OFFICIAL STATEMENT

(See "Continuing Disclosure Information" herein)

Dated October 5, 2021

Ratings:
Moody's: "Aa3"
(See "OTHER INFORMATION - Ratings" herein)

NEW ISSUE - Book-Entry-Only

Interest on the Bonds is not excludable from gross income for federal tax purposes under existing law. See "TAX MATTERS" herein.

$11,785,000
CROWLEY INDEPENDENT SCHOOL DISTRICT
(Tarrant and, Johnson Counties, Texas)
UNLIMITED TAX SCHOOL BUILDING BONDS, TAXABLE SERIES 2021

Dated Date: October 1, 2021 **Due: As shown on Page 2**
Interest Accrual Date: Delivery Date (defined below)

PAYMENT TERMS . . . Interest on the $11,785,000 Crowley Independent School District Unlimited Tax School Building Bonds, Taxable Series 2021 (the "Bonds") will accrue from November 3, 2021 (the "Delivery Date"), will be payable February 1 and August 1 of each year commencing on February 1, 2022, until maturity and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued as fully registered obligations in denominations of $5,000 of principal amount or any integral multiple thereof for any one stated maturity. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in authorized denominations thereof. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** The principal and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein. The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas (see "THE BONDS – Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including Chapter 1371, Texas Government Code, as amended, Sections 45.001 and 45.003(b)(1) of the Texas Education Code, as amended, an election held in the Crowley Independent School District (the "District") on October 5, 2002, and an order (the "Bond Order") adopted by the Board of Trustees (the "Board") of the District on August 26, 2021, in which the Board delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who approved and executed a "Pricing Certificate" on October 5, 2021 which contains the final terms of sale and completes the sale of the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the "Order"). The Bonds are direct and voted obligations of the District, payable from an annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property located within the District (see "THE BONDS – Authority for Issuance"). **The Bonds are not guaranteed by the Permanent School Fund of Texas.**

PURPOSE . . . Proceeds from the sale of the Bonds will be used (1) for the construction, acquisition and equipment of school buildings in the District, and the purchase of the necessary sites for school buildings, to wit: a natatorium and (2) to pay the costs associated with the issuance of the Bonds.

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the underwriter named below (the "Underwriter") and subject to the approving opinion of the Attorney General of Texas and the opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Bond Counsel (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriter by its counsel, Sara Leon & Associates, PLLC, Austin, Texas and Orrick, Herrington & Sutcliffe LLP, Houston, Texas.

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on or about November 3, 2021.

MATURITY SCHEDULE
See Schedule on Page 2

STEPHENS INC.

MATURITY SCHEDULE **CUSIP[(1)] Prefix: 228130**

Maturity (8/1)	Principal Amount	Interest Rate	Initial Yield	CUSIP[(1)] Suffix
2022	$ 6,045,000	3.000%	0.390%	JG6
2023	5,740,000	3.000%	0.480%	JH4

(Interest to accrue from the Delivery Date)

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(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. None of the District, the Financial Advisor, or the Underwriter take any responsibility for the accuracy of CUSIP numbers.

NO REDEMPTION . . . The Bonds are not subject to redemption prior to maturity.

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

Certain information set forth herein has been obtained from the District and other sources which are considered to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor or the Underwriter. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE INFORMATION" for a description of the undertakings of the District to provide certain information on a continuing basis.

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

The cover page contains certain information for general reference only and is not intended as a summary of this offering. Investors should read the entire Official Statement, including all appendices attached hereto, to obtain information essential to making an informed investment decision.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES 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 UNDERWRITER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC") OR ITS BOOK-ENTRY ONLY SYSTEM AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SEC 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.

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

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT.............................. The Crowley Independent School District (the "District") is a political subdivision located in Tarrant and Johnson Counties, Texas. The District is approximately 57 square miles in area (see "INTRODUCTION - Description of the District").

THE BONDS................................. The $11,785,000 Unlimited Tax School Building Bonds, Taxable Series 2021 (the "Bonds") are issued as serial bonds maturing on August 1 in the years 2022 and 2023 (see "THE BONDS – Description of the Bonds").

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the date of their delivery to the Underwriter and is due semiannually on February 1 and August 1 of each year commencing on February 1, 2022, until maturity (see "THE BONDS – Description of the Bonds" and "THE BONDS – No Redemption").

AUTHORITY FOR ISSUANCE .... The Bonds are being issued pursuant to the Constitution and general laws of the State of Texas, including Chapter 1371, Texas Government Code, and Sections 45.001 and 45.003(b)(1) of the Texas Education Code, as amended, an election held in the District on October 5, 2002, and a bond order (the "Bond Order") adopted by the Board of Trustees of the District (the "Board") on August 26, 2021, in which the Board delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who approved and executed a "Pricing Certificate" on October 5, 2021 which contains the final terms of sale and completed the sale of the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the "Order") (see "THE BONDS – Authority for Issuance").

SECURITY FOR THE BONDS .... The Bonds constitute direct and voted obligations of the District, payable from a continuing direct annual ad valorem tax levied by the District, without legal limit as to rate or amount, on all taxable property within the District (see "THE BONDS–Security and Source of Payment"). **The Bonds are not guaranteed by the Permanent School Fund of Texas.**

NO REDEMPTION .... The Bonds are not subject to redemption prior to maturity.

NO TAX EXEMPTION...................... Interest on the Bonds is not excludable from gross income for federal tax purposes under existing law. See "TAX MATTERS" herein.

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used (1) for the construction, acquisition and equipment of school buildings in the District, and the purchase of the necessary sites for school buildings, to wit: a natatorium and (2) to pay the costs associated with the issuance of the Bonds.

RATINGS .... The Bonds have been rated "Aa3" by Moody's Investors Service, Inc. ("Moody's") without consideration of the Permanent School Fund Guarantee or other credit enhancement. The presently outstanding tax supported debt of the District is rated "Aa3" by Moody's and "A+" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), without consideration of the Permanent School Fund Guarantee or other credit enhancement. The District also has other issues outstanding which are rated "Aaa" by Moody's and "AAA" by S&P by virtue of the guarantee of the corpus of the Permanent School Fund of Texas. **In connection with the issuance of the Bonds, an application for a contract rating on the Bonds was made to Moody's only and the Bonds are not guaranteed by the Permanent School Fund Guarantee** (see "OTHER INFORMATION - Ratings").

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

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

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended[1]	Estimated District Population [2]	Taxable Assessed Valuation [3]	Per Capita Taxable Assessed Valuation	Tax Debt Outstanding at Fiscal Year End [4]	Per Capita Tax Supported Debt	Ratio of Tax Supported Debt to Taxable Assessed Valuation	% of Total Tax Collections
2018	77,041	$ 6,005,449,192	$ 77,951	$ 389,321,875	$ 5,053	6.48%	100.08%
2019	78,118	6,526,866,934	83,551	460,377,516	5,893	7.05%	98.02%
2020	77,873	7,445,806,249	95,615	527,168,187	6,770	7.08%	99.36%
2021	76,742	7,903,854,487	102,993	520,570,460	6,783	6.59%	98.98% [6]
2022	81,288	8,723,271,662	107,313	523,094,868 [5]	6,435 [5]	6.00% [5]	N/A

(1) The District's fiscal year end is June 30th. Due to the timing of tax collection receipts, the District levies the debt service tax on a calendar year basis.
(2) Source: The Municipal Advisory Council of Texas.
(3) Net taxable assessed values, with the exception of fiscal years ended 2021 and 2022, are as reported in the District's comprehensive annual financial report. The net taxable assessed value for fiscal years ended 2021 and 2022 are as reported by the Appraisal District (defined herein). Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates its records.
(4) The amounts of outstanding tax-supported debt shown in the table above include the principal amount of current interest bonds and capital appreciation bonds as of the issuance date thereof and excludes post issuance accreted value of capital appreciation bonds.
(5) Includes the Bonds.
(6) Unaudited collections as of June 30, 2021.

For additional information regarding the District, please contact:

Stacey Adrian		Jeff Robert
Chief Financial Officer		Managing Director
Crowley ISD	or	***Hilltop Securities Inc.***
512 Peach Street		717 N. Harwood Street, Ste. 3400
Crowley, Texas 76036		Dallas, Texas 75201
(817) 297-5800		(214) 953-8744

DISTRICT OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

Board of Trustees	Length of Service	Term Expires	Occupation
Dr. Mia Hall President, Place 3	7 Years	2024	Educator
Gary Grassia Vice President, Place 6	7 Years	2022	Business Owner
Nedra Robinson Secretary, Place 1	5 Years	2023	Education Consultant
Ryan Ray, J.D. Assistant Secretary, Place 5	10 Years	2022	Attorney
June W. Davis Member, Place 4	19 Years	2024	Retired Educator
La Tonya Mayfield, Ph.D. Member, Place 2	5 Years	2023	Human Resources Manager
VACANT Place 7			

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service with District	Total School District Service
Dr. Michael McFarland	Superintendent	4 Years	28 Years
Stacey Adrian	Chief Financial Officer	9 Years	18 Years
Leon Fisher	Executive Director of Finance	2 Years	26 Years

CONSULTANTS AND ADVISORS

Auditors .... Weaver and Tidwell, L.L.P.
Fort Worth, Texas

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

Financial Advisor..Hilltop Securities Inc.
Dallas, Texas

OFFICIAL STATEMENT
RELATING TO

$11,785,000
CROWLEY INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX SCHOOL BUILDING BONDS, TAXABLE SERIES 2021

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $11,785,000 Crowley Independent School District Unlimited Tax School Building Bonds, Taxable Series 2021 (the “Bonds”). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Order (hereinafter defined) authorizing the issuance and sale of the Bonds, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Bonds and certain information regarding the Crowley Independent School District (the “District”) and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District's Financial Advisor, Hilltop Securities Inc., Dallas, Texas.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of the final Official Statement (defined herein) will be deposited with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system. See “CONTINUING DISCLOSURE INFORMATION” for a description of the District’s undertaking to provide certain information on a continuing basis.

DESCRIPTION OF THE DISTRICT . . . The District is a political subdivision located in Tarrant and Johnson Counties, Texas. The District is governed by a seven-member Board, the members of which serve staggered three-year terms with elections being held in May of each year. 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 District covers approximately 57 square miles in area and encompasses the City of Crowley. See “Appendix A - General Information Regarding the District” for additional information on the District.

INFECTIOUS DISEASE OUTBREAK – COVID-19 . . . The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in Texas in response to the Pandemic, which disaster declaration he has subsequently extended. Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency (including TEA (defined herein)) that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness, mitigation, and phased reopening of the State. On July 29, 2021, the Governor issued Executive Order GA-38, which supersedes all pre-existing executive orders related to COVID-19 and rescinds them in their entirety, except for Executive Orders GA-13 (related to detention in county and municipal jails) and GA-37 (related to migrant transport). Executive Order GA-38 combines several previous executive orders into one order and continues the prohibition against governmental entities in Texas, including counties, cities, school districts, public health authorities, and government officials from requiring or mandating any person to wear a face covering and subjects a governmental entity or official to a fine of up to $1,000 for noncompliance. It also prohibits governmental entities from (i) compelling any individual to receive a COVID-19 vaccine administered under emergency use authorization and (ii) enforcing any requirement to show proof of vaccination before receiving a service or entering any place if the public or private entity other than nursing homes, hospitals and similar facilities) that has adopted such requirement receives public funds through any means. Executive Order GA-38 remains in effect until amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at http://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

On June 3, 2021, TEA issued updated public planning health guidance in accordance with Executive Order GA-36 (which became effective June 5, 2021), to address on campus instruction, administrative activities by teachers, staff or students that occur on school campuses, non-UIL extracurricular sports, and activities, and any other activities that teachers, staff, or students must complete. Within the guidance, TEA instructs schools that, per Executive Order GA-36, school systems cannot require students or staff to wear a mask; however, they school systems must allow individuals to wear a mask if they choose to do so.

Within the guidance, TEA instructs schools to notify its local health department, in accordance with applicable federal, state, and local laws and regulations, including any applicable confidentiality requirements, of individuals who have been in a school and test-confirmed to have COVID-19. Additionally, upon receipt of information that any teacher, staff member, student, or visitor at a school is test-confirmed to have COVID-19, the school must submit a report to the Texas Department of State Health Services via its online portal. The TEA advised districts that for the 2020-2021 school year district funding will return to being based on "Average Daily Attendance" (being generally calculated as the sum of student attendance for each State-mandated days of instruction, defined herein as "ADA") calculations requiring attendance to be taken. However, the TEA has crafted an approach for determining ADA during the pandemic that provides districts with several options for determining daily attendance. These include, remote synchronous instruction, remote asynchronous instruction, on campus instruction, and the Texas Virtual Schools Network.

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

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

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

THE BONDS

DESCRIPTION OF THE BONDS . . . The Bonds will be dated October 1, 2021 and mature on the dates and in the amounts shown on page 2 of this Official Statement. Interest will accrue from the date of their delivery to the Underwriter (the "Delivery Date") and will be computed on the basis of a 360-day year of twelve 30-day months. Such interest will be payable on February 1 and August 1 of each year, commencing on February 1, 2022, until maturity. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein. If the date for any payment on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the designated corporate office of the Paying Agent/Registrar is located is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued and the tax levied for their payment pursuant to authority conferred by the Constitution and the laws of the State of Texas, including Chapter 1371, Texas Government Code, as amended, and Sections 45.001 and 45.003(b)(1) of the Texas Education Code, as amended; an election held in the District on October 5, 2002, and a bond order (the "Bond Order") adopted by the Board on August 26, 2021, in which the Board delegated pricing of the Bonds and certain other matters to a "Pricing Officer" who approved and executed a "Pricing Certificate" on October 5, 2021 which contains the final terms of sale and completed the sale of the Bonds (the Bond Order and the Pricing Certificate are jointly referred to as the "Order").

SECURITY AND SOURCE OF PAYMENT . . . All taxable property within the District is subject to a continuing direct annual ad valorem tax levied by the District, without legal limit as to rate or amount, sufficient to provide for the payment of principal of and interest on the Bonds. **The Bonds are not guaranteed by the corpus of the Permanent School Fund of Texas.**

PURPOSE . . . Proceeds from the sale of the Bonds will be used (1) for the construction, acquisition and equipment of school buildings in the District, and the purchase of the necessary sites for school buildings, to wit: a natatorium and (2) to pay the costs associated with the issuance of the Bonds.

NO REDEMPTION . . . The Bonds are not subject to redemption prior to maturity.

DEFEASANCE . . . The 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 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 Order provides that "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to discharge obligations such as the Bonds. Current State law permits defeasance with the following types of securities: (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District authorizes the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded 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. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Order does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Defeasance Security will be maintained at any particular rating category.

Upon defeasance, such defeased Bonds shall no longer be regarded to be Outstanding or unpaid.

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

The Order further provides that the holders of the Bonds aggregating in original principal amount a majority of outstanding Bonds that are the subject of a proposed amendment shall have the right from time to time to approve any amendment not described above to the Order if it is deemed necessary or desirable by the District; provided, however, that without the consent of 100% of the holders in original principal amount of the then outstanding Bonds, no amendment may be made for the purpose of: (i) making any change in the maturity of any of the outstanding Bonds; (ii) reducing the rate of interest borne by any of the outstanding Bonds; (iii) reducing the amount of the principal of, payable on any outstanding Bonds; (iv) modifying the terms of payment of principal of 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 Order for further provisions relating to the amendment thereof.

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

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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 rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. 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 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 affect 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 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.

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 Bonds 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 on 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, 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, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District and the Underwriter believe to be reliable, but neither the District nor the Underwriter take any responsibility for the accuracy thereof.

Effect of Termination of Book-Entry-Only System… In the event that the Book-Entry-Only System is discontinued, printed certificates will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Order and summarized under "THE BONDS – Transfer, Exchange and Registration" below.

