANCE SHEET

GOVERNMENTAL FUNDS

August 31, 2024

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
	Assets					
1110	Cash and temporary investments	$ 161,606,456	$ 3,036,996	$ 21,724,366	$ 8,630,089	$ 194,997,907
	Receivables:					
1220	Delinquent property taxes receivable	14,005,107	4,041,023	-	-	18,046,130
1230	Allowance for uncollectible taxes (credit)	(1,689,293)	(463,008)	-	-	(2,152,301)
1240	Receivables from other governments	14,894,442	-	-	13,080,471	27,974,913
1250	Accrued interest	2,264,937	-	-	-	2,264,937
1260	Due from other funds	10,669,888	-	-	26,617	10,696,505
1290	Other receivables	707,117	-	-	42,106	749,223
1300	Inventories	504,422	-	-	475,200	979,622
1410	Prepaid items	8,046	-	-	303	8,349
1490	Other current assets	500	-	-	-	500
1910	Long term investments	49,881,932	-	-	-	49,881,932
1000	**Total Assets**	$ 252,853,554	$ 6,615,011	$ 21,724,366	$ 22,254,786	$ 303,447,717
	Liabilities, Deferred Inflows of Resources, and Fund Balances					
	Liabilities:					
2110	Accounts payable	$ 1,951,711	$ -	$ 3,128,751	$ 1,428,904	$ 6,509,366
2150	Payroll deductions and withholdings	4,012,091	-	-	-	4,012,091
2160	Accrued wages payable	12,219,874	-	18,112	1,784,920	14,022,906
2170	Due to other funds	26,617	-	74,084	10,593,941	10,694,642
2180	Payable to other governments	1,247	-	455,121	84	456,452
2300	Unearned revenue	35,700	172,381	-	169,181	377,262
2000	**Total Liabilities**	18,247,240	172,381	3,676,068	13,977,030	36,072,719
	Deferred Inflows of Resources					
	Unavailable revenue - property taxes	12,315,814	3,578,015	-	-	15,893,829
	Unavailable revenue - leases	337,465	-	-	-	337,465
2600	**Total Deferred Inflows of Resources**	12,653,279	3,578,015	-	-	16,231,294
	Fund Balances:					
	Nonspendable:					
3410	Inventories	504,422	-	-	-	504,422
3430	Prepaid items	8,046	-	-	303	8,349
	Restricted					
3450	Federal/State grant restrictions	-	-	-	6,966,723	6,966,723
3470	Capital acquisitions	-	-	7,604,731	-	7,604,731
3480	Debt service	-	2,864,615	-	-	2,864,615
	Committed					
3545	Campus activity	-	-	-	1,310,730	1,310,730
	Assigned					-
3550	Construction	-	-	10,443,567	-	10,443,567
3590	Other assigned	157,244,073	-	-	-	157,244,073
3600	Unassigned	64,196,494	-	-	-	64,196,494
3000	**Total Fund Balances**	221,953,035	2,864,615	18,048,298	8,277,756	251,143,704
4000	**Total Liabilities, Deferred Inflows of Resources, and Fund Balances**	$ 252,853,554	$ 6,615,011	$ 21,724,366	$ 22,254,786	$ 303,447,717

See notes to the financial statements.

RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION

August 31, 2024

Data Control Codes		
	Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
	Total Fund Balance, Governmental Funds	$ 251,143,704
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/amortization, where applicable.	436,931,321
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) are deferred inflows of resources in the fund financial statements.	15,893,829
3	Deferred charges on refunding	514,528
4	Deferred inflows and outflows related to pension activities	39,665,286
5	Deferred inflows and outflows related to OPEB activities	(49,508,370)
	Long-term liabilities, including bonds and leases 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	(291,764,938)
7	Premiums on issuance	(26,677,979)
8	Leases payable	(936,387)
9	SBITA payable	(1,680,111)
10	Accreted interest on premium compound interest bonds	(61,064,848)
11	Compensated absences	(1,637,842)
12	Accrued interest payable	(451,187)
13	Net pension liability	(112,573,403)
14	Net OPEB liability	(43,889,249)
15	Addition of Internal Service fund net position	166,255
29	**Total Net Position - Governmental Activities**	$ 154,130,609

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit C-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS

For the Year Ended August 31, 2024

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	$ 117,437,557	$ 36,739,162	$ 1,169,640	$ 3,059,193	$ 158,405,552
5800	State program revenues	132,167,175	2,320,984	-	4,001,215	138,489,374
5900	Federal program revenues	5,952,601	-	-	60,633,169	66,585,770
5020	**Total Revenues**	255,557,333	39,060,146	1,169,640	67,693,577	363,480,696
	Expenditures					
	Current:					
0011	Instruction	133,904,051	-	-	26,670,680	160,574,731
0012	Instructional resources and media services	2,672,850	-	-	58,290	2,731,140
0013	Curriculum and instructional staff development	4,593,967	-	-	4,762,271	9,356,238
0021	Instructional leadership	5,787,505	-	-	742,156	6,529,661
0023	School leadership	17,730,761	-	-	370,176	18,100,937
0031	Guidance, counseling and evaluation services	9,197,382	-	-	1,394,995	10,592,377
0032	Social work services	519,121	-	-	853,789	1,372,910
0033	Health services	2,215,875	-	-	482,933	2,698,808
0034	Student transportation	10,045,739	-	-	918,317	10,964,056
0035	Food services	-	-	-	18,502,966	18,502,966
0036	Extracurricular activities	4,664,701	-	-	1,765,219	6,429,920
0041	General administration	9,995,645	-	-	245,032	10,240,677
0051	Facilities maintenance and operations	29,396,362	-	-	5,029,022	34,425,384
0052	Security and monitoring services	4,180,209	-	-	2,727,923	6,908,132
0053	Data processing services	5,907,895	-	-	239,696	6,147,591
0061	Community services	1,583,618	-	-	1,640,759	3,224,377
	Debt Service:					
0071	Principal on long-term debt	1,181,450	21,290,673	-	294,748	22,766,871
0072	Interest on long-term debt	13,658	16,988,296	455,122	21,505	17,478,581
0073	Bond issuance costs and fees	-	6,200	-	-	6,200
	Capital Outlay:					
0081	Facilities acquisition and construction expenditures	1,393,634	-	26,286,267	2,994	27,682,895
	Intergovernmental:					
0093	Payments related to shared services arrangements	-	-	-	372,894	372,894
0099	Payments to appraisal district	1,172,330	-	-	-	1,172,330
6030	**Total Expenditures**	246,156,753	38,285,169	26,741,389	67,096,365	378,279,676
1100	Excess (deficiency) of revenues over (under) expenditures	9,400,580	774,977	(25,571,749)	597,212	(14,798,980)
	Other Financing Sources (Uses)					
7912	Sale of real and personal property	159,043	-	-	52,358	211,401
7913	Issuance of debt - leases	1,377,967	-	-	18,803	1,396,770
7915	Transfers in	-	-	10,443,567	-	10,443,567
7949	Issuance of debt - SBITAs	944,550	-	-	110,886	1,055,436
8911	Transfers out	(10,498,567)	-	-	-	(10,498,567)
7080	**Total Other Financing Sources (Uses)**	(8,017,007)	-	10,443,567	182,047	2,608,607
1200	Net change in fund balance	1,383,573	774,977	(15,128,182)	779,259	(12,190,373)
0100	**Fund Balance - Beginning**	220,569,462	2,089,638	33,176,480	7,498,497	263,334,077
3000	**Fund Balance - Ending**	$ 221,953,035	$ 2,864,615	$ 18,048,298	$ 8,277,756	$ 251,143,704

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit C-2R

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, 2024

Data Control Codes		
	Amounts reported for governmental activities in the statement of activities (B-1) are different because:	
	Net Change in Fund Balances - Total Governmental Funds (from C-2)	$ (12,190,373)
	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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period.	
1	Capitalized expenditures reclassified to assets.	37,022,289
2	Depreciation/amortization expense taken to Statement of Activities.	(19,668,050)
3	The net effect of various miscellaneous transactions involving capital assets (i.e., retirements, transfers, and capital contributions) is to increase/(decrease) net position.	(65,042)
	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
4	Property taxes	5,889,008
	Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
5	Principal paid on bonds, leases, and SBITAs	22,766,871
6	Issuance of leases	(1,396,770)
7	Issuance of SBITAs	(1,055,436)
	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	Accrued interest on long-term debt	37,976
9	Amortization of deferred amounts on refunding	(55,250)
10	Amortization of premiums and discounts on issuance of bonds	1,805,500
11	Gain from the bonds redeemed	41,989
12	Compensated absences	(32,360)
13	Accreted interest on capital appreciation bonds	904,525
14	Changes in pension liabilities and related deferred outflows and inflows of resources	(11,195,110)
15	Changes in OPEB liabilities and related deferred outflows and inflows of resources	9,490,887
16	Internal service funds are used by management to charge the costs of certain activities, such as print shop copier services, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities (see D-2).	94,225
	Change in Net Position of Governmental Activities	$ 32,394,879

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit D-1

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
August 31, 2024

	Governmental Activities Internal Service Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 116,616
Due from other funds	1,296
Other receivables	353
Total Current assets:	118,265
Noncurrent assets:	
Right-to-use lease assets, net of amortization	223,308
Total Assets	341,573
Liabilities	
Current liabilities:	
Accounts payable	1,577
Accrued wages payable	1,746
Due to other funds	3,159
Lease payable - due within one year	82,240
Total Current liabilities:	88,722
Noncurrent liabilities:	
Lease payable	86,596
Total Liabilities	175,318
Net Position	
Net investment in capital assets	54,472
Unrestricted net position	111,783
Total Net Position	$ 166,255

See notes to the financial statements.

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, 2024

	Governmental Activities Internal Service Fund
Operating Revenues	
Charges for services:	
Miscellaneous revenue from local sources	$ 379,823
Total Operating Revenues	379,823
Operating Expenses	
Payroll costs	68,803
Purchased and contracted services	6,160
Supplies and materials	215,925
Other operating expenses	95
Amortization of right-to-use lease assets	48,216
Total Operating Expenses	339,199
Operating Income (Loss)	40,624
Non-Operating Revenues (Expenses)	
Interest expense	(1,399)
Total Non-Operating Revenues (Expenses)	(1,399)
Income (loss) before capital contributions and transfers	39,225
Transfers in	55,000
Change in Net Position	94,225
Net Position - Beginning	72,030
Net Position - Ending	$ 166,255

GALENA PARK INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended August 31, 2024

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities:	
Cash received from customers	$ 360,893
Cash payments to suppliers for goods and services	(221,364)
Cash payments to employees	(68,500)
Net Cash Provided by (Used for) Operating Activities	71,029
Cash Flows from Noncapital Financing Activities	
Transfers from other funds	55,000
Net Cash Provided by (Used for) Noncapital Financing Activities	55,000
Cash Flows from Capital and Related Financing Activities	
Principal paid on lease assets	(83,802)
Interest paid on lease assets	(1,399)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(85,201)
Net increase (decrease) in Cash and Cash Equivalents	40,828
Cash and Cash Equivalents September 1	75,788
Cash and Cash Equivalents August 31	$ 116,616
Reconciliation of Operating Income (Loss) to net Cash Provided by (Used for) Operating-Activities:	
Operating income (loss)	$ 40,624
Adjustments to Reconcile Operating income (loss) to Net Cash Provided by (used for) Operating Activities:	
Amortization of right-to-use lease equipment	48,216
Loss - disposal of right-to-use lease equipment	(18,989)
(Increase) decrease in other receivables	59
Increase (decrease) in accounts payable	(232)
Increase (decrease) in accrued wages payable	303
Increase (decrease) in interfund receivables/payables	1,048
Total Adjustments	30,405
Net Cash Provided by (Used for) Operating Activities	$ 71,029
Schedule of Non-Cash Capital and Related Financing Activities:	
Issuance of debt - leases	$ 241,082

STATEMENT OF FIDUCIARY NET POSITION

August 31, 2024

	Private Purpose Trust Fund	Custodial Fund
Assets		
Cash and cash equivalents	$ 26,424	$ 24,539
Total Assets	26,424	24,539
Liabilities		
Accounts payable	-	-
Total Liabilities	-	-
Net Position		
Restricted for student scholarships and other activities	26,424	24,539
Total Net Position	$ 26,424	$ 24,539

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended August 31, 2024

	Private Purpose Trust Fund	Custodial Fund
Additions		
Contributions:		
Gifts and contributions	$ 7,500	$ 7,755
Revenues from student activities	-	5,632
Revenues from enterprising activities	-	2,314
Total Additions	7,500	15,701
Deductions		
Scholarships awarded	2,500	-
Payments for student activities	-	13,887
Total Deductions	2,500	13,887
Change in net position	5,000	1,814
Net Position - Beginning	21,424	22,725
Net Position - Ending	$ 26,424	$ 24,539

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.*

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.

Note 1 - Summary of Significant Accounting Policies (continued)

Government-wide and Fund Financial Statements (continued)

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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and 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 principal and interest expenditures on general long-term debt, including lease and subscription-based technology arrangements (SBITA) liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right-to-use lease assets and SBITA assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and SBITAs are reported as other financing sources.

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

Revenues from local sources consist primarily of property taxes. Property tax revenues are available for spending when collected, while revenues received from the State of Texas are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are both measurable and available.

Grant funds are considered earned to the extent of the expenditures made under the provisions of the grant. Most grant funds are received on a reimbursement basis. When grant funds are received in advance, they are recorded as unearned revenues until the related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

Note 1 - Summary of Significant Accounting Policies (continued)

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

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.
- 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 and employee cafeteria and catering services.
- The *private-purpose trust fund* is used to account for scholarship funds for post-secondary education purposes held on behalf of current and former students.
- The *custodial fund* is used to account for monies held on behalf of students for student organizations.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

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

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.

Implementation of New Accounting Standards

GASB issued Statement No. 99, Omnibus 2022, in April 2022. This Statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial reporting for financial guarantees. The requirements of this statement had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The remaining requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

GASB issued Statement No. 100, Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62, in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2024.

GASB issued Implementation Guide 2021-1, Implementation Guidance Update – 2021, in May 2021. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide had various effective dates and specific provisions were implemented prior to fiscal year 2024. The remaining requirement, an amendment to Question 7.9.8 in Implementation Guide 2015-1 effective for reporting periods beginning after June 15, 2023, requires governments to capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. The requirements of this statement were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

GASB issued Implementation Guide 2023-1, Implementation Guidance Update – 2023, in June 2023. The primary objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. This Implementation Guide amends Implementation Guide No. 2019-3, Leases, Question 4.16, and Implementation Guide No. 2021-1, Implementation Guidance Update—2021, Question 4.13. The requirements of this Implementation Guide are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this Implementation Guide were implemented in fiscal year 2024 and did not have a material impact on the financial statements.

Note 1 - Summary of Significant Accounting Policies (continued)

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 funds of the District must be deposited and invested under the terms of a depository contract, the contents of which are set out in the Depository Contract Law. The depository bank may either place approved pledged securities for safekeeping and trust with the District's agent bank or file a corporate surety bond 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 FDIC insurance. The depository cash balances were covered by FDIC insurance and by collateral held by the District's agent in the District's name.

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 2024 were 0.83760 and $0.29431, respectively, based on a taxable value of $12,265,555,300. Uncollected taxes are recorded as unavailable revenue in the fund financial statements net of the related allowance for uncollectible taxes.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, the right-to-use lease assets, the right-to-use SBITA assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. The District has established a lease and SBITA recognition threshold of $100,000. As the District constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets and SBITA assets, the measurement of which is discussed in note above. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right-to-use lease assets and right-to-use SBITA assets, primary government are depreciated/amortized 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
Right-to-use lease assets	Shorter of lease term or 10 years
Right-to-use SBITA assets	Subscription term

Subscription-Based Information Technology Arrangements

The District is under contracts for SBITA for various financial and educational software. The agreements/contracts are noncancellable and the District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements. The District recognizes SBITA liabilities with an initial, individual value of $100,000 or more.

At the commencement of the SBITA, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to SBITA include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments

Note 1 - Summary of Significant Accounting Policies (continued)

Subscription-Based Information Technology Arrangements (continued)

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.

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

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

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

Long-term Liabilities

In the government-wide financial statements and in proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

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 are liquated in the general fund.

Leases

Lessee: The District is a lessee for the noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $100,000 or more.

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

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The District is a lessor for a noncancellable leases agreement. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements

Note 1 - Summary of Significant Accounting Policies (continued)

Leases (continued)

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, deferred amounts related to pension, and deferred amounts related to OPEB. The deferred charge on refunding resulted from the difference between 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. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category on the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the District reports three items in this category: deferred amounts related to leases, deferred amounts related to pension, and deferred amounts related to OPEB.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to 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 and prepaid items have been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1). If there is a constraint on how the eventual proceeds can be spent, the fund balance is classified to reflect that constraint (restricted, committed, or assigned), rather than included as part of nonspendable fund balance.

- *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.

- *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 ensure accuracy in building a statewide database for policy development and funding plans.

Note 1 - Summary of Significant Accounting Policies (continued)

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 deposit and investment transactions are regulated by local, state, and federal statutes. In accordance with the Texas Education Code, the District has a depository contract with an area bank which may be selected through competitive bidding or requests for proposals. Each school district's depository contract must be renewed every two years and may be extended for three additional two-year periods. The contract and any extension of the contract must coincide with the District's fiscal year. Regulations require that all funds in the depository institution be fully secured by federal depository insurance or a combination of FDIC insurance and acceptable collateral securities and/or surety bonds.

The District's policy requires the collateralization level to be 102 percent of fair value of principal and accrued interest (or 110 percent margin for mortgage-backed securities) and must be placed in custody with a trustee with a current District custodial agreement. 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, 2024, the District’s cash in bank totaled $5,464,612 while the carrying value was $1,576,492. Pledged collateral and FDIC insurance for these deposits totaled $11,900,865.

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, 2024, 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.

Lone Star Investment Pool (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

Note 2 - Deposits and Investments (continued)

Investments (continued)

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. This rating indicates excellent safety and a superior capacity to maintain principal value and limit exposure to loss. 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.

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 to report net position to compute share prices. The fair value 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. TexPool is 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.

Note 2 - Deposits and Investments (continued)

Investments (continued)

At August 31, 2024, the District's cash and investment balances and the weighted average maturity of these investments were as follows:

	Carrying Value	% of Portfolio	Weighted Average Maturity (Days)
Governmental Activities:			
Bank deposits	$ 1,525,529	1%	1
Local Government Investment Pools:			
LOGIC	$11,342,950	5%	46
Lone Star - Corporate Overnight Plus Fund	31,935,147	13%	46
Texas CLASS	29,265,793	12%	35
TexPool Prime	15,100,825	6%	40
Total Local Government Investment Pools	87,644,715		
Total Cash and Cash Equivalents	89,170,244		
Investment Securities:			
FHLMC	24,971,500	10%	402
FHLB	41,176,741	17%	257
FFCB	20,060,395	8%	331
FNMA	10,006,800	4%	237
Commercial Paper	44,629,723	18%	130
US Treasuries	14,981,052	6%	493
Total Investment Securities	155,826,211		
Total Investments	155,826,211	64%	
Total Governmental Activities	244,996,455	100%	188
Fiduciary Funds			
Cash and deposits	50,963	N/A	N/A
Total Fiduciary Funds	50,963		
Total Cash and Investments	$ 245,047,418		
Investment Earnings	$ 16,066,927		

Note 2 - Deposits and Investments (continued)

Investments (continued)

Investments' fair value measurement are as follows at August 31, 2024:

		Fair Value Measurements Using		
Investments:	**Fair Value**	**Level 1 Inputs**	**Level 2 Inputs**	**Level 3 Inputs**
FHLMC	$ 24,971,500	$ 24,971,500	$ -	$ -
FHLB	41,176,741	41,176,741	-	-
FFCB	20,060,395	20,060,395	-	-
FNMA	10,006,800	10,006,800	-	-
Commercial Paper	44,629,723	-	44,629,723	-
US Treasuries	14,981,052	-	14,981,052	-
Total Investments	$ 155,826,211	$ 96,215,436	$ 59,610,775	$ -

Due to the immediate availability of the funds, the District's temporary investments at August 31, 2024 are included in cash and cash equivalents. Investment securities classified as Level 1 are valued using prices quoted in active markets for those securities. Investments securities classified in Level 2 are valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors.

