

# 2019-2020 ADOPTED BUDGET



**Pearland Independent School District**  
1928 N. Main St. | Pearland, Texas 77581  
[www.pearlandisd.org](http://www.pearlandisd.org)



**Pearland Independent School District**  
Pearland, Texas

**2019-20 Adopted Budget**

*For Fiscal Year*  
*July 1, 2019 – June 30, 2020*

**Officials Issuing Report**

Jorgannie G. Carter, CPA, Chief Financial Officer  
Yvette Rogers, RTSBA, Budget & Compliance Director

**PEARLAND INDEPENDENT SCHOOL DISTRICT  
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ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

This Meritorious Budget Award is presented to

# PEARLAND INDEPENDENT SCHOOL DISTRICT

for excellence in the preparation and issuance of its budget  
for the Fiscal Year 2018–2019.

The budget adheres to the principles and standards  
of ASBO International's Meritorious Budget Award criteria.



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.'.

**Charles E. Peterson, Jr. MBA, PRSBA, SFO**  
President

A handwritten signature in black ink, reading 'Siobhán McMahon'.

**Siobhán McMahon, CAE**  
Chief Operating Officer



December 14, 2018

Jorgannie Carter  
Chief Financial Officer  
Pearland Independent School District  
1928 N. Main Street  
Pearland, TX 77581

Dear Mrs. Carter:

Congratulations! The Association of School Business Officials International (ASBO) is pleased to inform you that Pearland Independent School District's budget has received the Meritorious Budget Award (MBA). This award reflects your district's commitment to sound fiscal management and budgetary policies.

The MBA Review Team has provided comments for budget presentation improvement. It is important that you provide responses to these comments in next year's MBA submission.

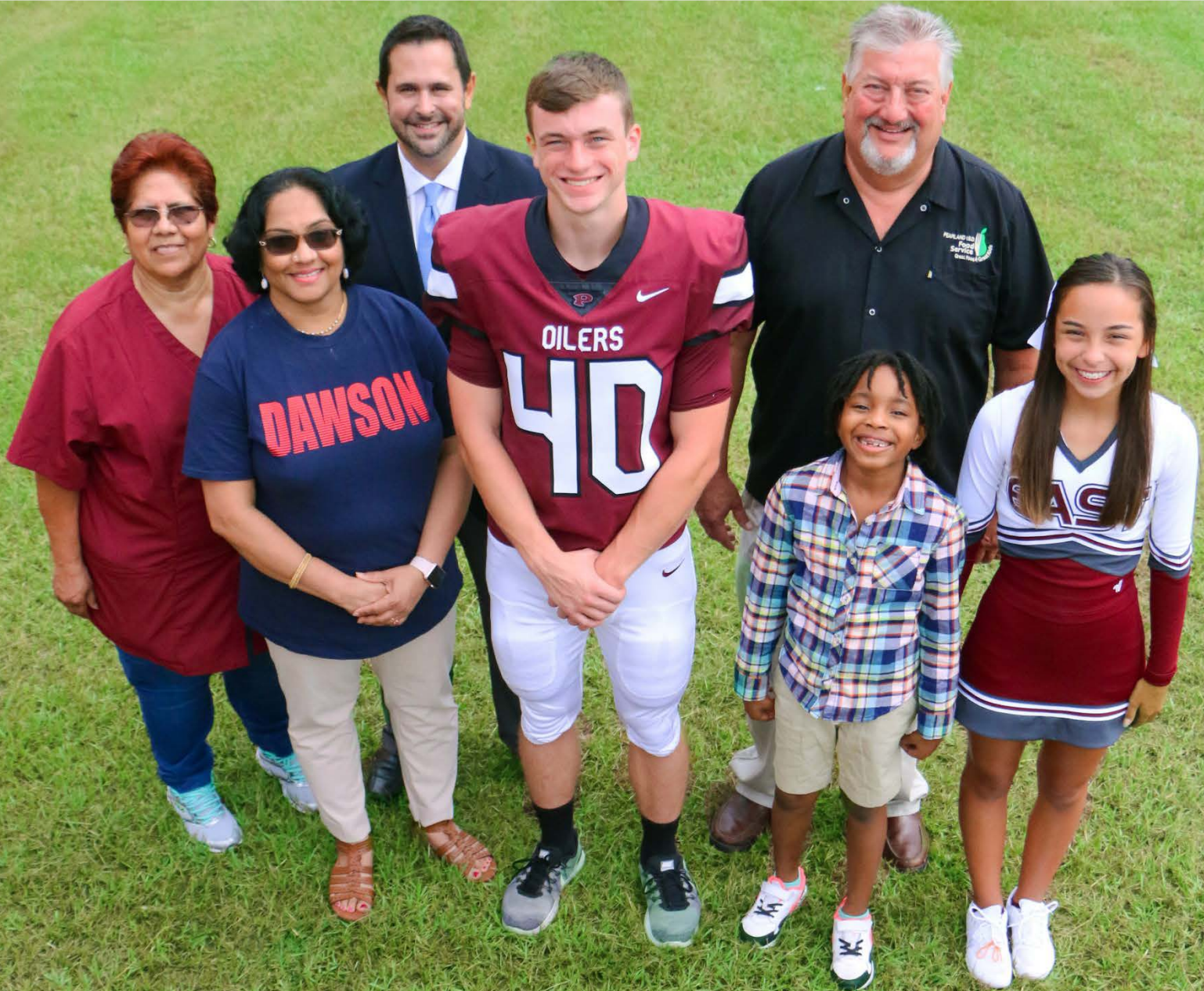
Congratulations to you and the members of your staff who worked so hard to earn this award for the first time. We look forward to your continued participation in the MBA program.

Sincerely,

Siobhán McMahon, CAE  
Chief Operating Officer



# EXECUTIVE SUMMARY







# PEARLAND ISD

**John P. Kelly, Ph.D.**  
*Superintendent*

August 31, 2019

Members of the Board of Trustees  
Pearland Independent School District  
1928 N. Main  
Pearland, TX 77581

Dear Trustees:

We are pleased to present the Pearland Independent School District's fiscal year 2019-20 budget document to the Board of Trustees and the community. This budget document and the year-end Comprehensive Annual Financial Report (CAFR) are the primary vehicles used to present the financial plan and the results of operations of the district.

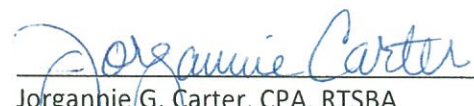
The document was prepared by the District's Business Office. The primary purpose of this budget document is to provide useful information concerning the past, current and projected financial status of the district, in order to facilitate financial decisions that support the educational goals of the district.

The information included in the budget document has been structured to meet the requirements of the Meritorious Budget Award (MBA) of the Association of School Business Officials International (ASBO). To receive this award, an entity must publish a budget document that meets a number of specific program criteria and serves as a policy document, a financial plan, an operations guide, and a communications device.

We believe our current budget continues to satisfy the requirements of this program, and we are submitting this document to ASBO to determine its eligibility for the award.

Sincerely,

  
\_\_\_\_\_  
John P. Kelly, Ph.D.  
Superintendent

  
\_\_\_\_\_  
Jorgannie G. Carter, CPA, RTSBA  
Chief Financial Officer

  
\_\_\_\_\_  
Yvette Rogers, RTSBA  
Budget and Compliance Director



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## 2019-20 ADOPTED BUDGET

### EXECUTIVE SUMMARY

#### Budget Introduction

This budget document represents the financial plan for Pearland Independent School District for the 2019-20 fiscal year. This budget provides the financial resources necessary to achieve the district's goals, while complying with new funding mandates that have resulted from House Bill 3 (HB 3) of the 86<sup>th</sup> Legislative Session and prioritizing teacher, librarian, counselors, and nurses' compensation.

This budget document is organized into the following major sections:

- Executive Summary – Introduces the reader to the budget document. This section highlights and summarizes important information contained in the budget. Users rely on this section to get an overview of the information found in the remainder of the document.
- Organizational Section – Provides the context and framework within which the budget is developed and managed. This framework includes the District's mission statement and goals, organizational and financial structure, as well as the financial policies and procedures that regulate the development and administration of the budget.
- Financial Section – Contains the financial schedules that present the adopted budgets for the District and comparisons to the previous year. Also, includes additional explanation and analysis of significant changes from the prior year and trends that affect the adopted budgets.
- Informational Section – Contains additional financial information related to past and future budgets to help put the budget into context.

The adopted budget reflects the allocation of revenues and expenditures to support the educational programs and services defined by the district's purpose, goals and strategic intent. The most important objective in the presentation of the budget data is to improve the quality of information provided about the District's financial plan for the 2019-20 fiscal year.

#### District's Purpose

##### *Mission Statement*

In partnership with the community, Pearland ISD shall prepare students to perform at their highest potential and produce global citizens of tomorrow.

##### *Our Call to Action*

Establish a community of learning that empowers 100% of students to graduate and equips them with grit, skills and a mindset necessary to be successful, productive citizens able to adapt to an ever-changing society.

##### *District Beliefs*

- We believe students come first.
- We believe all students are unique and valuable learners.
- We believe successful education includes engaged students, staff, parents and community.
- We believe that a positive culture and learning environment is critical for success of all learners.

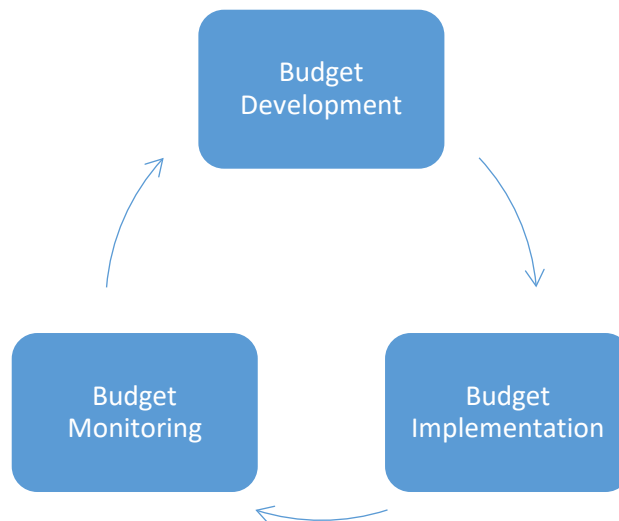
### *District Strategic Goals*

- We will strategically and collaboratively manage all District resources and funding to maximize the educational outcomes for every student.
- We will provide technological opportunities to facilitate learning.
- We will capitalize on the strengths, resources, and talents of our diverse community to engage students and parents.
- We will capitalize on the resources and talents of our business community to increase collaboration and expand opportunities for students to gain real world experiences.
- We will develop a system where student learning will be measured through application and transference from one discipline to another.
- We will meet the social and emotional needs of all students.

### **Budget Process and Timeline**

Federal, state and local guidelines set the foundation for the budget development process. The process begins in November of each year with the preparation of the budget calendar and enrollment projections. These enrollment forecasts are used extensively during the budget development stage to determine available resources and staffing allocations. The Board of Trustees has the responsibility of adopting the budget no later than June 30.

The budgeting process is composed of three major phases: Development, Implementation and Monitoring. The Budget Development phase aligns the budget plan to assure the optimum fund balance is maintained, provide a reasonable staff compensation plan, maintain a reasonable tax collection rate, provide for a stable per pupil expenditure and contingency planning. The recommended budget is in line with established assumptions and district priorities based on the District's Vision, Mission, Goals and Strategies in the Budget Implementation phase. In the last phase, the Budget Monitoring phase, information is compiled and analyzed to assess the performance of each individual campus and department as well as the District as a whole.



Individual and/or group training workshops were held with principals and department heads to guide them in developing their budgets along with their Site-Based Decision-Making (SBDM) committees. Each campus received a basic allotment per student to be used for supplies, materials, equipment, staff development, and other appropriate instructional costs.



The Human Resources Department plays an important role assisting the Business Office in the budget process as they develop salary estimates utilizing established staffing guidelines. Personnel units (FTEs) were allocated to each campus based on student membership following state mandated ratios, as applicable.

Following the initial budget development process and through a series of workshops with the Superintendent and Board of Trustees, the final budget proposal was approved on June 11, 2019 and implemented on July 1, 2019.

Key dates in the budget development process are as follows:

- Nov 2018 Enrollment projection estimates
- Jan 2019 Budget planning guidelines and proposed budget allocations distributed to Administrators
- Feb 2019 Budget Planning Meetings conducted with individual campuses and departments
- Mar 2019 Deadline for entering budget in financial system, submitting budget documentation and requests for additional funds
- Apr-Jun 2019 Budget workshops
- June 11, 2019 Approval of 2019-20 compensation plan  
Public Hearing for the 2019-20 Budget and Proposed Tax Rate

### Significant Changes

The 86<sup>th</sup> Legislative Session wrapped up with the passage of HB 3, which has transformed the State's public schools finance. With HB 3, the Legislature sought to: (1) increase school funding, (2) increase teacher pay, (3) reduce recapture, and (4) provide property tax relief.

While this bill is expected to bring additional revenue when compared to current law, the percent of gain for our District is one of the lowest state-wide. This is mainly due to the repeal of the CEI, a move from calculating Tier I funding from using prior year to current year property values, a low economically disadvantaged population, and having one of the lowest tax rates in the state. In addition, the gain does not come without mandates, such as a requirement to use at least 30% of the gain as compared to prior law towards salary increases and establishing full-day pre-kindergarten for eligible students.

We have made our best effort in interpreting HB 3 to apply its intent into our calculations of revenue and salary increase. As clarity emerges with respect to all calculations and the Commissioner determines formula weights and allotments, administration cautions there may be significant changes to budget assumptions used in the adopted budget. There are still many questions about the bill and unavailable information required to calculate all revenues which may result in future budget adjustments.

### Budget Overview & Highlights

Federal, state and local guidelines guide the budget development process. The overall priorities for the Pearland Independent School District are as follows:

- We will strategically and collaboratively manage all PISD resources and funding to maximize the educational outcomes for every student.
- We will provide technological opportunities to facilitate learning.
- We will engage students and parents through our diverse community's strengths, resources, and talents.
- We will capitalize on the resources and talents of our business community to increase collaboration and expand opportunities for students to gain real world experiences.
- We will develop a system where student learning will be measured through application and transference from one discipline to another.
- We will address (meet) the social and emotional needs of all students.

This budget seeks to achieve these goals. It includes a general pay increase between 2.5% and 3.25% for all staff and a starting teacher pay of \$56,000, seeking to retain and recruit highly qualified staff

## SUMMARY OF PROPOSED BUDGETS

The District's fund structure is comprised of Governmental Funds, consisting of General Funds, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The District approves annual budgets for the General Fund, Food Service Fund and Debt Service Fund. Special Revenue Funds and Capital Projects Funds adopt project-length budgets which do not correspond to the District's fiscal year end and are not subject to Board approval; hence, information included for the Capital Projects Fund is for informational purposes only.

The following table presents a summary of total projected revenues and other financing sources and total proposed expenditures and other financing uses for all appropriated funds for fiscal year 2019-20.

### Summary of Revenues and Expenditures – Appropriated Funds

	<b>2017-18 Actual</b>	<b>2018-19 Amended</b>	<b>2019-20 Budget</b>
<b>General Operating Fund</b>			
Revenues & Other Financing Sources	\$171,421,178	\$179,241,375	\$177,259,237
Expenditures & Other Financing Uses	170,088,783	176,904,391	183,059,895
Excess/(Deficiency) of Rev. Over/(Under) Exp.	1,332,395	2,336,984	(5,800,658)
<b>Food Service Fund</b>			
Revenues & Other Financing Sources	9,774,905	9,850,000	10,104,850
Expenditures & Other Financing Uses	9,554,503	9,850,000	10,104,850
Excess/(Deficiency) of Rev. Over/(Under) Exp.	220,401	0	0
<b>Debt Service Fund</b>			
Revenues & Other Financing Sources	32,509,479	31,690,633	33,212,220
Expenditures & Other Financing Uses	29,312,370	31,087,732	34,369,867
Excess/(Deficiency) of Rev. Over/(Under) Exp.	3,197,109	602,901	(1,157,647)
<b>Total - All Appropriated Funds</b>			
Revenues & Other Financing Sources	213,705,561	220,782,008	220,576,307
Expenditures & Other Financing Uses	208,955,656	217,842,123	227,534,612
Excess/(Deficiency) of Rev. Over/(Under) Exp.	\$4,749,905	\$2,939,885	(\$6,958,305)

## GENERAL OPERATING FUND

In order to prepare the annual budget, the District develops projections for enrollment, student demographics, property values, collection rates, state funding, and expenditure levels. In this summary, you will find the District's budgetary highlights which provide a general overview of the basis of our assumptions and projections for the coming 2019-20 fiscal year.

Although the District adopted a deficit budget for fiscal year 2018-19, we estimate to end the year with a surplus of \$10 million. This surplus is due to \$5 million anticipated budgeted expenditure savings as well as \$13.3 million in

additional revenue generated throughout the year, as follows: (1) \$5.5 million due to a one-year disaster relief tax rate increase of two cents for maintenance & operations (M&O), (2) about \$3 million in additional state compensatory revenue due to increased counts for the two months post Hurricane Harvey, (3) a one-time accelerated SHARS payment of \$2.5 million, (4) \$0.5 million increase in federal revenue, (5) an increase in investment earnings of \$0.8 million, and (6) a \$1 million transfer in from a Hurricane Harvey grant. *Please note that the 2018-19 amended budget does not reflect such surplus as this information was unavailable at the time the budget was adopted.*

Since the unexpected increase in revenues during fiscal year 2018-19 is not recurring, fiscal year 2019-20 revenues are expected to be lower than the fiscal year 2018-19 amended budget. Fiscal year 2019-20 expenditures total \$183 million; a 3.4% increase from fiscal year 2018-19 amended budget expenditures. Although expenditures exceed projected revenues by \$5.8 million, our budget is considered balanced because we will be drawing from our estimated fiscal year 2018-19 fund balance to cover the deficit. The remaining fund balance provides for four months of operations; well over the required minimum of two months (this was calculated based on a \$10 million estimated actual increase in fund balance for fiscal year 2018-19 instead of the \$2.3 million in the amended budget).

### General Operating Fund Summary

	<b>2017-18 ACTUAL</b>	<b>2018-19 AMENDED</b>	<b>2019-20 BUDGET</b>
Revenues	\$171,365,300	\$178,199,314	\$177,259,237
Expenditures	169,087,398	176,904,391	183,059,895
Revenues Over/(Under) Expenditures	2,277,902	1,294,923	(5,800,658)
Other Financing Sources/(Uses)	(945,507)	1,042,061	0
Net Change in Fund Balance	1,332,395	2,336,984	(5,800,658)
Fund Balance, Beginning	50,736,782	52,069,177	54,406,161
Fund Balance, Ending	<u>\$52,069,177</u>	<u>\$54,406,161</u>	<u>\$48,605,503</u>

### Projected Fund Balance

We are projecting to end fiscal year 2019-20 with a fund balance of \$48.6 million; a \$5.8 million or 10.7% decrease from estimated 2018-19 ending fund balance. This represents a 97-day operating reserve, which is above the 90-day operating fund balance that administration strives to maintain.