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

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas. In the Order, the District retains the right to replace the Paying Agent/Registrar. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid, and any successor Paying Agent/Registrar shall be a bank or trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the District agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

In the event the Book-Entry-Only System should be discontinued, interest on the Bonds will be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest will be paid (i) by check sent United States mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at the stated maturity upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, payments of principal of and interest on the Bonds will be made as described in "THE BONDS – Book-Entry-Only System" above.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed Bond certificates will be delivered to registered owners and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 of principal amount for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS – Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. The Paying Agent/Registrar shall not be required to make any such transfer, conversion or exchange of Bonds 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.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the fifteenth business day of the 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 (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

BONDHOLDERS' REMEDIES . . . The Order establishes specific events of default with respect to the Bonds 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 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 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 Order does not provide for the appointment of a trustee to represent the interest of the registered owners upon any failure of the District to perform in accordance with the terms of the Order, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Chapter 1371, Texas Government Code, which pertains to the issuance of public securities by issuers such as the District, 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, and therefore, Bondholders may not be able to bring such a suit against the District for breach of the Bonds or Order covenants in the absence of District action. Even if a judgment against the District could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the District is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of another federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors and may be limited by general principles of equity which permit the exercise of judicial discretion and by governmental immunity.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Bonds will be applied approximately as follows:

Sources of Funds		
Par Amount of the Bonds	$	11,785,000.00
Plus: Reoffering Premium		367,987.05
Total Sources of Funds	$	12,152,987.05
Uses of Funds		
Deposit to the Construction Fund	$	12,000,000.00
Underwriter's Discount and Costs of Issuance		152,987.05
Total Uses of Funds	$	12,152,987.05

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 "State Legislature") from time to time (i) met the requirements of article VII, section 1 of the Texas Constitution, which requires the State 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 State 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 State 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 "despite 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 State Legislature could enact future changes to the Finance System. Any such changes could benefit or be a detriment to the District. If the State 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 State Legislature to cure the system's unconstitutionality in a way that is consistent with the Contract Clauses of the U.S. and Texas Constitutions" (collectively, the "Contract Clauses"), which prohibit the enactment of laws that impair prior obligations of contracts.

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

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CURRENT PUBLIC SCHOOL FINANCE SYSTEM

During the 2019 Legislative Session, the State Legislature made numerous changes to the current public school finance system, the levy and collection of ad valorem taxes, and the calculation of defined tax rates, including particularly those contained in House Bill 3 ("HB 3") and Senate Bill 2 ("SB 2"). In some instances, the provisions of HB 3 and SB 2 will require further interpretation in connection with their implementation in order to resolve ambiguities contained in the bills. The District is still in the process of (a) analyzing the provisions of HB 3 and SB 2, and (b) monitoring the on-going guidance provided by TEA. The information contained herein under the captions "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" and "TAX RATE LIMITATIONS" is subject to change, and only reflects the District's understanding of HB 3 and SB 2 based on information available to the District as of the date of this Official Statement. Prospective investors are encouraged to review HB 3, SB 2, and the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes, the calculation of the defined tax rates, and the administration of the current public school finance system. The Texas Legislature convened on January 12, 2021 and adjourned on May 31, 2021. The Governor has convened three consecutive special legislative sessions on July 8, August 6 and September 20, 2021. The agendas for such special session and any other special sessions called by the Governor could include items that could affect the District and/or its finances. See "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS –2021 Legislative Session."

OVERVIEW

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

Local funding is derived from collections of ad valorem taxes levied on property located within each school district's boundaries. School districts are authorized to levy two types of property taxes: a maintenance and operations ("M&O") tax to pay current expenses and an interest and sinking fund ("I&S") tax to pay debt service on bonds. School districts may not increase their M&O tax rate for the purpose of creating a surplus to pay debt service on bonds. For M&O tax rates adopted after September 1, 2021, a school district may not levy an M&O tax rate that is intended to create a surplus in M&O tax revenue for the purpose of paying the district's debt service. Prior to 2006, school districts were authorized to levy their M&O tax at a voter-approved rate, generally up to $1.50 per $100 of taxable value. Since 2006, the State Legislature has enacted various legislation that has compressed the voter-approved M&O tax rate, as described below. Current law also requires school districts to demonstrate their ability to pay debt service on outstanding bonded indebtedness through the levy of an I&S tax at a rate not to exceed $0.50 per $100 of taxable value at the time bonds are issued. Once bonds are issued, however, school districts generally may levy an I&S tax sufficient to pay debt service on such bonds unlimited as to rate or amount (see "TAX RATE LIMITATIONS – I&S Tax Rate Limitations" herein). Because property values vary widely among school districts, the amount of local funding generated by school districts with the same I&S tax rate and M&O tax rate is also subject to wide variation; however, the public school finance funding formulas are designed to generally equalize local funding generated by a school district's M&O tax rate.

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

2021 REGULAR AND SPECIAL LEGISLATIVE SESSIONS

The State Legislature meets in regular session in odd-numbered years, for 140 days. The 87th Texas Legislature convened on January 12, 2021, and concluded on May 31, 2021 ("87th Regular Session"). During the 87th Regular Session, the Legislature did not make significant changes to the school finance system, State funding of school districts or ad valorem taxation procedures affecting school districts.

When the Legislature is not in session, however, the Governor of Texas may call one or more special sessions, at the Governor's direction, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor has ordered three special sessions since the conclusion of the 87th Regular Session. The first special session commenced on July 8, 2021 and ended on August 6, 2021; the second special session commenced on August 6, 2021 and ended on September 2, 2021; and the third special session commenced on September 20, 2021 and must conclude 30 days from commencement (collectively, the "87th Special Sessions"). The Governor's agendas for the 87th Special Sessions have not specifically addressed the school finance system, but have asked legislators to approve appropriations for additional available State general revenue for, among other purposes, property tax relief. During the 87th Special Sessions, lawmakers must consider only the items denoted by the Governor on the agenda.

The District can make no representations or predictions regarding any actions the Legislature may take during the 87th Special Sessions concerning the substance or the effect of any legislation that may be passed during this special session or a future session of the Legislature.

LOCAL FUNDING FOR SCHOOL DISTRICTS

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

State Compression Percentage. The "State Compression Percentage" (the "SCP") is the lesser of three alternative calculations: (1) 93% per $100 of taxable value or a lower percentage set by appropriation for a school year; (2) a percentage determined by formula if the estimated total taxable property value of the State (as submitted annually to the State Legislature by the State Comptroller) has increased by at least 2.5% over the prior year; and (3) the prior year SCP. For any year, the maximum SCP is 93%.

Maximum Compressed Tax Rate. Pursuant to the 2019 Legislation, beginning with the State fiscal year ending in 2021 (the 2020-2021 school year) the Maximum Compressed Tax Rate (the "MCR") is the tax rate per $100 of valuation of taxable property at which a school district must levy its Tier One Tax Rate to receive the full amount of the Tier One funding to which the school district is entitled. The MCR is equal to the lesser of two alternative calculations: (1) the "SCP" (as discussed above) multiplied by 100; or (2) a percentage determined by formula if the school district experienced a year-over-year increase in property value of at least 2.5% (if the increase in property value is less than 2.5%, then 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 set to 90% of the maximum MCR until TEA determines that the difference between the school district's MCR and any other school district's MCR is not more than 10%. These compression formulas are intended to more closely equalize local generation of Tier One funding among districts with disparate tax bases and generally reduce the Tier One Tax Rates of school districts as property values increase. During the 2021 Legislative Session, a provision of the general appropriations act reduced the maximum MCR for the 2021-2022 school year. It established $0.9134 as the maximum rate and $0.8220 as the floor.

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

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

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

STATE FUNDING FOR SCHOOL DISTRICTS

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

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

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

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

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

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

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

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

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

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

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

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

Tax Rate and Funding Equity. The Commissioner may adjust a school district's funding entitlement if the funding formulas used to determine the school district's entitlement result in an unanticipated loss or gain for a school district. Any such adjustment requires preliminary approval from the Legislative Budget Board and the office of the Governor, and such adjustments may only be made through the 2020-2021 school year.

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

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

LOCAL REVENUE LEVEL IN EXCESS OF ENTITLEMENT

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

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

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

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

CURRENT PUBLIC SCHOOL FINANCE SYSTEM AS APPLIED TO THE DISTRICT

For the 2021-2022 fiscal year, the District was not designated as an "excess local revenue" district by the TEA. Accordingly, the District has not been required to exercise one of the wealth equalization options permitted under applicable State law. As a district with local revenue less than the maximum permitted level, the District may benefit in the future by agreeing to accept taxable property or funding assistance from, or agreeing to consolidate with, a property-rich district to enable such district to reduce its wealth per student to the permitted level.

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

AD VALOREM PROPERTY TAXATION

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

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

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

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

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

STATE MANDATED HOMESTEAD EXEMPTIONS. . . State law grants, with respect to each school district in the State, (1) a $25,000 exemption of the appraised value of all homesteads, (2) a $10,000 exemption of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled, and (3) various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS. . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than $5,000) and (2) an additional exemption of at least $3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. The governing body of a school district may not repeal or reduce the amount of the local option homestead exemption described in (1), above, that was in place for the 2014 tax year (fiscal year 2015) for a period ending December 31, 2019. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

STATE MANDATED FREEZE ON SCHOOL DISTRICT TAXES. . . Except for increases attributable to certain improvements, a school district is prohibited from increasing the total ad valorem tax on the homestead of persons sixty-five (65) years of age or older or of disabled persons above the amount of tax imposed in the year such homestead qualified for such exemption. This freeze is transferable to a different homestead if a qualifying taxpayer moves and, under certain circumstances, is also transferable to the surviving spouse of persons sixty-five (65) years of age or older, but not the disabled.

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

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

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

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

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

Temporary Exemption for Qualified Property Damaged by a Disaster . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code. On April 13, 2020, the Attorney General of Texas released his opinion that "a court would likely conclude that the Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster. Thus, purely economic, non-physical damage to property caused by the COVID-19 disaster is not eligible for the temporary tax exemption provided by section 11.35 of the Tax Code." Tex. Att'y Gen. Op. No. KP-0299 (2020).

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

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

Tax Limitation Agreements. . . The Texas Economic Development Act (Chapter 313, Texas Tax Code, as amended), allows school districts to grant limitations on appraised property values to certain corporations and limited liability companies to encourage economic development within the school district. Generally, during the 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"). The 87th Legislature did not take action to extend this program, which is now scheduled to expire by its terms effective December 31, 2022.

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

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

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

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

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

DISTRICT APPLICATION OF PROPERTY TAX CODE . . . The District grants the State-mandated exemptions of $25,000 for general homestead and an additional $10,000 for persons who are 65 years of age or older and who are disabled. The District grants an additional local option exemption of 10% of the market value of residence homesteads; minimum exemption of $5,000.

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

The District does not tax nonbusiness personal property.

The Tarrant County Tax Assessor Collector collects taxes for the District.

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

The District does not tax freeport property.

The District does tax goods-in-transit.

The District has not entered any value limitation agreements under Chapter 313 of the Tax Code.

The District does not participate in any TIFs.

TAX RATE LIMITATIONS

M&O Tax Rate Limitations. . . The District is authorized to levy an M&O tax rate pursuant to the approval of the voters of the District at an election held on October 5, 2002 in accordance with the provisions of Section 45.003, Texas Education Code, as amended.

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

> The maximum M&O tax rate per $100 of taxable value that may be adopted by a school district is the sum of $0.17 and the product of the State Compression Percentage multiplied by $1.00. For the 2019 tax year, the state compression percentage has been set at 93%.
>
> For the 2020 and subsequent tax years, the maximum M&O tax rate per $100 of taxable value that may be adopted by a school district is the sum of $0.17 and the school district's MCR. A school district's MCR is, generally, inversely proportional to the change in taxable property values both within the school district and the State, and is subject to recalculation annually. For any year, the highest possible MCR for a school district is $0.93 (see "TAX RATE LIMITATIONS – Public Hearing and Voter-Approval Tax Rate" and "CURRENT PUBLIC SCHOOL FINANCE SYSTEM – Local Funding for School Districts" herein).

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

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

Section 45.0031 of the Texas Education Code, as amended, requires a school district to demonstrate to the Texas Attorney General that it has the prospective ability to pay its maximum annual debt service on a proposed issue of bonds and all previously issued bonds, other than bonds approved by voters of a school district at an election held on or before April 1, 1991 and issued before September 1, 1992 (or debt issued to refund such bonds, collectively, "exempt bonds"), from a tax levied at a rate of $0.50 per $100 of assessed valuation before bonds may be issued (the "50-cent Test"). In demonstrating the ability to pay debt service at a rate of $0.50, a school district may take into account EDA and IFA allotments to the school district, which effectively reduces the school district's local share of debt service, and may also take into account Tier One funds allotted to the school district. If a school district exercises this option, it may not adopt an I&S tax until it has credited to the school district's I&S fund an amount equal to all State allotments provided solely for payment of debt service and any Tier One funds needed to demonstrate compliance with the threshold tax rate test and which is received or to be received in that year. Additionally, a school district may demonstrate its ability to comply with the 50-cent Test by applying the $0.50 tax rate to an amount equal to 90% of projected future taxable value of property in the school district, as certified by a registered professional appraiser, anticipated for the earlier of the tax year five (5) years after the current tax year or the tax year in which the final payment for the bonds is due. However, if a school district uses projected future taxable values to meet the 50-cent Test and subsequently imposes a tax at a rate greater than $0.50 per $100 of valuation to pay for bonds subject to the test, then for subsequent bond issues, the Texas Attorney General must find that the school district has the projected ability to pay principal and interest on the proposed bonds and all previously issued bonds subject to the 50-cent Test from a tax rate of $0.45 per $100 of valuation. Once the prospective ability to pay such tax has been shown and the bonds are issued, a school district may levy an unlimited tax to pay debt service. Refunding bonds issued pursuant to Chapter 1207, Texas Government Code, are not subject to the 50-cent Test; however, taxes levied to pay debt service on such bonds (other than bonds issued to refund exempt bonds) are included in maximum annual debt service for calculation of the 50-cent Test when applied to subsequent bond issues that are subject to the 50-cent Test. The Bonds are issued as school building bonds pursuant to Chapter 45, Texas Education Code and are subject to the 50-cent 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.