Interest Rate Risk*:*

In order to limit interest and market rate risk from changes in interest rates, the District's adopted Investment Policy sets a maximum maturity of three (3) years unless specifically approved by the Board within legal limits and a maximum weighted average maturity (WAM) of 365 days on the total portfolio.

As of August 31, 2024 the portfolio contained:

- No investments which matured longer than 1080 days.
- The dollar weighted average maturity of the total portfolio was 188 days.

As of August 31, 2024, the portfolio contained fourteen (14) structured (callable) notes with a fair market value of $96,215,436 as shown below:

Callable Notes	**Maturity Date**	**Days to Maturity**	**Fair Value**
Federal National Mortgage Association	05/14/27	985	$ 10,006,800
Federal Home Loan Bank	10/25/24	54	6,493,565
Federal Home Loan Bank	01/27/25	148	9,861,100
Federal Home Loan Bank	02/27/25	179	9,990,900
Federal Home Loan Bank	04/17/25	228	4,931,450
Federal Home Loan Bank	06/12/25	284	4,998,100
Federal Home Loan Bank	03/12/27	922	4,901,626
Federal Home Loan Mortgage Corporation	12/27/24	117	9,987,200
Federal Home Loan Mortgage Corporation	12/30/24	120	4,995,600
Federal Home Loan Mortgage Corporation	12/18/26	838	9,988,700
Federal Farm Credit Banks	11/19/25	444	2,498,100
Federal Farm Credit Banks	03/05/26	550	10,060,200
Federal Farm Credit Banks	08/05/26	703	2,500,034
Federal Farm Credit Banks	08/16/27	1079	5,002,061
			$ 96,215,436

Note 2 - Deposits and Investments (continued)

Credit Risk

Texas state law and the Galena Park Independent School District's Board adopted Investment Policy place high credit quality as a priority in its investment process. Credit minimums are set for appropriate investment types and a procedure in included in the policy for monitoring, disclosing and acting on credit downgrades. The maximum maturity of any investment is set by policy at three (3) years and the maximum allowable dollar weighted average maturity by policy is one year.

All time and demand deposits are required to be FDIC insured or collateralized to 102% (or 110% if mortgage-backed securities). They must be in eligible depositories doing business in Texas and be under the terms of a written collateral agreement. The maximum maturity on depository CD as stated in the Policy is three (3) years. The bank is contractually liable for monitoring and maintaining the collateral margins.

Obligations of the US Government, its agencies and instrumentalities are authorized to a maximum maturity of three years.

Brokered CD securities must be FDIC insured and delivered versus payment to the District's depository. Maximum maturity of one year and FDIC insurance must be verified before purchase.

Banker's acceptances must be eligible as collateral by the Federal Reserve.

Commercial paper must be rated A1/P1 or equivalent by two nationally recognized rating agencies and not exceed 270 days to stated maturity.

State law and the adopted Investment Policy limit repurchase agreements to Texas banks and primary dealers. State law and the policy require a defined termination date, an industry standard, written master repurchase agreement, independent safekeeping of collateral, and a 102% margin on collateral. The term of any reverse security repurchase agreement cannot exceed the maturity of the reverse.

Obligations of the State of Texas or its agencies and instrumentalities or obligations of other states, agencies, counties, cities and other political subdivisions rated as to investment quality by a nationally recognized rating firm (NRSRO) not less than A or its equivalent are authorized. Debt obligations have a maximum maturity of three years.

AAA-rated, local government investment pools striving to maintain a $1 net asset value as defined by state law (2256.016) and approved by the District's adopted policy are authorized. By State law all local government pools are rated AAA or equivalent by at least one NRSRO.

Money market mutual funds must comply with SEC Rule 2a-7 and strive to maintain a $1 net asset value.

All demand and time deposits must be fully FDIC insured or collateralized in accordance with the District policy.

As of August 31, 2024:

- Insured or collateralized demand deposits represented 1% of the total portfolio.
- A1/P1 commercial paper represented 18% of the total portfolio.
- US Treasuries represented 6% of the total portfolio.
- Holdings in local government investment pools that are rated AAA represented 36% of the total portfolio.
- US Government agency securities represented 39% of the total portfolio.

Note 2 - Deposits and Investments (continued)

Concentration of Credit Risk*:*

The District's ISD's adopted Investment Policy requires diversification on all authorized investment types which are monitored on at least a monthly basis. The segmented time distribution of securities as of August 31, 2024 is shown below:

	Fair Value	Investment Maturity in Years: Less than 1 Year	1-2 Years	2-3 Years
Investment Securities				
FHLMC	$ 24,971,500	$ 14,982,800	$ -	$ 9,988,700
FHLB	41,176,741	36,275,115	4,901,626	-
FFCB	20,060,395	-	15,058,334	5,002,061
FNMA	10,006,800	-	-	10,006,800
Commercial Paper	44,629,723	44,629,723	-	-
US Treasuries	14,981,052	10,056,641	-	4,924,411
	$ 155,826,211	$ 105,944,279	$ 19,959,960	$ 29,921,972

Custodial Credit Risk

To control custody risk State law and the District's ISD's adopted Investment Policy requires collateral for all time and demand deposits and repurchase agreements with securities transferred only on a delivery versus payment basis and held by an independent party approved by the District and held in the District's name. The custodian is required to provide original safekeeping receipts and monthly reporting of positions and position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102% (with 110% on mortgaged-backed securities) and transactions are required to be executed under a written agreement. The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

Portfolio disclosure as of August 31, 2024:

- all demand and time deposits were fully insured or collateralized,
- the portfolio contained no repurchase agreements, and
- all pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

Note 3 - Receivables, Unavailable Revenues and Unearned Revenues

Receivables as of August 31, 2024, for the District's individual major and non-major funds and internal service and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Internal Service Fund	Total
Property Taxes	$ 14,005,107	$ 4,041,023	$ -	$ -	$ 18,046,130
Due from other governments	14,894,442	-	13,080,471	-	27,974,913
Accrued interest	2,264,937	-	-	-	2,264,937
Other receivables	707,117	-	42,106	353	749,576
Gross Receivables	31,871,603	4,041,023	13,122,577	353	49,035,556
Less allowance for doubtful accounts	(1,689,293)	(463,008)	-	-	(2,152,301)
Net Total Receivables	$ 30,182,310	$ 3,578,015	$ 13,122,577	$ 353	$ 46,883,255

Governmental funds do not recognize revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned* reported in the governmental funds were as follows:

	Unearned Revenue
Advanced collection of miscellaneous student fees	$ 12,273
Advanced collection of preseason athletic sales	23,427
Adjustment to EDA (Debt Service Fund)	172,381
Grant funds received prior to meeting eligibility requirements	169,181
Total Unearned Revenue for Governmental Funds	$ 377,262

Lessor Agreement

The District has an agreement in place to lease a tract of land to operate a cell tower. The District is reasonably certain to exercise renewal options through June 2039. The lessee is required to pay monthly payments between $1,384 and $2,357 over the life of the agreement. The District recognized $16,421 in lease revenue and $1,642 in interest revenue during the current fiscal year related to this lease. As of August 31, 2024, the District’s receivable for lease payments was $337,465. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of August 31, 2024, the balance of the deferred inflow of resources was $337,465.

Fiscal Year	Principal	Interest	Total
2025	$ 17,042	$ 1,563	$ 18,605
2026	17,682	1,481	19,163
2027	18,343	1,395	19,738
2028	19,023	1,307	20,330
2029	19,725	1,215	20,940
2030 - 2034	109,929	4,579	114,508
2033 - 2037	131,012	1,735	132,747
2038 - 2039	4,709	3	4,712
Total	$ 337,465	$ 13,278	$ 350,743

Note 4 - Capital Assets

Capital asset activity for the year ended August 31, 2024, was as follows:

	Balance September 1, 2023 as Restated	Additions	(Retirements)	Transfers	Balance August 31, 2024
Capital Assets, not Being Depreciated/Amortized					
Land	$ 27,550,197	$ 158,944	$ -	$ -	$ 27,709,141
Construction in progress	53,655,125	22,140,185	-	(75,622,590)	172,720
Total Capital Assets, not being depreciated/amortized	81,205,322	22,299,129	-	(75,622,590)	27,881,861
Capital Assets, Being Depreciated/Amortized					
Buildings and improvements	524,956,958	5,317,890	-	70,679,838	600,954,686
Furniture and equipment	34,422,183	5,107,551	(2,351,562)	4,942,752	42,120,924
Vehicles	14,738,271	673,792	(57,211)	-	15,354,852
Right-to-use lease equipment	1,897,156	1,637,851	(1,866,714)	-	1,668,293
Right-to-use SBITA assets[1]	2,405,177	1,981,543	(488,348)	-	3,898,372
Total Capital Assets, Being Depreciated/Amortized	578,419,745	14,718,627	(4,763,835)	75,622,590	663,997,127
Less Accumulated Depreciation/Amortization for:					
Buildings and improvements	(205,410,466)	(13,962,585)	-	-	(219,373,051)
Furniture and Equipment	(20,335,649)	(2,719,739)	2,303,030	-	(20,752,358)
Vehicles	(11,797,861)	(1,038,436)	40,701	-	(12,795,596)
Right-to-use lease equipment[2]	(1,799,350)	(628,332)	1,866,714	-	(560,968)
Right-to-use SBITA assets	(628,164)	(1,102,570)	488,348	-	(1,242,386)
Total Accumulated Depreciation/Amortization	(239,971,490)	(19,451,662)	4,698,793	-	(254,724,359)
Governmental Capital Assets	$ 419,653,577	$ 17,566,094	$ (65,042)	-	$ 437,154,629

1 SBITA assets - original balance $2,024,922 + error correction $380,255 = restated beginning balance $2,405,177
2 Right-to-use lease equipment - original balance ($1,800,439) + error correction $1,090 = restated beginning balance ($1,799,350)

Net investment in capital assets consisted of the following amounts as of August 31, 2024:

Capital Assets, Net of Depreciation/Amortization	$ 437,154,629
Less:	
General obligation bonds	(291,764,938)
Premiums	(26,677,979)
Leases	(1,105,223)
Subscriptions	(1,680,111)
Capital-related payables	(3,676,068)
Plus:	
Deferred charge on refunding	514,528
Unspent bond proceeds	11,280,799
Net Investment in Capital Assets Per Exhibit A-1	$ 124,045,637

Note 4 - Capital Assets (continued)

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

	Function	Depreciation / Amortization Expense
11	Instruction	$ 8,299,811
12	Instructional resources and media services	251,289
13	Curriculum and staff development	177,159
21	Instructional leadership	317,965
23	School leadership	716,926
31	Guidance, counseling and evaluation services	271,232
32	Social work services	71,039
33	Health services	124,223
34	Student transportation	1,113,768
35	Food Services	1,298,034
36	Extracurricular activities	591,441
41	General administration	515,296
51	Facilities maintenance and operations	4,500,162
52	Security and monitoring services	157,475
53	Data processing services	1,016,482
61	Community services	29,360
		$ 19,451,662

The District has active construction projects as of August 31, 2024. The District's commitments with contractors as of August 31, 2024 are as follows:

Project	Approved	Construction	Remaining
Tice Elementary Canopy Addition	$ 195,588	$ 172,720	$ 22,868
	$ 195,588	$ 172,720	$ 22,868

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 two or more nonmajor governmental funds. The composition of interfund balances as of August 31, 2024, is as follows:

	Payable Fund				
Receivable Fund	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Fund	Totals
Governmental Activities					
General fund	$ -	$ 74,084	$ 10,592,645	$ 3,159	$ 10,669,888
Nonmajor governmental funds	26,617	-	-	-	26,617
Internal Service Funds	-	-	1,296	-	1,296
Total Governmental Activities	$ 26,617	$ 74,084	$ 10,593,941	$ 3,159	$ 10,697,801

Note 5 - Interfund Receivables, Payables, and Transfers (continued)

During the current fiscal year, the District transferred $55,000 from the General Fund to the Internal Service Fund to cover the deficit net position and $10,443,567 from the General Fund to the Capital Projects Funds for future construction projects within the District.

	Transfers in:		
Transfers Out:	**Capital Projects Fund**	**Internal Service Fund**	**Totals**
Governmental Activities			
General fund	$ 10,443,567	$ 55,000	$ 10,498,567
Total Transfers Out	$ 10,443,567	$ 55,000	$ 10,498,567

Note 6 - Long-term Liabilities

Changes in Long-term Liabilities

Long-term liability activity for the governmental activities for the year ended August 31, 2024 was as follows:

	Balance September 1, 2023 as Restated	Additions	Retirements	Balance August 31, 2024	Due Within One Year
General Obligation Bonds Payable	$ 313,055,611	$ -	$ (21,290,673)	$ 291,764,938	$ 16,728,767
Premiums on bonds	28,711,003	-	(2,033,024)	26,677,979	-
Total Bonds Payable	341,766,614	-	(23,323,697)	318,442,917	16,728,767
Leases	97,501	1,637,851	(630,129)	1,105,223	543,890
SBITAs[1]	1,554,546	1,055,436	(929,871)	1,680,111	777,927
Accretion on Compound Interest Bonds	61,969,373	4,914,801	(5,819,326)	61,064,848	5,906,233
Compensated Absences	1,605,482	318,172	(285,812)	1,637,842	324,585
	$ 406,993,516	$ 7,926,260	$ (30,988,835)	$ 383,930,941	$ 24,281,402

1 SBITAs - original balance $1,174,295 + error correction $380,251 = restated beginning balance $1,554,546

General Obligation Bonds

The District issues general obligation bonds for governmental activities to provide resources for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

General obligation bonds payable at August 31, 2024, are summarized as follows:

Bond Series	Issue Amount	Interest Rate (%)	Matures	Amount Outstanding
1996 Unlimited Tax School Bldg. & Refunding Bonds	$ 40,054,475	4.400 - 6.425	2031	$ 3,614,976
2002 Unlimited Tax School Bldg. & Refunding Bonds	29,496,438	3.000 - 5.000	2032	14,214,962
2015 Unlimited Tax Refunding Bonds	9,505,000	2.000 - 4.000	2026	1,710,000
2016 Unlimited Tax School Bldg. & Refunding Bonds	98,595,000	2.000 - 5.000	2041	72,155,000
2017 Unlimited Tax Refunding Bonds	29,720,000	2.000 - 5.000	2033	14,220,000
2018 Unlimited Tax School Bldg. & Refunding Bonds	100,230,000	3.000 - 5.000	2041	84,975,000
2019 Unlimited Tax School Building Bonds	92,760,000	3.000 - 5.000	2041	86,925,000
2020 Unlimited Tax School Building & Refunding Bonds	14,850,000	3.000 - 5.000	2034	13,950,000
				$ 291,764,938

Note 6 - Long-term Liabilities (continued)

General Obligation Bonds (continued)

Annual debt service requirements to maturity are as follows:

Year Ending August 31,	Principal	Interest	Total
2025	$ 16,728,767	$ 10,377,288	$ 27,106,055
2026	17,385,023	9,630,776	27,015,799
2027	13,448,400	8,832,676	22,281,076
2028	13,681,443	8,412,088	22,093,531
2029	13,955,938	7,964,412	21,920,350
2030 - 2034	97,635,367	32,907,226	130,542,593
2035 - 2039	81,860,000	15,897,094	97,757,094
2040 - 2044	37,070,000	2,024,639	39,094,639
	$ 291,764,938	$ 96,046,199	$ 387,811,137

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, 2024, none of the defeased refunded bonds remain outstanding.

During the current year, the District redeemed the remaining principal balance of $5,175,000 on the Unlimited Tax Refunding Bonds, Series 2014, by using debt service fund balance. Principal payments were scheduled annually through August 2033 at a rate of 2.00% to 3.25%. The primary reasons to call and redeem series of outstanding bonds was to reduce the total amount of interest paid over the life of the bonds and to assist with maintaining the future Interest & Sinking (I&S) tax rate that will be necessary to fund the repayment of the District's outstanding debt. The aggregate difference between the amount paid and the carrying value of the bonds redeemed was a current period gain of $41,989. The economic gain on the transaction was $611,181.

Accreted Interest on Premium Compound Interest Bonds

A portion of the bonds sold in the Series 1996 and 2002 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	Original Maturity Value of Bonds	Original Bond Principal Amount	Accreted Interest on Bonds	Accreted Value of Bonds at Year End	Due Within One Year
1996	2018-2031	$ 80,840,000	$ 13,279,475	$ 22,260,731	$ 35,540,206	$ 4,090,069
2002	2022-2032	79,000,000	16,626,438	38,804,117	55,430,555	1,816,164
		$ 159,840,000	$ 29,905,913	$ 61,064,848	$ 90,970,761	$ 5,906,233

Note 6 - Long-term Liabilities (continued)

Leases

The District has the following lease agreements in place for the right-to-use equipment as of August 31, 2024:

	Term			Lease Liability		Lease Asset	
Description	**Start Date**	**End Date**	**Interest Rate**	**Original Amount Amount**	**Outstanding Balance**	**Value of Lease Asset**	**Accumulated Amortization**
Leases - Equipment	09/01/22	09/30/26	0.1185% - 3.631%	$ 1,668,293	$ 1,105,223	$ 1,668,293	$ (560,968)
				$ 1,668,293	$ 1,105,223	$ 1,668,293	$ (560,968)

The future principal and interest payments as of August 31, 2024 were as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 543,890	$ 39,666	$ 583,556
2026	561,333	20,174	581,507
	$ 1,105,223	$ 59,840	$ 1,165,063

All amounts paid were previously included in the measurement of the lease liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any lease term and there were no impairment losses related to right-to-use lease equipment.

Subscription-Based Information Technology Arrangements (SBITAs)

The District is under contract for noncancellable SBITAs that convey control of the right to use software. The SBITA liabilities outstanding as of August 31, 2024, are as follows:

	Term			SBITA Liability		SBITA Asset	
Description	**Start Date**	**End Date**	**Interest Rate**	**Original Amount Amount**	**Outstanding Balance**	**Value of SBITA Asset**	**Accumulated Amortization**
Finance Software	05/10/22	05/25/27	2.015% - 3.238%	$ 1,192,381	$ 647,047	$ 1,192,382	$ (554,710)
Support Software	09/01/22	05/14/29	2.184% - 3.631%	2,705,991	1,033,064	2,705,990	(687,676)
				$ 3,898,372	$ 1,680,111	$ 3,898,372	$ (1,242,386)

All amounts paid were previously included in the measurement of the subscription liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any SBITA term and there were no impairment losses related to SBITA assets.

The future principal and interest payments as of August 31, 2024, were as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 777,927	$ 44,754	$ 822,681
2026	437,112	24,041	461,153
2027	322,817	11,979	334,796
2028	142,255	3,860	146,115
	$ 1,680,111	$ 84,634	$ 1,764,745

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	$ 101,945,188	$ 35,659,385	$ -	$ -	$ 137,604,573
Investment Income (Loss)	13,460,552	1,079,777	1,169,640	356,958	16,066,927
Co-curricular Student Activities	396,636	-	-	1,807,414	2,204,050
Food Sales	-	-	-	767,989	767,989
Other	1,635,181	-	-	126,832	1,762,013
	$ 117,437,557	$ 36,739,162	$ 1,169,640	$ 3,059,193	$ 158,405,552

Note 8 - Defined Benefit Pension Plan

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at TRS Publications ; or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 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.

Note 8 - Defined Benefit Pension Plan (continued)

Benefits Provided (continued)

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. Actuarial implications of the funding provided in this manner are determined by the TRS actuary.

Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2019 through 2025.

	Contribution Rates	
	September 1, 2023 to August 31, 2024	September 1, 2022 to August 31, 2023
Member	8.25%	8.00%
Non-employer contributing agency	8.25%	8.00%
Employers	8.25%	8.00%

	Fiscal Year 2024
Employer (District)	$ 8,957,159
Employee (Member)	15,961,023
Non-employer Contributing Entity On-behalf Contributions (State)	9,622,782

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.

Note 8 - Defined Benefit Pension Plan (continued)

Contributions (continued)

- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.8% of the member's salary beginning in fiscal year 2023, gradually increasing to 2% in fiscal year 2025.
- 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.

Actuarial Assumptions

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2020	4.13% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Last year ending August 31 in Projection Period (100 years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2022.