It is essential for school districts to maintain an adequate fund balance level to mitigate current and future risks, such as revenue shortfalls or unanticipated expenditures. Our enrollment is projected to decrease slightly for the next year and the second year of the biennium does not usually bring a considerable increase in revenue, thus maintaining a healthy fund balance will keep us in a good position to provide salary increases, potentially restore the non-payroll cuts in effect since fiscal year 2018-19, and fund other necessary costs during the 2020-21 fiscal year.

The Government Finance Officers Association recommends that school districts maintain a fund balance level of no less than two months of regular general fund operating expenditures. Pearland ISD's projected 2019-20 general fund ending balance includes over three months of expenditures and follows this recommendation.



### *Significant Changes since Budget Adoption*

As of the date of budget adoption, HB 3 was still pending to be signed by the Governor and the guidance and revenue calculation tools that were available were limited. The Texas Education Agency (TEA) has been providing updated information on a weekly basis as they continue to interpret each area of HB 3. TEA has also put a preliminary revenue calculation tool in place, which now includes more funding elements that were unknown when the budget was passed. Hence, the district is currently in the process of recalculating revenues based on new information which is expected to result in an increase in projected revenues; with that said, the district will also be required to adjust its budgeted expenditures as some of the new revenue elements also come with funding mandates.

The information contained in this document and associated schedules of revenues and expenditures do not reflect the changes associated with updated guidance on HB 3 as it will continue to shift throughout the year, but we believe it is significant enough to merit disclosure. All information and associated schedules reflect the budget adopted by the board at the June 11, 2019 board meeting. Any amendments to the budget after it has been adopted can be found in the District's webpage.

### **GENERAL OPERATING FUND – EXPENDITURE LEVELS**

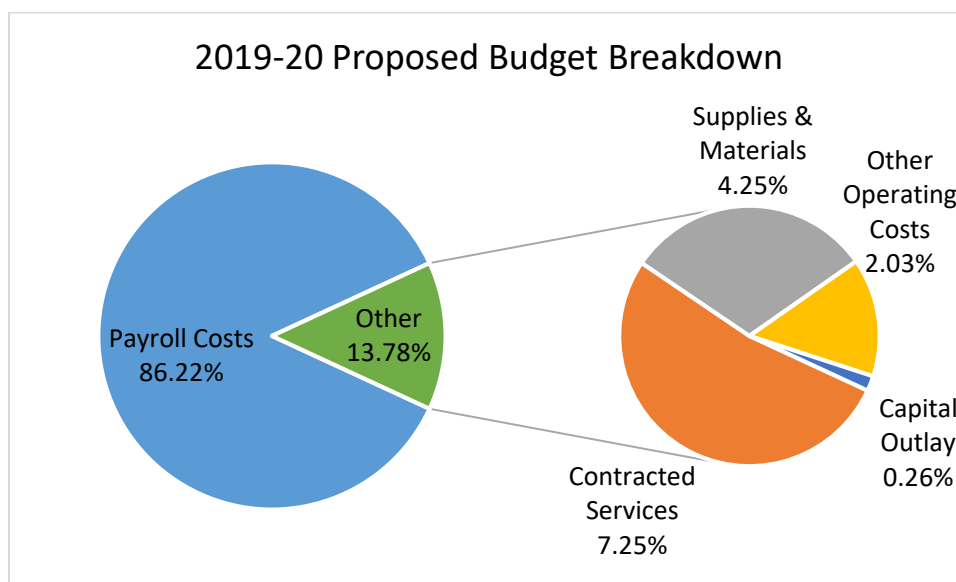
The proposed expenditures budget for fiscal year 2019-20 is \$183,059,895; 86.2% of the budget is for salary and benefits while the remaining 13.8% is budgeted for contracted services, supplies and materials, capital outlay and other operating costs.

The district adopted a compensation packet that exceeds HB 3 requirements, provides an increase in medical premium contributions and increases substitute pay.

#### **Payroll Costs**

Payroll costs for fiscal year 2019-20 comprise 86.2% of the general fund proposed budget. Total payroll is \$157.8 million; an increase of 3.6% over the fiscal year 2018-19 amended payroll budget.

The chart below portrays the breakdown of budgeted expenditures by object.



The following list describes what is included in each expenditure object category:

- Payroll Costs (86.2%) includes salary and benefits for all District employees other than food service, teaching incentives, student tutorials, substitute pay, stipends, and any other employee-related cost.
- Contracted services (7.3%) consist of utilities (electricity, gas, water, telephone, etc.), school resource officers, copier leases, audit and legal services, etc.
- Supplies & Materials (4.3%) includes general instructional supplies and resources, technology equipment (computers, servers, laptops, printers, carts, etc.), janitorial supplies, software licensing, fuel, etc.
- Other Operating Costs (2.0%) include property and casualty insurance, flood insurance, automobile insurance, liability insurance, employee and student travel, and other operating costs.
- Capital Outlay (0.3%) includes the cost to replace vehicles, equipment, furniture, and other capital items with a unit value at or above \$5,000.

**Staff Salary Increase** – HB 3 mandates that in a year in which the basic allotment increases, a district must use 30% of the gain in Foundation School Program (FSP) revenue per Average Daily Attendance (ADA) for compensation increases to full time, non-administrative staff, to be allocated as follows: (1) 75% for teachers, counselors, nurses and librarians (with prioritized differentiated compensation for classroom teachers with over 5-year experience), and (2) 25% for all other employees. HB 3 defines compensation to include benefits such as insurance premiums.

At the time the budget was adopted, the estimated amount of the gain was \$4 million, for which the District's was required to allocate \$1.2 million (30%) for employee compensation. Of the \$1.2 million, \$900,000 was required for teacher, librarian, counselors, and nurse's compensation; the remaining \$300,000 was required for all other non-administrative staff.

The proposed budget includes a salary increase package that exceeds HB 3 requirements by far. The proposed payroll increase totals \$3.9 million plus related benefit costs (e.g. Medicare, local portion of TRS, etc.).

The district approved a compensation packet that prioritized teacher pay as follows:

Employee Classification	Salary Increase	Budget Impact
Teachers, Librarians, Counselors, Nurses (Over Five Years' Exp.)	3.25%	\$2,049,215
Teachers, Librarians, Counselors, Nurses (Five Years & Less Exp.)	3.00%	\$598,066
All Others (Instructional, Support, Auxiliary, Administrative)	2.50%	
Auxiliary		\$279,516
Administrative Support		\$133,982
Instructional Support		\$96,382
Administrative - Educational		\$455,474
Administrative – Business Operations		\$92,609

The teacher and librarian salary increases were based off a new control midpoint of \$59,000 (compared to \$57,500 in fiscal year 2018-19). The minimum salary for beginner teachers was also increased from \$54,500 to \$56,000 for fiscal year 2019-20.

### Medical Premium Contributions

In addition to the salary increases, the proposed compensation package includes an increase in the District's annual contribution of \$300 towards employee health insurance premiums for a total budget impact of \$450,000.

### Substitute Compensation

In an effort to maintain and recruit substitutes, the proposed budget also includes an increase of \$5 to daily substitute pay rates; the total estimated cost is \$115,000.

### Additional Personnel

The Board of Trustees approved the addition of nine positions for a total approximate cost of \$404,639 plus associated benefits. The budget includes the addition of seven custodians to handle the increased workload derived from campus additions completed as part of the 2016 Bond projects, one 504 coordinator, and the addition of a student data specialist.

These positions are budgeted at midpoint as follows:

Department	FTE	Position	Budget Impact
Operations	7.0	Custodians	\$227,436
Special Programs	1.0	504 Support Specialist	\$93,249
Technology	1.0	Student Data Specialist	\$83,954

### NON-PAYROLL EXPENDITURES

Non-payroll expenditures comprise 13.8% of the total budget and are projected to increase from \$24.6 million in fiscal year 2018-19 to \$25.2 million for fiscal year 2019-20. The \$600,000 (2.45%) increase is to account for increases in utility and software costs.

Fiscal year 2019-20 campus and department budget allocations remain unchanged from fiscal year 2018-19. In addition, district-wide expenses will continue being scrutinized and only allowed if ultimately necessary.

**Campus Allocations** – Campus budgets are allocated based on enrollment projections on a per-student basis as follows:

Campus Allocations	Fiscal Year 2019-20
Elementary Schools	\$89.10
Middle Schools	\$89.10
Junior High Schools	\$100.14
PACE	\$113.94
High Schools	\$128.70

### Matrix of Projected Expenditures by Function and Object

The District's projected budget is geared toward ensuring the continued success of our students and meeting the goals established by our Board of Trustees and Superintendent.



The following matrix summarizes the fiscal year 2019-20 proposed budget expenditures at the functional level as well as by the object types described above. The District's payroll expenditures for direct student instruction (function 11) is projected at 65% of the total payroll budget.

		6100	6200	6300	6400	6600		
	Function/Object	Payroll	Contracted Services	Supplies & Materials	Other Op. Costs	Capital Outlay	Function Total	Percent of Total
11	Instruction	101,835,392	819,658	1,929,775	488,117	67,000	105,139,942	57.4%
12	Instructional Res. & Media Svcs.	1,608,874	33,190	225,249	1,410	-	1,868,723	1.0%
13	Curriculum & Staff Development	5,063,911	68,540	133,749	172,954	-	5,439,154	3.0%
21	Instructional Leadership	2,144,911	30,447	207,100	53,725		2,436,183	1.3%
23	School Leadership	11,463,785	29,322	215,207	120,303		11,828,617	6.5%
31	Guidance & Counseling	6,338,488	3,400	146,328	17,505		6,505,721	3.6%
32	Social Work Services	440,043	171,500	39,903	8,043	-	659,489	0.4%
33	Health Services	1,723,729	4,676	34,482	10,720		1,773,607	1.0%
34	Student Transportation	6,002,340	226,385	1,213,163	270,250	-	7,712,138	4.2%
36	Extra-Curricular Activities	2,952,993	419,392	435,648	603,733	-	4,411,766	2.4%
41	General Administration	3,999,791	583,382	175,198	276,348	-	5,034,719	2.8%
51	Plant Maintenance & Operations	11,590,054	7,991,356	1,395,242	1,595,335	345,000	22,916,987	12.5%
52	Security & Monitoring Services	348,369	1,617,571	89,070	12,050	5,000	2,072,060	1.1%
53	Data Processing Services	2,312,679	417,502	1,531,946	85,112	54,900	4,402,139	2.4%
61	Community Service	12,850	-				12,850	0.0%
95	Payment to JJAEP		118,672				118,672	0.1%
99	Other Intergovernmental Charges		727,128				727,128	0.4%
	Object Total	157,838,209	13,262,121	7,772,060	3,715,605	471,900	183,059,895	100.0%
	Percent of Total	86.2%	7.2%	4.2%	2.0%	0.3%	100.0%	

## 2018-2019 GENERAL OPERATING FUND – REVENUES

Revenue estimates are based upon a variety of demographic and tax information. Estimating revenue from the two major sources, state funding from the Foundation School Program (FSP) and local property taxes, are critical to the budget.

The District estimates total General Operating Fund revenues of \$177.3 million for the 2019-20 fiscal year. The state sources of revenue that support the General Operating Fund budget represent 48.7% of all available sources of funding and an additional 4.9% TRS On-Behalf pass-thru. Local sources of revenue constitute 44.9% and federal sources 1.5%. The 2019-20 budget revenues represent a decrease of \$940,077 or 0.5% from fiscal year 2018-19 amended revenue levels.

The following table provides a comparison of revenues by source for the 2017-18 actual, 2018-19 amended and the 2019-20 proposed budget years.

Revenues	2017-18 ACTUAL	2018-19 AMENDED BUDGET	2019-20 PROPOSED BUDGET	Percent Change
Local Sources	\$80,607,500	\$83,334,869	\$79,554,626	-4.5%
State Sources	88,381,545	90,478,445	95,038,611	5.0%
Federal Sources	2,376,254	4,386,000	2,666,000	-39.2%
<b>Total</b>	<b>171,365,300</b>	<b>178,199,314</b>	<b>177,259,237</b>	<b>-0.5%</b>

## LOCAL REVENUES

Total revenues from local sources are projected to decrease by 4.5%. Revenues from current year taxes are expected to decrease by 3.7% from an estimated \$79,736,869 for fiscal year 2018-19 to a projected \$76,823,126 for fiscal year 2019-20 due to a decrease in the compression rate of seven cents. Tax collections are estimated based on current year property values, a \$0.97 M&O tax rate and a 98% tax collection rate.

Prior year tax collections are projected at \$700,000 and penalty and interest on past due taxes at \$360,000. Investment earnings are projected at \$800,000 and other revenues including tuition and fees, rent, gate receipts, and other local sources are projected at \$871,500.

### Tax Rate

Based on the taxable value, the District must project the level of taxation that will generate adequate funds to maximize state aid and provide for funds to meet district obligations while keeping in mind the ability of local taxpayers to pay their taxes. As mandated in HB 1 in 2006-07, the general fund tax rate (Maintenance & Operations or "M&O") was first compressed from \$1.50 to \$1.33. The Board then approved using the additional \$0.04 pennies available to balance the budget and the tax rate was set at \$1.37 for 2006-07. In 2007-08, the tax rate was compressed to \$1.00 as required by HB 1 for a total tax rate of \$1.04.

The 2018-19 fiscal year budget was initially adopted with a general fund tax rate of \$1.04 but later ratified to \$1.06 (providing \$5.5 million in additional funds); a one-year increase allowed without voter approval for Districts that experienced a federally declared disaster the prior year. The District was able to reduce the debt service (Interest and Sinking, or "I&S") tax rate by two cents in order to maintain the same overall tax rate of \$1.4156 as in prior years.

The newly passed HB 3 further compresses the M&O tax rate from \$1.00 to \$0.93 and allows the district to maintain the \$0.04 enrichment tax for a total new M&O tax rate of \$0.97 for fiscal year 2019-20

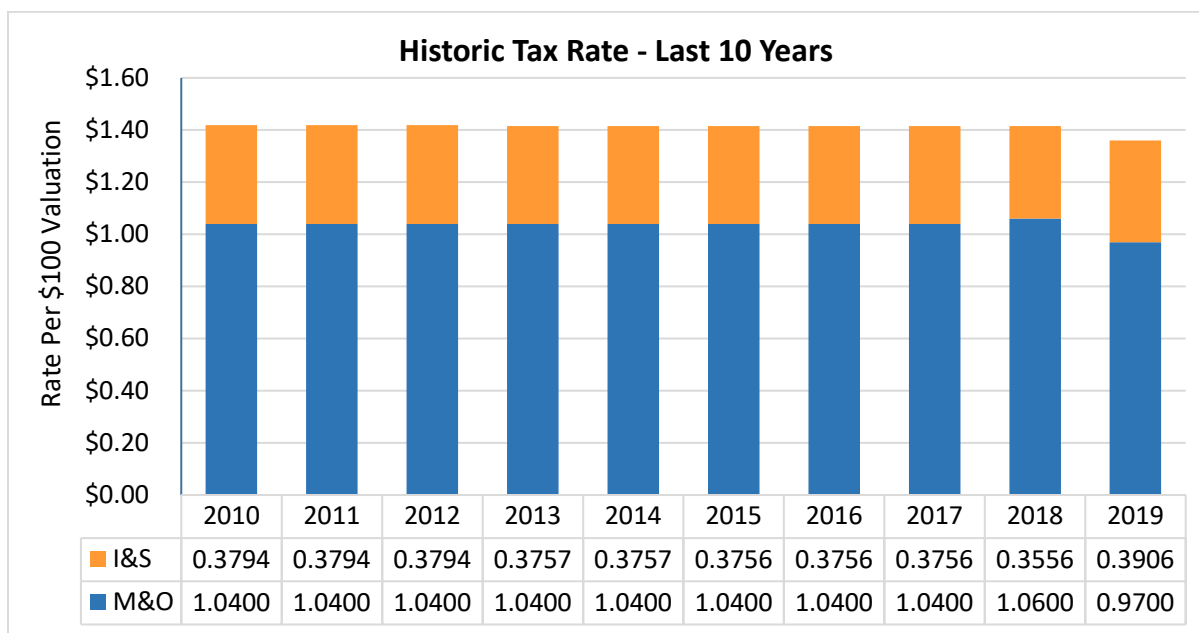
The 2016 bond election called for a 7-cent increase to the I&S rate; however, the District now estimates a maximum total impact of five cents. Compared to the fiscal year 2017-18 I&S rate, the District is proposing an increase of five cents in fiscal year 2019-20 to meet debt service requirements after the issuance of the \$220 million bonds.

The District has placed great efforts in maintaining one of the lowest tax rates amongst Region 4 districts. For fiscal year 2019-20, the District's tax rate is calculated as a total reduction of 2 cents from current year (the net of a 9-cent reduction in M&O and a 7-cent increase in I&S).

The table below shows the tax rate history for the last three years.

Tax Rate	Tax Year/Fiscal Year			Variance
	2017 2017-18	2018 2018-19	2019 2019-20	
M&O	\$1.0400	\$1.0600	\$0.9700	-\$0.0900
I&S	0.3756	0.3556	0.4256	0.0700
Total Tax Rate	<u>\$1.4156</u>	<u>\$1.4156</u>	<u>\$1.3606</u>	<u>-\$0.0200</u>

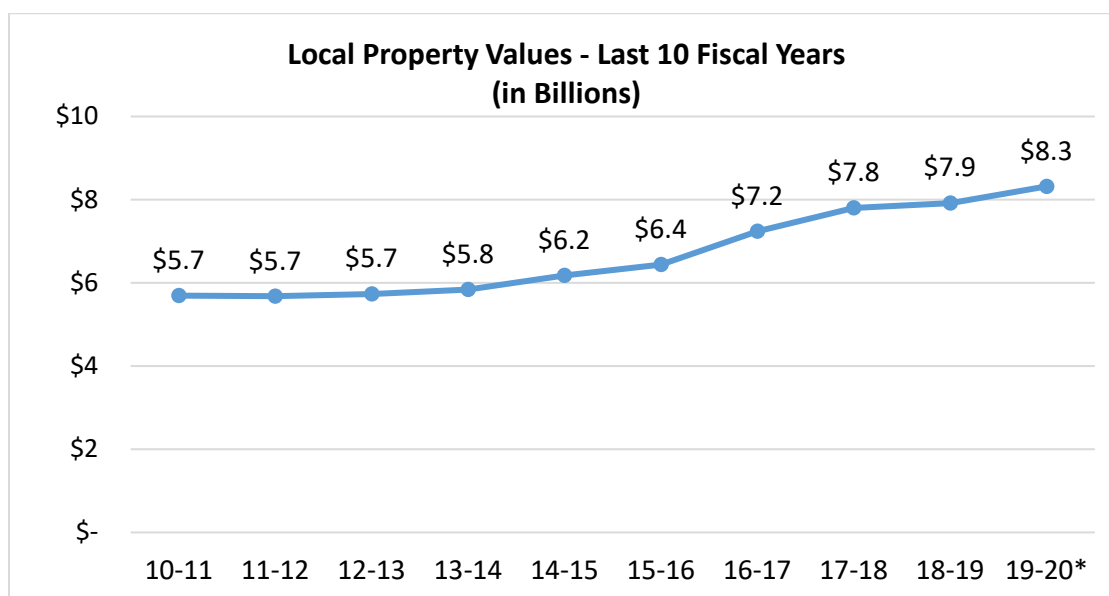
The following chart presents the district's historical tax rates since 2010.