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

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

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

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

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

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

TABLE 1 - VALUATION, EXEMPTIONS AND TAX SUPPORTED DEBT

2021/22 Market Valuation Established by the Tarrant and Johnson Appraisal Districts (excluding totally exempt property)		$ 10,458,064,342
State Mandated General Homestead Exemptions	$ 486,251,437	
State Mandated Over 65 Exemptions	51,051,019	
State Mandated Disabled Persons Exemptions	5,010,413	
Veterans Exemption Loss	131,111,258	
Local Option Homestead Exemption	465,001,297	
Pollution Control Loss	701,625	
Productivity Loss	122,209,506	
Community Housing Development Loss	27,450,000	
Solar/Wind Exemptions	11	
Freeport Exemptions	13,933,156	
Freeze Value Loss	5,743,716	
Capped Value Loss	178,957,175	
Nominal Value Accounts	1,229,964	
Miscellaneous	246,142,103	(1,734,792,680)
2021/22 Certified Taxable Assessed Valuation		$ 8,723,271,662
Debt Payable from Ad Valorem Taxes		
Outstanding Debt (1)	$ 520,570,461	
The Bonds	11,785,000	
Total Debt Payable from Ad Valorem Taxes (as of 11/03/21)		$ 532,355,461
Ratio Tax Supported Debt to 2021/22 Certified Taxable Assessed Valuation		6.10%

Current Estimated Population - 81,288
Per Capita Taxable Assessed Valuation - $107,313
Per Capita Debt Payable from Ad Valorem Taxes - $6,549

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(1) The amounts of outstanding tax-supported debt shown in the table above include the principal amount of current interest bonds and capital appreciation bonds as of the issuance date thereof and excludes post issuance accreted value of capital appreciation bonds.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Year Ended,					
	2022		2021		2020	
Category	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 6,974,526,618	66.69%	$ 6,290,514,029	65.27%	$ 5,611,913,896	61.20%
Real, Residential, Multi-Family	1,116,563,734	10.68%	1,022,087,029	10.61%	946,359,801	10.32%
Real, Vacant Lots/Tracts	156,032,709	1.49%	154,079,528	1.60%	148,035,060	1.61%
Acreage (Land Only)	134,409,874	1.29%	137,216,189	1.42%	12,054,214	0.13%
Farm & Ranch Improvements	55,678,416	0.53%	55,354,500	0.57%	58,314,591	0.64%
Real, Commercial & Industrial	1,374,223,366	13.14%	1,346,471,912	13.97%	1,758,077,629	19.17%
Oil, Mineral & Gas	28,179,501	0.27%	32,977,072	0.34%	54,936,877	0.60%
Utilities	151,020,902	1.44%	148,174,636	1.54%	131,225,023	1.43%
Personal, Commercial and Industrial	390,108,104	3.73%	386,428,571	4.01%	344,309,744	3.75%
Mobile Homes	4,638,716	0.04%	4,742,209	0.05%	4,654,310	0.05%
Residential, Inventory	58,737,872	0.56%	38,659,667	0.40%	54,201,847	0.59%
Special, Inventory	13,944,530	0.13%	20,633,981	0.21%	45,517,638	0.50%
Total Appraised Value Before Exemptions	$ 10,458,064,342	100.00%	$ 9,637,339,323	100.00%	$ 9,169,600,630	100.00%
Less: Total Exemptions/Reductions	(2,004,658,056)		(1,733,484,836)		(1,770,101,766)	
Adjustments [(1)]	-		-		46,307,385	
Taxable Assessed Value	$ 8,453,406,286		$ 7,903,854,487		$ 7,445,806,249	

	Taxable Appraised Value for Year Ended,			
	2019		2018	
Category	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	$ 5,067,791,859	62.93%	$ 4,609,122,800	62.07%
Real, Residential, Multi-Family	839,705,449	10.43%	787,690,390	10.61%
Real, Vacant Lots/Tracts	128,034,115	1.59%	126,323,740	1.70%
Acreage (Land Only)	159,941,649	1.99%	154,497,236	2.08%
Farm & Ranch Improvements	44,307,134	0.55%	39,961,223	0.54%
Real, Commercial & Industrial	1,200,320,199	14.91%	1,104,974,337	14.88%
Oil, Mineral & Gas	40,368,362	0.50%	36,974,395	0.50%
Utilities	128,576,696	1.60%	140,524,894	1.89%
Personal, Commercial and Industrial	383,660,885	4.76%	374,858,719	5.05%
Mobile Homes	4,749,687	0.06%	4,237,426	0.06%
Special, Inventory	34,849,388	0.43%	27,432,734	0.37%
Residential, Inventory	20,504,026	0.25%	19,022,512	0.26%
Total Appraised Value Before Exemptions	$ 8,052,809,449	100.00%	$ 7,425,620,406	100.00%
Less: Total Exemptions/Reductions	(1,563,015,918)		(1,566,360,736)	
Adjustments [(1)]	37,073,403		146,189,522	
Taxable Assessed Value	$ 6,526,866,934		$ 6,005,449,192	

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(1) Adjustments represent the difference between the initial certified net taxable assessed value and the final net taxable assessed value as reported in the District's annual financial reports.

Valuations shown are certified assessed values reported by the Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records. However, total taxable assessed values, with the exception of fiscal years 2021 and 2022, are as reported in the District's comprehensive annual financial report. Total taxable assessed value for fiscal years ending 2021 and 2022 are as reported by the Appraisal District on the District's annual State Property Tax Reports and Certified Property Value Rolls, respectively.

TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended[(1)]	Estimated Population[(2)]	Taxable Assessed Valuation[(3)]	Taxable Assessed Valuation Per Capita	Tax Debt Outstanding at Fiscal Year End [(4)]	Ratio of Tax Debt to Taxable Assessed Valuation	Tax Debt Per Capita
2018	77,041	$ 6,005,449,192	$ 77,951	$ 389,321,875	6.48%	$ 5,053
2019	78,118	6,526,866,934	83,551	460,377,516	7.05%	5,893
2020	77,873	7,445,806,249	95,615	527,168,187	7.08%	6,770
2021	76,742	7,903,854,487	102,993	520,570,460	6.59%	6,783
2022	81,288	8,723,271,662	107,313	523,094,868 [(5)]	6.00% [(5)]	6,435 [(5)]

(1) The District's fiscal year end is June 30th. Due to the timing of tax collection receipts, the District levies the debt service tax on a calendar year basis.
(2) Source: The Municipal Advisory Council of Texas.
(3) Net taxable assessed values, with the exception of fiscal years ended 2021 and 2022, are as reported in the District's comprehensive annual financial report. The net taxable assessed value for fiscal years ended 2021 and 2022 are as reported by the Appraisal District. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates its records.
(4) The amounts of outstanding tax-supported debt shown in the table above include the principal amount of current interest bonds and capital appreciation bonds as of the issuance date thereof and excludes post issuance accreted value of capital appreciation bonds.
(5) Includes the Bonds.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended	Tax Rate Breakdown: Local M&O [(1)]	Interest & Sinking	Total Tax Rate	Tax Levy	% Current Collections	% Total Collections
2018	$ 1.17000	$ 0.50000	$ 1.67000	$ 97,693,382	98.89%	100.08%
2019	1.17000	0.50000	1.67000	105,635,707	99.01%	98.02%
2020	1.06840 [(2)]	0.50000	1.56840	113,163,772	98.88%	99.36%
2021	1.03980	0.50000	1.53980	119,541,555	98.93% [(3)]	98.98% [(3)]
2022	0.98410	0.50000	1.48410	126,205,357	In process of collection	

(1) The levy of a $1.17 tax rate for maintenance and operations was approved by the voters in the District at a tax ratification election held on September 12, 2012. Prior to such ratification, the District was limited to a $1.04 tax rate for maintenance and operations. See discussion under "TAX RATE LIMITATIONS – M&O Tax Rate Limitations" herein.
(2) The decline in the District's Maintenance and Operations Tax Rate from 2018/19 through 2021/22 fiscal year is a function of House Bill 3 adopted by the Texas Legislature in June 2019.
(3) Unaudited collections as of June 30, 2021.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2020/21 [(1)] Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Oncor Electric Delivery Co. LLC	Electric Utility	$ 86,323,103	1.16%
Hulen Owner LP	Shopping Center/Mall	70,140,322	0.94%
CH Realty VIII-Knightvest MF FW Avery LP/CH Realty	Apartments	68,518,953	0.92%
CAF TNREF IV Heights Owner LLC	Apartments	50,129,374	0.67%
Laurel Heights at Cityview LP	Apartments	47,224,500	0.63%
Cameron Creek Apartments LP	Apartments	45,700,000	0.61%
Exter 19413 DE LLC	Apartments	44,433,092	0.60%
Wal-Mart Stores Texas LLC	Retail Store	42,994,852	0.58%
RDC HLC LLC	Apartments	37,860,000	0.51%
EG Reflections LLC	Apartments	36,100,000	0.48%
		$ 529,424,196	7.11%

(1) The District's 2021/22 Ten Largest Taxpayers list is not currently available.

TABLE 6 - ESTIMATED OVERLAPPING DEBT

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

Taxing Jurisdiction	2020/21 Taxable Assessed Value	2020/21 Tax Rate	Total Tax Supported Debt as of 11/3/2021	Estimated % Applicable	District's Overlapping Tax Supported Debt as of 11/3/2021
Crowley ISD	$ 8,723,271,662 [(1)]	$ 1.48410 [(2)]	$ 532,355,461 [(3)]	100.00%	$ 532,355,461 [(3)]
City of Crowley	1,316,335,122	0.70000	37,370,000	100.00%	37,370,000
City of Fort Worth	81,250,674,456	0.74800	857,075,000	7.36%	63,080,720
Johnson County	12,413,920,757	0.38500	18,340,000	0.41%	75,194
Tarrant County	219,908,316,431	0.23400	213,675,000	3.71%	7,927,343
Tarrant County College District	220,876,522,612	0.13000	255,995,000	3.71%	9,497,415
Tarrant County Hospital District	220,311,777,399	0.22400	14,495,000	3.71%	537,765
Total Direct and Overlapping Tax Supported Debt					$ 650,843,896
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation					7.46%
Per Capita Direct and Overlapping Tax Supported Debt					$ 8,007

(1) Represents the District's 2021/22 Taxable Assessed Value.
(2) Represents the District's 2021/22 Tax Rate.
(3) Includes the Bonds.

TABLE 7 - TAX SUPPORTED DEBT SERVICE REQUIREMENTS

Calendar Year Ending[1]	Outstanding Debt Principal	Outstanding Debt Interest	Outstanding Debt Total	The Bonds Principal	The Bonds Interest	The Bonds Total	Total Debt Service Requirements	% of Principal Retired
2022	$ 3,215,593	$ 32,106,013	$ 35,321,607	$ 6,045,000	$ 263,198	$ 6,308,198	$ 41,629,805	1.74%
2023	5,211,115	29,343,917	34,555,032	5,740,000	172,200	5,912,200	40,467,232	3.80%
2024	13,565,031	20,975,401	34,540,432	-	-	-	34,540,432	6.34%
2025	13,393,589	21,157,168	34,550,757	-	-	-	34,550,757	8.86%
2026	15,125,371	19,536,861	34,662,232	-	-	-	34,662,232	11.70%
2027	17,290,062	17,657,770	34,947,832	-	-	-	34,947,832	12.74%
2028	11,294,542	23,808,190	35,102,732	-	-	-	35,102,732	17.07%
2029	11,903,262	23,365,345	35,268,607	-	-	-	35,268,607	19.31%
2030	12,455,530	22,974,961	35,430,492	-	-	-	35,430,492	21.65%
2031	11,926,367	23,509,519	35,435,886	-	-	-	35,435,886	23.89%
2032	21,250,000	14,293,029	35,543,029	-	-	-	35,543,029	27.88%
2033	21,950,000	13,600,319	35,550,319	-	-	-	35,550,319	32.00%
2034	22,645,000	12,924,370	35,569,370	-	-	-	35,569,370	36.26%
2035	23,375,000	12,162,966	35,537,966	-	-	-	35,537,966	40.65%
2036	23,950,000	11,606,481	35,556,481	-	-	-	35,556,481	45.15%
2037	24,525,000	11,031,021	35,556,021	-	-	-	35,556,021	47.54%
2038	25,135,000	10,436,368	35,571,368	-	-	-	35,571,368	54.47%
2039	26,190,000	9,812,640	36,002,640	-	-	-	36,002,640	59.39%
2040	21,000,000	8,977,639	29,977,639	-	-	-	29,977,639	63.34%
2041	21,890,000	8,089,318	29,979,318	-	-	-	29,979,318	65.24%
2042	22,815,000	7,169,078	29,984,078	-	-	-	29,984,078	71.74%
2043	23,780,000	6,208,310	29,988,310	-	-	-	29,988,310	76.20%
2044	24,785,000	5,204,971	29,989,971	-	-	-	29,989,971	80.86%
2045	25,820,000	4,157,578	29,977,578	-	-	-	29,977,578	85.71%
2046	27,050,000	2,980,875	30,030,875	-	-	-	30,030,875	90.79%
2047	28,285,000	1,742,275	30,027,275	-	-	-	30,027,275	96.10%
2048	14,240,000	829,800	15,069,800	-	-	-	15,069,800	98.78%
2049	6,505,000	260,200	6,765,200	-	-	-	6,765,200	100.00%
	$ 520,570,461	$ 375,922,381	$ 896,492,842	$ 11,785,000	$ 435,398	$ 12,220,398	$ 908,713,241	

(1) The District's fiscal year end is June 30^{th}. Due to the timing of tax collection receipts, the District levies the debt service tax on a calendar year basis.

TABLE 8 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Calendar Year Ending 12/31/22		$ 41,629,805
Unaudited Interest and Sinking Fund Balance as of 6/30/21	$ 51,392,441	
Budgeted Interest and Sinking Fund Tax Levy Collections	43,358,140	$ 94,750,581
Estimated Ending Fund Balance, Calendar Year Ending 12/31/22		$ 53,120,776

TABLE 9 - AUTHORIZED BUT UNISSUED UNLIMITED TAX BONDS

After the issuance of the Bonds, the District will not have any authorized but unissued unlimited tax bonds.

ANTICIPATED ISSUANCE OF ADDITIONAL UNLIMITED TAX DEBT . . . The District does not have any plans to issue additional unlimited tax debt within the next 12 months.

TABLE 10 - OTHER OBLIGATIONS

As of the date of this Official Statement, the District does not have any outstanding other obligations.

PENSION FUND . . . Pension funds for employees of Texas school districts, and any employee in public education in Texas, are administered by the Teacher Retirement System of Texas (the "System"). The individual employees contribute a fixed amount of their salary to the System, currently 7.7%, and the State of Texas contributes funds to the System based on statutory required minimum salary for certified personnel, except any District personnel paid by Federally funded programs. For more detailed information concerning the retirement plan, see Appendix B, "Excerpts from the District's Annual Financial Report" - Note 4. D.

FINANCIAL INFORMATION

TABLE 11 – SCHEDULE OF CHANGES IN NET POSITION

	Fiscal Year Ended				
	2020	2019	2018	2017	2016
Program Revenues:					
Charges for Services	$ 1,811,604	$ 2,344,872	$ 2,334,323	$ 2,240,222	$ 2,365,526
Operating Grants and Contributions	40,096,018	36,119,222	(50,343)	25,798,678	28,053,837
General Revenues:					
Maintenance and Operations Taxes	76,957,870	72,331,872	68,698,527	61,654,489	56,464,390
Debt Service Taxes	36,097,160	31,009,105	29,371,302	25,285,029	23,087,160
State Aid - Formula Grants	68,487,946	55,213,773	62,931,943	62,926,080	59,203,538
Investment Earnings	2,911,413	5,043,972	2,351,254	575,431	249,329
Miscellaneous	534,941	683,074	605,229	1,082,726	2,089,462
Special Item	-	(1,995,716) [1]	-	728,050	43,700
Total Revenues	$ 226,896,952	$ 200,750,174	$ 166,242,235	$ 180,290,705	$ 171,556,942
Expenses:					
Instruction, Curriculum and Media Services	$ 125,983,015	$ 115,659,341	$ 70,178,124	$ 98,855,797	$ 91,511,746
Instructional and School Leadership	18,465,462	16,037,592	9,289,331	13,409,435	13,410,617
Student Support Services	16,986,471	15,379,850	12,137,572	12,846,476	11,668,640
Food Services	8,631,986	7,818,005	7,242,426	7,078,058	7,046,366
Extracurriculur Activities	4,281,025	4,335,245	3,484,754	4,198,028	6,073,946
General Administration	6,094,709	5,414,246	3,863,888	4,953,826	4,283,558
Plant Maintenance, Security & Data Processing	18,807,341	18,505,322	15,018,743	17,697,980	18,064,531
Community Services	25,350	17,817	0	5,782	356
Debt Service-Interest and Bond Issuance Cost & Fees	27,557,777	21,825,655	15,603,747	10,836,737	20,968,611
Other Activities	467,437	507,109	5,785,979	10,741,279	1,543,567
Total Expenses	$ 227,300,573	$ 205,500,182	$ 142,604,564	$ 180,623,398	$ 174,571,938
Increase (decrease) in net position before transfers and special items	$ (403,621)	$ (4,750,008)	$ 23,637,671	$ (332,693)	$ (3,014,996)
Change in Account Principle	-	-	(85,000,127) [2]	-	-
Beginning Net Position	(61,646,313)	(56,896,305)	4,466,151	4,798,844	7,813,840
Ending Net Position	$ (62,049,934)	$ (61,646,313)	$ (56,896,305)	$ 4,466,151	$ 4,798,844

(1) In Fiscal Year 2019, the District was the victim of a business email compromise scheme. See Appendix B, "Excerpts from the Crowley Independent School District Annual Financial Report" – Note 4.H.