Note 8 - Defined Benefit Pension Plan (continued)

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2023 are summarized below:

Asset Class	Target Allocation[2]	Long-Term Expected Geometric Real Rate of Return[3]	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
USA	18.00%	4.00%	1.00%
Non-U.S. Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.70%
Private Equity[1]	14.00%	7.00%	1.50%
Stable Value			
Government Bonds	16.00%	2.50%	0.50%
Absolute Return[1]	0.00%	3.60%	0.00%
Stable Value Hedge Funds	5.00%	4.10%	0.20%
Real Return			
Real Estate	15.00%	4.90%	1.10%
Energy, Natural Resources & Infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
Risk Parity	8.00%	4.50%	0.40%
Asset Allocation Leverage			
Cash	2.00%	3.70%	0.00%
Asset Allocation Leverage	-6.00%	4.40%	-0.10%
Inflation Expectation			2.30%
Volatility Drag[4]			-0.90%
Expected Return	100.00%		8.00%

[1] Absolute Return includes Credit Sensitive Investments.

[2] Target allocations are based on the fiscal year 2023 policy model.

[3] Capital Market Assumptions come from Aon Hewitt as of August 31, 2023.

[4] The volatility drag results 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% less than and 1% greater than the discount rate that was used (7.00%) in measuring the Net Pension Liability.

	Discount Rate		
	1% Decrease (6.00%)	**Current Rate (7.00%)**	**1% Increase (8.00%)**
District's proportional share of the net pension liability	$ 168,303,472	$ 112,573,403	$ 66,233,821

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

At August 31, 2024, the District reported a liability of $112,573,403 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	$ 112,573,403
State's proportionate share that is associated with the District	122,311,555
Total	$ 234,884,958

The net pension liability was measured as of August 31, 2022 and rolled forward to August 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At August 31, 2023, the employer's proportion of the collective net pension liability was 0.1639% which was an increase of 0.0048% from its proportion measured as of August 31, 2022.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

Changes since the Prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

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)

For the year ended August 31, 2024, the District recognized pension expense of $20,153,147. The District also recognized on-behalf pension expense and revenue of $18,467,987 for support provided by the State.

At August 31, 2024, 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 economic experience	$ 4,011,028	$ (1,363,141)
Changes of assumption	10,647,239	(2,605,622)
Net difference between projected and actual earnings on pension plan investments	16,382,162	-
Changes in proportion and differences between District contributions and proportionate share of contributions	4,909,147	(1,272,687)
District contributions subsequent to the measurement date of the net pension liability	8,957,160	-
Total	$ 44,906,736	$ (5,241,450)

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of $8,957,160 will be recognized as a reduction of the net pension liability in the year ended August 31, 2025. 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:

Fiscal Year	Pension Expense Amount	Balance of Deferred Outflows (Inflows)
2025	$ 6,459,649	$ 24,248,477
2026	4,043,227	20,205,250
2027	14,617,766	5,587,484
2028	4,912,421	675,063
2029	675,063	-
	$ 30,708,126	

The District will continue to make the required pension contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District's contributions to the Net Pension Liability on an annual basis. The contributions are paid by the funds that pay the employees' salaries. These funding sources include the General Fund and Special Revenue funds.

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 benefit OPEB plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position

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

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. There are no automatic post-employment benefit changes, including automatic COLAs.

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

TRS-Care Monthly Premium Rates

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

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 participating employers based on active employee compensation. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of salary. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2023. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	September 1, 2023 to August 31, 2024	September 1, 2022 to August 31, 2023
Member	0.65%	0.65%
Non-employer contributing agency	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%

	Fiscal Year 2024
Employer (District)	$ 1,751,344
Employee (Member)	1,257,544
Non-employer Contributing Entity	
On-behalf Contributions (State)	3,160,162

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of $21.3 million in fiscal year 2023 provided by Rider 14 of the Senate Bill GAA of the 87th Legislature. These amounts were re-appropriated from amounts received by the pension and TRS-Care funds in excess of the state's actual obligation and then transferred to TRS-Care.

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

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2022. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2023. The actuarial valuation was determined using the following actuarial assumptions:

Component	Result
Valuation Date	August 31, 2022, rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	4.13% as of August 31, 2023
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 claim costs.
Projected Salary Increases	2.95% to 8.95% including inflation
Healthcare Trend Rates	The initial medical trend rates were 7.75% for Medicare retirees and 7.00% for non-Medicare retirees. The initial prescription drug trend was 7.75% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 12 years.
Election Rates	Normal Retirement: 62% participation rate prior to age 65 and 25% participation rate after age 65. Pre-65 retirees: 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021. The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2022 TRS pension actuarial valuation that was rolled forward to August 31, 2023: (a) Rates of Mortality, (b) Rates of Retirement, (c) Rates of Termination, (d) Rates of Disability, (e) General Inflation, and (f) Wage Inflation.

The active mortality rates were based on PUB(2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

Discount Rate

A single discount rate of 4.13% was used to measure the total OPEB liability. There was an increase of 0.22% in the discount rate since the previous year.

Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Fidelity "20-year Municipal GO AA Index" as of August 31, 2023 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

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

Discount Rate Sensitivity Analysis

Discount Rate - The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.13%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease (3.13%)	Current Rate (4.13%)	1% Increase (5.13%)
District's Proportional Share of the Net OPEB Liability	$ 51,692,396	$ 43,889,249	$ 37,521,696

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

At August 31, 2024, the District reported a liability of $43,889,249 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	$ 43,889,249
State's proportionate share that is associated with the District	52,959,125
Total	$ 96,848,374

The Net OPEB Liability was measured as of August 31, 2022 and rolled forward to August 31, 2023 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 OPEB relative to the contributions of all employers to the plan for the period September 1, 2022 through August 31, 2023.

At August 31, 2023 the District's proportion of the collective Net OPEB Liability was 0.1983% which was an increase of 0.0043% from its proportion measured as of August 31, 2022.

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District's Proportional Share of the Net OPEB Liability	$ 36,140,600	$ 43,889,249	$ 53,857,912

Changes Since the Prior Actuarial Valuation

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

The single discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

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

Changes of Benefit Terms Since the Prior Measurement Date

There were no changes in benefit terms since the prior measurement date.

For the year ended August 31, 2024, the District recognized negative OPEB expense of $7,742,757. The District also recognized negative on-behalf OPEB expense and revenue of $11,321,543 for support provided by the State.

At August 31, 2024, 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	$ 1,985,656	$ (36,924,489)
Changes of assumption	5,990,563	(26,874,551)
Net difference between projected and actual earnings on OPEB plan investments	18,962	-
Changes in proportion and differences between District contributions and proportionate share of contributions	6,557,681	(2,013,536)
District contributions subsequent to the measurement date of the net pension liability	1,751,344	-
Total	$ 16,304,206	$ (65,812,576)

The $1,751,344 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending August 31, 2025. 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:

Fiscal Year	OPEB Expense Amount	Balance of Deferred Outflows (Inflows)
2025	$ (11,395,834)	$ (39,863,880)
2026	(9,382,838)	(30,481,042)
2027	(6,657,585)	(23,823,457)
2028	(7,933,880)	(15,889,577)
2029	(6,915,367)	(8,974,210)
Thereafter	(8,974,210)	-
	$ (51,259,714)	

The District will continue to make the required OPEB contributions based on the statutorily determined rates established by the Teacher Retirement System of Texas (TRS). TRS will apply the District's contributions to the Net OPEB Liability on an annual basis. The contributions are paid by the funds that pay the employees' salaries. These funding sources include the General Fund and Special Revenue funds.

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

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2024, 2023, and 2022, the subsidy payments received by TRS-Care on-behalf of the District were $1,041,639, $1,042,980, and $743,827, respectively. The information for the year ended August 31, 2024 is an estimate provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds' financial statements of the District.

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, 2024, there was liability in the amount of $455,121 related to arbitrage.

Note 13 - Shared Service Arrangements

The District participates in the Tri County East-Regional Day School for the Deaf Shared Service Arrangement (SSA), which provides educational and related services to eligible students with auditory impairments. Galena Park ISD participates in the SSA along with Anahuac ISD, Barbers Hill ISD, Channelview ISD, Cleveland ISD, Devers ISD, Goose Creek CISD, Hardin ISD, Hull-Daisetta ISD, La Porte ISD, Liberty ISD, and Tarkington ISD. The fiscal agent for this SSA is Goose Creek CISD. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would rise to a future additional benefit or burden to Galena Park ISD. The fiscal agent is responsible for all financial activities of the SSA. Revenues attributable to the District's participation were $372,894 for the 2024 fiscal year. Expenditures in the same amount were attributable to payroll costs.

Revenues		
5700 Local revenue from member districts	$	372,894
	$	372,894
Expenditures		
6400 Miscellaneous operating costs	$	372,894
	$	372,894

Note 14 - Fund Balance

As of August 31, 2024, assigned fund balance is as follows:

Assigned Description		**General Fund**
Insurance Deductibles	$	9,825,000
Average Daily Attendance Adjustment		36,653
Campus Match for Fixed Asset Replacements		355,656
Expiration of Federal Funding		17,206,250
Uncollectible Property Taxes		4,000,000
Mid Year Hires		473,000
Fine Arts Enhancements		500,000
Land, Building Renovations & Facility Needs		72,579,010
Outstanding Encumbrances		2,412,504
Fleet Replacement		1,300,000
Health and Wellness Initiatives		306,000
Technology Initiatives		2,500,000
Contingency - Unanticipated Deficits or Revenue Reductions for Adverse Economic Conditions, Deficit Budgets/Current and Future Legislative Impacts		44,250,000
One time Funding for Expenditures		1,500,000
Total Assigned Fund Balance - General Fund	$	157,244,073

Assigned Description		**Capital Projects Fund**
Construction	$	10,443,567
Total Assigned Fund Balance - Capital Projects Fund	$	10,443,567

Note 15 – Restatement of Net Position

It came to management's attention that amounts previously reported for SBITA assets, SBITA liability, and accumulated amortization leases - equipment required an adjustment resulting in a restatement of beginning net position, as follows:

		Governmental Activities
Beginning Net Position, as Originally Presented	$	121,734,636
GASB 96 - SBITA Assets		380,255
GASB 96 - SBITA Liability		(380,251)
GASB 87 - Accumulated Amortization Leases - Equipment		1,090
Beginning Net Position, as Restated	$	121,735,730

See Note 4 and Note 6 for more information related to the restatement of beginning balances.

Note 16 – Subsequent Events

Issuance of Bonds

In October 2024, the District issued the Series 2024 Unlimited Tax School Building Bonds in the amount of $100 million of the $530 million that was approved by voters in May 2024. The bond package is comprised of two rebuilds, renovations, and improvements to address critical areas essential for the district's growth and development.

Texas Jobs, Energy, Technology, and Innovation Act (JETI)

The District entered into an agreement with the Office of the Governor (the "Office) and Summit Next Gen, LLC (the "Company") for limitation on taxable value for school district maintenance and operations ad valorem taxes. The purpose of the agreement is to further the goals and purposes the Texas Legislature set forth in the Texas Jobs, Energy, Technology, and Innovation Act, codified in Subchapter T, Chapter 403, Texas Government Code. The Company qualifies for a limitation on the taxable value for maintenance and operations ad valorem tax purposes of the District of the eligibility property used as part of the construction of an ethanol-to-jet (ETJ) Sustainable Aviation Fuel "SAF" manufacturing and refining the plant on the Gulf Coast. The construction period will begin on October 1, 2024 with period ending date of December 31,2027. The incentive period beginning date will begin on January 1, 2028 with incentive period ending date of December 31, 2027.

REQUIRED SUPPLEMENTARY INFORMATION

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit G-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended August 31, 2024

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Revenues				
Local revenues	$ 110,953,220	$ 118,522,676	$ 117,437,557	$ (1,085,119)
State program revenues	132,607,527	133,076,703	132,167,175	(909,528)
Federal program revenues	7,801,199	4,896,199	5,952,601	1,056,402
Total Revenues	251,361,946	256,495,578	255,557,333	(938,245)
Expenditures				
Current:				
Instruction	136,494,244	135,245,736	133,904,051	1,341,685
Instructional resources and media services	2,736,699	2,757,108	2,672,850	84,258
Curriculum and staff development	4,758,771	4,855,483	4,593,967	261,516
Instructional leadership	6,663,836	6,351,824	5,787,505	564,319
School leadership	18,089,403	18,244,726	17,730,761	513,965
Guidance, counseling and evaluation services	9,713,402	9,559,554	9,197,382	362,172
Social work services	681,274	622,568	519,121	103,447
Health services	2,251,595	2,362,888	2,215,875	147,013
Student transportation	11,356,337	12,311,101	10,045,739	2,265,362
Food services	1,000	10,000	-	10,000
Extracurricular activities	4,475,814	4,839,482	4,664,701	174,781
General administration	10,670,942	10,812,339	9,995,645	816,694
Facilities maintenance and operations	29,475,770	30,859,878	29,396,362	1,463,516
Security and monitoring services	4,152,652	4,485,808	4,180,209	305,599
Data processing services	6,838,368	6,095,576	5,907,895	187,681
Community services	1,675,784	1,678,182	1,583,618	94,564
Debt Service:				
Principal on long-term debt	783,867	1,390,569	1,181,450	209,119
Interest on long-term debt	23,430	13,658	13,658	-
Capital outlay:				
Facilities acquisition and construction	512,138	13,070,544	1,393,634	11,676,910
Intergovernmental:				
Payments to appraisal district	1,115,000	1,174,505	1,172,330	2,175
Total Expenditures	252,470,326	266,741,529	246,156,753	20,584,776
Excess (Deficiency) Revenues Over (Under) Expenditures	(1,108,380)	(10,245,951)	9,400,580	19,646,531
Other Financing Sources (Uses)				
Sale of real or personal property	-	-	159,043	159,043
Issuance of leases	-	-	1,377,967	1,377,967
Issuance of SBITAs	-	-	944,550	944,550
Transfers out	-	-	(10,498,567)	(10,498,567)
Total Other Financing Sources (Uses)	-	-	(8,017,007)	(8,017,007)
Net Change in Fund Balances	(1,108,380)	(10,245,951)	1,383,573	11,629,524
Fund Balances - Beginning	220,569,462	220,569,462	220,569,462	-
Fund Balances - Ending	$ 219,461,082	$ 210,323,511	$ 221,953,035	$ 11,629,524

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, 2024.

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, 2023. 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.

During 2024, expenditures exceeded appropriations for Child Nutrition plant maintenance and operations (FN 51) by $13,690. The excess expenditures were due to unexpected year end generator maintenance that was not covered by the maintenance contract.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit G-2

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

TEACHER RETIREMENT SYSTEM OF TEXAS

For the Last Ten Measurement Years Ended August 31

	2023	2022	2021	2020	2019
District's proportion of the net pension liability	0.1639%	0.1591%	0.1506%	0.1487%	0.1567%
District's proportionate share of the net pension liability	$ 112,573,403	$ 94,449,766	$ 38,339,772	$ 79,650,803	$ 81,472,130
State's proportionate share of the net pension liability associated with the District	122,311,555	112,414,762	52,915,842	111,217,581	106,545,010
Total	$ 234,884,958	$ 206,864,528	$ 91,255,614	$ 190,868,384	$ 188,017,140
District's covered payroll (for Measurement Year)	$ 192,095,648	$ 182,969,795	$ 176,008,187	$ 170,666,915	$ 162,039,276
District's proportionate share of the net pension liability as a percentage of covered payroll	58.60%	51.62%	21.78%	46.67%	50.28%
Plan's fiduciary net position as a percentage of the total pension liability *	73.15%	75.65%	88.79%	75.54%	75.24%
Plan's net pension liability as a percentage of covered payroll *	122.32%	112.72%	51.08%	110.36%	114.93%

	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.1547%	0.1526%	0.1484%	0.1397%	0.0961%
District's proportionate share of the net pension liability	$ 85,158,483	$ 48,789,176	$ 56,068,678	$ 49,393,685	$ 25,667,021
State's proportionate share of the net pension liability associated with the District	117,096,424	69,993,572	83,923,356	80,743,272	68,611,587
Total	$ 202,254,907	$ 118,782,748	$ 139,992,034	$ 130,136,957	$ 94,278,608
District's covered payroll (for Measurement Year)	$ 157,289,669	$ 151,760,707	$ 145,634,727	$ 138,624,105	$ 130,249,117
District's proportionate share of the net pension liability as a percentage of covered payroll	54.14%	32.15%	38.50%	35.63%	19.71%
Plan's fiduciary net position as a percentage of the total pension liability *	73.74%	82.17%	78.00%	78.43%	83.25%
Plan's net pension liability as a percentage of covered payroll *	126.11%	75.93%	92.75%	91.94%	72.89%

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

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

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit G-3

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

	2024	2023	2022	2021	2020
Contractually required contributions	$ 8,957,159	$ 8,423,220	$ 7,422,478	$ 6,424,136	$ 6,113,629
Contributions in relation to the contractually required contributions	8,957,159	8,423,220	7,422,478	6,424,136	6,113,629
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 193,466,977	$ 192,095,648	$ 182,969,795	$ 176,008,187	$ 170,666,915
Contributions as a percentage of covered payroll	4.63%	4.38%	4.06%	3.65%	3.58%

	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%

Changes of Assumptions

Measurement Year 2018: The discount rate changed from 8.0% as of August 31, 2017 to a blended rate of 6.907% as of August 31, 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017 to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.

Measurement Year 2020: The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools and regional education centers irrespective of participation in OASDI.

Measurement Year 2021: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

Measurement Year 2022: The discount rate changed from 7.25% to 7.00%.

Measurement Year 2023: None.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit G-4

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

	2023	2022	2021	2020	2019
District's proportion of the net OPEB liability	0.1983%	0.1940%	0.1893%	0.1890%	0.1947%
District's proportionate share of the net OPEB liability	$ 43,889,249	$ 46,444,251	$ 73,037,520	$ 71,828,727	$ 92,060,087
State's proportionate share of the net OPEB liability associated with the District	52,959,125	56,654,690	97,854,000	96,520,591	122,327,262
Total	$ 96,848,374	$ 103,098,941	$ 170,891,520	$ 168,349,318	$ 214,387,349
District's covered payroll (for Measurement Year)	$ 192,095,648	$ 182,969,795	$ 176,008,187	$ 170,666,915	$ 162,039,276
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	22.85%	25.38%	41.50%	42.09%	56.81%
Plan fiduciary net position as a percentage of the total OPEB liability	14.94%	11.52%	6.18%	4.99%	2.66%
Plan's net OPEB liability as a percentage of covered payroll	51.86%	59.10%	100.13%	101.46%	135.21%

	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	60.92%	53.11%
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 presented prospectively in accordance with GASB 75.

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

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit G-5

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

	2024	2023	2022	2021	2020
Contractually required contributions	$ 1,751,344	$ 1,722,987	$ 1,593,424	$ 1,478,656	$ 1,435,969
Contributions in relation to the contractually required contributions	1,751,344	1,722,987	1,593,424	1,478,656	1,435,969
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 193,466,977	$ 192,095,648	$ 182,969,795	$ 176,008,187	$ 170,666,915
Contributions as a percentage of covered payroll	0.91%	0.90%	0.87%	0.84%	0.84%

	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%

Changes of Assumptions

Measurement Year 2018: The discount rate changed from 3.42% as of August 31, 2017 to 3.69% as of August 31, 2018, updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.

Measurement Year 2019: The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019, lowered the participation rates and updated the health care trend rate assumption.

Measurement Year 2020: The discount rate changed from 2.63% as of August 31, 2019 to 2.33% as of August 31, 2020, lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

Measurement Year 2021: The discount rate changed from 2.33% as of August 31, 2020 to 1.95% as of August 31, 2021.

Measurement Year 2022: The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022, lowered the participation rates, and updated the healthcare trend rate assumption.

Measurement Year 2023: The discount rate changed from 3.91% as of August 31, 2022 to 4.13% as of August 31, 2023, revised demographic and economic assumptions based on the TRS experience study.