**Taxable Property Values** – Property values impact both State and local revenue estimates since the revenue received from the State is dependent upon the amount that can be raised locally.

The fiscal year 2019-20 proposed budget is being based off a 6% increase from the 2018 Tax Year, which is more conservative than the combined estimated increase provided by BCAD and HCAD. The District estimates its property values to increase to a total of \$8.3 billion for fiscal year 2019-20 (2019 tax year).

The District projects moderate growth of 2.5% for the next several years beyond 2019-20. It is important to note that changes in property value do not have a huge impact on total revenue since increases in local revenue are offset by a decrease in State funding.



\* Estimated

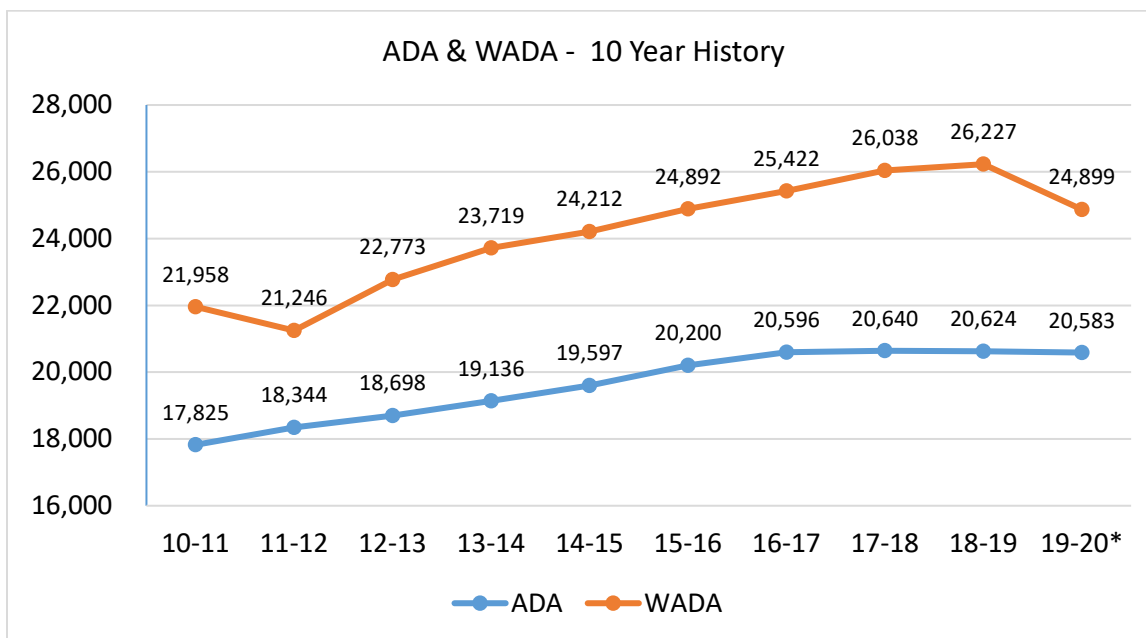
## State Revenue

State funding projections are based on an estimated average daily attendance (ADA) of 20,583 students. The District projects to receive a total of \$86.4 million in State funds; which is comprised of \$81.5 million from the Foundation School Fund (FSF), \$4.1 million from the Available School Fund, and \$0.8 million from the Formula Transition Grant (Hold Harmless). Although State funding formulas are rather complex, this section seeks to explain in simplistic detail the basic elements and standard calculations used by each component.

It is important to note that HB 3 has drastically changed the way State funding is calculated for school districts. ASF funding is not received in addition to the funding making up the District's FSP state aid, but as a part of the funding making up that state aid. The Formula Transition Grant (i.e. "Hold Harmless") was created by the legislature to make sure school district don't lose money from switching the calculation of State funds from prior year to current year values. This grant is intended to phase out during the next five years.

The table in the next page presents historical ADA and WADA projections. The spike to WADA during fiscal years 2017-18 and 2018-19 was due to an increased ADA reported for State Compensatory since total enrollment was coded as Free and Reduced during the months of September and October 2017 due to Texas Department of Agriculture reporting for Hurricane Harvey.

The calculations for special populations ADA and weights have significantly changed with the passage of HB 3. The WADA shown for the fiscal year 2018-19 is preliminary and estimated conservatively; it is subject to change once all the elements of HB 3 are clearly defined.



**Tier I State Aid – Basic Allotment** – HB 3 changed the way in which funding for Tier I is calculated; some of the changes which are still being interpreted and/or pending to be determined by the Commissioner include:

- Increases Basic Allotment from \$5,140 to \$6,160
- Repeals Cost of Education Index (CEI)
- Increases Special Ed. Mainstream weight to 1.15
- Extends Career and Technology weights to 7<sup>th</sup> and 8<sup>th</sup> grade



- Repeals GT weight of 0.12
- Changes the computation of Compensatory Education by assigning a range of weights to census groups (pending to be determined by the Commissioner)
- Adds funding for Dual Language
- Repeals the High School Allotment
- Adds a Dyslexia Allotment based on student enrollment with IEP or 504 plan
- Adds an Early Education Allotment based on K-3 ELL or Economically Disadvantaged ADA
- Changes the Transportation Allotment from linear density to a per mile allotment
- Adds other allotments (pending to be determined by the Commissioner) such as: teacher incentive, drop out recovery, CCMR outcomes, mentor teacher allotment, and fee reimbursements for college prep and CTE certification exams)
- Repeals Staff Allotment

As it currently stands, from the total Tier I allotment, a deduction is made for the local district's share based on the individual district's property tax base multiplied by a constant tax levy of \$0.93 (compressed tax rate or "CTR") per \$100 of assessed taxable property value. The formula now uses current year property values, rather than prior year values; for a District with a growing taxable base like ours, this means that the local portion will be higher. The remainder represents the State's share of Tier I funding. Under this methodology, a district's wealth factors significantly into its share of state funding. The higher the wealth per student, the higher the proportional deduction from the Tier I total.

Because of so many changes in the state aid calculation for next year, the need to access new data elements, and unknown certified property values until the end of July, we will need to modify assumptions as clarity emerges with respect to all calculations.

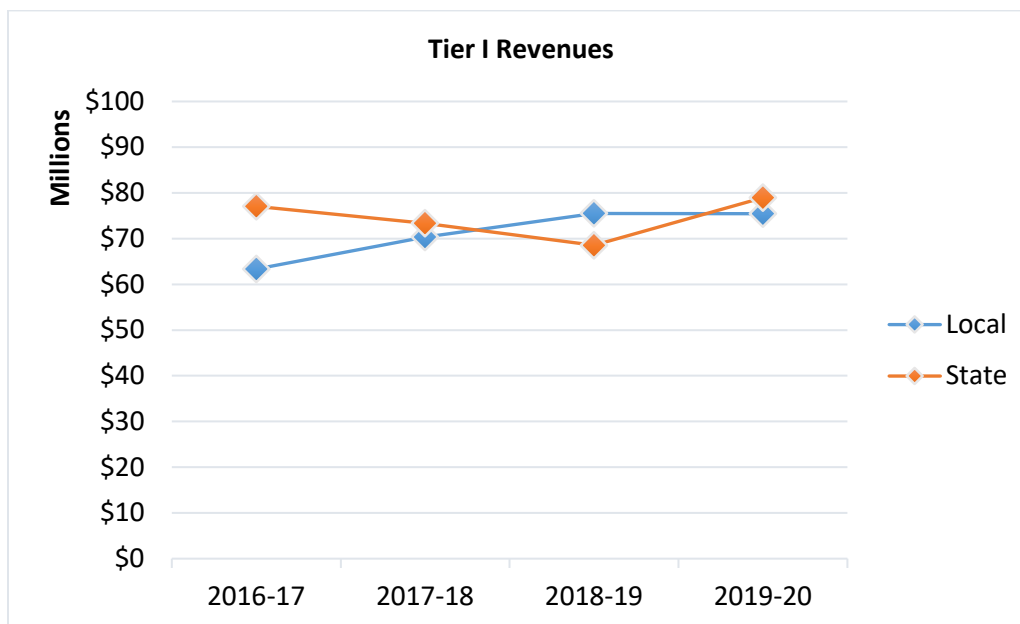
Based on our interpretation of these changes, the total cost of Tier I for 2019-20 is \$154,628,457. With estimated 2019 State Certified Property Values (District Property Values or "DPV") of \$8,115,034,078, the District's local share for Tier I funding is \$75,469,817 (CTR/100 \* DPV), with the remaining \$79,158,640 share to be funded by the State.

The following table compares the State and Local share of Tier I funding for the last four years (note in the arrow the move from calculating revenues from the prior tax year to current tax year).

<b>Tax Year Fiscal Year</b>	<b>2015 2016-17</b>	<b>2016 2017-18</b>	<b>2017 2018-19</b>	<b>2019 2019-20</b>
District Property Values	\$6,334,851,051	\$7,037,231,349	\$7,550,037,471	\$8,115,034,078
Total Cost of Tier I	\$140,419,076	\$143,754,307	\$144,052,185	\$154,628,457
Less: Local Share of Tier I	63,348,511	70,372,313	75,500,375	75,469,817
State Share of Tier I	\$77,070,565	\$73,381,994	\$68,551,810	\$78,158,640

The District loses approximately \$4.3 million with the State moving the calculation of the local share from prior year to current year property values (based on certified 2018 property values of \$7,655,692,526).

The chart below illustrates the relationship between State and local funding for the prior three years. Although property values are going up by over 6%, the District will receive more State than local funding this year as a result of the HB 3 tax rate compression.



**Tier II State Aid – Basic Program Enrichment** – Tier II of the formula rewards the tax effort of a district by guaranteeing that tax effort in the current year, beyond the required local share of Tier I, will yield a minimum amount of money per weighted student in average daily attendance (WADA). In Tier II, for the first eight cents of tax above the compressed rate (referred to as “golden pennies”), the State subsidizes tax receipts as needed to produce a guaranteed level of revenue per student per penny of property tax levy – note that the State increased the enrichment tax from six cents (current law) to eight cents (HB 3). The guaranteed yield for those golden pennies is \$106.28 for 2018-19. The yield for 2019-20 was set to increase to \$126.88 per the appropriations bill but instead, it is now set at \$98.56.

The guaranteed yield on any additional pennies above the compressed rate plus eight cents (up to the maximum rate of 17 cents above compressed rate) is fixed at \$49.28 for all years; this rate was increased from \$31.95 in prior years. These cents are also referred to as “copper pennies”.

The District’s M&O rate of \$0.97, which is four cents, or “golden pennies”, above the District’s compressed rate of \$0.93 will generate Tier II State Aid of \$6,471,655 for fiscal year 2019-20.

### State Funding Summary

State formula funding is projected to increase by \$3,691,730 from fiscal year 2018-19 to fiscal year 2019-20. Minor increases in the Tier II yield are more than offset by the increase in the local fund assignment (due to increases in property values).

The following table summarizes state aid:

	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Tier I Share of State Funding	\$77,070,565	\$73,381,994	\$69,244,629	\$79,158,640
Tier II State Aid	5,883,995	7,915,624	12,235,157	6,471,655
Other Programs/(Charges)	449,661	414,416	442,217	(16,563)
Less: Available School Fund	(7,884,019)	(4,254,481)	(9,499,009)	(4,124,840)
Total FSF	\$75,520,202	\$77,457,553	\$72,422,994	\$85,613,733
Foundation School Fund	\$75,520,202	\$77,457,553	\$72,422,994	\$81,488,892
Available School Fund	7,884,019	4,254,481	9,499,009	4,124,840
Formula Transition Grant				787,319
Total State Aid	<u>\$83,404,221</u>	<u>\$81,712,034</u>	<u>\$81,922,003</u>	<u>\$86,401,051</u>

### On-Behalf TRS Payments

This revenue source is a non-cash transaction that the District is required to record in its books to account for retirement payments (contributions) made by the State on behalf of the District for all its employees. The intent of this transaction is to account for the entire cost of providing school services in the State of Texas. For fiscal year 2019-20, the projected amount is \$8,637,560 (offset by expenditures).

### State Funding Lag

As required by a new indicator in the Financial Integrity Rating System of Texas (Schools FIRST), we are required to discuss the state funding lag during the budget process (although this requirement is likely to be removed since State funding is no longer calculated based on prior year values but rather current year).

In short, prior year property values are used in the formulas to calculate State revenues causing a one-year funding lag – if the local revenue decreases in the year of the property value decline, the State does not recognize that decline until the subsequent year. Hypothetically, if the District's actual property values for tax year 2018 were to decrease, the District would receive decreased State funding during fiscal year 2018-19 (since it uses 2017 tax values in its calculations) and then the funding would increase for fiscal year 2019-20 (since it would use 2018 property values that experienced a decrease).

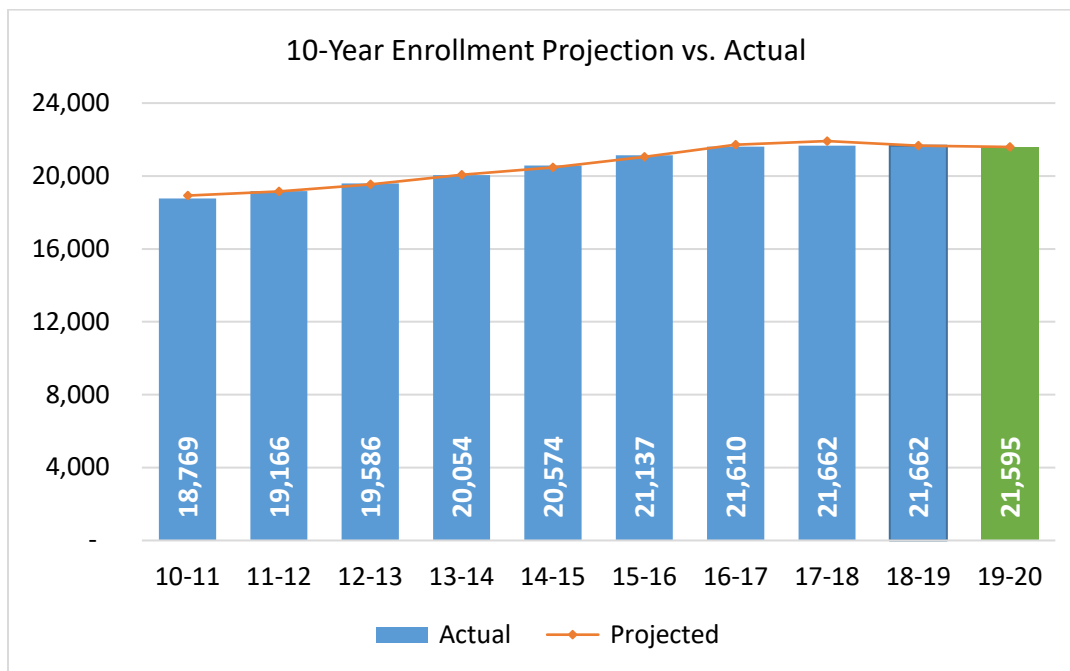
### Federal Revenues

The District projects federal revenues for fiscal year 2019-20 at \$2,666,000. Revenue sources are mainly comprised of Medicaid reimbursements (MAC) and School Health and Related Services (SHARS) reimbursements.

## STUDENT ENROLLMENT

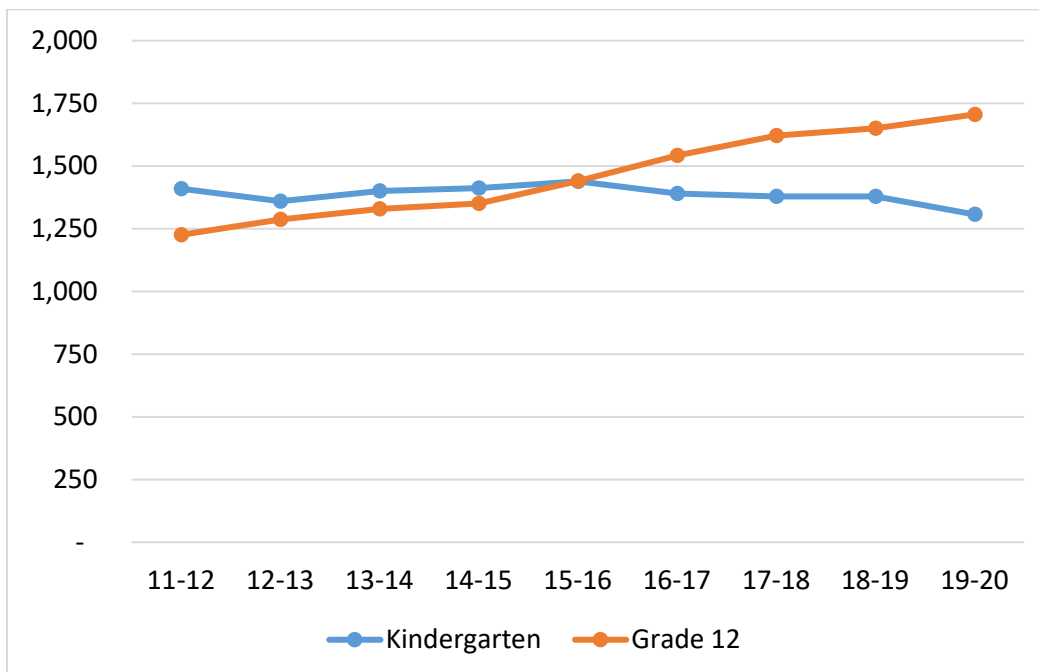
Student enrollment projections influence State revenue estimates, staffing decisions, per-pupil allocations, facility needs, debt issuance requirements and many other budgetary decisions. Up to the 2016-17 school year, the district experienced an annual enrollment increase of approximately 400-600; however, enrollment has remained relatively

flat since then and it is projected to experience a very slight decline of 0.3% for school year 2019-20. The following table presents the district's historic projected enrollment versus actual enrollment counts.



District administration monitors enrollment on a regular basis to implement adjustments due to possible fluctuations. Future enrollment is projected to vary by +/- 0.25% each year. These enrollment fluctuations are attributable to large graduating classes and smaller incoming kindergarten class sizes as well as housing availability, house pricing for new families, and slowed rate of moving for families who no longer have children in school.

The following table shows the increased gap between graduating students and incoming kindergarteners.



## DEBT SERVICE FUND

Fiscal year 2019-20 Debt Service Fund revenues are projected at \$31.8 million, a \$3.9 million increase from estimated 2018-19 revenues primarily due to an increase in local property values and an increase of 3.5 cents in the I&S tax rate. Local sources of revenue for 2019-20 comprise 99% of debt service revenues and include property tax collections as well as earnings on investments.