(2) In Fiscal Year 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. As a result, the beginning net position of the District's governmental activities has been restated on the Statement of Activities to reflect the net OPEB liability and deferred outflows of resources relating to TRS-Care contributions made after the prior measurement date of the plan.

Source: The District's audited financial statements.

TABLE 11-A – SCHEDULE OF GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended				
	2020	2019	2018	2017	2016
Revenues:					
Local and Intermediate Sources	$ 78,561,323	$ 74,742,425	$ 70,384,086	$ 63,080,603	$ 59,154,638
State Sources	75,574,296	60,157,711	67,315,885	67,149,789	64,046,466
Federal Sources	2,989,150	4,858,053	2,404,761	2,392,036	1,865,649
Total Revenues	$ 157,124,769	$ 139,758,189	$ 140,104,732	$ 132,622,428	$ 125,066,753
Expenditures:					
Instruction & Instructional Related Services	$ 98,254,294	$ 90,264,739	$ 86,822,224	$ 81,865,247	$ 76,603,758
Instructional & School Leadership	14,142,012	13,781,823	14,382,081	12,630,098	12,144,330
Support Services - Student (Pupil)	15,401,381	15,972,920	15,214,583	13,963,991	14,844,282
Administrative Support Services	5,875,346	5,162,686	4,946,133	4,876,904	4,184,234
Support Services - Nonstudent Based	18,055,813	16,990,350	16,372,611	16,201,478	17,365,190
Community Services	9,666	17,817	-	-	-
Total Expenditures	$ 151,738,512	$ 142,190,335	$ 137,737,632	$ 129,537,718	$ 125,141,794
Excess (Deficiency) of Revenues Over Expenditures	$ 5,386,257	$ (2,432,146)	$ 2,367,100	$ 3,084,710	$ (75,041)
Other Resources and (Uses) & Special Items	$ (444,776)	$ 16,510	$ 26,506	$ 728,050	$ 43,700
Net Change in Fund Balances	$ 4,941,481	$ (2,415,636)	$ 2,393,606	$ 3,812,760	$ (31,341)
Beginning Fund Balance	$ 34,078,968	$ 36,494,604	$ 34,100,998	$ 30,288,238	$ 30,319,579
Ending Fund Balance (1)	$ 39,020,449	$ 34,078,968	$ 36,494,604	$ 34,100,998	$ 30,288,238

(1) The District estimates its Fiscal Year Ending (6/30/21) Fund Balance will be approximately $43,358,140.

Source: The District's audited financial statements.

FINANCIAL POLICIES

Basis of Accounting . . . During the fiscal year 2002, the District adopted GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Government,* ("GASB Statement No. 34"), issued June 1999; GASB Statement No. 37, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments:* Omnibus, an amendment to GASB Statement No. 21 and No. 34, issued in June 2001, and; GASB Statement No. 38, *Certain Financial Statement Note Disclosures,* issued in 2001.

The GASB has issued Statement No. 39, *Determining Whether Certain Organizations are Component Units* ("GASB 39"). GASB 39 requires state and local governments to report legally separate tax exempt organizations as discrete component units if they meet the following criteria:

- The economic resources raised and held by the affiliated organization almost entirely is for the benefit of the District.
- The District is entitled to or has the ability to access the funds raised by the affiliated organization.
- The funds held by the affiliated organization are material to the District's financial statements.

The District has evaluated GASB 39 and determined that there is no impact of the implementation of this standard on its financial statements.

Basis of Accounting . . . The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the fiduciary fund and financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. For the government-wide financial statements, the District has elected to follow GASB and only those accounting standards issued by the Financial Accounting Standards Board on or before November 30, 1989.

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

Fund Accounting

The District reports the following major governmental funds:

The General Fund which accounts for financial resources related to the general operations of the District, including financial resources not required to be accounted for in some other fund.

The Debt Service Fund which is utilized to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs arising from general obligation bonds.

The Capital Projects Fund which accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and acquisition of capital facilities.

Budgetary Procedures . . . The District is required by state law to adopt annual budgets for the general fund, National School Lunch and Breakfast Program fund (food service fund) and debt service fund. Special revenue funds, other than the food service fund, are required to be budgeted on a project basis. Each budget is presented on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America.

The District uses the following procedures in establishing the budgets reflected in the financial statements:

Prior to June 20th of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1st. The operating budget includes proposed expenditures and means of financing them.

A meeting of the Board of Trustees is then called for the purpose of adopting the proposed budget after ten days public notice of the meeting has been given.

Prior to July 1, the budget is legally enacted by the Board of Trustees.

The officially adopted district budget, as amended, must be filed with TEA through PEIMS (Public Education Information Management System) by the date prescribed in the annual system guidelines. This requirement for filing the amended budget with TEA is satisfied when the school district files its Annual Financial and Compliance Report.

Once a budget is approved, it can be amended at the function and fund level only by approval of a majority of the members of the Board of Trustees. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

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

INVESTMENTS

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

LEGAL INVESTMENTS . . . Under Texas law, the District is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (7) or in any other manner and amount provided by law for District deposits; or (ii) that are invested by the District through a depository institution that has its main office or a branch office in the State of Texas and otherwise meet the requirements of the Public Funds Investment Act; (9) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) 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; (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank; (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission (the "SEC") and complies with SEC Rule 2a-7 (17 C.F.F. Section 270.2a-7); and (13) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and either (a) a duration of one year or more and invest exclusively in obligations described under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. If specifically authorized in the authorizing document, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

Governmental bodies in the State are authorized to implement securities lending programs if (i) the value of the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (7) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (7) and (11) through (13) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the District or a third party designated by the District; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) 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, as amended, Texas Government Code, the District is also authorized to purchase, sell, and invest its funds in corporate bonds. Texas law defines "corporate bonds" as senior secured debt obligations issued by a domestic business entity and rated not lower than "AA-" or the equivalent by a nationally recognized investment rating firm. The term does not include a bond that is convertible into stocks or shares in the entity issuing the bond (or an affiliate or subsidy thereof) or any unsecured debt. Corporate bonds must finally mature not later than 3 years from their date of purchase by the school district. A school district may not (1) invest more than 15% of its monthly average fund balance (excluding bond proceeds, reserves, and other funds held for the payment of debt service) in corporate bonds; or (2) invest more than 25% of the funds invested in corporate bonds in any one domestic business entity (including subsidiaries and affiliates thereof). Corporate bonds held by a school district must be sold if they are at any time downgraded below "AA-" (or the equivalent thereof) or, with respect to a corporate bond rated "AA-" (or the equivalent thereof), such corporate bond is placed on negative credit watch. Corporate bonds are not an eligible investment for a public funds investment pool. To invest in corporate bonds, an eligible school district must first (i) amend its investment policy to authorize corporate bonds as an eligible investment, (ii) adopt procedures for monitoring rating changes in corporate bonds and liquidating an investment in corporate bonds, and (iii) identify funds eligible to be invested in corporate bonds.

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

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

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

ADDITIONAL PROVISIONS . . . Under Texas law, the District is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the District to disclose the relationship and file a statement with the Texas Ethics Commission and the Board of Trustees; (4) require the qualified representative of firms offering to engage in an investment transaction with the District to: (a) receive and review the District's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the District and the business organization that are not authorized by the District's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the District's entire portfolio or requires an interpretation of subjective investment standards or relates to investment transactions of the District that are not made through accounts of other contractual arrangements over which the business organization has accepted discretionary investment authority), and (c) deliver a written statement in a form acceptable to the District and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the District's investment policy; (6) provide specific investment training for the treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse 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.

TABLE 12 - CURRENT GENERAL FUND INVESTMENTS

As of June 30, 2021, the District's investable funds were invested in the following categories:

Description of Investment	Percent	Market Value
Lone Star Investment Pool	86.37%	$ 174,827,901
Texas Class Investment Pool	2.84%	5,748,595
Chase Checking	10.79%	21,837,552
TOTAL	100.00%	$ 202,414,048

TAX MATTERS

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

General. The following discussion is a summary of certain expected material federal income tax consequences of the purchase, ownership and disposition of the Bonds and is based on the Internal Revenue Code of 1986 (the "Code"), the regulations promulgated thereunder, published rulings and pronouncements of the Internal Revenue Service ("IRS") and court decisions currently in effect. There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS, has been, or is expected to be, sought on the issues discussed herein. Any subsequent changes or interpretations may apply retroactively and could affect the opinion and summary of federal income tax consequences discussed herein.

The following discussion is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, particular holders of the Bonds and does not address U.S. federal gift or estate tax or (as otherwise stated herein) the alternative minimum tax, state, local or other tax consequences. This summary does not address special classes of taxpayers (such as partnerships, or other pass-thru entities treated as a partnerships for U.S. federal income tax purposes, S corporations, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate investment trusts, grantor trusts, former citizens of the U.S., broker-dealers, traders in securities and tax-exempt organizations, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be subject to the branch profits tax or, personal holding company provisions of the Code or taxpayers qualifying for the health insurance premium assistance credit) that are subject to special treatment under U.S. federal income tax laws, or persons that hold Bonds as a hedge against, or that are hedged against, currency risk or that are part of hedge, straddle, conversion or other integrated transaction, or persons whose functional currency is not the "U.S. dollar". This summary is further limited to investors who will hold the Bonds as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

As used herein, the term "U.S. Holder" means a beneficial owner of a Bond who or which is: (i) an individual citizen or resident of the United States, (ii) a corporation or partnership created or organized under the laws of the United States or any political subdivision thereof or therein, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or (iv) a trust, if (a) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes. As used herein, the term "Non-U.S. Holder" means a beneficial owner of a Bond that is not a U.S. Holder.

THIS SUMMARY IS INCLUDED HEREIN FOR GENERAL INFORMATION ONLY AND DOES NOT DISCUSS ALL ASPECTS OF THE U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF BONDS IN LIGHT OF THE HOLDER'S PARTICULAR CIRCUMSTANCES AND INCOME TAX SITUATION. PROSPECTIVE HOLDERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE BONDS BEFORE DETERMINING WHETHER TO PURCHASE BONDS.

THIS SUMMARY IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, TO AVOID PENALTIES THAT MIGHT BE IMPOSED ON THE TAXPAYER IN CONNECTION WITH THE MATTERS DISCUSSED THEREIN. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF THE PURCHASE, OWNERSHIP OR DISPOSITION OF THE BONDS UNDER APPLICABLE STATE OR LOCAL LAWS, OR ANY OTHER TAX CONSEQUENCE.

FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO NON-U.S. HOLDERS.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO U.S. HOLDERS

Periodic Interest Payments and Original Issue Discount. The Bonds are not obligations described in Section 103(a) of the Code. Accordingly, the stated interest paid on the Bonds or original issue discount, if any, accruing on the Bonds will be includable in "gross income" within the meaning of Section 61 of the Code of each owner thereof and be subject to federal income taxation when received or accrued, depending upon the tax accounting method applicable to such owner.

Disposition of Bonds. An owner will recognize gain or loss on the redemption, sale, exchange or other disposition of a Bond equal to the difference between the redemption or sale price (exclusive of any amount paid for accrued interest) and the owner's tax basis in the Bonds. Generally, a U.S. Holder's tax basis in the Bonds will be the owner's initial cost, increased by income reported by such U.S. Holder, including original issue discount and market discount income, and reduced, but not below zero, by any amortized premium. Any gain or loss generally will be a capital gain or loss and either will be longterm or short-term depending on whether the Bonds has been held for more than one year.

Defeasance of the Bonds. Defeasance of any Bond may result in a reissuance thereof, for U.S. federal income tax purposes, in which event a U.S. Holder will recognize taxable gain or loss as described above.

State, Local and Other Tax Consequences. Investors should consult their own tax advisors concerning the tax implications of holding and disposing of the Bonds under applicable state or local laws, or any other tax consequence, including the application of gift and estate taxes. Certain individuals, estates or trusts may be subject to a 3.8% surtax on all or a portion of the taxable interest that is paid on the Bonds. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE FOREGOING MATTERS.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

A Non-U.S. Holder that is not subject to U.S. federal income tax as a result of any direct or indirect connection to the U.S. in addition to its ownership of a Bond, will not be subject to U.S. federal income or withholding tax in respect of a Bond, provided that such Non-U.S. Holder complies, to the extent necessary, with identification requirements including delivery of a signed statement under penalties of perjury, certifying that such Non-U.S. Holder is not a U.S. person and providing the name and address of such Non-U.S. Holder. Absent such exemption, payments of interest, including any amounts paid or accrued in respect of accrued original issue discount, may be subject to withholding taxes, subject to reduction under any applicable tax treaty. Non-U.S. Holders are urged to consult their own tax advisors regarding the ownership, sale or other disposition of a Bond.

The foregoing rules will not apply to exempt a U.S. shareholder of a controlled foreign corporation from taxation on the U.S. shareholder's allocable portion of the interest income received by the controlled foreign corporation.

INFORMATION REPORTING AND BACKUP WITHHOLDING

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to withholding under sections 1471 through 1474 of the Code or backup withholding under Section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number (“TIN”), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient’s federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

CONTINUING DISCLOSURE INFORMATION

In the Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) system.

ANNUAL REPORTS . . . The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under Tables numbered 1 through 5 and 7 through 12 and in Appendix B, which is the District’s annual audited financial report. The District will update and provide the information in the numbered tables within six months after the end of each fiscal year ending in and after 2021 and, if not submitted as part of such annual financial information, the District will provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the District will 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 statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation.

The District's current fiscal year end is June 30. Accordingly, the District must provide updated information included in the above-referenced tables by the last day of December in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by June 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the District otherwise would be required to provide financial information and operating data as set forth above.

All financial information, operating data, financial statements and notices required to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided as set forth above may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

NOTICE OF CERTAIN EVENTS . . . The District will also provide timely notices of certain events to the MSRB. The District will 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". Neither the Bonds nor the Order make any provision for liquidity enhancement or debt service reserves.

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

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

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

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

Compliance with Prior Undertakings . . . During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

Ratings

The Bonds have been rated "Aa3" by Moody's Investors Service, Inc. ("Moody's") without consideration of the Permanent School Fund Guarantee or other credit enhancement. The presently outstanding tax supported debt of the District is rated "Aa3" by Moody's and "A+" by S&P Global Ratings, a division of S&P Global Inc. ("S&P"), without consideration of the Permanent School Fund Guarantee or other credit enhancement. The District also has other issues outstanding which are rated "Aaa" by Moody's and "AAA" by S&P by virtue of the guarantee of the corpus of the Permanent School Fund of Texas. **In connection with the issuance of the Bonds, an application for a contract rating on the Bonds was made to Moody's only and the Bonds are not guaranteed by the Permanent School Fund Guarantee.** An explanation of the significance of any rating may be obtained from the company furnishing the rating. Each rating reflects only the respective view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that any rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment such company, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Litigation

The District is not a party to any litigation or other proceeding pending or, to its 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 or operations of the District. At the time of the initial delivery of the Bonds, the District will provide the Underwriter 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.