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
203	**Child Care and Development Block Grant** - funds used to account for funds granted under Title XX of the Social Security Act.
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 (High Cost Fund)** - 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
278	**American Rescue Plan Elementary and Secondary Emergency Relief Fund** - Homeless Children and Youth (ARP-HYC) - accounts for federal stimulus ESSER funds granted to the district to identify homeless children and youth, to provide homeless children and youth with wrap-around services to address the challenges of COVID-19, and to enable homeless children and youth to attend school and fully participate in school activities.
279	**Texas COVID Learning Acceleration Supports (TCLAS)** - used to account for funds for targeted support to accelerate student learning due to learning loss caused by the COVID-19 pandemic
280	**American Rescue Plan Act - Homeless II** - accounts for federal stimulus funds granted to the District to identify and provide homeless children and youth with services in light of the challenges of COVID-19, and to enable homeless children and youth to attend school and participate fully in school activities.
281	**Coronavirus Response and Relief Supplemental Appropriations-Elementary & Secondary School Emergency Relief Fund (CRRSA) ESSER II** - used to account for federal stimulus ESSER funds granted to District through CRSSA Act that supports the District's ability to operate and instruct its students during the COVID-19 pandemic.
282	**American Rescue Plan (ARP) Act of 2021 - Elementary & Secondary School Emergency Relief Fund (ESSER III)** – accounts for federal stimulus ESSER III funds granted to Districts through the American Rescue Plan Act to address learning loss and the disproportionate impact of the coronavirus on certain student subgroups, identify and provide homeless children and youth with services in light of challenges of COVID-19, and to enable homeless children and youth to attend school and participate fully in school activities.
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	**Read to Succeed Award** – License plates purchased through TXDMV; Grants to TX Reads program for educational library materials.
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.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
August 31, 2024

Data Control Codes		203 Child Care & Development Block Grant	205 Early Head Start Program	206 McKinney - Vento Support for Homeless Education	211 ESEA Title I, Part A Improving Basic Programs
	Assets				
1110	Cash and temporary investments	$ 4,633	$ -	$ 18,986	$ -
	Receivables:				
1240	Receivables from other governments	-	158,423	8,712	3,192,720
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	**Total Assets**	$ 4,633	$ 158,423	$ 27,698	$ 3,192,720
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ -	$ 2,554	$ -	$ 3,039
2160	Accrued wages payable	-	21,761	-	410,182
2170	Due to other funds	-	134,108	-	2,779,499
2180	Payable to other governments	-	-	84	-
2300	Unearned revenues	4,633	-	27,614	-
2000	**Total Liabilities**	4,633	158,423	27,698	3,192,720
	Fund Balances:				
3430	Prepaid items	-	-	-	-
	Restricted				
3450	Federal/State grant restrictions	-	-	-	-
	Committed				
3545	Campus activity	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balances**	$ 4,633	$ 158,423	$ 27,698	$ 3,192,720

Data Control Codes		212 ESEA Title I, Part C	224 IDEA, Part B - Formula	225 IDEA, Part B Preschool	226 IDEA, Part B- Discretionary
	Assets				
1110	Cash and temporary investments	$ -	$ -	$ 3,836	$ -
	Receivables:				
1240	Receivables from other governments	18,942	1,488,659	5,563	-
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	**Total Assets**	$ 18,942	$ 1,488,659	$ 9,399	$ -
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ 703	$ 56,106	$ -	$ -
2160	Accrued wages payable	-	190,770	5,966	-
2170	Due to other funds	18,239	1,241,783	3,433	-
2180	Payable to other governments	-	-	-	-
2300	Unearned revenues	-	-	-	-
2000	**Total Liabilities**	18,942	1,488,659	9,399	-
	Fund Balances:				
3430	Prepaid items	-	-	-	-
	Restricted				
3450	Federal/State grant restrictions	-	-	-	-
	Committed				
3545	Campus activity	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balances**	$ 18,942	$ 1,488,659	$ 9,399	$ -

Data Control Codes		240 National School Breakfast and Lunch Program	244 Vocational Education - Basic	255 ESEA, Title II Part A	263 ESEA, Title III Part A
	Assets				
1110	Cash and temporary investments	$ 6,270,986	$ -	$ -	$ -
	Receivables:				
1240	Receivables from other governments	1,710,375	108,079	408,819	689,853
1260	Due from other funds	26,617	-	-	-
1290	Other receivables	21,964	-	-	-
1310	Inventories, at cost	475,200	-	-	-
1410	Prepaid items	-	-	-	-
1000	**Total Assets**	$ 8,505,142	$ 108,079	$ 408,819	$ 689,853
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ 461,510	$ 6,681	$ 2,304	$ 9,052
2160	Accrued wages payable	487,821	-	34,666	22,315
2170	Due to other funds	1,478,874	101,398	371,849	658,486
2180	Payable to other governments	-	-	-	-
2300	Unearned revenues	-	-	-	-
2000	**Total Liabilities**	2,428,205	108,079	408,819	689,853
	Fund Balances:				
3430	Prepaid items	-	-	-	-
	Restricted				
3450	Federal/State grant restrictions	6,076,937	-	-	-
	Committed				
3545	Campus activity	-	-	-	-
3000	**Total Fund Balances**	6,076,937	-	-	-
4000	**Total Liabilities and Fund Balances**	$ 8,505,142	$ 108,079	$ 408,819	$ 689,853

Data Control Codes		265 ESEA, Title IV Part B	278 American Rescue Plan ESSER Fund - Homeless Children and Youth	279 TCLAS - ESSER III	280 American Rescue Plan Act - Homeless II
	Assets				
1110	Cash and temporary investments	$ -	$ -	$ -	$ -
	Receivables:				
1240	Receivables from other governments	152,229	44,731	-	41,065
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	**Total Assets**	$ 152,229	$ 44,731	$ -	$ 41,065
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ -	$ 17,611	$ -	$ 5,240
2160	Accrued wages payable	7,866	-	-	3,291
2170	Due to other funds	144,363	27,120	-	32,534
2180	Payable to other governments	-	-	-	-
2300	Unearned revenues	-	-	-	-
2000	**Total Liabilities**	152,229	44,731	-	41,065
	Fund Balances:				
3430	Prepaid items	-	-	-	-
	Restricted				
3450	Federal/State grant restrictions	-	-	-	-
	Committed				
3545	Campus activity	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balances**	$ 152,229	$ 44,731	$ -	$ 41,065

Data Control Codes		281 CRRSA Act ESSER II	282 ARP Act ESSER III	288 Summer School LEP	289 Various Federal Funds
	Assets				
1110	Cash and temporary investments	$ -	$ -	$ 8,353	$ -
	Receivables:				
1240	Receivables from other governments	-	4,512,669	-	456,725
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	**Total Assets**	$ -	$ 4,512,669	$ 8,353	$ 456,725
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ -	$ 780,921	$ -	$ 22
2160	Accrued wages payable	-	567,391	-	32,542
2170	Due to other funds	-	3,143,592	-	424,161
2180	Payable to other governments	-	-	-	-
2300	Unearned revenues	-	20,765	8,353	-
2000	**Total Liabilities**	-	4,512,669	8,353	456,725
	Fund Balances:				
3430	Prepaid items	-	-	-	-
	Restricted				
3450	Federal/State grant restrictions	-	-	-	-
	Committed				
3545	Campus activity	-	-	-	-
3000	**Total Fund Balances**	-	-	-	-
4000	**Total Liabilities and Fund Balances**	$ -	$ 4,512,669	$ 8,353	$ 456,725

Data Control Codes		397 Advanced Placement Incentives	410 Instructional Materials Allotment	427 State Funded Special Revenue Funds	429 Other State Funded Special Revenue Funds
	Assets				
1110	Cash and temporary investments	$ 3,887	$ 889,786	$ -	$ -
	Receivables:				
1240	Receivables from other governments	-	-	-	82,907
1260	Due from other funds	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	**Total Assets**	$ 3,887	$ 889,786	$ -	$ 82,907
	Liabilities and Fund Balances				
	Liabilities:				
	Current Liabilities:				
2110	Accounts payable	$ -	$ -	$ -	$ 48,541
2160	Accrued wages payable	-	-	-	349
2170	Due to other funds	-	-	-	33,959
2180	Payable to other governments	-	-	-	-
2300	Unearned revenues	3,887	-	-	58
2000	**Total Liabilities**	3,887	-	-	82,907
	Fund Balances:				
3430	Prepaid items	-	-	-	-
	Restricted				
3450	Federal/State grant restrictions	-	889,786	-	-
	Committed				
3545	Campus activity	-	-	-	-
3000	**Total Fund Balances**	-	889,786	-	-
4000	**Total Liabilities and Fund Balances**	$ 3,887	$ 889,786	$ -	$ 82,907

Data Control Codes		461 Campus Activity Funds	481 Other Local Funds	Total Nonmajor Governmental Funds
	Assets			
1110	Cash and temporary investments	$ 1,341,403	$ 88,219	$ 8,630,089
	Receivables:			
1240	Receivables from other governments	-	-	13,080,471
1260	Due from other funds	-	-	26,617
1290	Other receivables	4,490	15,652	42,106
1310	Inventories, at cost	-	-	475,200
1410	Prepaid items	303	-	303
1000	**Total Assets**	$ 1,346,196	$ 103,871	$ 22,254,786
	Liabilities and Fund Balances			
	Liabilities:			
	Current Liabilities:			
2110	Accounts payable	$ 34,620	$ -	$ 1,428,904
2160	Accrued wages payable	-	-	1,784,920
2170	Due to other funds	543	-	10,593,941
2180	Payable to other governments	-	-	84
2300	Unearned revenues	-	103,871	169,181
2000	**Total Liabilities**	35,163	103,871	13,977,030
	Fund Balances:			
3430	Prepaid items	303	-	303
	Restricted			
3450	Federal/State grant restrictions	-	-	6,966,723
	Committed			
3545	Campus activity	1,310,730	-	1,310,730
3000	**Total Fund Balances**	1,311,033	-	8,277,756
4000	**Total Liabilities and Fund Balances**	$ 1,346,196	$ 103,871	$ 22,254,786

Galena Park
Independent School District

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, 2024

Data Control Codes		203 Child Care & Development Block Grant	205 Early Head Start Program	206 McKinney - Vento Support for Homeless Education	211 ESEA Title I, Part A Improving Basic Programs
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	521,893	1,007,115	-	9,158,953
5020	**Total Revenues**	521,893	1,007,115	-	9,158,953
	Expenditures				
	Current:				
0011	Instruction	-	-	-	6,230,099
0012	Instructional resources and media services	-	-	-	2,000
0013	Curriculum and instructional staff development	-	-	-	1,485,523
0021	Instructional leadership	-	158,940	-	118,351
0023	School leadership	-	-	-	984
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	27,260	-	510,749
0033	Health services	29,215	30,297	-	-
0034	Student transportation	-	-	-	662,516
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	10,028	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	482,650	794,427	-	148,731
	Debt Service:				
0071	Principal on long-term debt	-	2,113	-	-
0072	Interest on long-term debt	-	-	-	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	-	-
	Intergovernmental:				
0093	Payments related to shared services arrangement	-	-	-	-
6030	**Total Expenditures**	521,893	1,013,037	-	9,158,953
1100	Excess (deficiency) of revenues over (under) expenditures	-	(5,922)	-	-
	Other Financing Sources (Uses)				
7912	Sale of real and personal property	-	-	-	-
7913	Issuance of leases	-	5,922	-	-
7949	Issuance of SBITAs	-	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	5,922	-	-
1200	Net change in fund balances	-	-	-	-
0100	**Fund Balance - Beginning**	-	-	-	-
3000	**Fund Balance - Ending**	$ -	$ -	$ -	$ -

Data Control Codes		212 ESEA Title I, Part C	224 IDEA, Part B - Formula	225 IDEA, Part B Preschool	226 IDEA, Part B- Discretionary
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	42,700	4,146,155	69,744	12,755
5020	**Total Revenues**	42,700	4,146,155	69,744	12,755
	Expenditures				
	Current:				
0011	Instruction	5,142	2,832,273	69,744	12,755
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	169,412	-	-
0021	Instructional leadership	-	40,189	-	-
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	566,437	-	-
0032	Social work services	37,558	-	-	-
0033	Health services	-	159,802	-	-
0034	Student transportation	-	5,148	-	-
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	-	-	-	-
	Debt Service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	-	-
	Intergovernmental:				
0093	Payments related to shared services arrangement	-	372,894	-	-
6030	**Total Expenditures**	42,700	4,146,155	69,744	12,755
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7912	Sale of real and personal property	-	-	-	-
7913	Issuance of leases	-	-	-	-
7949	Issuance of SBITAs	-	-	-	-
7080	**Total Other Financing Sources (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, 2024

Data Control Codes		240 National School Breakfast and Lunch Program	244 Vocational Education - Basic	255 ESEA, Title II Part A	263 ESEA, Title III Part A
	Revenues				
5700	Local, intermediate, and out-of-state	$ 1,124,947	$ -	$ -	$ -
5800	State program revenues	69,128	-	-	-
5900	Federal program revenues	17,560,784	369,897	1,090,242	1,075,100
5020	**Total Revenues**	18,754,859	369,897	1,090,242	1,075,100
	Expenditures				
	Current:				
0011	Instruction	-	359,621	40,712	510,690
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	1,034,530	553,418
0021	Instructional leadership	-	-	-	2,831
0023	School leadership	-	-	15,000	-
0031	Guidance, counseling and evaluation services	-	3,276	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	755
0035	Food services	18,217,228	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	249,142	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	7,000	-	-
0061	Community services	-	-	-	7,406
	Debt Service:				
0071	Principal on long-term debt	2,198	-	-	-
0072	Interest on long-term debt	-	-	-	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	-	-
	Intergovernmental:				
0093	Payments related to shared services arrangement	-	-	-	-
6030	**Total Expenditures**	18,468,568	369,897	1,090,242	1,075,100
1100	Excess (deficiency) of revenues over (under) expenditures	286,291	-	-	-
	Other Financing Sources (Uses)				
7912	Sale of real and personal property	52,358	-	-	-
7913	Issuance of leases	6,959	-	-	-
7949	Issuance of SBITAs	-	-	-	-
7080	**Total Other Financing Sources (Uses)**	59,317	-	-	-
1200	Net change in fund balances	345,608	-	-	-
0100	**Fund Balance - Beginning**	5,731,329	-	-	-
3000	**Fund Balance - Ending**	$ 6,076,937	$ -	$ -	$ -

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, 2024

Data Control Codes		265 ESEA, Title IV Part B	278 American Rescue Plan ESSER Fund - Homeless Children and Youth	279 TCLAS - ESSER III	280 American Rescue Plan Act - Homeless II
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	259,225	54,727	5,344	109,181
5020	**Total Revenues**	259,225	54,727	5,344	109,181
	Expenditures				
	Current:				
0011	Instruction	134,701	47,802	5,344	45,654
0012	Instructional resources and media services	-	-	-	-
0013	Curriculum and instructional staff development	-	-	-	-
0021	Instructional leadership	124,524	400	-	5,213
0023	School leadership	-	-	-	-
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	3,711	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	1,164	-	57,244
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	1,070
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-
0052	Security and monitoring services	-	-	-	-
0053	Data processing services	-	-	-	-
0061	Community services	-	1,650	-	-
	Debt Service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	-	-
	Intergovernmental:				
0093	Payments related to shared services arrangement	-	-	-	-
6030	**Total Expenditures**	259,225	54,727	5,344	109,181
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7912	Sale of real and personal property	-	-	-	-
7913	Issuance of leases	-	-	-	-
7949	Issuance of SBITAs	-	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	**Fund Balance - Beginning**	-	-	-	-
3000	**Fund Balance - Ending**	$ -	$ -	$ -	$ -

Data Control Codes		281 CRRSA Act ESSER II	282 ARP Act ESSER III	288 Summer School LEP	289 Various Federal Funds
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	209,504	24,050,996	33,792	855,062
5020	**Total Revenues**	209,504	24,050,996	33,792	855,062
	Expenditures				
	Current:				
0011	Instruction	24,527	13,045,749	6,821	158,706
0012	Instructional resources and media services	-	36,916	-	-
0013	Curriculum and instructional staff development	14,077	1,381,684	26,971	59,963
0021	Instructional leadership	551	277,368	-	7,960
0023	School leadership	-	246,277	-	2,000
0031	Guidance, counseling and evaluation services	-	644,333	-	180,949
0032	Social work services	-	10,975	-	263,536
0033	Health services	65	220,397	-	43,157
0034	Student transportation	-	189,570	-	-
0035	Food services	-	268,360	-	-
0036	Extracurricular activities	-	203,917	-	8,500
0041	General administration	(84)	241,116	-	2,500
0051	Facilities maintenance and operations	143,617	4,623,961	-	-
0052	Security and monitoring services	7,860	2,260,324	-	116,400
0053	Data processing services	18,891	205,705	-	8,100
0061	Community services	-	191,350	-	3,291
	Debt Service:				
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	2,994	-	-
	Intergovernmental:				
0093	Payments related to shared services arrangement	-	-	-	-
6030	**Total Expenditures**	209,504	24,050,996	33,792	855,062
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
	Other Financing Sources (Uses)				
7912	Sale of real and personal property	-	-	-	-
7913	Issuance of leases	-	-	-	-
7949	Issuance of SBITAs	-	-	-	-
7080	**Total Other Financing Sources (Uses)**	-	-	-	-
1200	Net change in fund balances	-	-	-	-
0100	**Fund Balance - Beginning**	-	-	-	-
3000	**Fund Balance - Ending**	$ -	$ -	$ -	$ -

Data Control Codes		397 Advanced Placement Incentives	410 Instructional Materials Allotment	427 State Funded Special Revenue Funds	429 Other State Funded Special Revenue Funds
	Revenues				
5700	Local, intermediate, and out-of-state	$ -	$ -	$ -	$ 4,845
5800	State program revenues	1,636	3,310,171	38	620,242
5900	Federal program revenues	-	-	-	-
5020	**Total Revenues**	1,636	3,310,171	38	625,087
	Expenditures				
	Current:				
0011	Instruction	461	2,690,083	-	264,523
0012	Instructional resources and media services	-	-	38	-
0013	Curriculum and instructional staff development	1,175	4,400	-	11,654
0021	Instructional leadership	-	-	-	-
0023	School leadership	-	-	-	726
0031	Guidance, counseling and evaluation services	-	-	-	-
0032	Social work services	-	-	-	-
0033	Health services	-	-	-	-
0034	Student transportation	-	-	-	-
0035	Food services	-	-	-	-
0036	Extracurricular activities	-	-	-	-
0041	General administration	-	-	-	-
0051	Facilities maintenance and operations	-	690	-	-
0052	Security and monitoring services	-	-	-	343,339
0053	Data processing services	-	-	-	-
0061	Community services	-	-	-	4,845
	Debt Service:				
0071	Principal on long-term debt	-	288,243	-	-
0072	Interest on long-term debt	-	21,505	-	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	-	-
	Intergovernmental:				
0093	Payments related to shared services arrangement	-	-	-	-
6030	**Total Expenditures**	1,636	3,004,921	38	625,087
1100	Excess (deficiency) of revenues over (under) expenditures	-	305,250	-	-
	Other Financing Sources (Uses)				
7912	Sale of real and personal property	-	-	-	-
7913	Issuance of leases	-	-	-	-
7949	Issuance of SBITAs	-	110,886	-	-
7080	**Total Other Financing Sources (Uses)**	-	110,886	-	-
1200	Net change in fund balances	-	416,136	-	-
0100	**Fund Balance - Beginning**	-	473,650	-	-
3000	**Fund Balance - Ending**	$ -	$ 889,786	$ -	$ -

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, 2024

Data Control Codes		461 Campus Activity Funds	481 Other Local Funds	Total Nonmajor Governmental Funds
	Revenues			
5700	Local, intermediate, and out-of-state	$ 1,811,484	$ 117,917	$ 3,059,193
5800	State program revenues	-	-	4,001,215
5900	Federal program revenues	-	-	60,633,169
5020	**Total Revenues**	1,811,484	117,917	67,693,577
	Expenditures			
	Current:			
0011	Instruction	118,505	66,768	26,670,680
0012	Instructional resources and media services	14,336	5,000	58,290
0013	Curriculum and instructional staff development	4,252	15,212	4,762,271
0021	Instructional leadership	2,513	3,316	742,156
0023	School leadership	100,540	4,649	370,176
0031	Guidance, counseling and evaluation services	-	-	1,394,995
0032	Social work services	-	-	853,789
0033	Health services	-	-	482,933
0034	Student transportation	1,920	-	918,317
0035	Food services	-	17,378	18,502,966
0036	Extracurricular activities	1,550,996	736	1,765,219
0041	General administration	1,500	-	245,032
0051	Facilities maintenance and operations	1,584	-	5,029,022
0052	Security and monitoring services	-	-	2,727,923
0053	Data processing services	-	-	239,696
0061	Community services	1,551	4,858	1,640,759
	Debt Service:			
0071	Principal on long-term debt	2,194	-	294,748
0072	Interest on long-term debt	-	-	21,505
	Capital Outlay:			
0081	Facilities acquisition and construction	-	-	2,994
	Intergovernmental:			
0093	Payments related to shared services arrangement	-	-	372,894
6030	**Total Expenditures**	1,799,891	117,917	67,096,365
1100	Excess (deficiency) of revenues over (under) expenditures	11,593	-	597,212
	Other Financing Sources (Uses)			
7912	Sale of real and personal property	-	-	52,358
7913	Issuance of leases	5,922	-	18,803
7949	Issuance of SBITAs	-	-	110,886
7080	**Total Other Financing Sources (Uses)**	5,922	-	182,047
1200	Net change in fund balances	17,515	-	779,259
0100	**Fund Balance - Beginning**	1,293,518	-	7,498,497
3000	**Fund Balance - Ending**	$ 1,311,033	$ -	$ 8,277,756