The expenditures budget is increasing to meet debt service requirements from the \$80 million Series 2019 Bonds sold in February 2019 and the projected \$20 million Series 2019A Bond expected to close in July 2019.

The 2019-20 proposed debt service is as follows:

	<b>2017-18 ACTUAL</b>	<b>2018-19 AMENDED BUDGET</b>	<b>2019-20 PROPOSED BUDGET</b>
Revenues	\$29,292,427	\$27,897,847	\$31,830,168
Expenditures	29,312,370	31,053,577	34,369,867
Revenues Over/(Under) Expenditures	(19,943)	(3,155,730)	(2,539,699)
Other Financing Sources/(Uses)	3,217,052	3,758,632	1,382,052
Net Change in Fund Balance	3,197,109	602,902	(1,157,647)
Fund Balance, Beginning	19,153,034	22,350,143	22,953,045
Fund Balance, Ending	<u>\$22,350,143</u>	<u>\$22,953,045</u>	<u>\$21,795,398</u>

## FOOD SERVICE FUND

The fiscal year 2019-20 Food Service Fund budget is balanced with revenues equaling expenditures of \$10,104,850. Revenues and expenditures are projected to increase by \$254,850 over the fiscal year 2018-19 budget.

Local revenue consists of 51.6% of all revenue sources and are generated primarily from student and staff payments for meals. Implementation of new programs, scheduling, and student demographics play a large role in the determination of meal revenues. State revenue comprises 2.6% of total revenues and is generated from School Lunch Matching and TRS on behalf (offset by expenditures). Federal revenue makes up 45.8% of revenues and is received from the U.S. Department of Agriculture under the National School Lunch Program, the School Breakfast Program and the Food Distribution Program.

	<b>2017-18 ACTUAL</b>	<b>2018-19 AMENDED</b>	<b>2019-20 BUDGET</b>
Revenues	\$9,774,905	\$9,850,000	\$10,104,850
Expenditures	9,554,503	9,850,000	10,104,850
Revenues Over/(Under) Expenditures	220,402	0	0
Other Financing Sources/(Uses)	0	0	
Net Change in Fund Balance	220,402	0	0
Fund Balance, Beginning	2,541,915	2,762,317	2,762,317
Fund Balance, Ending	<u>\$2,762,317</u>	<u>\$2,762,317</u>	<u>\$2,762,317</u>



## CAPITAL PROJECTS FUND

The inclusion of the Capital Projects Fund in this budget document is for information purposes only. The Capital Projects Fund is used to account, on a project basis, for proceeds from the sale of general obligation bonds and the expenditure of these funds for the construction and equipping of new school facilities, the purchase of school sites, renovation of present facilities, and the purchase of school buses. The Capital Projects Fund utilizes the modified accrual basis of accounting.

The Board of Trustees rely upon administrative staff and community committee members to advise them on facility needs. A \$220 million bond referendum was passed in November 2016, of which \$120 million in Series 2017 Bonds were issued in July 2017, \$80 million Series 2019 in March 2019 and the remaining \$20 million Series 2019A will be issued in July 2019.

The 2016 Bond addressed (1) safety and security needs, (2) technology needs, (3) campus additions, new CTE and ROTC facilities and stadium needs, and (4) renovation of aging facilities.

## LONG-RANGE FINANCIAL FORECAST

The following chart is a summary of the three-year forecasts. In summary, the General Fund assumes a 2.5% increase in property values, a slight increase in enrollment, and a 2% increase in salaries. As can be seen, this conservative forecast results in a deficit budget year after year. The District may need to consider a tax ratification election to increase the maintenance and operations tax rate in order to maximize state funding and increase local revenues.

	<b>2019-20 Budget</b>	<b>2020-21 Forecast</b>	<b>2021-22 Forecast</b>	<b>2022-23 Forecast</b>
<b>GENERAL FUND</b>				
Revenues and Other Financing Sources	\$177,259,237	\$178,701,661	\$179,386,186	\$180,245,256
Expenditures and Other Financing Uses	183,059,895	186,128,659	189,348,559	192,632,856
Excess/Def. of Rev. Over/(Under) Exp.	(\$5,800,658)	(\$7,426,998)	(\$9,962,373)	(\$12,387,600)
<b>DEBT SERVICE FUND</b>				
Revenues and Other Financing Sources	\$33,212,220	\$34,008,780	\$34,864,810	\$35,741,483
Expenditures and Other Financing Uses	34,369,867	34,178,217	35,899,617	36,799,667
Excess/Def. of Rev. Over/(Under) Exp.	(\$1,157,647)	(\$169,437)	(\$1,034,807)	(\$1,058,184)
<b>FOOD SERVICE FUND</b>				
Revenues and Other Financing Sources	\$10,104,850	\$10,020,725	\$10,147,479	\$10,278,410
Expenditures and Other Financing Uses	10,104,850	10,239,744	10,380,582	10,523,652
Excess/Def. of Rev. Over/(Under) Exp.	\$0	(\$219,019)	(\$233,103)	(\$245,242)
<b>TOTAL - ALL APPROPRIATED FUNDS</b>				
Revenues and Other Financing Sources	\$220,576,307	\$222,731,166	\$224,398,475	\$226,265,149
Expenditures and Other Financing Uses	227,534,612	230,546,620	235,628,758	239,956,175
Excess/Def. of Rev. Over/(Under) Exp.	(\$6,958,305)	(\$7,815,454)	(\$11,230,283)	(\$13,691,026)

Please refer to the Financial Section for a complete forecast of each fund, assumptions used to develop the forecast, and District initiatives to avoid a budget deficit in the coming fiscal years.

## LEGISLATIVE ISSUES

House Bill 3 was passed by the 86<sup>th</sup> Texas Legislature in 2019, transforming school finance. HB 3 was signed into law by Governor Greg Abbott around the time the district passed its fiscal year 2019-20 budget. Amongst the most important changes, the bill provides taxpayer relief, supports teachers and rewards teacher excellence, increases state funding, and focuses on learning and improving student outcome.

The bill impacts many different aspects of education in the state, from Pre-K funding to Special Education to Bilingual Education and transportation. Due to its nature, the Texas Education Agency will be releasing information regarding these changes throughout the first year of HB 3 implementation. Because of the many changes to funding formulas, the Business Office will be adjusting its revenue projections as new information becomes available.

## FINAL COMMENTS

**Budget Overview** – The preparation of the District’s 2019-20 budget was a coordination of many efforts from campuses, departments, administration, and the Business Office. This process began in November 2018 by studying trends and projecting enrollment as it is the main driving force of our budget. During January 2019, the Business Office kicked off the site-based decision budget process at a meeting held with all campus and department administrators in which they received budget direction and individual allocations. Individual meetings were held with every single campus and department to assist them in reviewing their individual programs, budgets, requests for additional funds and expenditure trends.

Expenditure trends were analyzed and submitted budgets were thoroughly reviewed to ensure appropriateness. We have been following HB 3 closely to incorporate its new funding elements into our revenue projections as well as ensuring we comply with funding mandates.

This new biennium will not come without its challenges; we continue to have a flat or slight decrease in enrollment and an upcoming private/charter school within our boundaries that may trigger a further reduction in enrollment. We will be monitoring enrollment fluctuations closely to adjust our funding accordingly. Our tax rate has been lowered by two cents and will likely be compressed further on the second year of the biennium, while our property values continue to rise.

**Closing Remarks** – We thank our Board of Trustees for engaging in constructive dialogue and providing clear guidance during the budget workshops. The fiscal year 2019-20 proposed budget ensures alignment to the goals and guidance of the Board of Trustees and the Superintendent. Resources were allocated to meet these goals to continue being one of the best school districts in Texas. We are proud of our District and ready to adapt to the challenges of the upcoming fiscal year. We commend our school board for their commitment in maintaining our mission of preparing students to perform at their highest potential and produce global citizens of tomorrow while ensuring a safe and secure environment for all students and staff. Our District continues to receive statewide acclaim for its combination of high student achievement and low per student costs.

We give special thanks to the Human Resources and Technology departments for assisting us in providing the information and reports necessary to prepare this budget as well as the Communications department for their collaboration on graphics. And lastly, we thank the Budget Team that prepared the wealth of information provided to you during budget workshops, townhall meeting, as well as this report which seeks to increase our financial transparency approach to budgeting.

**Finance Award and Recognition** – Lastly, the Association of School Business Officials International (ASBO) awarded Pearland Independent School District’s Fiscal Year 2018-19 budget the Meritorious Budget Award (MBA), which reflects our district’s commitment to sound fiscal management and budgetary policies. We believe the annual budget process and information contained in this fiscal year 2019-20 report strives to comply with the requirements set forth by ASBO, as well as the Government Finance Officers Association (GFOA) budget award programs.

**PEARLAND INDEPENDENT SCHOOL DISTRICT  
BOARD OF TRUSTEES AND ADMINISTRATION**

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Jorgannie Carter, CPA, Chief Financial Officer

Cary Partin, Senior Assistant Superintendent for Support Services

Sonia Serrano, Senior Assistant Superintendent for Intermediate Education

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Kim Hocott, Executive Director of Communications

Tanya Dawson, General Counsel

Greg Bartay, Chief Technology Officer

Dr. Lisa Nixon, Executive Director of Special Programs

Don Tillis, Director of Facilities and Planning



# ORGANIZATIONAL SECTION





## OUR DISTRICT

### Our Vision

We will graduate students who are. . .

- Responsible and resilient
- Passionate lifelong learners
- Complex thinkers and problem solvers
- Effective communicators
- Respectful of global interdependence and civic accountability

### Our Mission

*In Partnership with the community, Pearland ISD shall prepare students to perform at their highest potential and produce global citizens of tomorrow.*



### Our History

Built in 1894, the first Pearland school was a one-room wooden structure with a wood-burning stove and 23 students taught by Miss Nannie Rogers.

By the end of 1895, Pearland had grown so rapidly there were four classrooms with four teachers and 100 students. The catastrophic 1900 hurricane (Sept. 8, 1900) destroyed nearly all of Pearland. Only the main schoolroom remained, but it was badly damaged. School began again during the last week of October with only 25-30 students.

A new two-story brick school with a basement was built in 1912 for \$6,000. Once the school was completed, students could attend through 11th grade. Prior to this, Pearland students only went to school through seventh grade. In 1915, a hurricane destroyed the second floor of the building. For the next 22 years, students had to be bussed to attend school in Webster until the new high school opened in 1937.

In Sept. 1946, Pearland Common School District No. 1 officially became Pearland Independent School District.





## Our Reporting Entity

The District is a political subdivision of the State of Texas located within Brazoria and Harris Counties. The District is governed by a seven-member Board of Trustees (the “Board”). Policy-making and supervisory functions are the responsibility of, and are vested in, the Board. The Board delegates administrative responsibilities to the Superintendent of Schools, who is the chief administrative officer of the District.

The District is not included in any other governmental reporting entity as defined by Governmental Accounting Standards Board Statement No. 14. As required by GAAP, the financial statements of the reporting entity include those of the District (the primary government) and its component unit in conformity with GASB Statement No. 14, The Financial Reporting Entity. The District is not reporting component units.

The Board is required to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the District’s financial planning and control. The budget is prepared and approved at least at the fund and function levels to comply with the state’s legal level of control mandates.

## Our Footprint

The Pearland Independent School District (the “District”) is one of eight public school districts located in Brazoria County. The District serves most of the city of Pearland, the city of Brookside Village, and unincorporated areas in Brazoria County including Silverlake. The geographic area served consist of 47 square miles. The District is located in a residential and agricultural area with a commercial center located 15 miles south of downtown Houston at the intersection of State Highway 35 and Farm to Market Road 518 in the northeast corner of Brazoria County, with a small portion in Harris County. Pearland is one of the fastest growing cities in Texas, positioned on a growth curve that extends well into the 21st century.



A Pearland economic and demographic profile prepared for the Pearland Economic Development Corporation shows Pearland's population growing rapidly since its incorporation, and especially since the year 2000. The 2010 US Census counted the city's population at 91,252, a 142.4% increase since the 2000 Census. The number of housing units also increased during this time, to 41,537, a 198.9% increase. As of July 2018, Pearland's population is an estimated 126,300, an increase of 34% since 2010. From 2010 to 2018, Pearland ranked in the top 10 fastest growing large cities in the U.S., compared to other cities with a population of 50,000 or more in 2010.

The District is the largest employer in Pearland, with approximately 2,720 full-time employees; including 356 administrative/professional staff, 1,341 teachers with an average of 10 years of experience, 396 paraprofessionals and 627 auxiliary staff. All employees are encouraged to further their education through staff development programs and workshops and continuing education programs.

The District has added 1,572 students in the last five years, representing a 5-year growth rate of 7.85% with peak enrollment during the 2018-19 school year. Average daily attendance (ADA) drives school funding and it currently averages 96.7%.

### **Services We Provide**

The district offers 23 campuses, including 11 elementary schools serving grades Pre-K-4, four middle schools serving grades 5-6, four junior high schools serving grades 7-8, three high schools serving grades 9-12, and an alternative school of choice serving over 21,000 students.

The purpose and responsibility of the District is to provide a thorough and efficient educational system for the children enrolled in public schools within its boundaries whereby each child has access to programs and services that are appropriate to his or her educational needs. Pearland ISD strives to offer a world-class education that develops every child's unique gifts and talents. Our diverse programs challenge and equip students for future success:

- Gifted and Talented Academy
- Dual Language Pilot Program (dual English/Spanish classrooms)
- IB World School (Massey Ranch Elementary)
- Turner College and Career High School
- Career and Technical Education workforce learning and career pathways
- Dual credit/dual degrees through local colleges
- Associate degrees
- Professional certifications
- Championship athletic programs
- Premier drama, choral, band and art programs
- Special Olympics

The comprehensive academic program in grades K-12 provides students the opportunity to reach their full potential. Special Programs, bilingual/ESL, Gifted and Talented and pre-K services are offered to students who qualify.

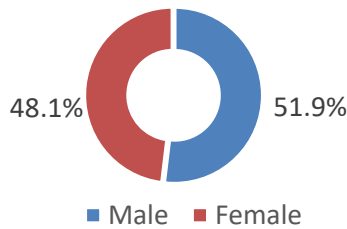
At the secondary level (grades 7-12), the pre-AP/AP programs serve as the GT program in addition to a GT Academy option for students in grades 5-8. With the State Board of Education-approved Texas Essential Knowledge and Skills (TEKS), the entire K-12 curriculum has real-life application and integrates technology.

The district also has an extensive Career and Technical Education program that makes connections with the business community.

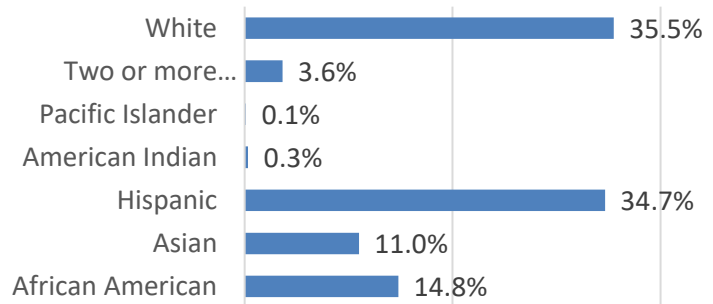
### Our Enrollment

Our enrollment for school year 2018-19 as of Fall snapshot day was 21,606 students of which 6,929 students were enrolled at the high school level, 3,392 at the junior high school level, 3,375 at the middle school level, and 7,910 at the elementary level.

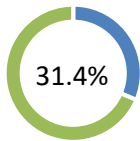
Student Enrollment by Gender



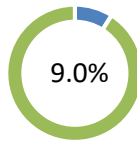
Student Enrollment by Race/Ethnicity



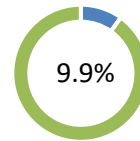
Economically Disadvantaged



Limited Language Proficiency



Special Education Services



### Our Education Foundation

The Pearland ISD Education Foundation has been created to support the educational programs for both the students and staff of Pearland ISD. The foundation will provide funds for educational programs and activities that either have not been funded or have been under-funded by the normal operating budget. These funds will be used to facilitate student achievement and skill development, to recognize and encourage staff excellence and to expand community involvement from individuals, businesses and civic organizations. Grant awards of up to \$5,000 are awarded for teacher or classroom projects. During 2018-2019, 69 grants were awarded totaling \$114,583 to improve services to students. The Foundation has awarded over \$450,000 in grants since it began in 2014. The Foundation does not meet the criteria for inclusion in the District's financial statements under the provisions of GASB Statement No. 39.

## FOUNDATION FOR STRATEGIC PLAN

our beliefs	<ul style="list-style-type: none"> <li>• We believe students come first.</li> <li>• We believe all students are unique and valuable learners.</li> <li>• We believe successful education includes engaged students, staff, parents and community.</li> <li>• We believe that a positive culture and learning environment is critical for success of all learners.</li> </ul>
our call to action	Establish a community of learning that empowers 100% of students to graduate and equips them with grit, skills and a mindset necessary to be successful, productive citizens able to adapt to an ever changing society.
our learner profile	<p>The learner will...</p> <ul style="list-style-type: none"> <li>• Demonstrate self-discipline by holding oneself accountable, motivating oneself, and finishing what has been started. (category – self-discipline)</li> <li>• Apply knowledge and skills to objectively analyze, evaluate, and solve problems. (category – critical thinking)</li> <li>• Demonstrate leadership, respect, and empathy through collaboration and service. (category – service)</li> <li>• Make ethical choices and model strong moral principles. (category – integrity)</li> <li>• Demonstrate perseverance. (category – perseverance)</li> <li>• Effectively use a variety of communication skills to achieve success in the digital and non--- digital world. (category – communication)</li> </ul>
strategic goals - correlated to World Class Goals (WCG)	<ul style="list-style-type: none"> <li>• We will strategically and collaboratively manage all PISD resources and funding to maximize the educational outcomes for every student. (WCG 1, 2, 3, 4)</li> <li>• We will provide technological opportunities to facilitate learning. (WCG 4b)</li> <li>• We will capitalize on the strengths, resources, and talents of our diverse community to engage students and parents. (WCG 1b, 1e, 4)</li> <li>• We will capitalize on the resources and talents of our business community to increase collaboration and expand opportunities for students to gain real world experiences. (WCG 1)</li> <li>• We will develop a system where student learning will be measured through application and transference from one discipline to another. (WCG 1, 3)</li> <li>• We will meet the social and emotional needs of all students. (WCG 3)</li> </ul>

### Board/Superintendent “World Class” Goals:

1. An outstanding District Culture with extremely high academic expectations and results.
  - a. Continue to increase Pre-AP, AP, SAT/ACT/Dual Credit enrollments – and increase the scores on those exams and on STAAR/EOC.
  - b. *Continue to increase career certifications and “soft skills” proficiencies in graduates*
  - c. *Incorporate innovative, 21<sup>st</sup> century methods to engage students*

- d. *Help identify and develop the unique gifts/talents of children of all levels/demographics*
  - e. *Promote parental partnerships*
  - f. *Ensure all student levels/sub-populations have the opportunity to excel*
2. Great Teachers, Great Principals, Great Staff, and Great Support for our Teachers
    - a. With each leadership vacancy, hire the best available
    - b. Add cost effective benefits/perks to attract/retain outstanding employees and continue to develop a positive district culture in which employees appreciate working for PISD.
    - c. *Ensure that hiring/retention practices provide role models for our diverse student body*
  3. Students with “Grit” – who embrace hard work, critical thinking, and difficult challenges.
    - a. Design/Implement district wide coherent character program emphasizing “grit”.
    - b. *Ensure the district addresses the multiple intelligences and learning styles inherent in students.*
    - c. *Develop a love for learning in our students – such that self-motivation takes place*
    - d. *Help students develop a purpose and a positive influence on society.*
  4. Maximize fiscal responsibility to provide for operational effectiveness and facility maintenance.
    - a. Build an effective, efficient, fiscally responsible and balanced budget.
    - b. Add significant, effective, and proven technology learning/productivity innovations throughout the district.