Registration and Qualification of Bonds for Sale

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

Legal Investments and Eligibility to Secure Public Funds in Texas

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. 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. In accordance with the Public Funds Investment Act, Chapter 2256, Texas Government Code, the Bonds must be rated not less than "A" or its equivalent as to investment quality by a national rating agency in order for most municipalities or other political subdivisions or public agencies of the State of Texas to be authorized to invest in the Bonds, except for purchases for interest and sinking funds of such entities. See "OTHER INFORMATION – Ratings" herein. Moreover, municipalities or other political subdivisions or public agencies of the State of Texas that have adopted investment policies and guidelines in accordance with the Public Funds Investment Act may have other, more stringent requirements for purchasing securities, including the Bonds. 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.

LEGAL MATTERS

The District will furnish the Underwriter a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel to the District, a form of which opinion is attached to this Official Statement as Appendix C. Though it represents the Financial Advisor and the Underwriter 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. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Bonds which would affect the provision made for their payment or security, or in any manner questioning the validity of the Bonds will also be furnished to the Underwriter. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information under the captions and subcaptions "THE BONDS" (excluding the information under the subcaptions "Book-Entry-Only System", "Bondholders' Remedies", and "Sources and Uses of Proceeds"), "STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS", "CURRENT PUBLIC SCHOOL FINANCE SYSTEM" (excluding the information under the subcaption "2021 Regular and Special Legislative Sessions"), "TAX RATE LIMITATIONS – M&O Tax Rate Limitations" (first paragraph only), "TAX MATTERS", "CONTINUING DISCLOSURE INFORMATION" (excluding the information under the subcaptions "Compliance with Prior Undertakings" and "Availability of Information from MSRB"), "OTHER INFORMATION - Registration and Qualification of Bonds for Sale", "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas", and "OTHER INFORMATION - Legal Matters" (except for the last sentence of the first paragraph thereof) in the Official Statement and such firm is of the opinion that the information relating to the Bonds and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Bonds, such information conforms to the provisions of the Order. The District expects to pay the legal fee of Bond Counsel for services rendered in connection with the issuance of the Bonds from proceeds of the Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, Sara Leon & Associates, PLLC, Austin, Texas and Orrick, Herrington & Sutcliffe LLP, Houston, Texas, whose legal fees are contingent upon the sale and delivery of the Bonds.

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

FINANCIAL ADVISOR

Hilltop Securities Inc. is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Hilltop Securities Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

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

UNDERWRITING

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the District at a price equal to the initial offering price to the public, as shown on page 2 hereof, less an underwriting discount of $42,512.75. The Underwriter will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriter.

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

FORWARD-LOOKING STATEMENTS DISCLAIMER

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

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

MISCELLANEOUS

In the Bond Order, the Board authorized the Pricing Officer to approve, and in the Pricing Certificate the Pricing Officer did approve, for and on behalf of the District, (i) the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and (ii) the Underwriter's use of this Official Statement in connection with the public offering and the sale of the Bonds in accordance with the provisions of Rule 15c2-12.

STACEY ADRIAN
Pricing Officer
Crowley Independent School District

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APPENDIX A

GENERAL INFORMATION REGARDING THE DISTRICT

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THE DISTRICT

The Crowley Independent School District (the "District") is a political subdivision located in Tarrant and Johnson Counties and is part of the Dallas-Fort Worth metroplex. The District covers approximately 57 square miles with an estimated population of 78,118. The area's economy relies on manufacturing, agriculture and mineral production. Agricultural income is derived from beef cattle, dairy cattle, horses, cotton and grain. Minerals produced include oil, gas, sand and gravel.

HISTORICAL DISTRICT ENROLLMENT

School Year Ending	Total Enrollment	Average Daily Attendance
2017	15,240	14,178
2018	15,240	14,189
2019	15,679	14,388
2020	15,996	14,672
2021	15,731	14,679

Source: The District.

CAMPUS INFORMATION

Campus	Number of Schools	Capacity	Number of Portables
Elementary Schools	15	11,798	5
Middle Schools	4	6,435	0
High Schools (includes Learning Center and Career & Tech Center)	6	9,749	6
Totals	25	27,982	11

Source: The District.

SCHOOL AND EMPLOYEE INFORMATION

Teachers	1,199
Campus Administrators	77
Campus Professionals	114
Auxiliary	63
Paraprofessionals	583
District Administrators	33
District Wide Student/Teacher Ratio	13.60:1

Source: The District.

Labor Force Estimates

	Annual Averages				
	2021 (1)	2020	2019	2018	2017
Dallas-Fort Worth Metro					
Civilian Labor Force	4,086,851	3,985,114	3,971,633	3,900,458	3,830,780
Total Employment	3,869,735	3,703,369	3,842,012	3,763,972	3,689,701
Unemployment	217,116	281,745	129,621	136,486	141,079
Percent Unemployment	5.3%	7.1%	3.3%	3.5%	3.7%
State of Texas					
Civilian Labor Force	14,192,398	13,983,319	14,045,312	13,832,063	13,538,385
Total Employment	13,340,757	12,915,337	13,551,791	13,298,313	12,960,595
Unemployment	851,641	1,067,982	493,521	533,750	577,790
Percent Unemployment	6.0%	7.6%	3.5%	3.9%	4.3%

(1) Averages shown as of July 2021.

Source: Texas Workforce Commission.

APPENDIX B

EXCERPTS FROM THE

CROWLEY INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

The information contained in this Appendix consists of excerpts from the Crowley Independent School District Annual Financial Report for the Year Ended June 30, 2020, and is not intended to be a complete statement of the District's financial condition. Reference is made to the complete Report for further information.

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Independent Auditor's Report

To the Board of Trustees of
Crowley Independent School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Crowley Independent School District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Weaver and Tidwell, L.L.P.
2821 West 7th Street, Suite 700 | Fort Worth, Texas 76107
Main: 817.332.7905 | Fax: 817.429.5936
CPAs AND ADVISORS | WEAVER.COM

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, 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.

Other Matters

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

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplementary information, Texas Education Agency schedules, statistical section, and School First Questionnaire are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements.

The other supplementary information, Texas Education Agency schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

The Board of Trustees of
Crowley Independent School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
November 5, 2020

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Management's Discussion and Analysis (Unaudited)

This section of the Crowley Independent School District (the "District") financial report, presents our discussion and analysis of the District's financial performance for the year ended June 30, 2020. It should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

Liabilities of the District exceeded assets by $62,049,934 (total net position) for governmental activities and assets exceeded liabilities by $57,798 for business-type activities. Restricted net position consists of $33,132,221 for debt service, and $3,813,378 for grant funds. Assigned fund balance consists of $1,500,000 for general fund.

At fiscal year end, the unassigned fund balance in the General Fund was $37,077,513. Non-spendable fund balance for inventories and prepaids was $442,936 and assigned for one-time, non-recurring instructional and extra-curricular expenses and District strategic initiatives was $1.5 million. The District reported an increase to fund balance in the general fund of $4,941,481 due to conservative spending.

The fund balance in the Debt Service Fund increased to $45,830,811, which still provides for a debt service payment of $36 million in the 2020 fiscal year. The Capital Projects Fund reported a fund balance of $127,178,425, which represents the balance remaining for projects authorized by the voters.

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) Management's Discussion and Analysis, 2) the basic financial statements, and 3) required supplemental information. The basic statements include two kinds of statements that present different views of the District.

The first two statements are *Government-wide Financial Statements,* the *Statement of Net Position* and the *Statement of Activities,* which provide both long-term and short-term information about the District's overall financial status reflect.

The remaining statements are *fund financial statements* that report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The *governmental funds* statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. *Proprietary fund* statements offer short and long-term financial information about the activities the government operates like businesses, such as self-insurance services. *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide additional data needed for full disclosure in the government-wide statements or the fund financial statements. The notes are followed by a section of *required supplementary information* and *other supplementary information* that further explains and supports the information in the basic financial statements. The section labeled *other supplementary information* contains data used by the Texas Education Agency (TEA) and other monitoring or regulatory agencies.

Government-wide Financial Statements. The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all the District's assets and liabilities. All the current period's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's tax base, staffing patterns, enrollment and attendance.

The government-wide financial statements of the District are divided into two categories:

Governmental activities. Most of the District's basic services are reported here, including instruction, instructional support, instructional leadership, school leadership, student transportation, food service, extracurricular activities, general administration, maintenance, and so forth. Property taxes, state foundation funds, tuitions, fees, and state and federal grants are the major source of financing for these activities.

In fiscal year 2018, the District adopted the Governmental Accounting Standards Board Statement no. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which superseded GASB Statement No. 45.*

Statement No. 75 establishes financial reporting standards and/or accounting standards for state and local government defined benefit of OPEB plans and defined contribution OPEB plans. Statement No. 75 requires that, at transition, a government recognizes a beginning deferred outflow of resources for its OPEB contributions, if any, made after the measurement date of the beginning net OPEB liability. The effects of the adoption of this statement has no impact on the District's governmental fund financial statements. However, adoption has resulted in certain changes to the presentation of the financial statements of the District's government-wide financial statements. More information on the adoption of this statement and the District's OPEB plan is available in Note 4.E.

Business-type activities. The District charges a fee to "customers" to help cover all or most of the cost of services it provides for community education.

Fund financial statements. Fund financial statements provide a detailed short-term view of the most significant funds-not the District as a whole. Laws and contracts require the District to establish some funds while the District's administration establishes other funds to help control and manage money for particular purposes. The District's three kinds of funds use different accounting approaches.

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

Proprietary Funds The District maintains two proprietary fund types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for worker's compensation. The internal service funds are included within *governmental activities* in the government-wide financial statements.

Fiduciary Funds The District is the trustee, or fiduciary, for resources held for the benefit of others such as the student activities fund. Fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The resources accounted for in these funds are not available to finance the District's operations and are thus excluded from the District's government-wide financial statements.

Government-Wide Financial Analysis

Statement of Net Position

Net position of the District's governmental and business-type activities decreased from a deficit of $61.6 million to $62 million. The decrease in net position was primarily due to a greater increase in liabilities than the increase in net assets. Current assets primarily increased due to the issuance of debt but was offset by the construction projects associated with said debt.

	Governmental Activities Activities		Business Type Activities		Total Activities		Total Change
	2020	2019	2020	2019	2020	2019	2020-2019
Current assets	$ 257,616,913	$ 236,356,522	$ 64,946	$ 145,111	$ 257,681,859	$ 236,501,633	$ 21,180,226
Capital assets	444,509,927	375,960,935	-	-	444,509,927	375,960,935	68,548,992
Total assets	702,126,840	612,317,457	64,946	145,111	702,191,786	612,462,568	89,729,218
Deferred outflow of resources	52,763,095	53,512,105	-	-	52,763,095	53,512,105	(749,010)
Total deferred outflow of resources	52,763,095	53,512,105	-	-	52,763,095	53,512,105	(749,010)
Current liabilities	47,366,151	41,071,439	7,148	70,880	47,373,299	41,142,319	6,230,980
Long-term liabilities	733,967,916	661,708,535	-	-	733,967,916	661,708,535	72,259,381
Total liabilities	781,334,067	702,779,974	7,148	70,880	781,341,215	702,850,854	78,490,361
Deferred inflow of resources	35,605,802	24,695,901	-	-	35,605,802	24,695,901	10,909,901
Total deferred inflow of resources	35,605,802	24,695,901	-	-	35,605,802	24,695,901	10,909,901
Net position:							
Investment in capital assets	(5,353,620)	(2,661,848)	-	-	(5,353,620)	(2,661,848)	(2,691,772)
Restricted - Grants	3,813,378	4,295,895	-	-	3,813,378	4,295,895	(482,517)
Restricted - Debt Service	33,132,221	30,336,448	-	-	33,132,221	30,336,448	2,795,773
Unrestricted	(93,641,913)	(93,616,808)	57,798	74,231	(93,584,115)	(93,542,577)	(41,538)
Total net position	$ (62,049,934)	$ (61,646,313)	$ 57,798	$ 74,231	$ (61,992,136)	$ (61,572,082)	$ (420,054)

Statement of Activities

The following table summarizes the change in the District's net position from its activities for the fiscal years ended June 30, 2020 and June 30, 2019.

	Governmental Activities Activities		Business Type Activities		Total Activities		Total Change
	2020	2019	2020	2019	2020	2019	2020-2019
Revenues							
Program revenues:							
Charges for services	$ 1,811,604	$ 2,344,872	$ 48,273	$ 98,715	$ 1,859,877	$ 2,443,587	$ (583,710)
Operating grants and contributions	40,096,018	36,119,222	-	-	40,096,018	36,119,222	3,976,796
General revenues							
Maintenance and operations taxes	76,957,870	72,331,872	-	-	76,957,870	72,331,872	4,625,998
Debt service taxes	36,097,160	31,009,105	-	-	36,097,160	31,009,105	5,088,055
State aid - formula grants	68,487,946	55,213,773	-	-	68,487,946	55,213,773	13,274,173
Investment earnings	2,911,413	5,043,972	-	-	2,911,413	5,043,972	(2,132,559)
Other revenue	534,941	683,074	-	-	534,941	683,074	(148,133)
Total revenues	226,896,952	202,745,890	48,273	98,715	226,945,225	202,844,605	24,100,620
Expenses							
Instruction	125,983,015	113,207,453	-	-	125,983,015	113,207,453	12,775,562
Instructional and school leadership	18,465,462	18,489,480	-	-	18,465,462	18,489,480	(24,018)
Student support	16,986,471	15,379,850	-	-	16,986,471	15,379,850	1,606,621
Food services	8,631,986	7,818,005	-	-	8,631,986	7,818,005	813,981
Cocurricular activities	4,281,025	4,335,245	-	-	4,281,025	4,335,245	(54,220)
General and administration	6,094,709	5,414,246	-	-	6,094,709	5,414,246	680,463
Plant maintenance/ security/data	18,807,341	18,505,322	-	-	18,807,341	18,505,322	302,019
Community services	25,350	17,817	64,706	175,922	90,056	193,739	(103,683)
Debt service taxes	27,557,777	21,825,655	-	-	27,557,777	21,825,655	5,732,122
Other activities	467,437	507,109	-	-	467,437	507,109	(39,672)
Special item	-	1,995,716	-	-	-	1,995,716	(1,995,716)
Total Expenses	227,300,573	207,495,898	64,706	175,922	227,365,279	207,671,820	19,693,459
Change in Net Position	(403,621)	(4,750,008)	(16,433)	(77,207)	(420,054)	(4,827,215)	4,407,161
B Before Restatement	(61,646,313)	(56,896,305)	74,231	151,438	(61,572,082)	(56,744,867)	(4,827,215)
Ending Net Position	$ (62,049,934)	$ (61,646,313)	$ 57,798	$ 74,231	$ (61,992,136)	$ (61,572,082)	$ (420,054)

The District's statement of governmental activities reflects total revenues for the year ended June 30, 2020 of $226.9 million, an increase of $24 million and the total cost of all programs and services of $227.4 million, an increase of $19.7 million. The net result is a decrease in net position of $420,054. The following impacted total expenses:

- Instruction and related expenses increased $12.8 million.
- Debt service interest increased $5.7 million due to the restructuring of our debt structure the year prior.

The cost of all governmental activities this year was $227.3 million. However, as shown in the Statement of Activities, the amount that taxpayers ultimately financed for these activities was $113.1 million because some of the costs were paid by those who directly benefited from the programs ($1.9 million) and by grants and contributions (primarily state funding) not restricted to specific programs ($68.5 million).

The District's statement of activities for business-type reflects charges for services of $48,273. With community education costs of $64,706, the net activity for business-type activities decreased $16,433 for ending net position of $57,798.

The District's Funds

As the District completed the year, its governmental funds reported a combined fund balance of $216.5 million, which is an increase of $16.3 million from last year's total of $200.2 million. The increase is composed of the following: The General Fund balance increased $4.9 million from $34.1 to $39 million from regular operations, with a continued healthy fund balance of 25.7%. The fund balance in the Debt Service Fund increased $5.3 million to $45.8 million as a result of an increased tax base. The Capital Projects Fund increased $5.9 million from $121.2 million to $127.2 million as a result of construction projects underway and Other Governmental Funds balance increased $186,523 from Food Service operations.