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit J-1

SCHEDULE OF DELINQUENT TAXES RECEIVABLE

For the Year Ended August 31, 2024

	1	2	3	10	20	31	32	40	50	99
Last Ten Fiscal Years	Tax Rates Maintenance	Tax Rates Debt Service	Net Assessed / Appraised Value For School Tax Purposes	Beginning Balance 9/1/2023	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 8/31/2024	Total Taxes Refunded Under Section 26.1115(c)
2015 and prior	Various	Various	Various	$ 1,725,937	$ -	$ 19,515	$ 3,981	$ (762,631)	$ 939,810	
2016	1.24330	0.27010	$ 8,142,261,887	151,871	-	8,030	1,745	(593)	141,503	
2017	1.24330	0.32000	8,161,446,159	209,466	-	12,229	3,147	(439)	193,651	
2018	1.24330	0.32000	8,177,706,984	384,821	-	19,277	4,961	(1,041)	359,542	
2019	1.24330	0.33000	8,532,674,721	373,211	-	22,253	5,907	(4,422)	340,629	
2020	1.14165	0.33000	9,731,032,854	(978,606)	-	31,129	8,998	2,742,006	1,723,273	
2021	1.12810	0.33000	10,118,991,869	(206,372)	-	24,897	7,283	1,403,359	1,164,807	
2022	1.12510	0.34000	9,787,342,093	918,128	-	(309,928)	(93,659)	(704,918)	616,797	
2023	1.04270	0.31148	11,101,281,873	4,767,177	-	579,283	173,046	(895,368)	3,119,480	
2024	0.83760	0.29431	12,265,555,300	-	138,835,047	100,300,551	35,242,903	-	3,291,593	
1000 Totals				$ 7,345,633	$ 138,835,047	$ 100,707,236	$ 35,358,312	$ 1,775,953	11,891,085	
								Penalty and Interest Receivable on Taxes	6,155,045	
								Total Taxes Receivable Per Governmental Fund Balance Sheet (C-1)	$ 18,046,130	
8000 Taxes Refunded										$ 73,002
9000 Tax Increment				$ -	$ -	$ -	$ -	$ -	$ -	

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit J-2

BUDGETARY COMPARISON SCHEDULE
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
For the Year Ended August 31, 2024

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Revenues				
Local, Intermediate, and Out-of-State	$ 784,073	$ 784,073	$ 1,124,947	$ 340,874
State Program Revenues	66,112	66,112	69,128	3,016
Federal Program Revenues	18,737,197	18,737,197	17,560,784	(1,176,413)
Total Revenues	19,587,382	19,587,382	18,754,859	(832,523)
Expenditures				
Current:				
Food Services	20,440,203	21,066,661	18,217,228	2,849,433
Plant maintenance and operations	235,452	235,452	249,142	(13,690)
Debt Service:				
Principal on long-term debt	7,180	7,180	2,198	4,982
Interest on long-term debt	20	20	-	20
Total Expenditures	20,682,855	21,309,313	18,468,568	2,840,745
Excess (Deficiency) Revenues Over (Under) Expenditures	(1,095,473)	(1,721,931)	286,291	2,008,222
Other Financing Sources (Uses)				
Sale of real or personal property	-	-	52,358	52,358
Issuance of leases	-	-	6,959	6,959
Total Other Financing Sources (Uses)	-	-	59,317	59,317
Net change in fund balances	(1,095,473)	(1,721,931)	345,608	2,067,539
Fund Balance - Beginning	5,731,329	5,731,329	5,731,329	-
Fund Balance - Ending	$ 4,635,856	$ 4,009,398	$ 6,076,937	$ 2,067,539

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit J-3

BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended August 31, 2024

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Revenues				
Local, Intermediate, and Out-of-State	$ 38,882,519	$ 37,157,452	$ 36,739,162	$ (418,290)
State Program Revenues	2,455,611	2,034,850	2,320,984	286,134
Total Revenues	41,338,130	39,192,302	39,060,146	(132,156)
Expenditures				
Debt Service:				
Principal on long-term debt	21,290,673	21,290,673	21,290,673	-
Interest on long-term debt	17,599,477	17,599,477	16,988,296	611,181
Bond issuance costs and fees	7,500	7,500	6,200	1,300
Total Expenditures	38,897,650	38,897,650	38,285,169	612,481
Net change in fund balances	2,440,480	294,652	774,977	480,325
Fund Balance - Beginning	2,089,638	2,089,638	2,089,638	-
Fund Balance - Ending	$ 4,530,118	$ 2,384,290	$ 2,864,615	$ 480,325

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Exhibit J-4

COMPENSATORY EDUCATION PROGRAM AND BILINGUAL EDUCATION PROGRAM COMPLIANCE RESPONSES

For the Year Ended August 31, 2024

Data Codes	Section A: Compensatory Education Programs	Responses
AP1	Did your LEA expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the district's fiscal year.	$ 29,579,114
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30)	$ 10,108,982
	Section B: Bilingual Education Programs	
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	$ 6,007,095
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PIC 25)	$ 2,935,648

STATISTICAL SECTION
(UNAUDITED)

Galena Park
Independent School District

The statistical section of the Galena Park Independent School District's Annual Comprehensive 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 Annual Comprehensive Financial Reports for the relevant year.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2024	2023	2022	2021	2020
Governmental Activities:					
Net investment in capital assets	$ 124,045,637	$ 110,165,616	$ 95,418,867	$ 90,011,934	$ 82,381,316
Restricted	12,958,469	9,816,379	12,999,492	13,133,219	16,479,483
Unrestricted	17,126,503	1,752,641	(22,726,432)	(32,768,490)	(45,243,522)
Total Governmental Activities Net Position	$ 154,130,609	$ 121,734,636	$ 85,691,927	$ 70,376,663	$ 53,617,277

Source of Information: Galena Park Independent School District's Financial Statements.

Notes:
During the fiscal year 2015, the District adopted GASB Statement No. 68.
During the fiscal year 2018, the Districted adopted GASB 75.

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.

Notes:
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)

	2024	2023	2022	2021	2020
Expenses:					
Governmental Activities:					
Instruction	$ 161,790,725	$ 158,390,425	$ 148,052,627	$ 162,718,256	$ 153,242,430
Instructional Resources and Media Services	2,946,315	2,801,347	2,852,909	3,100,617	2,859,936
Curriculum and Instructional Staff Development	9,296,588	9,152,485	9,430,176	9,075,087	8,223,134
Instructional Leadership	6,709,164	6,697,056	6,469,405	6,900,962	7,939,367
School Leadership	18,396,079	17,421,347	16,667,212	18,015,282	18,314,290
Guidance, Counseling, and Evaluation Services	10,707,305	10,406,775	10,246,617	10,141,622	9,453,702
Social Work Services	1,423,973	1,268,191	1,063,713	1,126,211	1,074,481
Health Services	2,783,349	2,727,441	2,600,631	2,949,124	2,524,360
Student (Pupil) Transportation	11,412,471	11,127,074	10,553,744	9,554,362	9,622,201
Food Services	19,015,520	19,014,199	16,269,472	14,927,236	16,406,346
Cocurricular/Extracurricular Activities	6,861,312	6,849,601	5,754,307	5,210,628	5,903,790
General Administration	10,387,170	9,649,997	9,914,275	9,706,591	10,414,676
Facilities Maintenance and Operations	37,304,578	37,074,110	32,533,648	31,832,708	33,293,766
Security and Monitoring Services	6,924,814	6,255,791	4,167,230	3,570,635	4,017,895
Data Processing Services	6,247,135	6,142,937	5,348,311	5,118,380	5,212,184
Community Services	2,994,302	2,902,184	2,539,775	2,537,001	2,384,822
Debt Service - Interest on Long-term Debt	14,750,041	15,308,850	15,222,187	16,882,470	17,551,973
Debt Service - Bond Issuance Costs and Fees	-			-	-
Payments Related to Shared Service Arrangements	372,894	291,152	376,824	343,072	395,167
Payments to appraisal district	1,172,330	1,083,695	1,046,378	1,051,148	1,043,300
Total Expenses	331,496,065	324,564,657	301,109,441	314,761,392	309,877,820
Program Revenues:					
Governmental Activities:					
Charges for Services:					
Instruction	1,530,766	1,664,240	1,419,252	831,125	726,617
School Leadership	105,837	164,447	149,934	94,634	132,931
Food Services	785,367	812,620	625,143	231,721	665,867
Cocurricular/Extracurricular Activities	1,956,214	2,390,748	1,537,531	695,172	1,588,542
General Administration	1,510	1,503	40,691	1,512	80,831
Facilities Maintenance and Operations	108,962	69,500	73,566	47,007	133,883
Security and Monitoring Services	30,295	16,533	16,869	24,198	17,458
Other Activities	55,361	78,452	133,333	53,314	127,097
Operating Grants and Contributions	80,217,057	89,450,030	61,521,354	57,042,073	60,970,808
Total Program Revenues	84,791,369	94,648,073	65,517,673	59,020,756	64,444,034
Total Net (Expense)/Revenue	(246,704,696)	(229,916,584)	(235,591,768)	(255,740,636)	(245,433,786)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property Taxes	143,493,581	142,648,776	142,053,532	147,678,570	143,079,999
State-aid formula grants	119,327,666	108,821,372	108,647,325	123,970,344	110,314,055
Grants and contributions not restricted	-	-	-	-	-
Investment earnings	16,066,927	13,765,562	59,210	761,662	5,044,982
Miscellaneous	211,401	340,876	146,965	89,446	44,008
Total General Revenues and Other Changes in Net Position	279,099,575	265,576,586	250,907,032	272,500,022	258,483,044
Total Change in Net Position	$ 32,394,879	$ 35,660,002	$ 15,315,264	$ 16,759,386	$ 13,049,258

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.

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	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	38,033,842	33,238,521	26,650,162	29,424,238	28,164,408
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	-	-
Payments Related to Shared Service Arrangements	-	-	-	-	
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	16,930	22,460	10,750	-	-
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.

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	2024	2023	2022	2021	2020
General Fund					
Nonspendable	$ 512,468	$ 511,574	$ 497,491	$ 499,816	$ 1,300,635
Assigned	157,244,073	159,658,831	106,419,750	93,079,379	111,522,186
Unassigned	64,196,494	60,399,057	87,765,965	100,289,227	64,755,473
Total General Fund	$ 221,953,035	$ 220,569,462	$ 194,683,206	$ 193,868,422	$ 177,578,294
All Other Governmental Funds					
Nonspendable	$ 303	$ -	$ 16,800	$ 16,800	$ -
Assigned	10,443,567	-	-	-	-
Restricted	17,436,069	41,471,097	75,913,012	97,017,358	120,503,862
Committed	1,310,730	1,293,518	1,260,923	1,340,478	1,352,219
Total All Other Governmental Funds	$ 29,190,669	$ 42,764,615	$ 77,190,735	$ 98,374,636	$ 121,856,081

Source of Information: Galena Park Independent School District's Financial Statements.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

	2019	2018	2017	2016	2015
General Fund					
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					
Nonspendable	$ -	$ -	$ -	$ 411,560	$ 296,283
Assigned	-	-	-	-	-
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
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.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2024	2023	2022	2021	2020
Revenues					
Local, intermediate, and out-of-state	$ 158,405,552	$ 168,947,698	$ 144,411,338	$ 148,006,974	$ 147,159,861
State program revenues	138,489,374	123,637,086	122,980,984	139,026,800	126,260,713
Federal program revenues	66,585,770	84,447,815	61,964,715	40,738,457	36,651,040
Total Revenues	363,480,696	377,032,599	329,357,037	327,772,231	310,071,614
Expenditures					
Current:					
Instruction	160,574,731	160,151,867	154,318,666	152,758,410	133,490,511
Instruction resources and media services	2,731,140	2,675,138	2,797,929	2,803,540	2,382,133
Curriculum and instructional staff development	9,356,238	9,726,084	10,395,997	8,664,738	7,269,566
Instructional leadership	6,529,661	6,700,467	6,704,904	6,478,130	7,047,123
School leadership	18,100,937	17,537,668	17,269,693	17,131,537	16,315,703
Guidance, counseling and evaluation services	10,592,377	10,687,501	10,964,161	9,697,715	8,371,244
Social work services	1,372,910	1,405,538	1,098,474	1,094,345	1,030,829
Health services	2,698,808	2,927,709	2,716,194	2,793,032	2,220,874
Student transportation	10,964,056	10,226,003	10,404,102	8,710,293	9,506,132
Food services	18,502,966	20,659,979	16,777,524	13,553,912	14,481,564
Extracurricular activities	6,429,920	6,492,208	5,419,907	4,610,545	5,084,200
General administration	10,240,677	9,590,216	9,269,236	9,229,606	9,368,769
Facilities maintenance and operations	34,425,384	40,345,585	29,368,156	27,858,304	31,820,781
Security and monitoring services	6,908,132	6,137,066	4,040,121	4,046,480	3,980,016
Data processing services	6,147,591	6,170,291	5,034,866	4,599,383	5,150,659
Community services	3,224,377	3,077,821	2,762,122	2,474,496	2,161,568
Debt Service:					
Principal on long-term debt	22,766,871	19,596,885	18,740,636	19,461,758	15,231,565
Interest on long-term debt	17,478,581	17,747,017	18,367,678	17,335,504	17,373,492
Bond issuance costs and fees	6,200	6,000	7,000	7,300	1,080,738
Capital Outlay:					
Facilities acquisition and construction expenditures	27,682,895	37,309,062	21,912,993	20,406,451	36,788,974
Intergovernmental:					
Payments related to shared services arrangements	372,894	291,152	376,824	343,072	395,167
Payments to appraisal districts	1,172,330	1,083,695	1,046,378	1,051,148	1,043,300
Total Expenditures	378,279,676	390,544,952	349,793,561	335,109,699	331,594,908
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,798,980)	(13,512,353)	(20,436,524)	(7,337,468)	(21,523,294)
Other Financing Sources (Uses):					
Refunding bonds issued	-	-	-	-	14,850,000
Capital related debt issued (regular bonds)	-	-	-	-	92,760,000
Proceeds from right-to-use lease asset	1,396,770	-	30,442	-	-
Sale of real and personal property	211,401	5,946,160	146,965	166,151	85,838
Transfers in	10,443,567	10,348	45,706	-	-
Premium or discount on issuance of bonds	-	-	-	-	14,721,751
Transfers out	(10,498,567)	(115,348)	(155,706)	(20,000)	-
Payment to bond refunding escrow agent	-	-	-	-	(16,252,175)
Proceeds from SBITA assets	1,055,436	1,255,805	-	-	-
Other uses - court ordered tax refunds	-	(2,124,476)			-
Total Other Financing Sources (Uses)	2,608,607	4,972,489	67,407	146,151	106,165,414
Net change in Fund Balances	$ (12,190,373)	$ (8,539,864)	$ (20,369,117)	$ (7,191,317)	$ 84,642,120
Debt Service as a Percentage of Noncapital Expenditures	11.79%	10.91%	11.73%	11.73%	11.28%

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

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 related to shared services arrangements	-	-	-	-	-
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	-	-
Proceeds from right-to-use leased asset	-	-	-	-	-
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)
Proceeds from SBITA assets	-	-	-	-	-
Other uses - court ordered tax refunds	-	-	-	-	-
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

REVENUE BY SOURCE FOR GOVERNMENTAL FUNDS*
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2024	2023	2022	2021	2020
Revenues from Local and Intermediate Sources:					
Property Taxes	$ 137,604,573	$ 149,970,831	$ 140,061,031	$ 144,956,920	$ 138,588,368
Food Sales	767,989	812,620	830,674	227,568	665,867
Earnings on Investments	16,066,927	13,639,914	59,210	761,662	5,044,984
Cocurricular / Student Activities	2,204,050	2,820,546	1,990,491	867,677	1,834,510
Other Revenues from Local and Intermediate Sources	1,762,013	1,578,139	1,469,932	1,193,147	1,026,132
Total Revenue from Local and Intermediate Sources	158,405,552	168,822,050	144,411,338	148,006,974	147,159,861
State Program Revenues:					
Foundation School Formula	111,104,515	96,327,043	98,059,397	113,730,086	103,483,843
TRS On-behalf Revenue	12,836,604	12,532,582	11,671,789	11,769,351	11,718,844
Debt Allotment	2,320,984	748,522	261,413	193,989	283,255
Available School Fund (Per Capita)	8,190,555	12,462,220	10,565,268	10,073,742	6,640,926
Instructional Materials Allotment	3,310,171	1,088,152	1,143,473	1,430,798	3,509,786
TRS Employee Health Insurance	-	-	-	-	-
Other State Program Revenues *	726,545	478,567	1,279,644	1,828,834	637,555
Total State Program Revenues	138,489,374	123,637,086	122,980,984	139,026,800	126,274,209
Federal Program Revenues:					
21st Century	388,002	419,115	492,219	487,204	480,382
Coronavirus Relief Fund		-	-	2,357,648	-
Early Head Start	1,008,115	978,166	947,777	935,292	838,003
E-Rate	100,553	343,840	408,627	422,052	407,265
ESEA Title I, Part A - Improving Basic Programs	9,657,578	9,148,558	7,553,364	8,550,651	6,542,843
ESEA Title II, Part A - Teacher, Principal, Training, Recruiting	1,149,545	1,186,913	1,162,771	892,633	801,434
ESEA Title II, Part D - Technology Immersion Pilot (TIP)		-	-	-	-
ESEA Title III, Part A	1,133,094	797,489	721,996	907,795	688,893
ESSER I		-	-	193,092	5,505,785
ESSER II	219,001	21,258,476	5,310,948	1,623,873	-
ESSER III	25,679,709	17,383,455	14,208,013	-	-
FEMA Disaster Assistance **		147,207	734,829	-	-
IDEA Part B - Formula	4,371,432	3,761,101	4,537,509	4,257,122	3,748,976
IDEA, Part B - Formula - ARP		236,927	817,808	-	-
National School Breakfast and Lunch Program	17,607,877	16,826,134	17,280,084	12,212,854	12,371,041
SHARS	1,158,362	4,776,694	3,666,831	3,295,834	2,194,482
Title IV, Part A, Subpart 1	836,947	589,818	-	-	529,277
USDA Commodities	1,030,830	1,267,376	1,945,121	1,069,347	1,152,337
Vocational Education - Carl D. Perkins	388,002	419,115	370,815	316,317	345,440
Other Federal Program Revenue *	1,856,723	4,907,431	1,806,003	3,216,743	1,031,386
Total Federal Program Revenues	66,585,770	84,447,815	61,964,715	40,738,457	36,637,544
Total Revenues for Governmental Funds	$ 363,480,696	$ 376,906,951	$ 329,357,037	$ 327,772,231	$ 310,071,614

Note: This schedule is prepared in lieu of a Schedule of Tax Revenues by Source and includes all governmental fund types.

* 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.

** Disaster assistance grants received are the result of damage from Hurricane Ike, Hurricane Harvey, and the COVID-19 pandemic.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

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
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:					
21st Century	507,175	330,747	307,558	331,383	406,429
Coronavirus Relief Fund	-	-	-	-	-
Early Head Start	787,981	802,344	795,590	781,856	781,856
E-Rate	378,343	378,343	406,155	498,286	656,906
ESEA Title I, Part A - Improving Basic Programs	6,660,958	5,531,025	5,260,683	5,132,166	5,307,455
ESEA Title II, Part A - Teacher, Principal, Training, Recruiting	932,232	567,266	650,054	682,687	726,222
ESEA Title II, Part D - Technology Immersion Pilot (TIP)	-	-	-	-	726,222
ESEA Title III, Part A	674,919	699,755	927,765	683,384	658,421
ESSER I	-	-	-	-	-
ESSER II	-	-	-	-	-
ESSER III	-	-	-	-	-
FEMA Disaster Assistance **	-	-	-	-	-
IDEA Part B - Formula	4,304,814	3,642,371	3,778,859	3,515,491	3,727,742
IDEA, Part B - Formula - ARP	-	-	-	-	-
National School Breakfast and Lunch Program	15,584,005	13,311,988	10,877,567	11,012,191	10,597,174
SHARS	4,779,673	2,579,298	2,127,418	1,634,964	-
Title IV, Part A, Subpart 1	-	-	-	-	-
USDA Commodities	1,013,479	1,131,030	1,051,725	979,489	846,558
Vocational Education - Carl D. Perkins	331,444	317,990	253,670	-	-
Other Federal Program Revenue *	1,900,869	4,715,718	736,707	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

Note: This schedule is prepared in lieu of a Schedule of Tax Revenues by Source and includes all governmental fund types.