#### **Desired Learner Outcomes:**

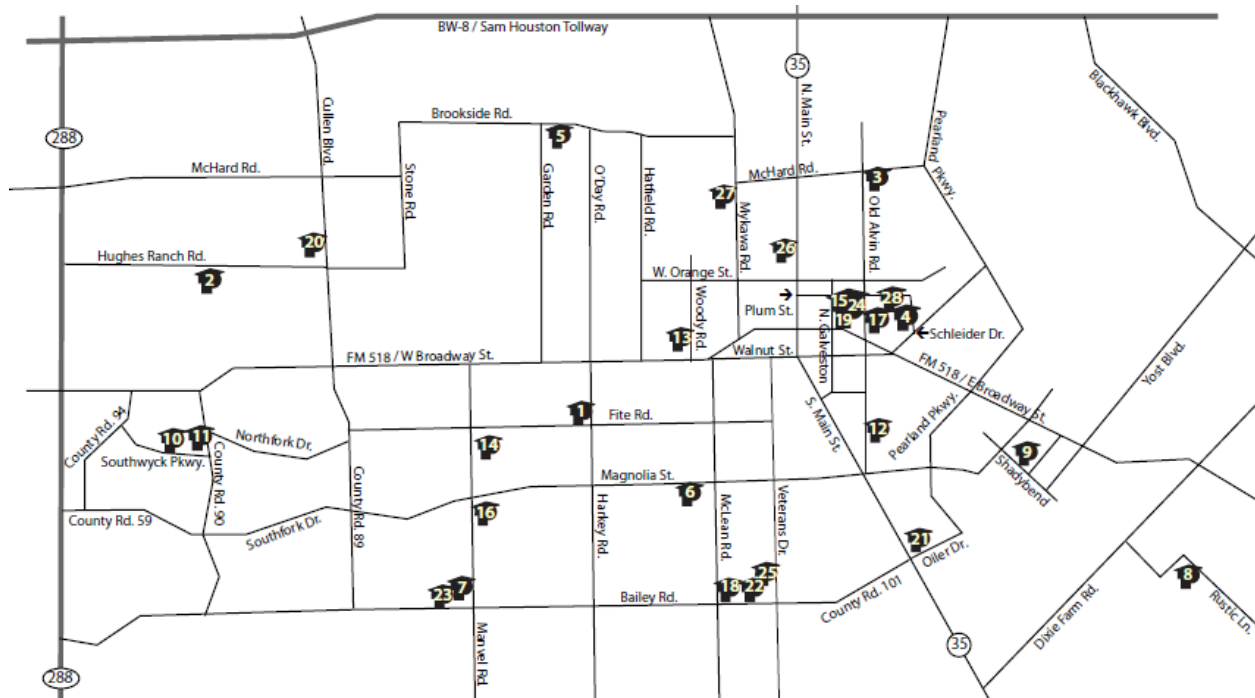
- Each learner will make academic progress annually and plan for post-secondary success.
- Each learner will demonstrate personal accountability and a growth mindset.
- Each learner will demonstrate effective communication skills.
- Each learner will make ethical, moral, and socially responsible decisions.
- All learners will use technology appropriately to learn, solve problems, and communicate.
- All learners will demonstrate analytical and problem-solving skills across disciplines and in a variety of contexts.

#### **About our 2016-2020 Strategic Plan**

Please visit <https://www.pearlandisd.org/domain/89> to view our full 2016-2020 strategic plan and world class goals; as well as the District’s update as of November 2018. The district is currently working on a new Five-Year Strategic Plan which is slated for completion on December 2019. This new five-year plan will include all the elements currently in use, such as, performance objectives, evaluation data sources, strategies, metrics, department responsible for monitoring progress, and expected results/impact. In addition, it will include the approximate cost for accomplishing each strategy.



## DISTRICT MAP



**1-Carleston Elementary**

3010 Harkey Rd.

**2-Challenger Elementary**

9434 Hughes Ranch Rd.

**3-Cockrell Elementary**

3500 McHard Rd.

**4-Harris Elementary**

2314 Schleider Dr.

**5-Lawhon Elementary**

5810 Brookside Rd.

**6-Magnolia Elementary**

5350 Magnolia St.

**7-Massey Ranch Elementary**

3900 Manvel Rd.

**8-Rustic Oak Elementary**

1302 Rustic Lane

**9-Shadycrest Elementary**

2405 Shadybend

**10-Silvercrest Elementary**

3003 Southwyck Pkwy.

**11-Silverlake Elementary**

2550 Country Rd. 90

**12-Alexander Middle School**

3001 Old Alvin Rd.

**13-Jamison Middle School**

2506 Woody Rd.

**14-Rogers Middle School**

3121 Manvel Rd.

**15-Sablatura Middle School**

2201 N. Galveston Ave.

**16-Berry Miller Junior High**

3301 Manvel Rd.

**17-Pearland Junior High East**

2315 Old Alvin Rd.

**18-Pearland Junior High South**

4719 Bailey Rd.

**19-Pearland Junior High West**

2337 N. Galveston

**20-Glenda Dawson High School**

2050 Cullen Blvd.

**21-Pearland High School**

3775 South Main St.

**22-Robert Turner High School**

4717 Bailey Rd.

**23-West Side Transportation**

7343 Bailey Rd.

**24-PACE Center**

2314 Old Alvin Rd.

**25-Agricultural Facility**

4715 Bailey Rd.

**26-Education Support Center**

1928 N. Main St.

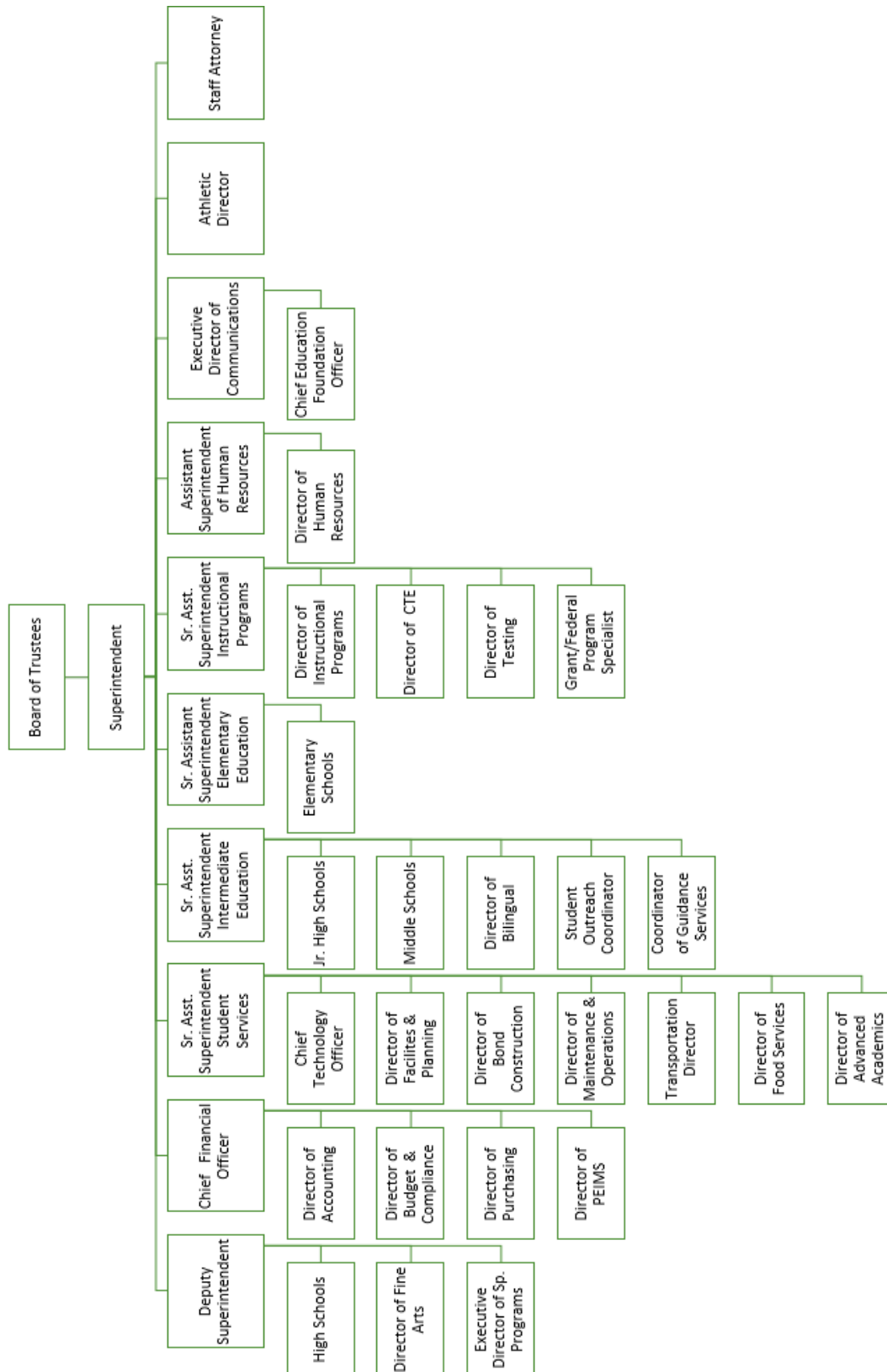
**27-Maintenance**

1702 Mykawa

**28-Transportation**

3202 Plum St.

## DISTRICT ORGANIZATIONAL CHART



## BOARD OF TRUSTEES & SUPERINTENDENT

The Pearland ISD Board of Trustees and the administrative team work in partnership to provide leadership for the district. The elected board functions as the district's policy-making body, and the administrative staff carries out the policies set by the board. Trustees model effective school board practices, working as a team for students' benefit. The seven-member board of trustees meets at 5:00 p.m. on the second Tuesday of each month and invites citizens to attend. Meetings are held at the Virgil Gant Education Support Center located at 1928 N. Main, Pearland, Texas 77581.



### **Charles Gooden, Jr. - President**

Term Ends: 2020 - Year First Elected: 2014

Position 1

Charles Gooden Jr. is part-owner and chief operating officer of Charles D. Gooden Consulting Engineers, Inc. A Pearland resident since 2003, Gooden earned his master's degree in accountancy from the University of Houston. As a second-generation business owner, he holds great respect for tradition but also values innovation -- a focus that has led him to serve actively in the community. In addition to being a founding board member of the Pearland ISD Education Foundation, Gooden has served on the Pearland Economic Development Corporation Board of Directors, the Associated Credit Union of Texas Board of Directors, Pearland 20/20 Steering Committee, Pearland Chamber of Commerce and City of Pearland Planning and Zoning Commission. He has also coached flag football and t-ball and volunteered for the Watch D.O.G.S. Program. Gooden and his wife, Angela, have two children in Pearland ISD. "My goal is for Pearland ISD to truly serve the needs of our students and their parents," he said.



### **Lance Botkin – Vice President**

TASB Master Trustee

Term Ends: 2022 - Year First Elected: 2013

Position 6

Lance Botkin, a former Pearland High School teacher and football coach, currently works in outside sales and is part-owner of Floyd's on the Water Seafood Restaurant. Botkin holds a bachelor's degree in recreation and community service from Southern Arkansas University and a master's degree in curriculum and instruction from Indiana Wesleyan University. In addition to his classroom experience, he formerly served as a youth sports director at Coppinger Family YMCA, recreation director and at-risk youth coordinator. Currently, he serves on the Pearland Parks and Recreation Beautification Board and is an active member of Friendswood United Methodist Church. Botkin and his family have lived in Pearland since 1997. He and his wife, Lori, have four children, three of whom attend Pearland ISD schools. "I would like to bring a proactive vision to the board along with my fellow board members. I hope to take Pearland ISD from a good district to a great one," he said.



**Rebecca Decker - Secretary**

TASB Master Trustee

Term Ends: 2022 - Year First Elected: 2010

Position 5

Rebecca Decker, Chief Operating Officer for Communities in Schools of Brazoria County, formerly served as an assistant principal at Rustic Oak Elementary. She and her husband, Jason, have three daughters who attend Pearland ISD schools. In addition to serving on the Rustic Oak Campus Education Improvement Committee, she has actively participated in the campus PTA and holds the master trustee designation from Texas Association of School Boards. Decker earned her bachelor's degree from Texas A&M University and a master's degree in educational management from UHCL. "I will work with my fellow trustees to develop a plan that uses the district's financial resources efficiently and effectively. I want to ensure that all students in Pearland receive a fair and exemplary education," she said



**Jeff Barry**

Term Ends: 2022

Year First Elected: 2016

Position 7

Jeff Barry is actively involved in the community, with service on boards for the Pearland Chamber of Commerce, Adult Reading Center, Pearland Economic Development Corporation and the Northern Brazoria County Education Alliance. In addition, he served as the founding president of the Pearland ISD Education Foundation Board of Directors. The president of Barry Insurance Group, he holds a bachelor's degree in electrical engineering from the University of Louisiana-Lafayette. Barry and his wife, Charisse, have lived in Pearland for almost two decades. "I want to ensure that students have a safe, healthy and positive environment for learning with the most innovative teachers and administrators in our area. I would also like to continue down the path of fiscal responsibility so we preserve our district for generations to come," he said.



**Crystal Carbone**

Term Ends: 2021

Year First Elected: 2018

Position 3

Crystal Carbone, a lifelong Pearland resident, is a stay-at-home mom with three daughters (under the age of two) who previously served as a Licensed Specialist in School Psychology for Pearland ISD. She holds a dual master's degree in Clinical & School Psychology from University of Houston-Clear Lake. Carbone and her husband, Tony, both have families with a long history in Pearland and their daughters are seventh generation Pearlanders. Carbone is actively involved in the community and has served as a founding board member of the Pearland ISD Education Foundation, previous Adult Reading Center vice chair, Brazoria County Child Protective Services member, Pearland Library chair and as a previous vice president of the Pearland Silverlake Lions Club. "I hope to join with fellow board members in providing leadership, promoting policies and supporting Pearland ISD administration in the promotion of a world-class education for all students – meeting each student at their educational ability and social point of need," she said.



**Mikael Floyd**

Term Ends: 2020

Year First Elected: 2017

Position 2

Mikael Floyd, a native Pearlander, was elected to the board of trustees at 18-years-old. A 2017 graduate of Glenda Dawson High School, Mike attends the University of Houston Honors College where he is majoring in Political Science. Active in the Pearland community, Mike belongs to and regularly participates in several city and county organizations and holds leadership positions in three of the organizations. As one of the youngest elected officials, Mike has been interviewed by local, state and national media. Mike lives in Silverlake with his family where all five Floyd children have graduated or attend Pearland ISD schools. "I believe that education is an investment in our future. When students succeed, our city, state and nation succeed. I will do everything I can to protect public education for future generations in Pearland," he said.



### **Sean Murphy**

Term Ends: 2021

Year First Elected: 2015

Position 4

Sean Murphy has longtime Pearland roots, having graduated from Pearland High School and lived here more than 20 years. Murphy earned his bachelor's degree in business administration/management from the University of Houston-Clear Lake and currently serves as the vice president of HomeTown Bank of Pearland. In the education arena, he is a founding member of the Pearland ISD Education Foundation and an officer for the Northern Brazoria County Education Alliance. An avid community volunteer, he also serves on the Pearland Neighborhood Center Board of Directors and is an active member of the Pearland Rotary Club and Lions Club. Murphy and his wife, Lisa, have a son who attends school in Pearland ISD. "I am vested in supporting teachers, ensuring that the district keeps parents involved and guaranteeing that all students have a path to success," he said.



### **Superintendent Dr. John Kelly**

Dr. John Kelly has made education his vocation for almost three decades. Before coming to Pearland ISD in 2011, Dr. Kelly led the Boerne and Pearsall school districts for 20 years. He has also served as a high school principal and taught in the Peace Corps in Southern Africa.

A former U.S. Air Force sergeant, he earned a bachelor's degree in education and master's and doctorate degrees in educational administration from Texas A&M University.

Under Dr. Kelly's leadership, Pearland ISD continues to signify academic excellence and unlimited opportunities for students. Some of these achievements include:

- RISE Mentoring connecting students with caring adults
- United for Kids community committee
- GT Academy for grades 5-8
- Dual Language Pilot Program K-7<sup>th</sup> Grade
- Turner College and Career High School
- SAT scores constantly climbing (127-point increase over the past five years despite state average decreasing by 22 points)
- 791 Advanced Placement (ap) Scholar Awards
- No. 4 district in Houston area and No. 25 in Texas (Niche review site)
- AP Honor Roll District



## **Financial Structure and Basis of Accounting**

The Business Office is responsible for providing all District financial services including financial accounting and reporting, payroll and accounts payable disbursement functions, cash and investment management, debt management budgeting, procurement, and special financial and policy analyses to District management. The Chief Financial Officer, appointed by the Superintendent, has oversight responsibility for the division's operations.

The District utilizes the Tyler Technologies MUNIS suite of financial and human resources software, which includes a system of internal accounting controls. Such controls have been designed and are continually being reevaluated to provide reasonable, but not absolute, assurance for the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability over the District's assets.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework and are believed to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Accounting records for governmental fund types are maintained on a modified accrual basis with revenues recorded when services or goods are received and the liabilities are incurred. Accounting records for trust funds are maintained on the accrual basis.

### **Budgetary Financial Control**

State law requires that every local education agency in Texas prepare and file an annual budget of anticipated revenues and expenditures with the Texas Education Agency. The annual budget serves as the foundation for the District's financial planning and control. The budget process must include budgeting for the General Fund, Debt Service Fund, and the Child Nutrition Fund (Food Service). These budgets must be prepared and approved at least at the fund and function levels to comply with the state's legal level of control requirement.

Each year, the Board of Trustees and the Superintendent begin the budget process by reviewing the goals that establish the basis for budgeting available resources. Considering the fast-growth environment, the economic conditions, the changes in accountability standards and the change in student population, the District makes it a priority to analyze and adjust the programmatic structure to best meet the needs of the students.