General Fund Budgetary Highlights

Over the course of the year, the Board of Trustees revised the District's budget from time to time. Neither revenue nor expenditure budgets were increased this year. At year end, there were no significant budgetary variances between the final amended budget and actual results. Overall revenue was slightly higher than projected at 102.2%. There were no overages by function level for the expenditure side of the budget. Overall the expenditures were slightly lower than anticipated at 95%.

Capital Asset and Debt Administration

Capital Assets. At the end of 2020, the District had $444.5 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. Net increases (decreases) for the year were as follows:

Land	$ 160,000
Construction in progress	74,447,626
Building and improvements	1,550,305
Furniture and equipment	2,507,899
Accumulated depreciation	(10,116,838)

More detailed information about the District's capital assets is presented in Note III. B. to the financial statements.

Debt. At year-end, the District had $535.5 million in bonds outstanding versus $467.6 million last year, an increase of $67.9 million. The District sold the remainder of the authorized but unissued bonds from the 2007 bond election. More detailed information about the District's long-term liabilities is presented in Note III. C. to the financial statements.

Economic Factors and Next Year's Budgets and Rates

- For the 2020-2021 school year, the District opened the new BRJ Career Tech building (CTE) at the same time, restoring the prior BRJ CTE building back to the fourth middle school in August 2020. The new middle school has been named Richard Allie Middle School and with the new grading structures, will include sixth to eighth grades, as is with the other three middle schools.

- During March of 2020, the Corona Virus (COVID-19) impacted the United States, changing the way students are educated across the nation. Crowley ISD is providing virtual learning for our students from Sept. 8 through Oct. 5, at which time, the students will have the opportunity to learn face to face or to remain in a virtual setting.

- General Fund local property tax revenues are budgeted at $80.1 million using a collection rate of 97%. Due to HB3, the tax rate was produced by TEA after the state certified values were submitted for review, five weeks after CISD Board of Trustees approved the General Fund Budget. The General Fund tax rate for CISD is $1.0398.

- With ongoing guidance and clarification regarding the Corona Virus, the Average Daily Attendance (ADA) for CISD is slightly more challenging. The District was using a formula provided by TEA to calculate the ADA for the Spring of 2020. The District did not budget for any growth in the ADA for the 2020-2021 school year.

- With the expansion of the Chisholm Trail Parkway in the western edge of Crowley ISD, the District is closely monitoring the growth in the district to anticipate future needs. The District continues to work with a demographer to be proactive in the planning necessary to support the quality education that is expected for CISD.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at Crowley Independent School District, 512 Peach Street, Crowley, TX 76036, (817) 297-5800.

Basic Financial Statements

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Crowley Independent School District

Exhibit A-1

Statement of Net Position

June 30, 2020

Data Control Codes		1 Governmental Activities	2 Business-type Activities	Total
	ASSETS			
1110	Cash and cash equivalents	$ 233,275,376	$ 64,946	$ 233,340,322
1220	Property taxes receivable	3,063,155	-	3,063,155
1230	Allowance for uncollectible taxes	(740,868)	-	(740,868)
1240	Due from other governments	21,351,129	-	21,351,129
1290	Other receivables	225,185	-	225,185
1300	Inventories	55,123	-	55,123
1410	Prepaid items	387,813	-	387,813
		257,616,913	64,946	257,681,859
	Capital assets:			
1510	Land	23,512,267	-	23,512,267
1520	Buildings and improvements, net	277,601,576	-	277,601,576
1530	Furniture and equipment, net	9,450,764	-	9,450,764
1580	Construction in progress	133,945,320	-	133,945,320
1000	Total assets	702,126,840	64,946	702,191,786
	DEFERRED OUTFLOW OF RESOURCES			
1700	Deferred charges on refunding	14,131,684	-	14,131,684
1740	Deferred resource outflow - TRS Pensions	27,824,883	-	27,824,883
1745	Deferred resource outflow - TRS Care OPEB	10,806,528	-	10,806,528
	Total deferred outflow of resources	52,763,095	-	52,763,095
	LIABILITIES			
2110	Accounts payable	14,794,941	7,148	14,802,089
2140	Interest payable	13,415,727	-	13,415,727
2165	Accrued wages and benefits payable	17,492,326	-	17,492,326
2180	Due to other governments	1,028,602	-	1,028,602
2300	Unearned revenue	634,555	-	634,555
		47,366,151	7,148	47,373,299
	Noncurrent liabilities:			
2501	Long-term liabilities due within one year	15,969,036	-	15,969,036
2502	Long-term liabilities due in more than one year	609,961,445	-	609,961,445
2540	Net pension liability due in more than one year	51,465,800	-	51,465,800
2545	OPEB Liability due in more than one year	56,571,635	-	56,571,635
2000	Total liabilities	781,334,067	7,148	781,341,215
	DEFERRED INFLOWS OF RESOURCES			
2640	Deferred resource inflows - TRS Pensions	10,962,748	-	10,962,748
2645	Deferred resource inflows - TRS Care OPEB	24,643,054	-	24,643,054
	Total deferred inflow of resources	35,605,802	-	35,605,802
	NET POSITION			
3200	Net investment in capital assets	(5,353,620)	-	(5,353,620)
	Restricted for:			
3820	Grants	3,813,378	-	3,813,378
3850	Debt service	33,132,221	-	33,132,221
3900	Unrestricted	(93,641,913)	57,798	(93,584,115)
3000	**TOTAL NET POSITION**	$ (62,049,934)	$ 57,798	$ (61,992,136)

The Notes to the Financial Statements are an integral part of this statement.

Crowley Independent School District
Statement of Activities
For the Fiscal Year Ended June 30, 2020

Data Control Codes	Functions/Programs	1 Expenses	Program Revenues 3 Charges for Services	 4 Operating Grants and Contributions
	PRIMARY GOVERMENT			
	Governmental activities:			
11	Instruction	$ 125,375,581	$ 416,610	$ 19,549,272
12	Instructional resources and media services	607,434	-	50,894
13	Curriculum/instructional staff development	2,184,372	-	496,066
21	Instructional leadership	4,968,910	-	1,467,659
23	School leadership	11,312,180	-	1,133,619
31	Guidance, counseling, evaluation services	6,481,612	-	2,221,122
33	Health services	1,936,613	-	163,471
34	Student (pupil) transportation	8,568,246	-	2,388,166
35	Food services	8,631,986	1,171,688	9,438,681
36	Extracurricular activities	4,281,025	143,489	1,032,343
41	General administration	6,094,709	-	274,294
51	Plant maintenance and operations	14,408,837	79,817	1,063,081
52	Security and monitoring services	1,887,385	-	43,326
53	Data processing services	2,511,119	-	216,465
61	Community services	25,350	-	-
72	Debt service - interest	27,557,777	-	-
93	Payments to fiscal agent/member districts of SSA	467,437	-	539,458
	Total governmental activities	227,300,573	1,811,604	40,096,018
	Business-type activities:			
01	Community education	64,706	48,273	-
	Total business-type activities	64,706	48,273	-
TP	**TOTAL PRIMARY GOVERNMENT**	$ 227,365,279	$ 1,859,877	$ 40,096,018
	General revenues and (uses) for special item:			
MT	Property taxes, levied for general purposes			
DT	Property taxes, levied for debt service			
GC	Grants and contributions not restricted			
GC	for specific programs			
IE	Investment earnings			
MI	Miscellaneous local and intermediate revenue			
TR	Total general revenues			
CN	Change in net position			
NB	Net position - beginning			
NE	**NET POSITION, ending**			

The Notes to the Financial Statements are an integral part of this statement.

Exhibit B-1

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Governmental Activities	Business-type Activities	Total
$ (105,409,699)	$ -	$ (105,409,699)
(556,540)	-	(556,540)
(1,688,306)	-	(1,688,306)
(3,501,251)	-	(3,501,251)
(10,178,561)	-	(10,178,561)
(4,260,490)	-	(4,260,490)
(1,773,142)	-	(1,773,142)
(6,180,080)	-	(6,180,080)
1,978,383	-	1,978,383
(3,105,193)	-	(3,105,193)
(5,820,415)	-	(5,820,415)
(13,265,939)	-	(13,265,939)
(1,844,059)	-	(1,844,059)
(2,294,654)	-	(2,294,654)
(7,249)	-	(7,249)
(27,557,777)	-	(27,557,777)
72,021	-	72,021
(185,392,951)	-	(185,392,951)
-	(16,433)	(16,433)
-	(16,433)	(16,433)
(185,392,951)	(16,433)	(185,409,384)
76,957,870	-	76,957,870
36,097,160	-	36,097,160
68,487,946	-	68,487,946
2,911,413	-	2,911,413
534,941	-	534,941
184,989,330	-	184,989,330
(403,621)	(16,433)	(420,054)
(61,646,313)	74,231	(61,572,082)
$ (62,049,934)	$ 57,798	$ (61,992,136)

Crowley Independent School District
Balance Sheet – Governmental Funds
June 30, 2020

Data Control Codes		10 General	50 Debt Service
	ASSETS		
1110	Cash and cash equivalents	$ 38,614,138	$ 45,248,767
1220	Property Taxes receivable	2,198,522	864,633
1230	Allowance for uncollectible taxes	(593,371)	(147,497)
1240	Due from other governments	18,325,370	-
1260	Due from other funds	2,123,929	657,322
1290	Other receivables	225,185	-
1300	Inventories	55,123	-
1410	Prepaid items	387,813	-
1000	**TOTAL ASSETS**	$ 61,336,709	$ 46,623,225
	LIABILITIES		
2110	Accounts payable	$ 1,557,503	$ -
2160	Accrued wages and benefits payable	17,492,326	-
2170	Due to other funds	1,216,504	-
2180	Due to other governments	444,776	75,278
2300	Unearned revenue	-	-
2000	Total liabilities	20,711,109	75,278
	DEFERRED INFLOWS OF RESOURCES		
2600	Unavailable revenue - property taxes	1,605,151	717,136
	Total deferred inflows of resources	1,605,151	717,136
	FUND BALANCES		
	Non-spendable:		
3410	Inventories	55,123	-
3430	Prepaid items	387,813	-
	Restricted:		
3450	Grant funds	-	-
3470	Capital acquisitions and contracts	-	-
3480	Debt service	-	45,830,811
	Committed:		
3545	Local activity	-	-
	Assigned:		
3570	Capital acquisitions and contracts	1,500,000	-
3600	Unassigned	37,077,513	-
3000	Total fund balances	39,020,449	45,830,811
4000	**TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES**	$ 61,336,709	$ 46,623,225

The Notes to the Financial Statements are an integral part of this statement.

60 Capital Projects	Other Governmental Funds	98 Total Governmental Funds
$ 139,215,071	$ 5,172,024	$ 228,250,000
-	-	3,063,155
-	-	(740,868)
-	3,025,759	21,351,129
-	559,182	3,340,433
-	-	225,185
-	-	55,123
-	-	387,813
$ 139,215,071	$ 8,756,965	$ 255,931,970
$ 12,036,646	$ 1,018,041	$ 14,612,190
-	-	17,492,326
-	2,123,929	3,340,433
-	511,265	1,031,319
-	634,555	634,555
12,036,646	4,287,790	37,110,823
-	-	2,322,287
-	-	2,322,287
-	-	55,123
-	-	387,813
-	3,813,378	3,813,378
127,178,425	-	127,178,425
-	-	45,830,811
-	655,797	655,797
-	-	1,500,000
-	-	37,077,513
127,178,425	4,469,175	216,498,860
$ 139,215,071	$ 8,756,965	$ 255,931,970

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Crowley Independent School District **Exhibit C-1R**

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS (C-1)	$ 216,498,860
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	572,305,299
Accumulated depreciation, including current year depreciation expense of $10,116,838, is not reported in the fund financial statements.	(127,795,372)
Long-term liabilities including bonds payable, premiums and accreted interest are not included in the fund financial statements.	(625,930,481)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(13,415,727)
Deferred outflows of resources on issuances of debt were not recognized on the balance sheet for governmental funds.	14,131,684
Deferred outflows of resources for pension and OPEB related items were not recognized on the balance sheet for governmental funds.	38,631,411
Long-term liabilities associated with the District's net pension and OPEB liability are not included in the fund financial statements.	(108,037,435)
Internal service funds are used to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	4,845,342
Deferred inflows of resources for property taxes are recognized as revenue in the government-wide financial statements.	2,322,287
Deferred inflows of resources for pension and OPEB related liabilities are recognized only in the government-wide financial statements.	(35,605,802)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (A-1)	$ (62,049,934)

The Notes to the Financial Statements are an integral part of this statement.

Crowley Independent School District
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2020

Data Control Codes		10 General	50 Debt Service
	REVENUES		
5700	Local, intermediate, and out-of-district	$ 78,561,323	$ 36,414,254
5800	State program revenues	75,574,296	621,101
5900	Federal program revenues	2,989,150	-
5020	Total revenues	157,124,769	37,035,355
	EXPENDITURES		
	Current:		
0011	Instruction	95,973,000	-
0012	Instructional resources/media services	587,385	-
0013	Curriculum and staff development	1,693,909	-
0021	Instructional leadership	3,436,623	-
0023	School leadership	10,705,389	-
0031	Guidance, counseling, and evaluation services	3,973,607	-
0033	Health services	1,873,505	-
0034	Student (pupil) transportation	6,424,173	-
0035	Food service	-	-
0036	Extracurricular activities	3,130,096	-
0041	General administration	5,875,346	-
0051	Plant maintenance and operations	13,633,272	-
0052	Security and monitoring services	1,903,967	-
0053	Data processing services	2,518,574	-
0061	Community services	9,666	-
	Debt service:		
0071	Principal	-	7,194,360
0072	Interest	-	24,565,839
0073	Bond issuance costs and fees	-	553,336
	Capital outlay:		
0081	Facilities acquisition and construction	-	-
	Intergovernmental:		
0093	Shared service arrangements	-	-
6030	Total expenditures	151,738,512	32,313,535
1100	Excess (deficiency) of revenues over (under) expenditures	5,386,257	4,721,820
	OTHER FINANCING SOURCES (USES)		
7901	Issuance of refunding bonds	-	53,699,976
7911	Issuance of bonds	-	-
7912	Sale of real or personal property	-	-
7915	Transfers In (Out)	-	-
7916	Premium/discount on bonds	-	5,274,747
8949	Payment to escrow and other uses	(444,776)	(58,429,936)
7080	Total other financing sources (uses)	(444,776)	544,787
1200	Change in net fund balances	4,941,481	5,266,607
0100	Net fund balances - beginning	34,078,968	40,564,204
3000	**TOTAL NET FUND BALANCES - ENDING**	$ 39,020,449	$ 45,830,811

The Notes to the Financial Statements are an integral part of this statement.