* 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.

** Disaster assistance grants received are the result of damage from Hurricane Ike, Hurricane Harvey, and the COVID-19 pandemic.

Galena Park
Independent School District

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 6

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended August 31,	Appraised Value Real Property	Appraised Value Personal Property	Less Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Actual Value	Assessed Value as a Percentage of Actual Value
2015	$ 3,919,364,078	$ 5,764,517,819	$ (2,250,681,962)	$ 7,433,199,935	$ 1.51340	$ 9,711,137,783	77%
2016	4,507,635,430	5,798,150,791	(2,163,524,334)	8,142,261,887	1.51340	10,369,374,842	79%
2017	4,940,676,453	5,278,686,671	(2,057,916,965)	8,161,446,159	1.56330	10,323,739,943	79%
2018	5,353,434,805	5,230,755,233	(2,406,483,054)	8,177,706,984	1.56330	10,681,744,645	77%
2019	5,536,400,083	5,245,830,296	(2,187,855,839)	8,594,374,540	1.56330	10,840,772,505	79%
2020	6,970,608,981	5,245,465,959	(2,408,313,931)	9,807,761,009	1.56330	12,369,311,847	79%
2021	7,394,834,447	5,087,573,836	(2,363,416,414)	10,118,991,869	1.45810	12,652,644,596	80%
2022	7,878,329,368	4,440,248,652	(2,380,208,148)	9,938,369,872	1.46510	12,571,097,154	79%
2023	8,700,968,000	5,586,850,190	(3,075,017,702)	11,212,800,488	1.35418	14,756,927,938	76%
2024	9,641,629,812	6,825,111,477	(4,087,180,799)	12,379,560,490	1.13191	17,127,779,134	72%

(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

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

Taxing Authority	2024	2023	2022	2021	2020
Overlapping Rates:					
Cities:					
Galena Park, City of	$ 0.86363	$ 0.83705	$ 1.00057	$ 0.96426	$ 1.11132
Houston, City of	0.51919	0.53364	0.55083	0.56184	0.56792
Jacinto City, City of	0.59687	0.65588	0.77359	0.77460	0.78355
Counties:					
Harris Co	0.35007	0.34373	0.37693	0.39116	0.40713
Municipal Utility Districts:					
Harris Co MUD #8	0.31000	0.34245	0.37799	0.40100	0.43000
Harris Co MUD #53	0.30000	0.33000	0.40000	0.53000	0.55000
Harris Co MUD #285	0.54000	0.59000	0.64000	0.66000	0.69000
Water Control and Improvement Districts:					
Harris Co WC&ID #36	0.23830	0.26670	0.28590	0.29800	0.32000
Port of Houston Authority	0.00574	0.00799	0.00872	0.00991	0.01074
Other Governmental Entities:					
Harris Co Dept. of Education	0.49000	0.00490	0.00499	0.00499	0.00500
Harris Co Flood Control District	0.03105	0.30550	0.03349	0.03142	0.02792
Harris Co FWSD #51	0.14000	0.20000	0.23000	0.25000	0.25000
San Jacinto Community College District	0.14620	0.15561	0.16797	0.16936	0.17817
District Direct Rates:					
Maintenance and Operations	0.83760	1.04270	1.12510	1.12810	1.14170
Debt Service	0.29431	0.31148	0.34000	0.33000	0.33000
Total District Direct Rates	$ 1.13191	$ 1.35418	$ 1.46510	$ 1.45810	$ 1.47170

Source: Harris County Appraisal District

GALENA PARK INDEPENDENT SCHOOL DISTRICT

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 8

PRINCIPAL TAXPAYERS

CURRENT AND NINE YEARS AGO

	2024			2015		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Oiltanking Houston Inc	$ 494,908,883	1	4.00%	$ 213,265,327	2	2.87%
Houston Fuel Oil	446,906,104	2	3.61%	155,787,983	4	2.10%
Kinder Morgan	400,336,799	3	3.23%	Not Available		
Magellan Terminal Holdings	298,278,696	4	2.41%	181,702,758	3	2.44%
Oiltanking Houston LP	285,973,236	5	2.31%	Not Available		
Enterprise Terminalling LLC	253,556,127	6	2.05%	Not Available		
Targa Midstream	212,157,727	7	1.71%	126,491,425	10	1.70%
Stolt Nielsen Inc	208,864,979	9	1.69%	Not Available		
Aero Products and Services JV, LLC	204,850,339	8	1.65%	Not Available		
Chevron Chemical Co	173,392,575	10	1.40%	134,442,511	7	1.81%
Helmerich & Payne	Not Available			304,568,095	1	4.10%
GE Packaged Power LP	Not Available			149,573,623	5	2.01%
Higman Barge Line Inc	Not Available			145,501,915	6	1.96%
National Oilwell Inc.	Not Available			128,869,444	8	1.73%
Shell Oil Co	Not Available			115,322,564	9	1.55%
	$ 2,979,225,465		24.06%	$ 1,655,525,645		22.27%

Source: District Records

0.01%

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		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	$ 112,211,659	$ 109,459,347	97.55%	$ 1,093,475	$ 110,552,822	98.52%
2016	122,867,017	121,009,127	98.49%	1,488,869	122,497,996	99.70%
2017	126,984,745	124,665,857	98.17%	966,710	125,632,567	98.94%
2018	126,720,248	124,470,324	98.22%	874,191	125,344,515	98.91%
2019	134,244,571	132,339,933	98.58%	150,654	132,490,587	98.69%
2020	143,206,745	137,481,913	96.00%	2,198,390	139,680,303	97.54%
2021	146,097,035	141,879,906	97.11%	372,190	142,252,096	97.37%
2022	143,394,349	138,833,036	96.82%	950,749	139,783,785	97.48%
2023	150,332,903	145,564,162	96.83%	752,329	146,316,491	97.33%
2024	138,835,051	135,543,454	97.63%	-	135,543,454	97.63%

(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	Leases	SBITAs	Total Primary Government	Ratio of Debt to Assessed Value (1)	Debt per Student (2)
2015	$ 252,892,055	$ 2,842,871	$ -	$ -	$ 255,734,926	3.79%	$ 11,358
2016	236,617,958	2,111,352	-	-	238,729,310	3.21%	10,545
2017	226,885,674	1,379,833	-	-	228,265,507	2.80%	10,140
2018	306,325,778	1,034,875	-	-	307,360,653	3.77%	13,490
2019	389,905,689	689,916	-	-	390,595,605	4.78%	17,290
2020	376,082,361	344,957	-	-	376,427,318	4.38%	16,888
2021	466,113,669	-	-	-	466,113,669	4.75%	20,783
2022	445,459,017	-	-	-	445,459,017	4.40%	20,324
2023	424,792,486	-	1,004,742	-	425,797,228	3.80%	19,905
2024	379,507,765	-	1,105,222	1,680,111	382,293,098	3.09%	18,114

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.

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)
2015	$ 252,892,055	$ 10,043,759	$ 242,848,296	3.27%	$ 10,727
2016	236,617,958	4,024,630	232,593,328	2.86%	10,332
2017	226,885,674	7,539,501	219,346,173	2.69%	9,627
2018	306,325,778	8,430,836	297,894,942	3.64%	13,186
2019	389,905,689	11,195,980	378,709,709	4.41%	16,991
2020	376,082,361	10,442,380	365,639,981	3.73%	16,303
2021	466,113,669	9,888,037	456,225,632	4.51%	20,815
2022	445,459,017	6,021,294	439,437,723	4.42%	20,505
2023	424,792,486	2,523,142	422,269,344	4.25%	19,704
2024	379,507,765	2,864,615	376,643,150	3.04%	17,846

(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, 2024

Governmental Unit	Net Debt Amount	Net Debt As Of	Percentage Overlapping	Amount of Overlapping Debt
Cities:				
Galena Park	$ 3,350,000	08/31/24	100.00%	$ 3,350,000
Houston	3,660,980,000	08/31/24	0.36%	13,179,528
Jacinto City	-	08/31/24	37.12%	-
Counties:				
Harris	2,577,839,039	08/31/24	1.44%	37,120,882
Municipal Utility Districts:				
Harris Co. MUD 8	875,000	08/31/24	100.00%	875,000
Harris Co. MUD 53	1,025,000	08/31/24	21.37%	219,043
Harris Co. MUD 285	59,395,000	08/31/24	57.98%	34,437,221
Harris Co. MUD 421	31,465,000	08/31/24	54.06%	17,009,979
Water Control and Improvement Districts				
Harris Co. WC&ID 36	11,765,000	08/31/24	99.53%	11,709,705
Port of Houston Authority	426,134,397	08/31/24	1.44%	6,136,335
Other Governmental Entities:				
Harris County Department of Education	28,960,000	08/31/24	1.44%	417,024
Harris County Flood Control District	991,095,000	08/31/24	1.44%	14,271,768
Harris Co. FWSD 47	2,985,000	08/31/24	17.49%	522,077
Harris Co. FWSD 51	8,320,000	08/31/24	100.00%	8,320,000
Harris County Hospital District	65,285,000	08/31/24	1.44%	940,104
Harris County Improvement Department	6,955,000	08/31/24	66.26%	4,608,383
Harris County Toll Road Authority	-	08/31/24	1.45%	-
San Jacinto Community College District	520,862,492	08/31/24	14.69%	76,514,700
			Subtotal, overlapping debt	229,631,749
			Galena Park Independent School District Direct Debt	382,293,098
			Total Direct and Overlapping Debt	$ 611,924,847

Sources: Texas Municipal Report issued by the Municipal Advisory Council of Texas

	2024	2023	2022	2021	2020
Debt Limit	$ 1,646,674,129	$ 1,428,781,819	$ 1,231,857,802	$ 1,248,240,828	$ 1,221,607,494
Less: Total Net Debt Applicable to Limit	376,128,622	400,883,389	421,223,088	438,827,388	454,849,426
Legal Debt Margin	$ 1,270,545,507	$ 1,027,898,430	$ 810,634,714	$ 809,413,440	$ 766,758,068
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	22.84%	28.06%	34.19%	35.16%	37.23%

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed Taxable Value	$ 12,379,560,490
Add back:	
Exempt Real Property	4,087,180,799
Total Assessed Value	$ 16,466,741,289
Debt Limit (10% of total assessed value)	$ 1,646,674,129
Debt Applicable to Limit:	
Schoolhouse and Refunding Bonds	378,993,237
Less: Amount set aside for repayment of bonds	(2,864,615)
Total Net Debt Applicable to Limit	376,128,622
Legal Debt Margin	$ 1,270,545,507

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.

	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%

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

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)
2015	20,832	$ 1,195,762,229	$ 57,400	$ 36,879	$ 248,528,847	4.6%
2016	20,911	1,210,395,703	57,883	51,831	236,747,445	5.8%
2017	21,000	1,371,699,481	65,319	52,874	255,361,808	5.2%
2018	21,123	1,490,080,386	70,543	53,815	274,514,924	4.4%
2019	21,240	1,592,091,619	74,957	54,294	284,905,380	3.9%
2020	21,275	1,855,452,355	87,213	54,294	291,723,832	8.5%
2021	21,284	2,066,108,071	97,073	55,951	311,430,719	6.1%
2022	21,341	2,321,575,872	108,785	57,788	Not Available	4.7%
2023	21,383	2,577,495,087	120,539	45,610	Not Available	4.9%
2024	21,461	2,372,934,072	110,570	46,958	Not Available	4.1%

(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) Texas Wages and Employment Projections of Texas Workforce Commission for Harris County
For the years 2016 - 2022, the Mean annual income is provided, based on available data.

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 15

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

	2024			2015 [1]		
Taxpayer	**Employees**	**Rank**	**Percentage of Principal Employers**	**Employees**	**Rank**	**Percentage of Principal Employers**
Galena Park Independent School District	3,268	1	45%	2,977	1	57%
Shell Oil Products	840	2	12%	-		-
Walmart	729	3	10%	400	4	8%
San Jacinto College North	645	4	9%	-		-
Commissioner Adrian Garcia	401	5	6%	-		-
Chevron (Pasadena Plastics Plant)	367	6	5%	592	2	11%
Stolt-Nielson	394	7	5%	-		-
United States Gypsum Co	200	8	3%	350	5	7%
Sams Club @ East Freeway	195	9	3%	500	3	9%
Home Depot	189	10	2%	-		-
National Oilwell Varco	-		-	350	6	7%
City of Galena Park	-		-	100	7	1%
	7,228		100%	5,269		100%

Source: District records or managerial contact for referenced Employer.

(1) Information was only available for seven companies in 2014.

Galena Park
Independent School District

GALENA PARK INDEPENDENT SCHOOL DISTRICT

Table 16

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Professional Staff										
Teachers	1,396	1,425	1,397	1,404	1,375	1,359	1,409	1,401	1,410	1,380
Professional Support	406	419	405	397	384	412	370	393	401	380
Campus Administration	88	88	89	89	88	87	78	78	80	77
Central Administration	53	55	56	59	62	54	52	57	51	47
Education Aides	313	300	253	231	271	250	239	245	204	223
Auxiliary Staff	1,013	1,026	1,016	1,045	1,075	1,057	1,044	980	794	870
Total	3,269	3,313	3,216	3,225	3,255	3,219	3,192	3,154	2,940	2,977

Source: Texas Education Agency TAPR (Texas Academic Performance Report)

		Governmental Funds		Government-wide	
Fiscal Year August 31,	Average Daily Attendance	Operating Expenditures (1)	Cost per Student	Governmental Activities Expenses	Cost per Student
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	10,934	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
2020	20,203	261,120,139	12,925	304,521,400	15,073
2021	20,696	276,928,350	13,381	314,761,392	15,209
2022	19,295	289,360,045	14,997	301,109,441	15,606
2023	19,329	315,885,988	16,888	324,564,657	16,792
2024	19,323	310,345,129	16,061	331,496,065	17,156

Source: District Records

(1) Operating expenditures include governmental fund expenditures less debt service and facilities acquisition and construction expenditures.

Fiscal Year August 31,	District Employees				Final Enrollment	Percentage Change in Enrollment	Student / Teacher Ratio	Students Participating in Free/Reduced Lunch Program
	Teachers	Professionals	Other	Total				
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	3,219	22,289	-1.34%	16	11,754
2020	1,375	384	1,496	3,255	22,428	0.62%	16	11,922
2021	1,404	397	1,423	3,224	21,918	-1.66%	16	12,888
2022	1,397	405	1,415	3,217	21,431	-2.22%	15	13,301
2023	1,425	419	1,469	3,313	21,392	-4.02%	15	13,795
2024	1,396	406	1,467	3,269	21,105	-1.34%	15	13,795

Source: District Records

(1) Operating expenditures include governmental fund expenditures less debt service and facilities acquisition and construction expenditures.

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)
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
2020	58,000	79,320	57,091
2021	59,000	79,845	57,641
2022	60,850	81,470	58,887
2023	62,750	83,145	60,717
2024	64,450	84,620	60,717

(1) Source: District Records

(2) Source: Texas Education Agency TAPR (Texas Academic Performance Report)

Building:	Year Built	2024	2023	2022	2021	2020
HIGH SCHOOLS						
Galena Park	1950					
Square Footage		277,914	277,914	277,914	277,914	277,914
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		1,903	1,914	1,872	1,876	1,813
North Shore West	1954					
Square Footage		390,876	390,876	390,876	390,876	390,876
Revised Sq Ft		390,876	390,876	390,876	390,876	390,876
Capacity (see note #1)		1,378	1,378	1,378	1,678	1,678
Enrollment		1,130	1,166	1,078	1,100	1,151
North Shore East (see note #3)	1956					
Square Footage		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)		N/A	N/A	N/A	N/A	N/A
North Shore Senior High - 10th Grade	2018					
Square Footage (see note #4)		125,020	125,020	125,020	125,020	125,020
Capacity (see note #1)		1,200	1,200	1,200	1,200	1,200
Enrollment		1,169	1,109	1,107	1,167	1,173
North Shore Senior High	1998					
Square Footage		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		2,319	2,294	2,343	2,335	2,228
Sub-Total Sq Ft. High Schools		**1,407,278**	**1,407,278**	**1,407,278**	**1,407,278**	**1,407,278**
MIDDLE SCHOOLS						
Galena Park	1993					
Square Footage		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		906	943	985	1,081	1,104
North Shore	1993					
Square Footage		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		1,264	1,260	1,337	1,380	1,351

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.
Note #5: New campus construction completed in 2019, open for the 2019-20 school year.
Note #6: New campus construction completed in 2020, open for the 2020-21 school year
Note #7: New campus construction completed in January 2024, open for the 2023-24 school year.

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
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
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
Capacity (see note #1)		1,134	1,134	1,134	1,134	1,134
Enrollment (see note #2)		N/A	N/A	N/A	N/A	N/A
North Shore Senior High - 10th Grade	2018					
Square Footage (see note #4)		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
Capacity (see note #1)		3,384	3,384	3,384	3,384	3,384
Enrollment		2,259	3,586	3,590	3,373	3,257
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
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
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

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.
Note #5: New campus construction completed in 2019, open for the 2019-20 school year.
Note #6: New campus construction completed in 2020, open for the 2020-21 school year
Note #7: New campus construction completed in January 2024, open for the 2023-24 school year.

Building:	Year Built	2024	2023	2022	2021	2020
MIDDLE SCHOOLS (continued)						
Woodland Acres	1947					
Square Footage		97,086	97,086	97,086	97,086	97,086
Capacity (see note #1)		659	659	659	659	659
Enrollment		585	603	570	569	546
Cunningham	1981					
Square Footage		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		981	928	986	977	986
Cobb 6th Grade Campus	2000					
Square Footage		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		981	1,030	1,016	1,153	1,253
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
Capacity (see note #1)		1,034	1,034	1,034	1,034	1,034
Enrollment		644	677	684	724	745
Cloverleaf	2019					
Square Footage (see note #5)		114,450	114,450	114,450	114,450	114,450
Capacity (see note #1)		968	968	968	968	968
Enrollment		824	803	766	769	810
Galena Park	2018					
Square Footage (see note #4)		91,901	91,901	91,901	91,901	91,901
Capacity (see note #1)		700	700	700	700	700
Enrollment		602	597	574	574	582

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
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Note #5: New campus construction completed in 2019, open for the 2019-20 school year
Note #6: New campus construction completed in 2020, open for the 2020-21 school year
Note #7: New campus construction completed in January 2024, open for the 2023-24 school year.

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
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
Capacity (see note #1)		1,123	1,123	1,123	1,123	1,123
Enrollment		962	988	1,015	958	945
Cobb 6th Grade Campus	2000					
Square Footage		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
Capacity (see note #1)		1,034	1,034	1,034	1,034	1,034
Enrollment		735	749	780	799	791
Cloverleaf	2019					
Square Footage (see note #5)		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
Capacity (see note #1)		700	700	700	700	700
Enrollment		602	603	622	644	628

Source: District Records
Note #1: Capacity does not include temporary buildings
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Note #6: New campus construction completed in 2020, open for the 2020-21 school year
Note #7: New campus construction completed in January 2024, open for the 2023-24 school year.