As the budgets are developed by each campus and department, the District and Campus Improvement Plans are considered in the needs assessments. The budgets represent a balance between the educational needs of the students and programs and the ability of the community and the State of Texas (State) to provide the necessary financial resources. Formal budgetary accounting is employed for all required governmental funds, as outlined in TEA's FASRG (Financial Accountability System Resource Guide) , and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

Each year, the budget process officially begins in November with the preparation of the budget calendar for the upcoming year. During November, the demographer study allows the District to begin looking at growth rates, trends, and economic conditions affecting the district. The forecasting then is able to be

utilized in staffing allotments and in campus budget financial allotments. Through the course of the spring each year, the campuses and departments begin formulating the needs assessments and requests for the following budget. Consolidated budgeting information is then presented to the Superintendent's Cabinet and to the Board of Trustees in various workshops and meetings. With a July 1 fiscal start date, the budget must be approved by June 30th each year.

Subsequent budget amendments must be approved by the Board of Trustees for the General Fund budget. For Special Revenue Funds, budget amendments are subject to the approval by the granting agency. All departments are required to operate within their budgetary constraints. The operating budgets are amended prior to expenditure, and the accounting system provides a strong budgetary control over expenditures.

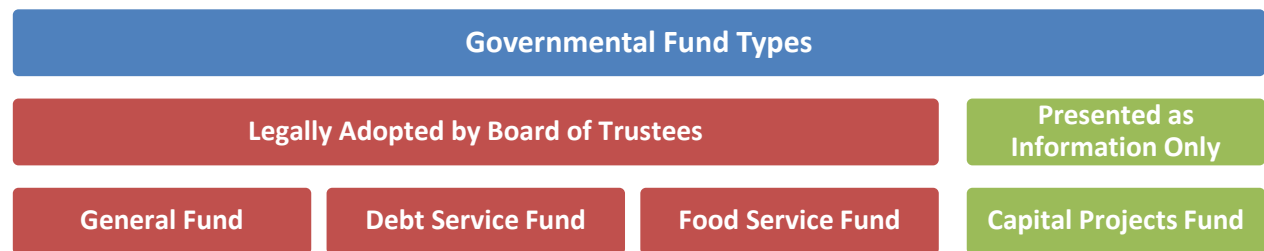
### Independent Audit

The Texas Education Agency requires that an annual audit of the books of account, financial records, and transactions of all administrative departments of the school district be performed by an independent certified public accountant(s). The firm of Kennemer, Masters & Lunsford, LLC, was selected by the District and approved by the Board of Trustees. In addition to meeting the requirements set forth in the state and local policies, the audit was also designed to meet the 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). The auditor's report on the basic financial statements and schedules are included in a separate report. The auditor's report related specifically to the single audit is included in the Federal Awards Section of the report.

### Fund Accounting

Pearland ISD follows the rules of financial accounting for school districts described in the Texas Education Agency Financial Accountability System Resource Guide (FASRG) adopted by 19 Texas Administrative Code §109.41. These requirements have been established requiring school districts to maintain proper budgeting and financial accounting and reporting systems to ensure uniformity in accounting is followed.

The district accounting system is operated on a fund basis. Each fund is defined by a fiscal period and a self-balancing set of accounts which includes assets, liabilities, fund balances, revenues and expenditures. The District follows the Guidelines for financial accounting and reporting derived from generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB) for accounting treatments not specified in GASB pronouncements.



The budget document contains detailed information for all funds for which the Board of Trustees are required to adopt annual budgets. Budgets for all funds use current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered available when they are

collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**General Fund** – The *general fund* is the government’s primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation School Program and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal and state government, food service, debt service, and capital projects.

**Debt Service Fund** – The *debt service* fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds for which a tax has been dedicated. This is a budgeted fund and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the general fund after all of the related debt obligations have been met. Major revenue sources include local property taxes, state aid, and interest earnings. Expenditures include all costs associated with related debt service.

**Food Service Fund** – The *food service* fund is a Special Revenue fund. Special Revenue funds are used to account for funds awarded to the District for the purpose of accomplishing specific educational tasks as defined by grantors in contracts or other agreements. The Food Service fund is used to account for the District’s Food Services Program, including local, state and federal revenue sources and all costs associated with the operation of the program.

**Capital Projects Fund** – The *capital projects* fund accounts for proceeds from long-term debt financing (including the sale of bonds), revenues and expenditures related to authorized construction, and other capital asset acquisitions. The capital projects fund is budgeted on a project basis.

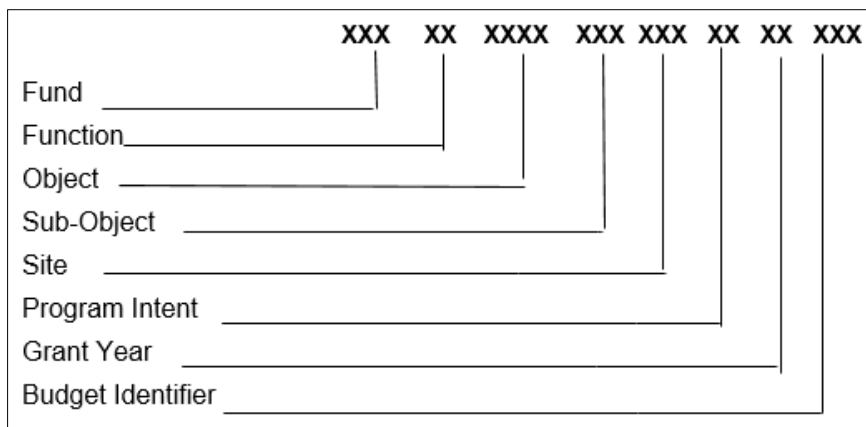
## **Classification of Revenues and Expenditures**

**Accounting System** – Section 44.007 of the Texas Education Code (Code or TEC) requires that a standard school district fiscal accounting system be adopted by each school district. The system must meet at least the minimum requirements prescribed by the State Board of Education and also be subject to review and comment by the state auditor. Additionally, the accounting system must conform to Generally Accepted Accounting Principles (GAAP). This section further requires that a report be provided at the time that the school district budget is filed, showing financial information sufficient to enable the state board of education to monitor the funding process and to determine educational system costs by school district, campus and program.

**Accounting Code Structure** – A major purpose of the accounting code structure is to establish the standard school district fiscal accounting system required by law. Although certain codes within the overview may be used at local option, the sequence of the codes within the structure, and the funds and chart of accounts, are to be uniformly used by all school districts in accordance with generally accepted accounting principles.

## Basic Budget Coding Components

In order to have a better understanding of the proper budgeting procedures, it is essential to become familiar with specific budget components. Basic budget coding components are illustrated below:



- **Fund Code** – A mandatory 3-digit code is to be used for all financial transactions to identify the fund group and specific funds. The first digit refers to the fund group, and the second and third digits specify the fund.
- **Function Code** – A mandatory 2-digit code that identifies the purpose of the transaction is applied to expenditures. The first digit identifies the major service area and the second digit refers to the specific function within the area.
- **Object Code** – A mandatory 4-digit code identifying the nature and object of an account, a transaction, or a source. The first of the four digits identifies the type of account or transaction, the second digit identifies the major area and the third and fourth digits provide further sub-classifications.
- **Sub-Object Code** – Optional code. Used at Pearland ISD to provide special accountability for certain programs or areas.
- **Organization (Site) Code** – A mandatory 3-digit code identifying the campus, department, or site
- **Program Intent** – A mandatory 2-digit code used to account for the cost of instruction and services directed toward a particular need of a specific set of students.
- **Fiscal (Grant) Year** – A mandatory 2-digit code used to identify a special revenue (grant) program year or the District will use (00) for the General Operating fund.
- **Budget Identifier** – Optional code. Used at Pearland ISD to provide unique budget identifiers of a campus, department, or site.

District revenues and expenditures are classified by fund and object or source. There are three major sources of revenue:



#### **Local Sources (5700)**

Local revenues include property taxes, earnings on investments, and tuition and fees.



#### **State Sources (5800)**

State revenues are based on formulas utilizing student enrollment and attendance along with the District's tax efforts.



#### **Federal Sources (5900)**

Federal revenue sources are mainly comprised of Medicaid reimbursements (MAC) and School Health and Related Services (SHARS) reimbursements. Additional sources consist of federal grant awards.

### **Major Object Codes**

Expenditure budgets are legally adopted at the fund and function level. However, within this document we have included several additional presentations of expenditures. These presentations segregate expenditures by either organization or by major object. Major object codes are used to describe the type of items purchased or services obtained. The major object codes used in this document are: payroll and related costs, purchased and contracted services, supplies and materials, other operating expenditures and capital outlay. Fund codes have been previously described in the preceding pages. Following is a description of the function codes used throughout this document.

- Payroll Costs (6100) includes salary and benefits for all District employees other than food service, teaching incentives, student tutorials, stipends, and any other employee-related cost.
- Contracted services (6200) consist of utilities (electricity, gas, water, telephone, etc.), school resource officers, copier leases, audit and legal services, etc.
- Supplies & Materials (6300) is comprised of general instructional supplies and resources, technology equipment (computers, servers, laptops, printers, carts, etc.), janitorial supplies, software licensing, fuel, etc.
- Other Operating Costs (6400) include property and casualty insurance, flood insurance, automobile insurance, liability insurance, employee and student travel, and other operating costs.
- Debt Service Payments (6500) is used exclusively for the payment of principal and interest on debt obligations.
- Capital Outlay (6600) includes the cost to replace buses, large maintenance equipment and vehicles, furniture, and other capital items with a unit value at or above \$5,000.

## Function Codes - General Descriptions

Function codes are grouped according to related activities in the following major areas:

### **10 Instruction and Instructional-Related Services Series**

This function series is used for expenditures / expenses that provide direct interaction between staff and students to achieve learning. It provides staff members with the appropriate resources to achieve student learning outcomes through either materials or development.

#### **11 Instruction**

This function is used for activities that deal directly with the interaction between teachers and students. This function includes expenditures / expenses for direct classroom instruction and other activities that deliver, enhance or direct the delivery of learning situations to students.

#### **12 Instructional Resources and Media Services**

This function is used for expenditures / expenses that are directly and exclusively used for resource center, establishing and maintaining libraries and other major facilities dealing with educational resources and media.

#### **13 Curriculum Development and Instructional Staff Development**

This function is used for expenditures / expenses that are directly and exclusively used to aid instructional staff in planning, developing, and evaluating the process of providing learning experiences for students. Expenditures / expenses include in-service training and other staff development for instructional or instructional-related personnel (Functions 11, 12, and 13) of the school district.

### **20 Instructional and School Leadership Series**

This function series is used for expenditures that relate to managing, directing, supervising and leadership of staff who are providing either instructional or instructional-related services. It also includes general management and leadership of a school campus.

#### **21 Instructional Leadership**

This function is used for expenditures / expenses that are directly used for managing, directing, supervising, and providing leadership for staff who provide general and specific instructional services. For example, function 21 includes instructional supervisors and Assistant Superintendent for Instruction but does not include principals.

#### **23 School Leadership**

This function is used for expenditures / expenses that are used to direct and manage a school campus. They include the activities performed by the principal, assistant principals and other assistants while they supervise all operations of the campus, evaluate staff members of the campus, and assign duties to staff members maintaining the records of the students on the campus.



## **30 Student Support Services Series**

This function code series is used for expenditures / expenses that directly support students.

### **31 Guidance, Counseling and Evaluation Service**

This function is used for expenditures / expenses that are directly and exclusively used for assessing and testing student's abilities, aptitudes and interests; counseling students with respect to career and educational opportunities and helping students establish realistic goals. This function includes costs of psychological services, identification of individual characteristics, testing, educational counseling, student evaluation and occupational counseling.

### **32 Social Work Services**

This function is used for expenditures / expenses that are directly and exclusively used for activities such as investigating and diagnosing student social needs arising out of the home, school or community; casework and group work services for the child, parent or both; interpreting the social needs of students for other staff members; promoting modification of the circumstances surrounding the individual student which are related to his or her social needs. This includes referrals to and interaction with other governmental agencies. Examples include home visitor aides and truant officers.

### **33 Health Services**

This function is used for expenditures / expenses that are directly and exclusively used for providing physical health services to students. This includes activities that provide students with appropriate medical, dental, and nursing services.

### **34 Student (Pupil) Transportation**

This function is used for expenditures / expenses that are incurred for transporting students to and from school. Function 34 includes transportation supervisors and bus drivers but it does not include student field trips (11) or student organization trips (36).

### **35 Food Services**

This function is used for the management of the food service program at the schools and the serving of meals, lunches, or snacks in conjunction with school activities. Function 35 includes the cost of food, labor, and other expenditures / expenses necessary for the preparation, transportation and storage of food to provide students and staff. Function 35 includes cooks and food purchases but does not include concession stands.

### **36 Co-curricular / Extracurricular Activities**

This function is used for expenditures / expenses for school-sponsored activities outside of the school day. This function incorporates those activities which are student and curricular related, but which are not necessary to the regular instructional services. These activities normally involve competition between schools. Examples of extracurricular activities are football, baseball and cheerleading. The function includes athletic salary, supplements paid exclusively for coaching, directing or sponsoring extracurricular athletics.

**40 Administrative Support Services Series**

This function series is used to account for the overall general administrative support services of the school district.

**41 General Administration**

This function is for expenditures / expenses that are for purposes of managing or governing the school district as an overall entity. It includes expenses for the school board, superintendent's office, personnel services, financial services, and administrative attendance personnel.

**50 Support Services – Non Student Based Series**

This function code series is used for expenditures / expenses that are used for school district support services.

**51 Plant Maintenance**

This function is used for expenditures / expenses for activities to keep the facilities and grounds open, clean, comfortable and in effective working condition and state of repair, and insured. This function includes expenditures / expenses associated with warehousing and receiving services.

**52 Security and Monitoring Services**

This function is used for expenditures / expenses that are for activates to keep student and staff surroundings safe, whether in transit to or from school, on a campus or participating in school –sponsored events at another location.

**53 Data Processing Services**

This function is for expenditures / expenses for data processing services, whether in-house or contracted. These expenditures / expenses are non-instructional data processing services which include computer facility management, computer processing, systems development, analysis and design. Personal computers and peripherals that are stand alone are charged to the appropriate function series.

**60 Ancillary Services Series**

This function series is used for expenditures / expenses that are for school district support services supplemental to the operation of the school district.

**61 Community Services**

This function encompasses activates of the school district that are designed to provide a service or benefit to the community as a whole or a portion of the community. Expenditure / expense activity would include recreation programs, public library services and parenting programs.

**70 Debt Services Series**

**71 Debt Service**

This function is used for expenditures / expenses that are for the retirement of recurring bond, capital lease principal, and other debt, related debt service fees, and for all debt interest.

**80 Capital Outlay Series**

This function code series is used for expenditures that are acquisitions, construction, or major renovation of school district facilities.

**81 Facilities Acquisition and Construction**

This function is used by the school district for expenditures / expenses that are for acquiring, equipping, and/or making additions to real property and sites. These expenses include acquisition of land, remodeling of buildings, additions to buildings, and installation and extension of service systems. Examples of these expenses are for major purchase or renovations of school district property or facilities.

**90 Intergovernmental Charges Series**

**93 Payments to Fiscal Agent / Member District of Shared Services Arrangements**

This function code is used for expenditures / expenses that are for (1) payments from a member district to a fiscal agent of a shared service's arrangement; or, (2) payments from a fiscal agent to a member district of a shared services arrangement.

**95 Payments to Juvenile Justice Alternative Education Program**

This function code is used for expenditures / expenses that are for the purpose of providing financial resources for Juvenile Justice Alternative Education Programs (JJAEP) under Chapter 37, TEC. This function code is used to account for costs to other governmental entities in connection with students that are placed in discretionary or mandatory JJAEP settings.

**99 Other Intergovernmental Charges**

This function code is used for expenditures / expenses of other intergovernmental charges not specifically defined. An example of this expense would be county appraisal districts for costs related to the appraisal of property.

## **SIGNIFICANT FINANCIAL POLICIES AND PROCEDURES**

The following financial policies and procedures of the District significantly influence the development of the annual budget.

### **Cash Management**

The District's cash management goals are as follows:

- Ensure proper collateralization of deposits
- Ensure adequate balances to cover cash disbursement needs
- Maximize interest earnings
- Minimize bank charges

These goals are accomplished by daily monitoring of cash balances by the District through on-line banking. The District maintains a balance on hand in the local depository bank sufficient to offset bank charges and meet cash flow needs of payroll and expenses. This delicate balance process utilizes investment pools for excess amounts. The District considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, investments are reported at fair value. Fair values are based on published market rates. Current investments have an original maturity of greater than three months but less than one year at the time of purchase. Non-current investments have an original maturity of greater than one year at the time of purchase.

### **Investment Policies**

The Board of Trustees has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act of 1995. CDA(LOCAL) This policy authorizes the District to invest in obligations of the U.S. Treasury, the State of Texas, or certain U.S. Agencies, certificates of deposit, repurchase agreements, commercial paper, money market and no-load mutual funds and public funds investment pools as permitted by Chapter 2256, Texas Government Code.

The primary goal of the investment program is to ensure safety of principal, to maintain liquidity, and to maximize financial returns within current market conditions in accordance with this policy. Investments shall be made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during a 12-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. An investment report is submitted to the Board of Trustees for review on a quarterly basis.

### **Debt Management**

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The District issues general obligation bonds to provide funds for the construction, renovations and equipment of school facilities, and other major capital acquisitions. Debt service requirements are payable solely from future revenue of the Debt Service Fund which consist principally of property taxes collected by the District, state funding and investment income.

All principal and interest payments are due on February 15<sup>th</sup> and August 15<sup>th</sup> of each year. On February 1<sup>st</sup> of each year, outstanding taxes become delinquent which permits the collection of a large majority of

taxes levied before the long-term debt payments are due. Interest & Sinking Fund ("I&S") Tax Rate provides funds to pay the principal and interest on bonds previously approved by a majority of voters for capital improvements.

The District has been assigned the following independent financial/bond ratings that indicate the relative strength of the District's financial and debt management:

- School Financial Integrity Rating System of Texas ("FIRST") – Superior Rating
- Moody's Investors Service, Inc.: Assigns an "Aa2" credit rating to the District, defined as "Judged to be of high quality and are subject to very low credit risk."
- S&P Global Ratings: Assigns an "AA-" credit rating to the District, defined as "Having a very strong capacity to meet its financial commitments. It differs from the highest-rating only to a small degree."
- Fitch Ratings, Inc.: Assigns an "AA" credit rating to the District, defined as "Having very high credit quality and expectations of very low default risk. Indicates very strong capacity for payment."

### **Fund Balances**

The District's Board of Trustees meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The District's Unassigned General Fund Balance is maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund Balance may only be appropriated by resolution of the Board of Trustees. Fund Balance of the District may be committed for a specific source by formal action of the District's Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by board resolution by the District's Board of Trustees. When it is appropriate for fund balance to be assigned, the Board of Trustees delegates authority to the Superintendent or the Chief Financial Officer. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

Beginning with fiscal 2011, the District implemented GASB Statement No. 54, "Fund Balance, Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of spending constraints:

*Non-spendable Fund Balance* - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

*Restricted Fund Balance* - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions of enabling legislation).