Exhibit C-2

60 Capital Projects	Other Governmental Funds	98 Total Governmental Funds
$ 1,874,026	$ 2,782,341	$ 119,631,944
17,763	3,847,984	80,061,144
-	19,405,906	22,395,056
1,891,789	26,036,231	222,088,144
-	9,719,356	105,692,356
-	-	587,385
-	310,418	2,004,327
-	1,056,690	4,493,313
-	65,833	10,771,222
-	1,605,522	5,579,129
-	-	1,873,505
-	2,069,332	8,493,505
-	9,302,621	9,302,621
-	706,624	3,836,720
-	-	5,875,346
-	530,191	14,163,463
-	-	1,903,967
-	-	2,518,574
-	15,684	25,350
-	-	7,194,360
-	-	24,565,839
724,586	-	1,277,922
80,761,705	-	80,761,705
-	467,437	467,437
81,486,291	25,849,708	291,388,046
(79,594,502)	186,523	(69,299,902)
-	-	53,699,976
75,115,000	-	75,115,000
-	-	-
-	-	-
10,409,586	-	15,684,333
-	-	(58,874,712)
85,524,586	-	85,624,597
5,930,084	186,523	16,324,695
121,248,341	4,282,652	200,174,165
$ 127,178,425	$ 4,469,175	$ 216,498,860

Crowley Independent School District **Exhibit C-2R**

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2020

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS (C-2)	$ 16,324,695
Internal service funds are used to charge the costs of certain activities to individual funds. The net income of internal service funds are reported with governmental activities, so the net effect is to increase net position.	1,008,389
Current year capital additions of $78,665,830 are expenditures in the fund financial statements but appear as increases in capital assets in the government-wide financial statements. The net effect of the capital additions	78,665,830
Depreciation is not expensed in fund financial statements because it does not require the use of current financial resources. The effect of current year depreciation is to decrease net position.	(10,116,838)
Current year principal payments on noncurrent liabilities are expenditures in the fund financial statements, whereas they are reported as reductions of non-current liabilities in the government-wide financial statements. The net effect of current year principal paid on bonds payable is to increase net position.	7,194,360
Premiums on bonds payable are reported as other sources of funds in the fund financial statements when the bonds are issued. Deferred charges on refunding are presented as deferred outflows of resources on the government-wide statements and amortized over the life of the related debt. Amounts are reported net of amortization on the government-wide financial statements. The net effect of these items is to increase net position with amortization of premium increasing net position by $2,627,939 and deferred charges decreasing by $923,774.	1,704,165
Current year bond proceeds $128,814,976 and premium proceeds $15,684,333 along with an escrow payment to refund debt for $58,429,936 which are other financing sources and uses to fund financial statements, whereas they are reported as reductions and additions of noncurrent liabilities in the government-wide financial statements. The net effect of current year bond and premium proceeds is a decrease in net position.	(86,069,373)
Changes in the net pension and other post employment benefit liability, and related deferred inflows and outflows not recognized on the fund financial statements under the modified accrual basis are recognized on the accrual basis in the government-wide financial statements. The effect of the change is to decrease net position with the change in due to pensions decreasing net position by $4,682,308 and other post employment benefit by $1,196,576.	(5,878,884)
Revenue not recognized on the fund financial statements under the modified accrual basis are recognized on the accrual basis in the government-wide financial statements. The effect of the change in deferred outflow of resources is to decrease net position.	182,216
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. The net effect of recording a decrease in accreted interest of $868,560 and a increase in accrued interest of $2,549,621 increased net position.	(3,418,181)
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (B-1)	$ (403,621)

The Notes to the Financial Statements are an integral part of this statement.

Crowley Independent School District **Exhibit D-1**

Statements of Net Position
Proprietary Fund
June 30, 2020

Data Control Codes		Business-type Activities - Enterprise Community Education	Governmental Activities - Internal Service Funds
	ASSETS		
	Current assets:		
1110	Cash and cash equivalents	$ 64,946	$ 5,025,376
1000	Total assets	64,946	5,025,376
	LIABILITIES		
	Current liabilities:		
2110	Accounts payable	7,148	180,034
2000	Total liabilities	7,148	180,034
	NET POSITION		
3900	Unrestricted	57,798	4,845,342
3000	**TOTAL NET POSITION**	$ 57,798	$ 4,845,342

The Notes to the Financial Statements are an integral part of this statement.

Crowley Independent School District **Exhibit D-2**

Statements of Revenues, Expenses, and Changes
in Fund Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2020

Data Control Codes		Business-type Activities - Enterprise Community Education	Governmental Activities - Internal Service Funds
	OPERATING REVENUES		
5700	Local and intermediate sources	$ 48,273	$ 1,373,057
5020	Total operating revenues	48,273	1,373,057
	OPERATING EXPENSES		
6100	Payroll cost	1,887	-
6200	Contractual services	47,799	364,668
6300	Supplies	15,020	-
6030	Total operating expenses	64,706	364,668
	Income before contribution and transfers	(16,433)	1,008,389
1300	Change in net position	(16,433)	1,008,389
0100	Net position - beginning	74,231	3,836,953
3300	**TOTAL NET POSITION - ENDING**	$ 57,798	$ 4,845,342

The Notes to the Financial Statements are an integral part of this statement.

Crowley Independent School District **Exhibit D-3**

Statements of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2020

	Business-type Activities - Enterprise Community Education	Governmental Activities - Internal Service Funds
CASH FLOWS OPERATING ACTIVITIES		
Cash received from customers	$ 48,273	$ 1,373,057
Cash payments to suppliers	(126,551)	(2,000,000)
Cash payments to employees and claims paid	(1,887)	(295,845)
Net cash used in operating activities	(80,165)	(922,788)
CASH AND CASH EQUIVALENTS, beginning of year	145,111	5,948,164
CASH AND CASH EQUIVALENTS. End of year	$ 64,946	$ 5,025,376
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ (16,433)	$ 1,008,389
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in assets and liabilities:		
Increase (decrease) in due to/from	-	(2,000,000)
Increase (decrease) in accounts payable	(63,732)	68,823
NET CASH USED IN OPERATING ACTIVITIES	$ (80,165)	$ (922,788)

The Notes to the Financial Statements are an integral part of this statement.

Crowley Independent School District **Exhibit E-1**

Statements of Fiduciary Net Position
Fiduciary Fund
June 30, 2020

Data Control Codes		Private Purpose Trust	Agency
	ASSETS		
1110	Cash and cash equivalents	$ 396	$ 191,084
	TOTAL ASSETS	$ 396	$ 191,084
	LIABILITIES		
2190	Due to student groups	$ -	$ 191,084
2000	Total liabilities	-	$ 191,084
3000	**TOTAL NET POSITION**	$ 396	

The Notes to the Financial Statements are an integral part of this statement.

Crowley Independent School District **Exhibit E-2**

Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2020

	Private Purpose Trust
ADDITIONS	
Local and intermediate sources	$ -
Total additions	-
DEDUCTIONS	
Supplies and materials	-
Total deductions	-
Change in net position	-
Net position - beginning	396
TOTAL NET POSITION - ENDING	$ 396

The Notes to the Financial Statements are an integral part of this statement.

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Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

Crowley Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and it complies with the requirements of the appropriate version of Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* (the Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

The District is an independent political subdivision of the State of Texas governed by the Board of Trustees, a seven member group, elected by the public. It has the authority to make decisions, appoint administrators and managers, and significantly influence operations and is considered a primary government. As required by generally accepted accounting principles, these 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. No other entities have been included in the District's reporting entity. 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, which is in accordance with GASB Statement No. 14, *The Financial Reporting Entity,* as revised by GASB Statement No. 39 and GASB Statement No. 61.

B. 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 about the District as a whole. These statements include all activities of the primary government. The effect of interfund activity has been removed from these statements.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented 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. In the fund financial statements, the accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity.

The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or net position, as appropriate, revenues, and expenditures or expenses, as appropriate. Following is a description of the various funds:

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed.

General Fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund is considered a major fund for reporting purposes.

Debt Service Fund. The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on all long-term debt of the District. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

Capital Projects 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 capital projects fund is considered a major fund for reporting purposes.

Other Governmental. The other governmental funds include revenues that are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The restricted or committed proceeds of specific revenue sources comprise a substantial portion of the inflows of these special revenue funds. Most federal and some state financial assistance are accounted for in special revenue funds.

Proprietary Funds

The proprietary funds account for services that are generally fully supported by user fees. The District has the following types of proprietary funds:

Enterprise Funds. The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The funds are reported as “Business-type Activities” in the government-wide financial statements. The District uses this fund to account for its community educations programs because the community education programs are self-supporting and do not require subsidies from the general fund.

Internal Service Funds. The internal service funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District’s governmental activities, this fund type is included in the “Governmental Activities” column of the government-wide financial statements. The District has internal service funds for its worker’s compensation and health self-insurance plans.

Fiduciary Funds

Agency Funds. The agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for the District's student activity funds and donations.

Private Purpose Trust Funds. The District uses these funds to account for donations received from private individuals and foundations which have the stipulation that the funds be used for a specific purpose. These funds are not budgeted.

C. Measurement Focus and Basis of Accounting

The government-wide statements and the proprietary fund statements are accounted for using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operations of these activities are included on the statement of net position. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing resources) and decreases (i.e., expenditures and other financing uses) in fund balance.

The District utilizes the modified accrual basis of accounting in the governmental fund statements. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes and interest associated with the current period are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Grant funds are considered to be earned when all eligibility requirements have been met, (including time requirements) to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received in advance, they are recorded as unearned revenues until earned. 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. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore to the extent the District has not complied with the rules and regulations governing the grants, refunds may be required and receivables subject to change.

Using the modified accrual basis of accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on long-term debt, which is recognized when due.

The Private Purpose Trust funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. Reporting is oriented towards providing accountability for the sources, uses, and balances or resources held in trust for others, therefore, the additions and deductions in fiduciary balances are reported.

D. Assets, Liabilities, and Net Position or Fund Balance

1. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The District reports all investments at fair value, except for money market investments and investment pools. Investment positions in external investment pools that meet specific criteria are reported using the pools' share price, which generally maintains a stable $1 per share value. A board of directors comprised of local government officers, including participants of the pools, performs regulatory oversight to the external investment pools.

The District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Governmental Code. In summary, the District is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Government investment pools and commercial paper

2. Receivables
Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as due to/from other funds.

Due from other governments is primarily comprised of amounts to be received related to federal and state funding sources, and is considered entirely collectible.

3. Property Taxes
All taxes due to the District on real or personal property are payable at the Office of the Tax Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is no later than October 1. Taxes are due by January 31, and all taxes not paid prior to this date are deemed delinquent and are subject to such penalty and interest. Property taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied on October 1 and are payable prior to the next February 1. District property tax revenues are recognized when collected.

4. Inventories
The costs of governmental fund type inventories are recorded as expenditures when consumed (i.e., the consumption method). Inventory is recorded at average cost.

5. Prepaid Items
Prepaid items indicate payments made by the District in the current year to provide services occurring in the subsequent fiscal year. The consumption approach provides for the initial reporting of the item as an asset while recognition of the expenditure when the item is actually used or consumed.

6. Capital Assets
Capital assets, which include land, buildings, furniture, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital 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 three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Description Useful Life	Estimated
Buildings and improvements	15-30 years
Furniture and equipment	3-15 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

8. 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. The District's general fund has been used in previous years to liquidate the net pension liability.

9. Other Post-Employment Benefits

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

10. Fund Balance

Fund balances in governmental funds are classified as follows:

> *Nonspendable* – Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact (such as principal of a permanent fund).
>
> *Restricted* – Represents amounts that are constrained by external parties, constitutional provisions, or enabling legislation.
>
> *Committed* – Represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees (the Board). Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of formal action. Commitments are approved through the adoption and amendment of the District's budget or a formal resolution stating the commitment. The commitment must be made prior to year end.
>
> *Assigned* – Represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board or by an official or body to which the Board delegates the authority. The Board has retained this authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself. Assignments can be made at any time.

Unassigned – Represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When 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, then assigned funds, and finally unassigned funds.

Net Position

The District classifies net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of constraints placed on net position used through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Consists of net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt.

E. Estimates

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

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula becomes available. Availability can be as late as midway into the next fiscal year. It is reasonably possible that adjustments may be made to the foundation revenue by the state.

F. Data Control Codes

The data control codes refer to the account code structure prescribed by TEA in the Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

G. Future Accounting Pronouncements

In June 2018 the GASB released GASB statement No. 87, *Leases*. This statement was issued to increase the usefulness of governmental entities' financial statements by requiring recognition of certain lease assets and liabilities that were previously accounted for as operating leases. It establishes a single model for lease accounting based on the principle that leases are a financing of the right to use an underlying asset. Under this statement a lessee is required to recognize a lease liability and an intangible right-to-use asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This statement is effective for the District for the year ended June 30, 2021 and the District is currently evaluating the impact of this standard on its financial statements.

GASB Statement No. 84, Fiduciary Activities (GASB 84), establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2018; however, issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance (GASB 95), extended the effective date of GASB 84 to reporting periods beginning after December 15, 2019, with earlier application encouraged. GASB 84 will be implemented in the District's fiscal year 2021 financial statements and the impact has not yet been determined.

Note 2. Stewardship, Compliance, and Accountability

Annual budgets are adopted on a basis consistent with GAAP for the General Fund, Debt Service Fund, and National School Breakfast and Lunch Program. The original budget is adopted by the District prior to the beginning of the year. The legal level of control is the function code stated in the approved budget. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year.

Note 3. Detailed Notes on All Funds

A. Cash and Cash Equivalents

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure the District's deposits may not be returned to it. The District's investment policy requires funds on deposit at the depository bank to be collateralized. The District's highest bank balance was during the month of September 2019 in which the combined checking and time deposits held with JPMorgan Chase Bank were entirely covered by FDIC insurance limits of $250,000, with collateralized securities pledged of $28,274,548, and letter of credits held in the District's name for $14,800,000. The bank balance of the Districts deposits was $24,407,568, of which $24,157,568 exceeded FDIC insurance limits and was collateralized by securities pledged and letter of credit held in the District's name.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

At year end, the District's investments were as follows:

Cash and Cash Equivalents	Maturity	Amount	Rating
Lone Star Investment Pool	33 days	$ 219,868,029	AAA
MBIA Texas Class Investment Pool	57 days	5,738,709	AAAm
Carrying Cash Deposits	N/A	7,925,064	N/A
Total Cash and Cash Equivalents		$ 233,531,802	

The Lone Star Investment Pool (the Pool) is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Pool is governed by an 11 member Board of Trustees, consisting of individuals representing entities participating in the Pool. The fair value of the District's position in the Pool is the same as the value of the Pool shares.

The MBIA Texas Investment Pool (the TexClass) is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. TexClass is governed by a 5 member Board of Trustees, consisting of individuals representing entities participating in the Pool. The fair value of the District's position in the Pool is the same as the value of the TexClass shares.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the District was not exposed to custodial credit risk. All of the investment pools are rated AAA or better by Standard and Poor's Rating Services as of year-end.

Interest Rate Risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. By policy the District shall use final and weighted-average maturity limits and diversification to reduce exposure to changes in interest rates. One of the ways that the District manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days thus reducing the interest rate risk. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

Concentration of Credit Risk. The District's investment policy limits investments in money market mutual funds rated as to investment quality not less than AAA by Standard & Poor's.

There are no limits in investments for one issuer per instrument type allowed by the District's policy as long as the individual investment type is under maximum limits. The following maximum limits, by instrument, are established for the District's total portfolio:

1.	U.S. Treasury Securities	100%
2.	Agencies and instrumentalities	85%
3.	Certificate of Deposit	100%
4.	Repurchase Agreements	20%
5.	Money Market Mutual Funds	50%

Excluding flexible repurchase agreements for bond proceeds investments.

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

The Lone Star and Texas CLASS investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. Investment pools measured at amortized cost are exempt from the fair value reporting requirements of GASB Statement No. 72, *Fair Value Measurement*. Both Lone Star and TexClass maintain requirements that no more than 5% of their portfolios can be held with one issuer with the exception of the United States Government. Both also have one day notice periods and no maximum transaction amounts. Restrictions on redemptions may only be imposed in the event of a general suspension on trading in a major securities market, general banking moratorium or a state or federal emergency that impacts the liquidity of the portfolio.

B. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balances	Increases	Transfers	Ending Balances
Capital assets, not being depreciated:				
Land	$ 23,352,267	$ 160,000	$ -	$ 23,512,267
Construction in progress	59,497,694	74,447,626	-	133,945,320
Total capital assets not being depreciated	82,849,961	74,607,626	-	157,457,587
Other capital assets:				
Buildings and improvements	389,671,421	1,550,305	-	391,221,726
Furniture and equipment	21,118,087	2,507,899	-	23,625,986
Total other capital assets	410,789,508	4,058,204	-	414,847,712
Less accumulated depreciation for:				
Buildings and improvements	(104,528,183)	(9,091,967)	-	(113,620,150)
Furniture and equipment	(13,150,351)	(1,024,871)	-	(14,175,222)
Total accumulated depreciation	(117,678,534)	(10,116,838)	-	(127,795,372)
Other capital assets, net	-	-	-	-
Capital assets, net	$ 375,960,935	$ 68,548,992	$ -	$ 444,509,927

Depreciation was charged to governmental functions as follows:

		Governmental Activities
11	Instruction	$ 9,185,066
12	Instructional resources/media services	13,626
23	School leadership	8,383
31	Guidance, counseling, and evaluation services	3,156
33	Health services	1,450
34	Student (pupil) transportation	74,741
35	Food services	113,754
36	Extracurricular activities	198,742
41	General administration	10,367
51	Plant maintenance and operations	503,625
52	Security and monitoring services	2,599
53	Data processing services	1,329
	Totals	$ 10,116,838

Long-term Liabilities

The following is a summary of changes in the District's total governmental long-term liabilities for the year. In general, the District uses the debt service fund to liquidate governmental long-term liabilities.

	Beginning Balances	Additions	Reductions	Ending Balances	Amounts Due Within One Year
Governmental activities:					
Bonds payable					
Series 1993 Refunding	$ 1,820,635	$ -	$ 428,279	$ 1,392,356	$ 393,485
Series 2002 Refunding	774,812	-	-	774,812	-
Series 2006	4,475,000	-	4,475,000	-	-
Series 2008	1,245	-	1,245	-	-
Series 2010 Refunding	16,060,002	-	11,135,000	4,925,002	285,000
Series 2010	2,314,998	-	275,000	2,039,998	1,375,000
Series 2011 Refunding	7,794,997	-	5,875,000	1,919,997	559,865
Series 2012 Refunding	8,730,000	-	2,050,000	6,680,000	-
Series 2013 Refunding	20,385,000	-	11,110,000	9,275,000	1,035,000
Series 2013	23,425,000	-	18,265,000	5,160,000	680,000
Series 2014 Refunding	17,675,000	-	810,000	16,865,000	835,000
Series 2014B Refunding*	13,985,000	-	5,240,000	8,745,000	750,000
Series 2015A Refunding	27,310,000	-	1,145,000	26,165,000	1,180,000
Series 2015B Refunding*	29,729,990	-	50,000	29,679,990	305,000
Series 2015C	30,585,195	-	34,836	30,550,359	16,950
Series 2016A Refunding*	21,125,000	-	-	21,125,000	-
Series 2016B Refunding*	76,070,000	-	-	76,070,000	215,000
Series 2017	87,060,000	-	-	87,060,000	-
Series 2018	78,250,000	-	-	78,250,000	-
Series 2019 Refunding*	-	53,699,976		53,699,976	694,004
Series 2019	-	75,115,000		75,115,000	-
	467,571,874	128,814,976	60,894,360	535,492,490	8,324,304
Other liabilities:					
Bond premiums	46,406,004	15,684,333	6,409,171	55,681,166	2,923,226
Accreted interest	33,888,265	5,175,372	4,306,812	34,756,825	4,721,506
Total government activities long-term liabilities	$ 547,866,143	$ 149,674,681	$ 71,610,343	$ 625,930,481	$ 15,969,036

*Advance refunding bonds that were issued to refund prior year outstanding debt before the callable date of the principal payments. At the end of the fiscal year 2020, there was outstanding debt that was refunded with advance refunding bonds of $186,275,000 which is considered defeased and not outstanding debt on the Statement of Net Position.

In December of 2019, the District issued Bond Series 2019 of $128,814,976 at 2 to 5% interest at a premium of $15,684,333 to refund prior year issuances of $53,700,000 and bond proceeds for capital and maintenance projects of $75,115,000. With issuance of bond series 2019, $58,429,936 was placed into escrow to refund prior year bonds which resulted in a refunding deferred loss of $2,734,795. The deferred loss will be amortized for the remaining years of the debt that was refunded. The difference in debt service payments for the $53,700,000 refunding bond series 2019 and debt service payments for the debt that was refunded was $6,382,130 with an economic gain of $4,774,834.

Debt service requirements by fiscal year on the District's outstanding bonds were as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2021	$ 8,324,304	$ 27,687,365	$ 36,011,669
2022	8,094,252	27,026,051	35,120,303
2023	7,723,930	27,445,211	35,169,141
2024	10,725,192	25,061,960	35,787,152
2025	14,795,000	20,882,040	35,677,040
2026-2030	66,287,915	114,284,749	180,572,664
2031-2035	86,196,897	99,866,358	186,063,255
2036-2040	124,395,000	61,604,931	185,999,931
2041-2045	106,125,000	34,562,400	140,687,400
2046-2050	102,825,000	7,807,850	110,632,850
Totals	$ 535,492,490	$ 446,228,915	$ 981,721,405

C. Interfund Transactions

The interfund balances and transfers were as follows:

Due to	Due from	Amount	Purpose
General	Special revenue	$ 2,123,929	Short term loans
Debt service	General fund	657,322	Short term loans
Special revenue	General fund	559,182	Short term loans
Total		$ 3,340,433	

Note 4. Other Information

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District purchases commercial insurance to cover general liabilities insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Workers' Compensation Insurance

During the fiscal year ended June 30, 2019, employees of the District were covered by a workers' compensation insurance plan (the plan). Contributions are made based upon rates established for the District's various types of employees.

The contract between the District and the third party administrator, Alamo Insurance Group (AIG), is renewable annually, and the terms of coverage and costs are included in the contractual provisions. The District is protected against unanticipated catastrophic individual loss by stop-loss coverage carried through a commercial insurer licensed to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage is in effect for specific occurrences exceeding $300,000 and an aggregate limit of $1,000,000.

AIG has performed an evaluation of claims submitted for incidents occurring prior to June 30, 2020, and has projected open claims and incurred but not reported claims will cost $180,034. The following is a reconciliation of changes in the aggregate liabilities for claims included in Accounts Payable for the last three fiscal years:

Fiscal Year	Beginning of Year Accrual	Current Year Estimates	Claims Payments	End of Year Accrual
2018	$ 291,471	$ 280,942	$ 333,427	$ 238,986
2019	238,986	99,842	227,617	111,211
2020	111,211	364,668	295,845	180,034

Amounts received or receivable from granting 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 of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors.

C. Other Liabilities

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed or not performed correctly, it could result in a substantial liability to the District. The District engages an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

D. Defined Benefit Pension Plans

Plan Description

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

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

Pension Plan Fiduciary Net Position

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

Benefits Provided

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

Contributions

Employee contribution rates are set in state statute, Texas Government Code 825.402. Contribution requirements are established or amended pursuant to Article XVI, 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. 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.

	Contribution Rates	
	2020	2019
Member	7.70%	7.70%
Non-employer contributing entity (state)	7.50%	6.80%
Employers (District)	7.50%	6.80%
Employers (District - Non-OASDI)*	1.50%	1.50%

*SB12 requires an increase in employer contributions by public school districts, charter schools and regional education service centers. Prior to SB12, only those employers not participating in social security were required to pay a 1.5% contributions (Non-OASDI surcharge). Beginning September 1, 2019 all employers are required to pay the Public Education Employer

The contribution amounts for the District's fiscal year 2020 are as follows:

Employer contributions	$	3,465,288
Member contributions		3,448,209
NECE on-behalf contributions		4,477,797

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code;
- During a new member's first 90 days of employment;
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds;
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% 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 are two additional surcharges an employer is subject to:

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

Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2018. Update procedures were used to roll forward the total pension liability to August 31, 2019 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected rate of return	7.25%
Municipal bond rate as of August 2018	2.63%. Source for the rate is the Fixed Income Market Data/Yield Curve/Date 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)	2116
Inflation	2.30%
Salary increases	3.05% to 9.50% including inflation
Ad hoc post-employment benefit changes	None
Active mortality rates	Based on 90 percent of the RP 2014 Employee Mortality Tables for males and females with full generatinal mortality. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale Municipal GO AA Index scale U-MP.

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

Discount Rate

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. 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 arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2019 are summarized below:

	Long-term Target Asset Allocation*	Long-term Expected Arithmetic Real Rate of Return
Global equity:		
U.S.	18.00%	5.70%
Non-US developed	13.00%	6.90%
Emerging markets	9.00%	8.95%
Directional hedge funds	4.00%	3.53%
Private equity	13.00%	10.18%
Stable value:		
U.S. treasuries	11.00%	1.11%
Stable value hedge funds	4.00%	3.09%
Real return:		
Global Inflation-linked bonds	3.00%	0.70%
Real assets	14.00%	5.21%
Energy, natural resources, and infrastructure	5.00%	7.48%
Risk parity:		
Risk parity	5.00%	3.70%
Asset allocation leverage cash	1.00%	-0.30%
Total	100%	

* Fiscal year 2019 target allocation based on the strategic asset allocation dated 10/1/2018

Discount Rate Sensitivity Analysis

The following table presents the District's proportionate share of the TRS net pension liability calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
The District's proportionate share of the net pension liability	$ 79,110,411	$ 51,465,800	$ 29,068,329

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

At June 30, 2020, the District reported a liability of $51,465,800 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:

The District's proportionate share of the collective net pension liability	$ 51,465,800
State's proportionate share that is associated with the District	66,506,207
Total	$ 117,972,007

The net pension liability was measured as of August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2018 rolled forward to August 31, 2019. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019, the employer's proportion of the collective net pension liability was 0.0990048193% which was an increase from its proportion measured as of August 31, 2018 of 0.0980370%.

Changes of Assumptions Since the Prior Measurement Date

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

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.

- With the enactment of SB3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a $2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

Change of Benefit Terms Since the Prior Measurement Date

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

For the year ended June 30, 2020, the District recognized pension expense of $4,682,308 and revenue and expense of $10,447,188 for support provided by the State.

At June 30, 2020, 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	$ 216,202	$ 1,786,974
Changes in actuarial assumptions	15,967,219	6,598,410
Difference between projected and actual investment earnings	3,094,140	2,577,364
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	5,567,764	-
Contributions paid to TRS subsequent to the measurement date	2,979,558	-
Total	$ 27,824,883	$ 10,962,748

$2,979,558 reported as deferred outflows of resources related to pensions resulting from District contributions paid subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to pensions will be recognized in pension expense as follows:

Years ending June 30,	Pension Expense Amount
2020	$ 3,404,423
2021	2,831,538
2022	3,639,171
2023	3,337,304
2024	1,123,271
2025	(453,130)
Total	$ 13,882,577

E. Defined Other Post-Employment Benefit Plan

Plan Description

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

OPEB Plan Fiduciary Net Position

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

Benefits Provided

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

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees of TRS 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 premium rates for retirees are reflected in the following table:

TRS-Care Plan Premium Rates
Effective September 1, 2019-December 31, 2020

	Medicare	Non-medicare
Retiree*	$ 135	$ 200
Retiree and spouse	529	689
Retiree* and children	468	408
Retiree and family	1,020	999

Contributions

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

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

	2020	2019
Active employee	0.65%	0.65%
Non-employer contribution entity (state)	1.25%	1.25%
Employers/District	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

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

The contribution amounts for the District's fiscal year 2020 are as follows:

District contributions	$	848,999
Member contributions		271,951
NECE on-behalf contributions (state)		1,128,062

In addition, the State of Texas contributed $462,105, $275,818, and $290,082 in 2020, 2019, and 2018, respectively, for on-behalf payments for Medicare Part D.

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

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of $73.6 million in fiscal year 2019.

Actuarial Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2018. Update procedures were used to roll forward the total OPEB liability to August 31, 2019.

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 following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2019 TRS annual pension actuarial valuation:

Demographic Assumptions	Economic Assumptions
Rates of mortality	General inflation
Rates of retirement	Wage Inflation
Rates of termination	Salary increases
Rates of disability	

See Note C for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The initial medical trend rates were 10.25% for Medicare retirees and 7.50% for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50 % over a period of 13 years.

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Inflation	2.63%
Aging factors	Based on plan specific experience
Election rates	Normal Retirement; 70% participation prior to age 65 and 75% after age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age- adjusted claims costs.
Ad hoc post-employment benefit changes	None

The impact of the Cadillac Tax that is returning in fiscal year 2023 has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of $850/$2,292 were indexed annually by 2.30%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

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

Discount Rate
A single discount rate of 2.63% was used to measure the total OPEB liability at August 31, 2019. This was a decrease of 1.06% in the discount rate since the August 31, 2018 measurement date. The plan is essentially a “pay-as-you-go” plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments to current members and therefore, the single discount rate is equal to the prevailing municipal bond rate. 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”.

Discount Rate Sensitivity Analysis. 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 (2.63%) in measuring the Net OPEB Liability.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
District's proportionate share of the net OPEB liability to the Single Discount Rate Assumption	$ 68,300,118	$ 56,571,635	$ 47,396,435

Healthcare Cost Trend Rates Sensitivity Analysis. The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability to the Halthcare Cost Trend Rate Assumption	$ 46,149,157	$ 56,571,635	$ 70,532,974

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs
At August 31, 2019, the District reported a liability of $56,571,635 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 net OPEB liability	$ 56,571,635
State's proportionate share of the net OPEB liability associated with the District	75,171,052
Total	$ 131,742,687

The net OPEB liability was measured as of August 31, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as August 31, 2018 rolled forward to August 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At August 31, 2019 the employer's proportion of the collective Net OPEB Liability was .1196240% which was an decrease of .1199266% from proportion measured as of August 31, 2018.

Changes of Assumptions Since the Prior Measurement Date
The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability since the prior measurement period.

- The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the total OPEB liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

Change 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, 2020, the District recognized OPEB expense of $1,196,576 and revenue of $1,196,576 for support provided by the State.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 2,775,320	$ 9,257,348
Changes of assumptions	3,142,113	15,216,382
Net difference between projected and actual earnings on pension plan investments	7,341	1,237
Changes in proportion and differences between District contributions and proportionate share of contributions (cost-sharing plan)	4,123,286	168,087
District contributions after measurement date	758,468	-
Totals	$ 10,806,528	$ 24,643,054

$758,468 reported as deferred outflows of resources related to OPEB resulting from District contributions paid subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources (deferred inflows of resources) related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30,	
2020	$ (2,556,501)
2021	(2,556,501)
2022	(2,558,477)
2023	(2,559,607)
2024	(2,559,297)
Thereafter	(1,804,611)
Total	$ (14,594,994)

F. Shared Services Arrangements

The District is the fiscal agent for a Shared Services Arrangement (SSA) which provides a regional day school for the deaf to various member districts. All services are provided by the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide.

G. Subsequent Events

During March of 2020, the Corona Virus (COVID-19) impacted the United States, changing the way students are educated across the nation. The District provided virtual learning for our students from September 8 through October 5, 2020 at which time, the students will have the opportunity to learn face to face or to remain in a virtual setting.

H. Other uses

The District refunded the Texas Education Agency $444,776 that were received in fiscal year 2019 for federal reimbursement of special educational cost. In the fiscal year 2020, it was determined that the District did not meet maintenance of effort of local and state funded special educational cost to receive $444,776 of federal funding for special education.

APPENDIX C

FORM OF BOND COUNSEL'S OPINION

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Proposed Form of Opinion of Bond Counsel

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

CROWLEY INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX SCHOOL BUILDING BONDS, TAXABLE SERIES 2021

IN THE AGGREGATE PRINCIPAL AMOUNT OF $11,785,000

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

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

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

WE EXPRESS NO OPINION as to any federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Bonds.

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

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

Respectfully,

Financial Advisory Services
Provided By

HilltopSecurities
A Hilltop Holdings Company