Building:	Year Built	2024	2023	2022	2021	2020
ELEMENTARY SCHOOLS (continued)						
Green Valley	1958					
Square Footage		96,041	96,041	96,041	96,041	96,041
Capacity (see note #1)		988	988	988	988	988
Enrollment		591	598	636	619	689
Jacinto City	2021					
Square Footage (see note #6)		119,712	119,712	119,712	119,712	95,554
Capacity (see note #1)		980	980	980	980	864
Enrollment		690	714	697	685	700
MacArthur	1951					
Square Footage		88,864	88,864	88,864	88,864	88,864
Capacity (see note #1)		790	790	790	790	790
Enrollment		583	614	622	631	672
North Shore	2018					
Square Footage (see note #4)		135,598	135,598	135,598	135,598	135,598
Capacity (see note #1)		1,010	1,010	1,010	1,010	1,010
Enrollment		891	951	1,008	969	1,002
Pyburn	2024					
Square Footage (see note #7)		104,473	73,654	73,654	73,654	73,654
Capacity (see note #1)		750	720	720	720	720
Enrollment		461	461	479	554	594
Woodland Acres	2018					
Square Footage (see note #4)		80,497	80,497	80,497	80,497	80,497
Capacity (see note #1)		500	500	500	500	500
Enrollment		440	443	445	468	459

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.
Note #5: New campus construction completed in 2019, open for the 2019-20 school year.
Note #6: New campus construction completed in 2020, open for the 2020-21 school year
Note #7: New campus construction completed in January 2024, open for the 2023-24 school year.

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
Capacity (see note #1)		988	988	988	988	988
Enrollment		677	763	780	806	765
Jacinto City	1943					
Square Footage (see note #6)		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
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
Capacity (see note #1)		1,010	920	920	920	920
Enrollment		992	969	995	987	959
Pyburn	2024					
Square Footage (see note #7)		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
Capacity (see note #1)		500	499	499	499	499
Enrollment		481	469	459	438	437

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.
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Note #5: New campus construction completed in 2019, open for the 2019-20 school year.
Note #6: New campus construction completed in 2020, open for the 2020-21 school year
Note #7: New campus construction completed in January 2024, open for the 2023-24 school year.

Building:	Year Built	2024	2023	2022	2021	2020
ELEMENTARY SCHOOLS (continued)						
Tice	1981					
Square Footage		80,680	80,680	80,680	80,680	80,680
Capacity (see note #1)		792	792	792	792	792
Enrollment		679	668	655	716	680
Purple Sage	1990					
Square Footage		92,795	92,795	92,795	92,795	92,795
Capacity (see note #1)		747	747	747	747	747
Enrollment		455	451	544	559	528
Havard	2000					
Square Footage		102,713	102,713	102,713	102,713	102,713
Capacity (see note #1)		890	890	890	890	890
Enrollment		704	664	607	652	711
Normandy Crossing	2004					
Square Footage		106,800	106,800	106,800	106,800	106,800
Capacity (see note #1)		777	777	777	777	777
Enrollment		618	660	607	656	632
Shirley J Williamson	2003					
Square Footage		105,000	105,000	105,000	105,000	105,000
Capacity (see note #1)		797	797	797	797	797
Enrollment		641	661	659	685	680
Sam Houston	2007					
Square Footage		105,000	105,000	105,000	105,000	105,000
Capacity (see note #1)		880	880	880	880	880
Enrollment		740	708	737	803	826
Sub-Total Sq Ft. Elementary Schools		**1,514,647**	**1,483,828**	**1,483,828**	**1,483,828**	**1,483,828**

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.
Note #5: New campus construction completed in 2019, open for the 2019-20 school year.
Note #6: New campus construction completed in 2020, open for the 2020-21 school year
Note #7: New campus construction completed in January 2024, open for the 2023-24 school year.

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
Capacity (see note #1)		792	792	792	792	792
Enrollment		690	714	700	690	733
Purple Sage	1990					
Square Footage		92,795	92,795	92,795	92,795	92,795
Capacity (see note #1)		747	747	747	747	747
Enrollment		548	596	568	560	503
Havard	2000					
Square Footage		102,713	102,713	102,713	102,713	102,713
Capacity (see note #1)		890	890	890	890	890
Enrollment		690	700	682	696	679
Normandy Crossing	2004					
Square Footage		106,800	106,800	106,800	106,800	106,800
Capacity (see note #1)		777	777	777	777	777
Enrollment		664	668	643	630	652
Shirley J Williamson	2003					
Square Footage		105,000	105,000	105,000	105,000	105,000
Capacity (see note #1)		797	797	797	797	797
Enrollment		688	628	641	621	698
Sam Houston	2007					
Square Footage		105,000	105,000	105,000	105,000	105,000
Capacity (see note #1)		880	880	880	880	880
Enrollment		837	854	869	848	863
Sub-Total Sq Ft. Elementary Schools		**1,434,566**	**1,356,765**	**1,356,765**	**1,356,765**	**1,356,765**

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.
Note #5: New campus construction completed in 2019, open for the 2019-20 school year.
Note #6: New campus construction completed in 2020, open for the 2020-21 school year
Note #7: New campus construction completed in January 2024, open for the 2023-24 school year.

Building:	Year Built	2024	2023	2022	2021	2020
OTHER CAMPUSES						
Becker Early Head Start						
Square Footage		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
Capacity		48	48	48	48	48
Enrollment		55	54	43	48	48
Childcare Center	2019					
Square Footage		23,147	23,147	23,147	23,147	-
Capacity		238	238	238	238	-
Enrollment		115	99	115	70	-
Sub-Total Sq Ft. Other Campuses		**42,093**	**42,093**	**42,093**	**42,093**	**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						
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		**3,965,462**	**3,934,643**	**3,934,643**	**3,934,643**	**3,911,496**

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.
Note #5: New campus construction completed in 2019, open for the 2019-20 school year.
Note #6: New campus construction completed in 2020, open for the 2020-21 school year
Note #7: New campus construction completed in January 2024, open for the 2023-24 school year.

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
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
Capacity		48	48	48	48	48
Enrollment		48	48	48	48	48
Childcare Center	2019					
Square Footage		-	-	-	-	-
Capacity		-	-	-	-	-
Enrollment		-	-	-	-	-
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.
Note #5: New campus construction completed in 2019, open for the 2019-20 school year.
Note #6: New campus construction completed in 2020, open for the 2020-21 school year
Note #7: New campus construction completed in January 2024, open for the 2023-24 school year.

Galena Park
Independent School District

GALENA PARK INDEPENDENT SCHOOL DISTRICT

REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS

For the Year Ended August 31, 2024

SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered **to not have made** timely payments.) Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	$ 61,064,848

NOTE: This schedule is to be included as part of the annual financial audit report (AFR) submission on the required due date and published as a part of the school district's AFR. This schedule should be submitted in the data feed file and submitted as an Adobe Acrobat portable document file (pdf).

APPENDIX E

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM

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 is governed 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.

The regular session of the 89th Texas Legislature (the "Legislature") convened on January 14, 2025, and is scheduled to conclude on June 2, 2025. As of the date of this disclosure, the regular session is underway. The Texas Governor may call one or more special sessions at the conclusion of the regular session. During this time, the Legislature may enact laws that materially change current law as it relates to the Guarantee Program, the TEA, the State Board of Education (the "SBOE"), the Permanent School Fund Corporation (the "PSF Corporation"), the Act, and Texas school finance generally. No representation is made regarding any actions the Legislature has taken or may take, but the TEA, SBOE, and PSF Corporation monitor and analyze legislation for any developments applicable thereto.

History and Purpose

The PSF supports the State's public school system in two major ways: distributions to the constitutionally established Available School Fund (the "ASF"), as described below, and the guarantee of school district and charter district issued bonds through the Guarantee Program. The PSF was created in 1845 and received its first significant funding with a $2,000,000 appropriation by the Legislature in 1854 expressly for the benefit of the public schools of Texas, with the sole purpose of assisting in the funding of public education for present and future generations. The Constitution of 1876 described that the PSF would be "permanent," and 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 was established and administered, which occurred on September 13, 2003 (the "Total Return Constitutional Amendment"), and which is further described below, only the income produced by the PSF could be used to complement taxes in financing public education, which primarily consisted of income from securities, 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.

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 "Education Commissioner"), bonds properly issued by a school district are fully guaranteed by 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 Education Commissioner. On approval by the Education Commissioner, bonds properly issued by a charter district participating in the Guarantee Program are fully guaranteed by the PSF. The Charter District Bond Guarantee Program 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 (the "Attorney General") been requested to issue an opinion, with respect to its constitutional validity.

Audited financial information for the PSF is provided annually through the PSF Corporation's Annual Comprehensive Financial Report (the "Annual Report"), which is filed with the Municipal Securities Rulemaking Board ("MSRB"). The Texas School Land Board's (the "SLB") land and real assets investment operations, which are part of the PSF as described below, are also included in the annual financial report of the Texas General Land Office (the "GLO") that is included in the annual comprehensive report of the State of Texas. The Annual Report includes the Message From the Chief Executive Officer of the PSF Corporation (the "Message") and the Management's Discussion and Analysis ("MD&A"). The Annual Report for the year ended August 31, 2024, 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 United States 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, 2024, 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, 2024, and for a description of the financial results of the PSF for the year ended August 31, 2024, the most recent year for which audited financial information regarding the Fund is available. The 2024 Annual Report speaks only as of its date and the PSF Corporation has not obligated itself to update the 2024 Annual Report or any other Annual Report. The PSF Corporation posts (i) each Annual Report, which includes statistical data regarding the Fund as of the close of each fiscal year, (ii) the most recent disclosure for the Guarantee Program, (iii) the PSF Corporation's Investment Policy Statement (the "IPS"), and (iv) monthly updates with respect to the capacity of the Guarantee Program (collectively, the "Web Site Materials") on the PSF Corporation's web site at https://texaspsf.org 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, are available from the SEC at www.sec.gov/edgar. A list of the Fund's equity and fixed income holdings as of August 31 of each year is posted to the PSF Corporation's 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.

Management and Administration of the Fund

The Texas Constitution and applicable statutes delegate to the SBOE and the PSF Corporation the authority and responsibility for investment of the PSF's financial assets. The SBOE consists of 15 members who are elected by territorial districts in the State to four-year terms of office. The PSF Corporation is a special-purpose governmental corporation and instrumentality of the State entitled to sovereign immunity, and is governed by a nine-member board of directors (the "PSFC Board"), which consists of five members of the SBOE, the Land Commissioner, and three appointed members who have substantial background and expertise in investments and asset management, with one member being appointed by the Land Commissioner and the other two appointed by the Governor with confirmation by the Senate.

The PSF's non-financial real assets, including land, mineral and royalty interests, and individual real estate holdings, are held by the GLO and managed by the SLB. The SLB is required to send PSF mineral and royalty revenues to the PSF Corporation for investment, less amounts specified by appropriation to be retained by the SLB.

The Texas Constitution provides that the Fund shall be managed through the exercise of 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 "Prudent Person Standard"). In accordance with the Texas Constitution, the SBOE views the PSF as a perpetual endowment, and the Fund is managed as an endowment fund with a long-term investment horizon. For a detailed description of the PSFC Board's investment objectives, as well as a description of the PSFC Boards's roles and responsibilities in managing and administering the Fund, see the IPS and Board meeting materials (available on the PSF Corporation's website).

As described below, the Total Return Constitutional Amendment restricts the annual pay-out from the Fund to both (i) 6% of the average of the market value of the Fund, excluding real property, 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, and (ii) the total-return on all investment assets of the Fund over a rolling ten-year period.

By law, the Education Commissioner is appointed by the Governor, with Senate confirmation, and assists the SBOE, but the Education Commissioner can neither be hired nor dismissed by the SBOE. The PSF Corporation has also engaged outside counsel to advise it as to its duties with respect to 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. TEA's General Counsel provides legal advice to the SBOE but will not provide legal advice directly to the PSF Corporation.

The Total Return Constitutional Amendment shifted administrative costs of the Fund from the ASF to the PSF, providing that expenses of managing the PSF are to be paid "by appropriation" from the PSF. In January 2005, the Attorney General issued a legal opinion, Op. Tex. Att'y Gen. No. GA-0293 (2005), stating 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.

The Act requires that the Education Commissioner prepare, and the SBOE approve, an annual status report on the Guarantee Program (which is included in the Annual Report). The State Auditor or a certified public accountant audits the financial statements of the PSF, which are separate from other financial statements of the State. Additionally, not less than once each year, the PSFC Board must submit an audit report to the Legislative Budget Board ("LBB") regarding the operations of the PSF Corporation. The PSF Corporation may contract with a certified public accountant or the State Auditor to conduct an independent audit of the operations of the PSF Corporation, but such authorization does not affect the State Auditor's authority to conduct an audit of the PSF Corporation in accordance with State laws.

For each biennium, beginning with the 2024-2025 State biennium, the PSF Corporation is required to submit a legislative appropriations request ("LAR") to the LBB and the Office of the Governor that details a request for appropriation of funds to enable the PSF Corporation to carry out its responsibilities for the investment management of the Fund. The requested funding, budget structure, and riders are sufficient to fully support all operations of the PSF Corporation in state fiscal years 2026 and 2027. As described therein, the LAR is designed to provide the PSF Corporation with the ability to operate as a stand-alone state entity in the State budget while retaining the flexibility to fulfill its fiduciary duty and provide oversight and transparency to the Legislature and Governor.

The Total Return Constitutional Amendment

The Total Return Constitutional Amendment requires that PSF distributions to the ASF be determined using a "total-return-based" approach that 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, in accordance with the rate adopted by: (a) a vote of two-thirds of the total membership of the 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"), 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) 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." The definition of intergenerational equity that the SBOE has generally followed 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 PSF Corporation and TEA staff and external investment consultants, 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 student enrollment State-wide, the projected contributions and expenses of the Fund, projected returns in the capital markets and a projected inflation rate.

The Texas Constitution also provides authority to the GLO or another entity (described in statute as the SLB or the PSF Corporation) that has responsibility for the management of revenues derived from 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. The Texas Constitution limits the maximum transfer to the ASF to $600 million in each year from the revenue derived during that year from the PSF from the GLO, the SBOE or another entity to the extent such entity has the responsibility for the management of revenues derived from such land or other properties. Any amount transferred to the ASF pursuant to this constitutional provision is excluded from the 6% Distribution Rate limitation applicable to SBOE transfers.

The following table shows amounts distributed to the ASF from the portions of the Fund administered by the SBOE (the "PSF(SBOE)"), the PSF Corporation (the "PSF(CORP)"), and the SLB (the "PSF(SLB)").

Annual Distributions to the Available School Fund[1]

Fiscal Year Ending	2015	2016	2017	2018	2019	2020	2021	2022	2023[2]	2024
PSF(CORP) Distribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$2,076	$2,156
PSF(SBOE) Distribution	839	1,056	1,056	1,236	1,236	1,102	1,102	1,731	-	-
PSF(SLB) Distribution	-	-	-	-	300	600	600[3]	415	115	-
Per Student Distribution	173	215	212	247	306	347	341	432	440	430

[1] In millions of dollars. Source: Annual Report for year ended August 31, 2024.
[2] Reflects the first fiscal year in which distributions were made by the PSF Corporation.
[3] In September 2020, the SBOE approved a special, one-time transfer of $300 million from the portion of the PSF managed by the SBOE to the portion of the PSF managed by the SLB, which amount is to be transferred to the ASF by the SLB in fiscal year 2021. In approving the special transfer, the SBOE determined that the transfer was in the best interest of the PSF due to the historic nature of the public health and economic circumstances resulting from the COVID-19 pandemic and its impact on the school children of Texas.

In November 2024, the SBOE approved a $3.6 billion distribution to the ASF for State fiscal biennium 2026-2027. In making its determination of the 2026-2027 Distribution Rate, the SBOE took into account the planned distribution to the ASF by the PSF Corporation of $1.2 billion for the biennium.

Efforts to achieve the intergenerational equity objective, as described above, result in changes in the Distribution Rate for each biennial period. The following table sets forth the Distribution Rates announced by the SBOE in the fall of each even-numbered year to be applicable for the following biennium.

State Fiscal Biennium	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21	2022-23	2024-25	2026-27
SBOE Distribution Rate[1]	2.5%	4.2%	3.3%	3.5%	3.7%	2.974%	4.18%	3.32%	3.45%

[1] Includes only distributions made to the ASF by the SBOE; see the immediately preceding table for amounts of direct SLB distributions to the ASF. In addition, the PSF Corp approved transfers of $600 million per year directly to the ASF for fiscal biennium 2026-27.

PSF Corporation Strategic Asset Allocation

The PSFC Board sets the asset allocation policy for the Fund, including determining the available asset classes for investment and approving target percentages and ranges for allocation to each asset class, with the goal of delivering a long-term risk adjusted return through all economic and market environments. The IPS includes a combined asset allocation for all Fund assets (consisting of assets transferred for management to the PSF Corporation from the SBOE and the SLB). The IPS provides that the Fund's investment objectives are as follows:

- Generate distributions for the benefit of public schools in Texas;
- Maintain the purchasing power of the Fund, after spending and inflation, in order to maintain intergenerational equity with respect to distributions from the Fund;

- Provide a maximum level of return consistent with prudent risk levels, while maintaining sufficient liquidity needed to support Fund obligations; and
- Maintain a AAA credit rating, as assigned by a nationally recognized securities rating organization.

The table below sets forth the current strategic asset allocation of the Fund that was adopted September 2024 (which is subject to change from time to time):

Asset Class	Strategic Asset Allocation	Range	
		Min	Max
Cash	2.0%	0.0%	n/a
Core Bonds	10.0%	5.0%	15.0%
High Yield	2.0%	0.0%	7.0%
Bank Loans	4.0%	0.0%	9.0%
Treasury Inflation Protected Securities	2.0%	0.0%	7.0%
Large Cap Equity	14.0%	9.0%	19.0%
Small/Mid-Cap Equity	6.0%	1.0%	11.0%
Non-US Developed Equity	7.0%	2.0%	12.0%
Absolute Return	3.0%	0.0%	8.0%
Real Estate	12.0%	7.0%	17.0%
Private Equity	20.0%	10.0%	30.0%
Private Credit	8.0%	3.0%	13.0%
Natural Resources	5.0%	0.0%	10.0%
Infrastructure	5.0%	0.0%	10.0%

The table below sets forth the comparative investments of the PSF for the fiscal years ending August 31, 2023 and 2024, as set forth in the Annual Report for the 2024 fiscal year. As of January 1, 2023, the assets of the PSF(SBOE) and the PSF(SLB) were generally combined (referred to herein as the PSF(CORP)) for investment management and accounting purposes.

Comparative Investment Schedule – PSF(CORP)

Fair Value (in millions) August 31, 2024 and 2023

ASSET CLASS	August 31, 2024	August 31, 2023	Amount of Increase (Decrease)	Percent Change
EQUITY				
Domestic Small Cap	$3,651.3	$ 2,975.1	$ 676.2	22.7%
Domestic Large Cap	8,084.6	7,896.5	188.1	2.4%
Total Domestic Equity	11,735.9	10,871.6	864.3	8.0%
International Equity	4,131.1	7,945.5	(3,814.4)	-48.0%
TOTAL EQUITY	15,867.0	18,817.1	(2,950.1)	-15.7%
FIXED INCOME				
Domestic Fixed Income	-	5,563.7	-	-
US Treasuries	-	937.5	-	-
Core Bonds	8,151.6	-	-	-
Bank Loans	2,564.1	-	-	-
High Yield Bonds	2,699.5	1,231.6	1,467.9	119.2%
Emerging Market Debt	-	869.7	-	-
TOTAL FIXED INCOME	13,415.2	8,602.5	4,812.7	55.9%
ALTERNATIVE INVESTMENTS				
Absolute Return	3,106.0	3,175.8	(69.8)	-2.2%
Real Estate	6,101.0	6,525.2	(424.2)	-6.5%
Private Equity	8,958.8	8,400.7	558.1	6.6%
Emerging Manager Program	-	134.5	-	-
Real Return	-	1,663.7	-	-
Private Credit	2,257.9	-	-	-
Real Assets	4,648.1	4,712.1	(64.0)	-1.4%
TOT ALT INVESTMENTS	25,071.8	24,612.0	459.8	1.9%

UNALLOCATED CASH	2,583.2	348.2	2,235	641.9%
TOTAL PSF(CORP) INVESTMENTS	56,937.2	$ 52,379.8	$ 4,557.4	8.7%

Source: Annual Report for year ended August 31, 2024.

The table below sets forth the investments of the PSF(SLB) for the year ended August 31, 2024.