*Committed Fund Balance* - Amounts that can only be used for specific purposes because of board resolution by the Board of Trustees.

*Assigned Fund Balance* - Amounts that are constrained by the District's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or

by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

*Unassigned Fund Balance* - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which an amount had been restricted, committed or assigned.

## **Net Position**

The Statement of Net Position provides information on all the District's assets and liabilities, with the difference between the two reported as net position or "net worth". Increases or decreases in net position serves as a useful indicator of whether the financial position of the District is improving or declining.

The Statement of Net Position includes the following: *Net Investment in Capital Assets* – this component of net position reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets; *Restricted* – this component of net position reports the difference between assets and liabilities of the District that consist of assets with constraints placed on their use by external parties; *Unrestricted* – the difference between the assets and liabilities that is not reported in Net Investment in Capital Assets or Restricted Net Position.

## **Reserve Policies**

*General Fund* – The District strives to maintain a general fund balance equal to approximately 90 days of operating expenditures.

*Debt Service Fund* – The District strives to maintain a debt service fund balance of at least 25% of the subsequent year's required principal and interest payments for all outstanding bonds. If the fund balance exceeds this level, the excess is considered a reserve and is subject to rebate under arbitrage regulations.

*Food Service Fund* – The fund balance for food service should not exceed three months of average food service operations expenditures. If three months are exceeded, an analysis of the proposed next year's expenditures is performed, and a plan of action developed to reduce the fund balance in the subsequent year.

## **Accounting Pronouncements**

In fiscal year 2015, the District adopted a new governmental accounting standard (GASBS No. 68) which required the District to calculate and report its proportionate share of the costs and obligations associated with pensions. Also, beginning with fiscal year 2017, the District adopted GASBS No. 75 which requires the District to report a liability for other post-employment benefits (OPEB), such as retiree health insurance, they provide. These implementations including recognizing, for the first time, a large pension liability on the Statement of Net Position.



## BUDGET POLICIES AND DEVELOPMENT PROCEDURES

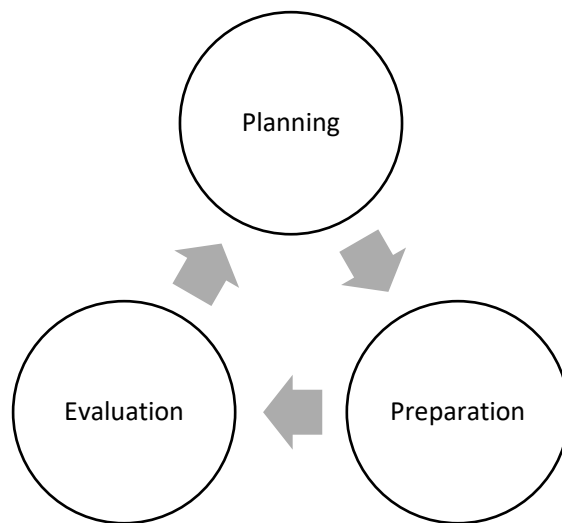
Sections 44.002 through 44.006 of the Texas Education Code establish the legal basis for budget development in school districts. The following six items summarize the legal requirements from the code:

- The Superintendent is the budget officer for the district and prepares or causes the budget to be prepared.
- The district budget must be prepared by a date set by the state board of education, currently prior to June 20.
- The president of the Board of Trustees must call a public meeting of the Board of Trustees, giving ten days public notice in a newspaper, for the adoption of the district budget. Any taxpayer in the district may be present and participate in the meeting.
- Concurrently with the publication of notice of the budget above, a school district must post a summary of the proposed budget on the school district's Internet website. The budget summary must include a comparison to the previous year's actual spending and information relating to per-student and aggregate spending on instruction, instructional support, central administration, district operations, debt service, and any other category designated by the commissioner. (Section 44.0041, TEC).
- No funds may be expended in any manner other than as provided for in the adopted budget. The Board does have the authority to amend the budget or adopt a supplementary emergency budget to cover unforeseen expenditures.
- The budget must be prepared in accordance with GAAP (generally accepted accounting principles) and state guidelines.

### Budget Development Process

Annual budgets must be prepared for the following funds: General Fund, Debt Service Fund, and Food Service Fund. Prior year evaluation drives current year planning to ensure efficient preparation of next year's budget.

- Pearland ISD begins the official school general operating budget process in November for the upcoming year of July 1<sup>st</sup>. Enrollment projections are created by analyzing historical growth trends by grade levels. The number of students projected to enroll in the fall determines the number of teachers and support staff each school receives. Therefore, enrollment translates into staff positions, which translates into salaries and benefits.
- The Chief Financial Officer prepares revenue projections for all funds. These projections are based on enrollment projections, estimates of local tax revenue, State funding formulas and other significant factors. The Texas Legislature meets every other year which results in changes to funding formulas.



- Salaries and benefits comprise approximately 86% of the annual general operating budget. Therefore, the Board of Trustees gives careful consideration to staffing allocations for both instructional and non-instructional positions. The Business Office and Human Resources department evaluate personnel units extensively each year to provide recommendations to the Board of Trustees.

Personnel units are allocated to each campus based on projected student enrollment following State mandated ratios, as applicable. The budget amounts are then developed by the Business Office and the Human Resources department using approved staffing guidelines and estimates of costs for each position. Projected costs for each position are based on the average cost of employees currently filling each position and any staffing increase/decrease percentages allowable after an analysis from the Business Office funding projections.

Supplemental/Stipend pay (such as Ticket takers/Department chairs) are approved and effective for each school year. The assignment of the supplemental and stipend conclude at the end of a fiscal year. Supplemental/Stipend pay funding is analyzed each year and factored into funding projections.

- The District utilizes the Site-based budgeting approach to offer the ability of principals to serve as effective instructional leaders. This approach places the principal and other campus staff at the center of the budget preparation process allowing school personnel the ability to make budgetary decisions for their own campus needs. Thus, those who best understand student needs at the campus level plan how funds are used to meet those needs. Once completed, budgets are reviewed by the campus designated Assistant Superintendent.

The funding each campus receives for non-payroll expenditures are allocated on a per-pupil basis. These expenses include professional services, general supplies and equipment, staff development and other miscellaneous instructional costs.

- Budgets for non-campus units/departments are developed by departmental administrators and reviewed by the department designated Assistant Superintendent.
- Capital outlay items are defined by the District as long-lived tangible assets, buildings, equipment, improvements other than buildings and land; permanent structures and their improvements. They are capital in nature and enhance the utility, accessibility or aesthetic value of the affected properties. Usually the projects/items also provide improvements or additions to the District's general fixed assets or infrastructure. Capital outlay items are defined with a unit cost of \$5,000 or more and are coded with major object codes of 6600.

For outlay items that are project based, a capital outlay proposal form is completed which requires approval of the principal/administrator, Director of Maintenance & Operations, appropriate Senior Assistant Superintendent, Chief Financial Officer and the Superintendent. Equipment, furniture and vehicle outlay purchases require the approval of the principal/administrator along with the Senior Assistant Superintendent while meeting budget allowances.

- Budget workshops are conducted by the Superintendent and the Chief Financial Officer to provide the Board of Trustees preliminary budget report for the new fiscal year prior to the final budget. The workshops attempt to provide information on anticipated funding, enrollment, economic outlook and recommendations. The workshops provide the Board of Trustees the opportunity to evaluate the data and discuss modifications based on initiatives, funding and needs.

The Chief Financial Officer also develops the Debt Service Fund budget which is constructed based primarily on tax base assumptions (for local revenue projections), State funding estimates and

required and projected debt retirement requirements. The Board of Trustees evaluates it to ensure debt service payment requirements will be met.

The Director of Food Service and the Chief Financial Officer develop the Food Service budget based on revenues and expenditures projected for the new fiscal year along student demographics, scheduling, and potential new programs. The Board of Trustees evaluates it to ensure the budget is balanced with revenues equaling expenditures.

- Significant dates and events included in the budget development process are summarized on the budget calendar in the following pages of this document.

### **Capital Improvement Budget Policies**

The District's Capital Project Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the general fund or other governmental funds). This fund accounts for capital outlays financed from general obligation bond proceeds and related interest earnings. The Board of Trustees do not formally adopt the Capital Projects Funds annually. These budgets are prepared on a project basis, based on the proceeds available from bond issues and planned expenditures outlined according to bond ordinances and a bond oversight committee. The fund balance of the Capital Project Fund reflects an amount designated for construction and major renovation for each project.

The Capital Project Fund allocation is re-appropriated in each year's budget as a multi-year budget until all available funds for acquisition and construction of facilities related to the bond ordinances are utilized or amended. The status of project commitments is evaluated each year as it impacts the development of the annual budget for all funds. Future operating costs (staffing, utilities, etc.) associated with capital improvement and new facilities must be projected and included in the General Fund budget. The repayment of bonds issued for capital projects must be included in Debt Service Fund projections as well.

## 2019–20 BUDGET AND TAX CALENDAR

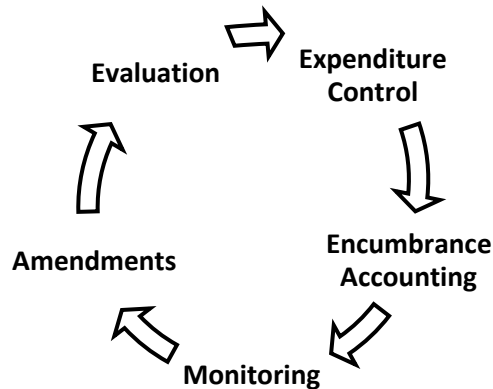
The budget represents one of the most important documents used by a school district in achieving its overall educational objectives and goals. Only by careful planning and strict allocation of limited funds can all essential programs be properly funded.

The schedule below presents the timeline followed during the preparation of the 2019-20 Budget:

Nov – Dec 2018	Budget calendar developed Projected enrollment estimates developed
January 2019	
• 8 <sup>th</sup>	Legislative Session opens to discuss 2019-21 biennium and school funding
• 16 <sup>th</sup>	budget kick-off meeting Budget materials distributed Financial software system available for budget entry
February 2019	
• 4 <sup>th</sup> – 15 <sup>th</sup>	Budget meetings scheduled with campuses
• 18 <sup>th</sup> – 28 <sup>th</sup>	Budget meetings scheduled with departments
March 2019	
• 8 <sup>th</sup>	Deadline for budget entry in financial software system Deadline to submit Requests for Additional Funds Deadline to submit Fixed Asset Justification Requests
• 25 <sup>th</sup> – 29 <sup>th</sup>	Budget meetings scheduled with cabinet members to review their departments and campuses budgets Requests for Additional Funds due
April 2019	
• 25 <sup>th</sup>	Certified Estimated Property Tax Values received
Apr - May 2019	Budget workshops conducted with Board of Trustees; to include staffing, requests for additional funds and salaries
June 2019	
• 12 <sup>th</sup>	Public Hearing for 2019- 20 Budget and Proposed Tax Rate Adoption of 2019-20 Budget
• 30 <sup>th</sup>	Deadline to adopt the 2019-2020 Budget
July 2019	
	Receive certified 2019 tax roll from Brazoria County & Harris County
September 2019	
• 10 <sup>th</sup>	Conduct public hearing and adopt the 2019-20 proposed tax rate

## BUDGET ADMINISTRATION AND MANAGEMENT PROCESS

The adoption of the official budget by the Board of Trustees is only the first step in the budget process. Following the adoption, the budget administration and management process begins. The budget administration and management process is a cycle of regulating expenditures throughout the fiscal year to ensure budgets do not exceed authorized amounts and are used for intended, proper, and legal purposes.



### Expenditure Control and Approvals

Expenditure appropriations are allocated between approximately 79 organizations or budget identifiers (campuses, departments, administration, etc.) throughout the District. By using an optional segment within the standard account code system prescribed by the Texas Education Agency, a unique budget identifier maintains independent control over the appropriation. This access includes permissions for reporting, account inquiry, purchase orders and check requests. Proper approvals of expenditures are electronically obtained through routing within the financial software based on pre-established criteria using account code segments, dollar amounts and commodity codes.

### Encumbrance Accounting - Purchase Orders / Request for Checks

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed and are used to control expenditures for the period and to enhance cash management. The District often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means that when a purchase order is entered into the financial software system, the appropriate account is checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources.

In addition to purchase orders, the District utilizes requests for checks for services goods/services requested without a purchase order. These requests are to only be used for parent and student refunds, student competition meal advancements and employee travel reimbursements. Per state, district, and board policies, the use of a Purchase Order is required for all other purchases. At the time a request for check is entered into the financial software system, the appropriate account is checked for available funds.

If an adequate balance exists, the amount of the request is immediately charged to the account to reduce the available balance for control purposes.

### **Monitoring the Budget**

The District's interactive, on-line budgetary accounting software and control criteria provides many useful reports to assist budget managers and administration personnel in monitoring and controlling the implementation of the budget throughout the fiscal year. The financial software system provides many checks on account balances to ensure funds are not over-expended at the budgetary control identifier level. When enough funds aren't available, purchase orders and check requests cannot be generated.

Throughout the fiscal year, every effort should be made to liquidate outstanding encumbrances to ensure the budget maintains current availability and an accurate picture of remaining appropriated funding. The use of an outstanding purchase order report provides campuses and departments open purchase order encumbrance totals with detail for specified ranges of account codes. On a monthly basis, management reviews financial projection reports from the financial system data. This is done by taking expenditures and encumbrances by function and object code through a certain specified period in the current year, divided by the revised budget to determine the percentage of use. Additionally, an accrual of remaining fiscal year payroll is factored in along with prior year non-payroll expenditure levels. This process of reviewing projected year-end expenditure levels as well as current expenditures levels, provides an increased level of comfort in assuring budgetary compliance.

In addition to monitoring expenditures, revenues are also reviewed to account for any adjustments throughout the fiscal year. Local revenue adjustments can occur due to District property tax value collection rate variances from projections along with increases/decreases to earnings on investments, rental revenues, gate receipts, and other local sources. State revenues are re-evaluated to account for changes in enrollment along with effects to the State Aid allotment from local property tax value increases or decreases.

### **Amending the Budget**

To reduce the number of transfers that require processing by the Business Office, budgetary control accounts are designed to allow budget managers the ability to utilize their campus/department funds as necessary within the same fund and function without submitting an official budget amendment. The use of a budget roll-up feature within the financial software groups accounts with the same fund, function and Budget Identifier. Since the Board of Trustees approves the annual budget by fund and function, this feature allows budget verification to occur by summing all expenditure account balances within the same fund, function and budget identifier. For example, if funding is not available within a particular object code, the system automatically reviews all account codes utilizing the same fund, function and budget identifier looking for available funding and allows an encumbrance/expenditure if funds are available.

When the need occurs to amend the budget between functions, amendments are created through the financial software with established approval paths assigned. All amendments between function codes must be presented and approved by the Board of Trustees prior to processing.

### **Reporting to the Texas Education Agency (TEA)**

The District budget must be submitted to TEA via the Public Education Information Management System (PEIMS) transmission process as of the date established in the annual instructions for the system. The



District's budget submission is due in November. TEA monitors for compliance at the District level only. This monitoring is a legal requirement to ensure mandatory expenditure levels in certain areas. In addition, amended budgets are reflected on the schedules comparing budget and actual results in the Comprehensive Annual Financial Report. The requirement for filing the amended budget with TEA is formally met when the District submits its Comprehensive Annual Financial Report.

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# FINANCIAL SECTION





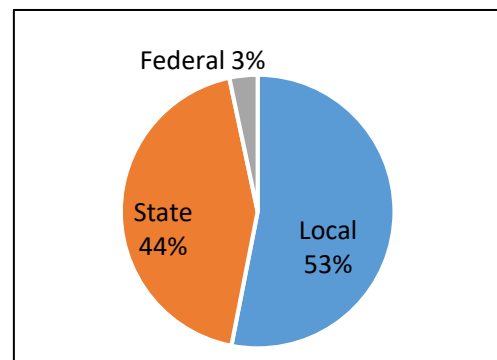
## Financial Overview

The annually adopted budget includes the General, Debt Service and Food Service funds. The schedules on pages 59-63 show the combined budgeted revenues and expenditures of these three funds. Specific assumptions, trends and any challenges that affect revenues, expenditures and fund balance for these funds are discussed in the major fund sections of this document.

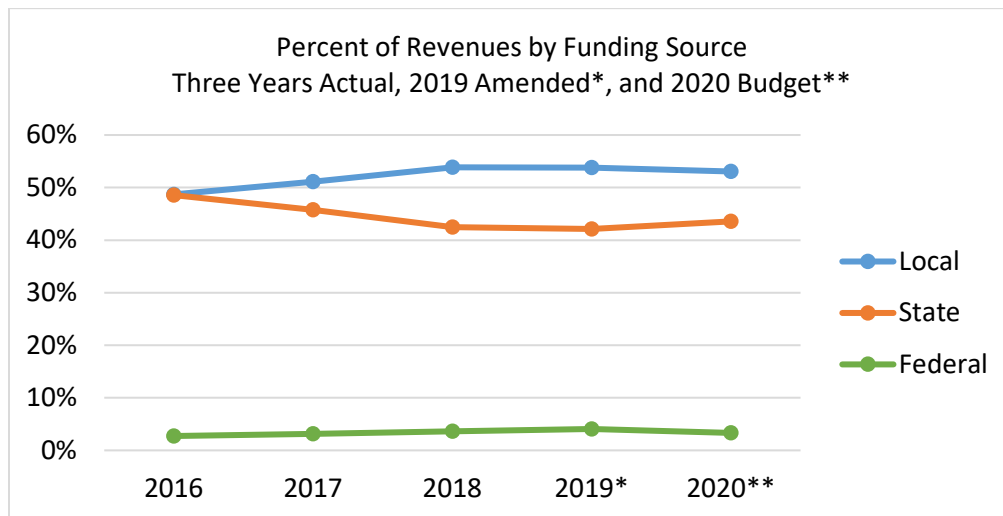
In addition to these funds, Capital Projects Funds are included for informational purposes only. The budget process for the Capital Projects Fund is established when the Board of Trustees approves the sale of authorized bonds for specific projects. Capital project budgets are typically multi-year encompassing the entire construction period of each separate project.

### Revenues

Budgeted revenues are classified into three major sources: local, state and federal. Local revenues consist primarily of property taxes. State revenues consist of funding from the State of Texas based on school district funding formulas. Federal sources consist primarily of indirect costs of federal grants and SHARS (School Health and Related Services) in the General Fund and from the National School Lunch and Breakfast programs in the Fund Service Fund. Local revenues for all appropriated funds make up 53% of all funding sources.



As shown on the chart below, since 2017, local revenues (mostly from property taxes) make up the majority of the District's funding as the state has decreased their contribution due to property value growth.