Investment Schedule - PSF(SLB)[1]

Fair Value (in millions) August 31, 2024

	As of 8-31-24	
Investment Type		
Investments in Real Assets		
Sovereign Lands	$ 277.47	
Discretionary Internal Investments	457.01	
Other Lands	153.15	
Minerals [(2), (3)]	4,540.61	[(6)]
Total Investments[(4)]	5,428.23	
Cash in State Treasury [(5)]	0	
Total Investments & Cash in State Treasury	$ 5,428.23	

[1] Unaudited figures from Table 5 in the FY 2024 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.
[2] Historical Cost of investments at August 31, 2024 was: Sovereign Lands $838,730.24; Discretionary Internal Investments $318,902,420.97; Other Lands $37,290,818.76; and Minerals $13,437,063.73.
[3] Includes an estimated 1,000,000.00 acres in freshwater rivers.
[4] Includes an estimated 1,747,600.00 in excess acreage.
[5] Cash in State Treasury is managed by the Treasury Operations Division of the Comptroller of Public Accounts of the State of Texas.
[6] Future Net Revenues discounted at 10% and then adjusted for risk factors. A mineral reserve report is prepared annually by external third-party petroleum engineers.

The asset allocation of the Fund's financial assets portfolio is subject to change by the PSF Corporation from time to time based upon a number of factors, including recommendations to the PSF Corporation made by internal investment staff and external consultants. Fund performance may also be affected by factors other than asset allocation, including, without limitation, the general performance of the securities markets and other capital markets in the United States and abroad, which may be affected by different levels of economic activity; decisions of political officeholders; significant adverse weather events; development of hostilities in and among nations; cybersecurity threats and events; changes in international trade policies or practices; application of the Prudent Person 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 PSF operational limitations impacted by Texas law or legislative appropriation. The Guarantee Program could also be impacted by changes in State or federal law or regulations or the implementation of new accounting standards.

The School District Bond Guarantee Program

The School District Bond Guarantee Program requires an application be made by a school district to the Education 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 as and when may become 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 Education 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 Education 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, as applicable. 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 Education 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 Education 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 Education 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 Education 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 regulations that govern the School District Bond Guarantee Program (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. The SDBGP 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 33.6 and are available at https://tea.texas.gov/finance-and-grants/state-funding/facilities-funding-and-standards/bond-guarantee-program.

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 33.7 and are available at https://tea.texas.gov/finance-and-grants/state-funding/facilities-funding-and-standards/bond-guarantee-program.

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 Education 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.

Pursuant to the CDBGP Rules, the Education Commissioner annually determines the ratio of charter district students to total public school students, for the 2025 fiscal year, the ratio is 7.86%. At February 27, 2025, there were 188 active open-enrollment charter schools in the State and there were 1,222 charter school campuses authorized under such charters, though as of such date, 264 of such campuses are not currently serving students for various reasons; therefore, there are 958 charter school campuses actively serving students in Texas. Section 12.101, Texas Education Code, limits the number of charters that the Education Commissioner may grant 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 Education 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 Education 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.

In the event of default, holders of guaranteed charter district bonds will receive all payments as and when they become due from the corpus of the PSF. Following a determination that a charter district will be or is unable to pay maturing or matured principal or interest on any guaranteed bond, the Act requires a charter district to notify the Education Commissioner not later than the fifth day before the stated maturity date of such bond or interest payment and 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 Education 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, as applicable. 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 Education 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, as applicable. If a total of two or more payments are made under the Charter District Bond Guarantee Program on charter district bonds and the Education Commissioner determines that the charter district is acting in bad faith under the program, the Education 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 Education 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 Education 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. The Charter District Bond Guarantee Program Capacity (the "CDBGP Capacity") is made available from the capacity of the Guarantee Program but is not reserved exclusively for the Charter District Bond Guarantee Program. See "Capacity Limits for the 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, changes in State or federal law or regulations related to the Guarantee Program limit, 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 Guarantee Program, or a combination of such circumstances.

Capacity Limits for the Guarantee Program

The capacity of the Fund to guarantee bonds under the Guarantee Program is limited to the lesser of that imposed by State law (the "State Capacity Limit") and that imposed by regulations and a notice issued by the IRS (the "IRS Limit", with the limit in effect at any given time being the "Capacity Limit"). 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 after the IRS updated regulations relating to the PSF and similar funds.

Prior to 2007, various legislation was enacted modifying the calculation of the State Capacity limit; however, in 2007, Senate Bill 389 ("SB 389") was enacted, providing for 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 provided that the SBOE shall at least annually consider whether to change the capacity of the Guarantee Program. Additionally, on May 21, 2010, the SBOE modified the SDBGP Rules, and increased the State Capacity Limit 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 Education Commissioner will estimate the available capacity of the PSF each month and may increase or reduce the State Capacity Limit multiplier to prudently manage fund capacity and maintain the AAA credit rating of the Guarantee Program but also provide that any changes to the multiplier made by the Education 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.

Since September 2015, the SBOE has periodically voted to change the capacity multiplier as shown in the following table.

Changes in SBOE-determined multiplier for State Capacity Limit

Date	Multiplier
Prior to May 2010	2.50
May 2010	3.00
September 2015	3.25
February 2017	3.50
September 2017	3.75
February 2018 (current)	3.50

Since December 16, 2009, the IRS Limit was a static limit set at 500% of the total cost value of the assets held by the PSF as of December 16, 2009; however, on May 10, 2023, the IRS released Notice 2023-39 (the "IRS Notice"), stating that the IRS would issue regulations amending the existing regulations to amend the calculation of the IRS limit to 500% of the total cost value of assets held by the PSF as of the date of sale of new bonds, effective as of May 10, 2023.

The IRS Notice changed the IRS Limit from a static limit to a dynamic limit for the Guarantee Program based upon the cost value of Fund assets, multiplied by five. As of January 31, 2025 the cost value of the Guarantee Program was $48,560,433,760 (unaudited), thereby producing an IRS Limit of $242,802,168,800 in principal amount of guaranteed bonds outstanding.

As of January 31, 2025, the estimated State Capacity Limit is $169,961,518,160, which is lower than the IRS Limit, making the State Capacity Limit the current 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 March 1, 2023, the Act provides that the SBOE may establish a percentage of the Capacity Limit to be reserved from use in guaranteeing bonds (the "Capacity Reserve"). The SDBGP Rules provide for a maximum Capacity Reserve for the overall Guarantee Program of 5% and provide that the amount of the Capacity Reserve may be increased or decreased by a majority vote of the SBOE based on changes in the cost value, asset allocation, and risk in the portfolio, or may be increased or decreased by the Education Commissioner as necessary to prudently manage fund capacity and preserve the AAA credit rating of the Guarantee Program (subject to ratification or rejection by the SBOE at the next meeting for which an item can be posted). The CDBGP Rules provide for an additional reserve of CDBGP Capacity determined by calculating an equal percentage as established by the SBOE for the Capacity Reserve, applied to the CDBGP Capacity. Effective March 1, 2023, the Capacity Reserve is 0.25%. The Capacity Reserve is noted in the monthly updates with respect to the capacity of the Guarantee Program on the PSF Corporation's web site at https://texaspsf.org/monthly-disclosures/, 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 Fund investment performance, 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 significant changes in distributions to the ASF. The issuance of the IRS Notice and the Final IRS Regulations resulted in a substantial increase in the amount of bonds guaranteed under the Guarantee Program.

No representation is made as to how the capacity will remain available, and the capacity of the Guarantee Program is subject to change due to a number of factors, including changes in bond issuance volume throughout the State and some bonds receiving guarantee approvals may not close. If the amount of guaranteed bonds approaches the State Capacity Limit, the SBOE or Education Commissioner may increase the State Capacity Limit multiplier as discussed above.

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. SB 1480 amended the Act to modify how the CDBGP Capacity is established effective as of September 1, 2017, and made other substantive changes to the Charter District Bond Guarantee Program. Prior to the enactment of SB 1480, the CDBGP Capacity was calculated as the Capacity Limit <u>less</u> 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. SB 1480 amended the CDBGP Capacity calculation so that the Capacity Limit is multiplied by the percentage of charter district scholastic population relative to the total public school scholastic population <u>prior to</u> the subtraction of the outstanding bond guarantees, thereby increasing the CDBGP Capacity.

The percentage of the charter district scholastic population to the overall public school scholastic population has grown from 3.53% in September 2012 to 7.86% in February 2025. TEA is unable to predict how the ratio of charter district students to the total State scholastic population will change over time.

In addition to modifying the manner of determining the CDBGP Capacity, SB 1480 provided that the Education 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 Education Commissioner may decline to approve the application if the Education Commissioner determines that sufficient security is not provided. The Act and the CDBGP Rules also require the Education Commissioner to make an investigation of the accreditation status and financial status for a charter district applying for a bond guarantee.

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 Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 10% 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 Education Commissioner, for deposit in the Charter District Reserve Fund, an amount equal to 20% 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 3.00% of the total amount of outstanding guaranteed bonds issued by charter districts. At January 31, 2025, the Charter District Reserve Fund contained $120,355,020, which represented approximately 2.44% of the guaranteed charter district bonds. The Reserve Fund is held and invested as a non-commingled fund under the administration of the PSF Corporation 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. Additionally, the amount of State payments a charter district receives is based on a variety of factors, including the enrollment at the schools operated by a charter district, and may be affected by the State's economic performance and other budgetary considerations and various political considerations.

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 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.

As a general rule, the operation of a charter school involves fewer State requirements and regulations for charter holders as compared to other public schools, but the maintenance of a State-granted charter is dependent upon on-going compliance with State law and regulations, which are monitored by TEA. 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. Charter holders are governed by a private board of directors, as compared to the elected boards of trustees that govern school districts.

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 established the Charter District Reserve Fund, to serve as a reimbursement resource for the PSF.

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 the applicable rating section within the offering document to which this is attached for information regarding a district's underlying rating and the enhanced rating applied to a given series of bonds.

Valuation of the PSF and Guaranteed Bonds

Permanent School Fund Valuations

Fiscal Year Ended 8/31	Book Value(1)	Market Value(1)
2020	$36,642,000,738	$46,764,059,745
2021	38,699,895,545	55,582,252,097
2022	42,511,350,050	56,754,515,757
2023	43,915,792,841	59,020,536,667
2024(2)	46,276,260,013	56,937,188,265

(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 current, unaudited values for PSF investment portfolios and cash held by the SLB are used. 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 Corporation by the SLB. The SLB reports that information to the PSF Corporation 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, 2024, mineral assets, sovereign lands, other lands, and discretionary internal investments, had book values of approximately $13.4 million, $0.8 million, $37.2 million, and $318.9 million, respectively, and market values of approximately $4,540.6 million, $277.4 million, $153.1 million, and $457.0 million, respectively.

Permanent School Fund Guaranteed Bonds

At 8/31	Principal Amount[1]
2020	$90,336,680,245
2021	95,259,161,922
2022	103,239,495,929
2023	115,730,826,682
2024	125,815,981,603[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] At August 31, 2024 (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 $196,294,405,488, of which $70,478,423,885 represents interest to be paid. As shown in the table above, at August 31, 2024, there were $125,815,981,603 in principal amount of bonds guaranteed under the Guarantee Program. Using the State Capacity Limit of $169,961,518,160 (the State Capacity Limit is currently the Capacity Limit), net of the Capacity Reserve, as of January 31, 2025, 7.69% of the Guarantee Program's capacity was available to the Charter District Bond Guarantee Program. As of January 31, 2025, the amount of outstanding bond guarantees represented 76.33% of the Capacity Limit (which is currently the State Capacity Limit). January 31, 2025 values are based on unaudited data, which is subject to adjustment.

Permanent School Fund Guaranteed Bonds by Category[1]

	School District Bonds		Charter District Bonds		Totals	
Fiscal Year Ended 8/31	No. of Issues	Principal Amount ($)	No. of Issues	Principal Amount ($)	No. of Issues	Principal Amount ($)
2020	3,296	87,800,478,245	64	2,536,202,000	3,360	90,336,680,245
2021	3,346	91,951,175,922	83	3,307,986,000	3,429	95,259,161,922
2022	3,348	99,528,099,929	94	3,711,396,000	3,442	103,239,495,929
2023	3,339	111,647,914,682	102	4,082,912,000	3,441	115,730,826,682
2024[2]	3,330	121,046,871,603	103	4,769,110,000	3,433	125,815,981,603

[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 January 31, 2025 (based on unaudited data, which is subject to adjustment), there were $129,723,799,121 in principal amount of bonds guaranteed under the Guarantee Program, representing 3,437 school district issues, aggregating $124,794,149,121 in principal amount and 109 charter district issues, aggregating $4,929,650,000 in principal amount. At January 31, 2025 the projected guarantee capacity available was $39,780,221,830 (based on unaudited data, which is subject to adjustment).

Discussion and Analysis Pertaining to Fiscal Year Ended August 31, 2024

The following discussion is derived from the Annual Report for the year ended August 31, 2024, including the Message from the Chief Executive Officer of the Fund, the Management's Discussion and Analysis, and other schedules 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 PSF Corporation are referred to throughout this MD&A as the PSF(CORP). The Fund's non-financial real assets are managed by the SLB and these assets are referred to throughout as the PSF(SLB) assets.

At the end of fiscal year 2024, the PSF(CORP) net position was $57.3 billion. During the year, the PSF(CORP) continued implementing the long-term strategic asset allocation, diversifying the investment mix 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(CORP) is invested in global markets and liquid and illiquid assets experience volatility commensurate with the related indices. The PSF(CORP) is broadly diversified and benefits from the cost structure of its investment program. Changes continue to be researched, crafted, and implemented to make the cost structure more effective and efficient. The PSF(CORP) annual rates of return for the one-year, five-year, and ten-year periods ending August 31, 2024, net of fees, were 10.12%, 7.31%, and 6.32%, 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). See "Comparative Investment Schedule - PSF(CORP)" for the PSF(CORP) holdings as of August 31, 2024.

Effective February 1, 2024, Texas PSF transitioned into a new strategic asset allocation. The new allocation of the PSF Corporation updated the strategic asset allocation among public equities, fixed income, and alternative assets, as discussed herein. Alternative assets now include private credit, absolute return, private equity, real estate, natural resources, and infrastructure. For a description of the accrual basis of accounting and more information about performance, including comparisons to established benchmarks for certain periods, please see the 2024 Annual Report which is included by reference herein.

PSF Returns Fiscal Year Ended 8-31-2024[1]

Portfolio	Return	Benchmark Return[2]
Total PSF(CORP) Portfolio	10.12	9.28
Domestic Large Cap Equities	27.30	27.14
Domestic Small/Mid Cap Equities	18.35	18.37
International Equities	18.82	18.08
Private Credit	1.41	0.93
Core Bonds	7.08	7.30
Absolute Return	11.50	8.87
Real Estate	(6.42)	(7.22)
Private Equity	4.62	4.23
High Yield	12.03	12.53
Natural Resources	12.36	6.42
Infrastructure	4.41	3.63
Bank Loans	3.02	3.23
Short Term Investment Portfolio	2.42	2.28

[1] Time weighted rates of return adjusted for cash flows for the PSF(CORP) investment assets. Does not include SLB managed real estate or real assets. Returns are net of fees. Source: Annual Report for year ended August 31, 2024.
[2] Benchmarks are as set forth in the Annual Report for year ended August 31, 2024.

The SLB is responsible for the investment of money in the Real Estate Special Fund Account (RESFA) of the PSF (also referred to herein as the PSF(SLB)). Pursuant to applicable law, money in the PSF(SLB) may be invested in land, mineral and royalty interest, and real property holdings. For more information regarding the investments of the PSF(SLB), please see the 2024 Unaudited Annual Financial Report of the Texas General Land Office and Veterans Land Board.

The Fund directly supports the public school system in the State by distributing a predetermined percentage of its asset value to the ASF. In fiscal year 2024, $2.2 billion was distributed to the ASF, $600 million of which was distributed by the PSF(CORP) on behalf of the SLB.

Other Events and Disclosures

State ethics laws govern the ethics and disclosure requirements for financial advisors and other service providers who advise certain State governmental entities, including the PSF. The SBOE code of ethics provides ethical standards for SBOE members, the Education Commissioner, TEA staff, and persons who provide services to the SBOE relating to the Fund. The PSF Corporation developed its own ethics policy that provides basic ethical principles, guidelines, and standards of conduct relating to the management and investment of the Fund in accordance with the requirements of §43.058 of the Texas Education Code, as amended. The SBOE code of ethics is codified in the Texas Administrative Code at 19 TAC sections 33.4 et seq. and is available on the TEA web site at https://tea.texas.gov/sites/default/files/ch033a.pdf. The PSF Corporation's ethics policy is posted to the PSF Corporation's website at texaspsf.org.

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

As of August 31, 2024, 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

As of March 1, 2023, the TEA's undertaking pursuant to Rule 15c2-12 (the "TEA Undertaking") pertaining to the PSF and the Guarantee Program, is codified at 19 TAC 33.8, which relates to the Guarantee Program and is available at available at https://tea.texas.gov/sites/default/files/ch033a.pdf.

Through the codification of the TEA Undertaking and its commitment to guarantee bonds, the TEA 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 Undertaking obligates the TEA to make any filings or disclosures with respect to guaranteed bonds, as the obligations of the TEA under the TEA Undertaking 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 Undertaking, the TEA is 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 PSF Corporation, on behalf of the TEA, and 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 offering document under the heading "THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM." The information also includes the Annual Report. The PSF Corporation will update and provide this information within six months after the end of each fiscal year.

The TEA and the PSF Corporation 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. In the event audits are not available by the filing deadline, unaudited financial statements will be provided by such deadline, and audited financial statements will be provided when 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 are required to be prepared to conform to U.S. Generally Accepted Accounting Principles as established by the Governmental Accounting Standards Board.

The Fund is composed of two primary segments: the financial assets (PSF(CORP)) managed by PSF Corporation, and the non-financial assets (PSF(SLB)) managed by the SLB. Each of these segments is reported separately und different bases of accounting.

The PSF Corporation reports as a special-purpose government engaged in business-type activities and reports to the State of Texas as a discretely presented component unit accounted for on an economic resources measurement focus and the accrual basis of accounting. Measurement focus refers to the definition of the resource flows measured. Under the accrual basis of accounting, all revenues reported are recognized in the period they are earned or when the PSF Corporation has a right to receive them. Expenses are recognized in the period they are incurred, and the subsequent amortization of any deferred outflows. Additionally, costs related to capital assets are capitalized and subsequently depreciated over the useful life of the assets. Both current and long-term assets and liabilities are presented in the statement of net position.

The SLB manages the Fund's non-financial assets (PSF(SLB)), is classified as a governmental permanent fund and accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, amounts are recognized as revenues in the period in which they are available to finance expenditures of the current period and are measurable. Amounts are considered measurable if they can be estimated or otherwise determined. Expenditures are recognized in the period in which the related liability is incurred, if measurable.

The State's current fiscal year end is August 31. Accordingly, the TEA and the PSF Corporation 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 and PSF Corporation will notify the MSRB of the change.

Event Notices

The TEA and the PSF Corporation 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 or the PSF Corporation 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 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 of the Guarantee Program; (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 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 such event is material within the meaning of the federal securities laws; (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 Guarantee 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 or the PSF Corporation will provide timely notice of any failure by the TEA or the PSF Corporation to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The TEA and the PSF Corporation have 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 and the PSF Corporation have agreed to update information and to provide notices of material events only as described above. The TEA and the PSF Corporation have 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 and the PSF Corporation make 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 and the PSF Corporation disclaim 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 and the PSF Corporation to comply with its agreement.

The continuing disclosure agreement 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 information and operating data concerning such entity and events notices relating to such guaranteed bonds. A description of such undertaking, if any, is included elsewhere in this offering document.

This continuing disclosure agreement may be amended by the TEA or the PSF Corporation 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 or the PSF Corporation, 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 or the PSF Corporation (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 or the PSF Corporation 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 Rule 15c2-12 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

Except as stated below, during the last five years, the TEA and the PSF Corporation have not failed to substantially comply with their previous continuing disclosure agreements in accordance with Rule 15c2-12. On April 28, 2022, TEA became aware that it had not timely filed its 2021 Annual Report with EMMA due to an administrative oversight. TEA took corrective action and filed the 2021 Annual Report with EMMA on April 28, 2022, followed by a notice of late filing made with EMMA on April 29, 2022. TEA notes that the 2021 Annual Report was timely filed on the TEA website by the required filing date and that website posting has been incorporated by reference into TEA's Bond Guarantee Program disclosures that are included in school district and charter district offering documents. On March 31, 2025, the TEA and the PSF Corporation became aware that the 2022 operating data was not timely filed with EMMA due to an administrative oversight. TEA and PSF Corporation took corrective action and filed a notice of late filing with EMMA on April 4, 2025. The annual operating data was previously posted to EMMA on March 31, 2023.

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.

Financial Advisory Services
Provided By:

SAMCO Capital