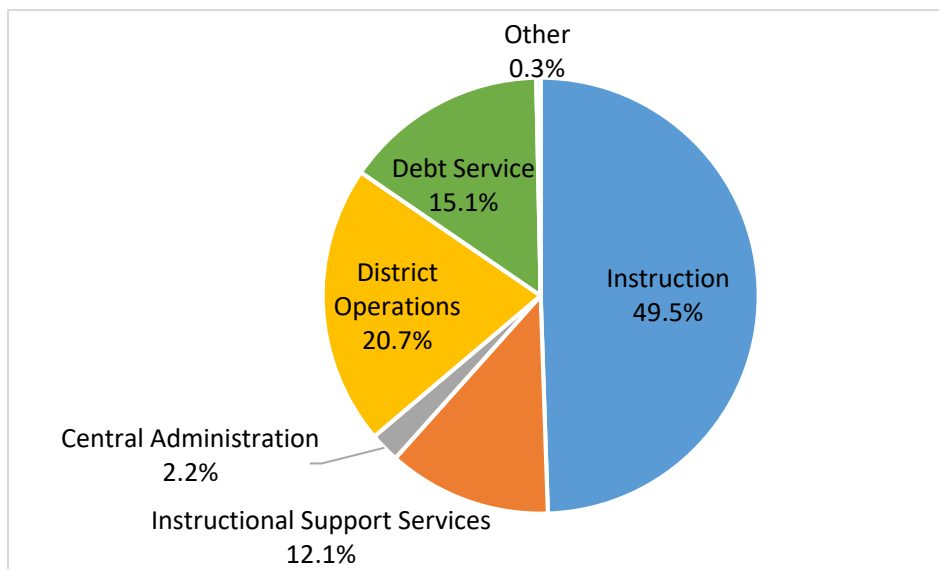


### Expenditures

Expenditure budgets are legally adopted at the function level. The following graph is by major functional category. Instruction related expenditures account for 49.5% of the District's combined budgeted

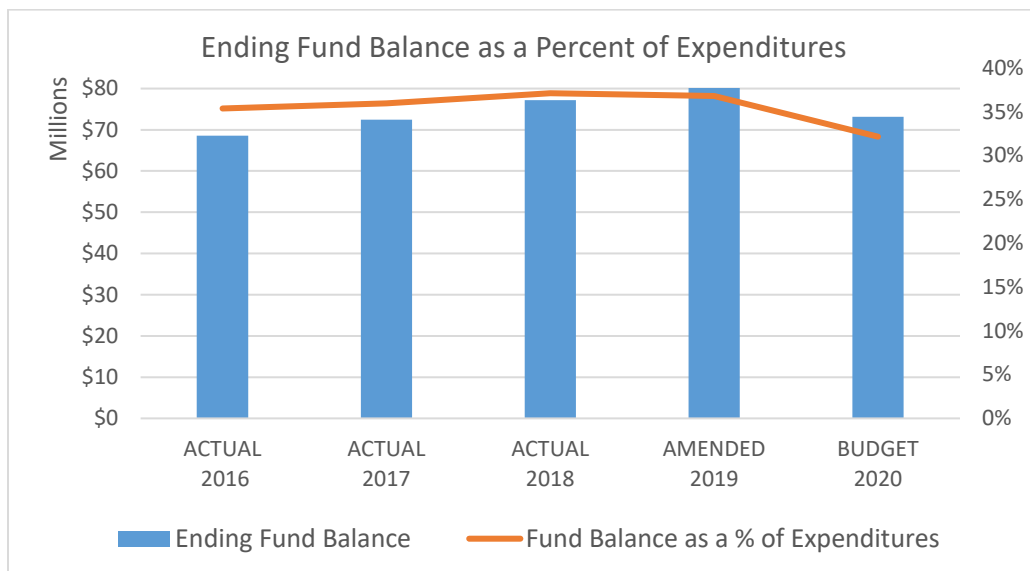
expenditures. Student instruction could not exist without campus leadership, counselors, nurses, and extracurricular activities which make up instructional support services at 12.1% of the total.

District operations account for 20.7% of total expenditures, including bus drivers, food service, security, maintenance & operations and data processing services. The 2019-20 budget for debt service is \$34.4 million, or 15.1% of the combined budgeted expenditures. Central administration makes up 2.2%, while other expenditures (mostly fees to the Brazoria tax office) is 0.3%.



## Fund Balance

The District's fund balance is decreasing by \$7 million due to a budgeted deficit of \$5.8 million in the General fund and \$1.2 million in the Debt Service fund; however, the District's fund balance is considered healthy, which is recommended and necessary to mitigate current and future risks, such as revenue shortfalls or unanticipated expenditures. The chart below shows actual ending fund balance as a percentage of budgeted expenditures for each of these years.



## Long-Range Financial Forecasts

This budget document presents a three-year financial forecast for the combined appropriated funds on page 63; General Fund on page 80; Debt Service Fund on page 87; and Food Service Fund on page 91. These forecasts are used to determine the impact of current financial decisions on subsequent fiscal years.

The Business Office updates the models used as circumstances change; as an example, funding as a result of the 86<sup>th</sup> Legislative Session will continue to be updated as new information becomes available regarding House Bill 3 (HB 3). Our budget projection for FY 2019-20 is likely to change and require budget amendments throughout the first half of the fiscal year; hence, the next three-year projections may also substantially change.

The review and evaluation of district goals and fiscal impact along with the budget development process ensures that short-term financial decisions are made only after consideration of long-term consequences. The District utilizes a very conservative approach in the development of the financial forecasts; the following are the key financial projection assumptions utilized for the next three years:

<b>Funding Elements</b>	<b>BUDGET 2019-20</b>	<b>ESTIMATE 2020-21</b>	<b>ESTIMATE 2021-22</b>	<b>ESTIMATE 2022-23</b>
<b>Students</b>				
Refined Average Daily Attendance (ADA)	20,582.954	20,685.869	20,789.298	20,893.245
% Increase from Prior Year		0.50%	0.50%	0.50%
<b>Salary</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
Salary Increases	2.5% - 3.25%	2.0%	2.0%	2.0%
<b>Property Values</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
Taxable Values - BCAD (for State funding)	\$8,313,194,890	\$8,521,024,762	\$8,734,050,381	\$8,952,401,641
% Increase from Prior Year	5.95%	2.50%	2.50%	2.50%
<b>Tax Rates and Collections</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
Compressed M&O Tax Rate	\$0.93000	\$0.91542	\$0.90319	\$0.89008
M&O Tax Rate	\$0.97000	\$0.95542	\$0.94319	\$0.93008
I&S Tax Rate	\$0.39060	\$0.42560	\$0.42560	\$0.42560
Collection Rate	98%	98%	98%	98%
<b>State Aid by Funding Source</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
General Fund - Foundation School Fund	\$82,276,211	\$80,635,002	\$84,348,665	\$79,989,671
General Fund- Available School Fund	\$4,124,840	\$8,278,821	\$4,137,000	\$8,315,600
Debt Service Fund - EDA	\$250,000	\$0	\$0	\$0



## Other Post-Employment Benefits (OPEB)

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

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

At June 30, 2018, the District reported a liability of \$36,245,657 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net position liability	\$36,245,657
State's proportionate share that is associated with the District	<u>18,781,290</u>
Total	<u>\$55,026,947</u>

**Pearland Independent School District**  
**Combined Budget Summary for Fiscal Year 2019-20 by Function**  
**General Fund, Debt Service Fund & Food Service Fund**

		<u>General Fund</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Total</u>
<b>Revenues</b>					
5710	Tax Collections	\$ 77,895,126		\$ 31,340,168	\$ 109,235,294
5742	Investment Earnings	800,000	\$ 3,000	240,000	1,043,000
5700	Miscellaneous Local Revenue	859,500			859,500
5751	Food Services - Meals		5,206,850		5,206,850
	<b>Total Local Revenues</b>	<b>79,554,626</b>	<b>5,209,850</b>	<b>31,580,168</b>	<b>116,344,644</b>
5810	Foundation School Program	86,401,051			86,401,051
5829	Miscellaneous State Revenue		48,000	250,000	298,000
5831	TRS On-Behalf	8,637,560	220,000		8,857,560
	<b>Total State Revenues</b>	<b>95,038,611</b>	<b>268,000</b>	<b>250,000</b>	<b>95,556,611</b>
5900	Miscellaneous Federal Revenue	2,666,000			2,666,000
5921	School Breakfast Program		786,000		786,000
5922	School Lunch Program		3,161,000		3,161,000
5933	USDA Commodities		680,000		680,000
	<b>Total Federal Revenues</b>	<b>2,666,000</b>	<b>4,627,000</b>		<b>7,293,000</b>
	<b>Total Revenues</b>	<b>177,259,237</b>	<b>10,104,850</b>	<b>31,830,168</b>	<b>219,194,255</b>
<b>Expenditures</b>					
11	Instruction	105,139,942			105,139,942
12	Instructional Resources & Media	1,868,723			1,868,723
13	Curriculum & Staff Development	5,439,154			5,439,154
21	Instructional Leadership	2,436,183			2,436,183
23	School Leadership	11,828,617			11,828,617
31	Guidance, Counseling & Evaluation	6,505,721			6,505,721
32	Social Work Services	659,489			659,489
33	Health Services	1,773,607			1,773,607
34	Student Transportation	7,712,138			7,712,138
35	Food Services		10,104,850		10,104,850
36	Cocurricular/Extracurricular	4,411,766			4,411,766
41	General Administration	5,034,719			5,034,719
51	Plant Maintenance & Operations	22,916,987			22,916,987
52	Security & Monitoring Services	2,072,060			2,072,060
53	Data Processing Services	4,402,139			4,402,139
61	Community Service	12,850			12,850
71	Debt Service			34,369,867	34,369,867
95	Payments to JJAEP	118,672			118,672
99	Other Governmental Charges	727,128			727,128
	<b>Total Expenditures</b>	<b>183,059,895</b>	<b>10,104,850</b>	<b>34,369,867</b>	<b>227,534,612</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		(5,800,658)		(2,539,699)	(8,340,357)
<b>Other Resources/(Uses)</b>				1,382,052	1,382,052
<b>Fund Balance -Beginning-Projected</b>		54,406,161	2,762,286	22,953,044	80,121,491
<b>Fund Balance-Ending-Projected</b>		<b>\$ 48,605,503</b>	<b>\$ 2,762,286</b>	<b>\$ 21,795,397</b>	<b>\$ 73,163,186</b>

**Pearland Independent School District**  
**Combined Budget Summary for Fiscal Year 2019-20 by Major Object**  
**General Fund, Debt Service Fund & Food Service Fund**

		<u>General Fund</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Total</u>
<b>Revenues</b>					
5710	Tax Collections	\$ 77,895,126		\$ 31,340,168	\$ 109,235,294
5742	Investment Earnings	800,000	\$ 3,000	240,000	1,043,000
5700	Miscellaneous Local Revenue	859,500			859,500
5751	Food Services - Meals		5,206,850		5,206,850
	<b>Total Local Revenues</b>	<b>79,554,626</b>	<b>5,209,850</b>	<b>31,580,168</b>	<b>116,344,644</b>
5810	Foundation School Program	86,401,051			86,401,051
5829	Miscellaneous State Revenue		48,000	250,000	298,000
5831	TRS On-Behalf	8,637,560	220,000		8,857,560
	<b>Total State Revenues</b>	<b>95,038,611</b>	<b>268,000</b>	<b>250,000</b>	<b>95,556,611</b>
5919	Miscellaneous Federal Revenue	2,666,000			2,666,000
5921	School Breakfast Program		786,000		786,000
5922	School Lunch Program		3,161,000		3,161,000
5933	USDA Commodities		680,000		680,000
	<b>Total Federal Revenues</b>	<b>2,666,000</b>	<b>4,627,000</b>		<b>7,293,000</b>
	<b>Total Revenues</b>	<b>177,259,237</b>	<b>10,104,850</b>	<b>31,830,168</b>	<b>219,194,255</b>
<b>Expenditures</b>					
6100	Payroll Costs	157,838,209	4,037,700		161,875,909
6200	Contracted Services	13,262,121	101,300		13,363,421
6300	Supplies and Materials	7,772,060	5,789,000		13,561,060
6400	Other Operating Costs	3,715,605	16,850		3,732,455
6500	Debt Service			34,369,867	34,369,867
6600	Capital Outlay	471,900	160,000		631,900
	<b>Total Expenditures</b>	<b>183,059,895</b>	<b>10,104,850</b>	<b>34,369,867</b>	<b>227,534,612</b>
	<b>Excess of Revenues Over/(Under) Expenditures</b>	<b>(5,800,658)</b>		<b>(2,539,699)</b>	<b>(8,340,357)</b>
	<b>Other Resources/(Uses)</b>			<b>1,382,052</b>	<b>1,382,052</b>
	<b>Fund Balance -Beginning</b>	<b>54,406,161</b>	<b>2,762,286</b>	<b>22,953,044</b>	<b>80,121,491</b>
	<b>Fund Balance-Ending</b>	<b>\$ 48,605,503</b>	<b>\$ 2,762,286</b>	<b>\$ 21,795,397</b>	<b>\$ 73,163,186</b>

**Pearland Independent School District**  
**Combined Five-Year Budget Summary by Function**  
**General Fund, Debt Service Fund & Food Service Fund**

		<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
		<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Budget</b>
<b>Revenue</b>						
5710	Tax Collections	\$ 89,038,778	\$ 99,147,571	\$ 106,350,140	\$ 108,071,332	\$ 109,235,294
5742	Investment Earnings	142,499	343,975	1,002,375	1,776,000	1,043,000
5700	Miscellaneous Local Revenue	1,563,480	1,493,349	1,736,930	1,118,000	859,500
5751	Food Services - Meals	5,066,394	4,971,333	4,233,320	5,231,000	5,206,850
	<b>Total Local Revenues</b>	<b>95,811,151</b>	<b>105,956,228</b>	<b>113,322,765</b>	<b>116,196,332</b>	<b>116,344,644</b>
5810	Foundation School Program	85,600,906	84,989,975	81,289,154	82,194,449	86,401,051
5829	Miscellaneous State Revenue	3,688,098	3,027,867	859,869	316,384	298,000
5831	TRS On-Behalf	6,236,052	6,740,598	7,275,643	8,453,996	8,857,560
	<b>Total State Revenues</b>	<b>95,525,056</b>	<b>94,758,440</b>	<b>89,424,666</b>	<b>90,964,829</b>	<b>95,556,611</b>
5919	Miscellaneous Federal Revenue	1,488,026	2,363,947	2,376,254	4,386,000	2,666,000
5921	School Breakfast Program	627,303	640,080	799,126	715,000	786,000
5922	School Lunch Program	2,680,479	2,827,974	3,885,250	3,045,000	3,161,000
5933	USDA Commodities	580,312	640,019	624,569	640,000	680,000
	<b>Total Federal Revenues</b>	<b>5,376,119</b>	<b>6,472,020</b>	<b>7,685,200</b>	<b>8,786,000</b>	<b>7,293,000</b>
	<b>Total Revenues</b>	<b>196,712,326</b>	<b>207,186,687</b>	<b>210,432,631</b>	<b>215,947,161</b>	<b>219,194,255</b>
<b>Expenditures</b>						
11	Instruction	92,725,179	97,446,045	99,220,920	101,782,487	105,139,942
12	Instructional Resources & Media	1,566,006	1,714,034	1,805,340	1,796,122	1,868,723
13	Curriculum & Staff Development	4,431,773	4,674,984	4,732,487	5,190,670	5,439,154
21	Instructional Leadership	1,880,881	1,996,364	2,203,154	2,429,418	2,436,183
23	School Leadership	9,847,842	10,477,348	11,179,202	11,578,500	11,828,617
31	Guidance, Counseling & Evaluation	5,296,331	5,541,739	5,692,280	6,729,372	6,505,721
32	Social Work Services	490,739	530,827	567,832	672,063	659,489
33	Health Services	1,417,082	1,418,337	1,499,201	1,719,601	1,773,607
34	Student Transportation	6,497,793	6,807,783	7,101,491	7,366,768	7,712,138
35	Food Services	8,829,449	8,894,462	9,554,503	9,850,000	10,104,850
36	Cocurricular/Extracurricular	3,948,679	3,969,913	4,227,183	4,347,217	4,411,766
41	General Administration	3,977,831	4,265,087	4,609,335	4,658,778	5,034,719
51	Plant Maintenance & Operations	21,036,965	20,294,006	19,740,935	21,614,014	22,916,987
52	Security & Monitoring Services	1,808,689	1,824,948	1,810,517	2,079,564	2,072,060
53	Data Processing Services	3,776,107	4,048,916	3,993,554	4,082,704	4,402,139
61	Community Service	4,759	10,453	8,790	11,313	12,850
71	Debt Service	25,606,996	26,943,433	29,312,370	31,053,577	34,369,867
81	Facilities Acquisition & Construction	242,899				
93	Payments to Fiscal Agent	11,379				
95	Payments to JJAEP	20,000	17,600	44,800	118,672	118,672
99	Other Governmental Charges	597,519	627,315	650,378	727,128	727,128
	<b>Total Expenditures</b>	<b>194,014,898</b>	<b>201,503,594</b>	<b>207,954,271</b>	<b>217,807,968</b>	<b>227,534,612</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		2,697,428	5,683,093	2,478,360	(1,860,807)	(8,340,357)
<b>Other Resources/(Uses)</b>		112,350	(1,860,584)	2,271,546	4,800,662	1,382,052
<b>Fund Balance -Beginning-Projected</b>		65,799,443	68,609,221	72,431,731	77,181,636	80,121,491
<b>Fund Balance-Ending-Projected</b>		<b>\$ 68,609,221</b>	<b>\$ 72,431,731</b>	<b>\$ 77,181,636</b>	<b>\$ 80,121,491</b>	<b>\$ 73,163,186</b>

**Pearland Independent School District**  
**Combined Five-Year Budget Summary by Major Object**  
**General Fund, Debt Service Fund & Food Service Fund**

		<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
		<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Budget</b>
<b>Revenues</b>						
5710	Tax Collections	\$ 89,038,778	\$ 99,147,571	\$ 106,350,140	\$ 108,071,332	\$ 109,235,294
5742	Investment Earnings	142,499	343,975	1,002,375	1,776,000	1,043,000
5700	Miscellaneous Local Revenue	1,563,480	1,493,349	1,736,930	1,118,000	859,500
5751	Food Services - Meals	5,066,394	4,971,333	4,233,320	5,231,000	5,206,850
	<b>Total Local Revenues</b>	<b>95,811,151</b>	<b>105,956,228</b>	<b>113,322,765</b>	<b>116,196,332</b>	<b>116,344,644</b>
5810	Foundation School Program	85,600,906	84,989,975	81,289,154	82,194,449	86,401,051
5829	Miscellaneous State Revenue	3,688,098	3,027,867	859,869	316,384	298,000
5831	TRS On-Behalf	6,236,052	6,740,598	7,275,643	8,453,996	8,857,560
	<b>Total State Revenues</b>	<b>95,525,056</b>	<b>94,758,440</b>	<b>89,424,666</b>	<b>90,964,829</b>	<b>95,556,611</b>
5919	Miscellaneous Federal Revenue	1,488,026	2,363,947	2,376,254	4,386,000	2,666,000
5921	School Breakfast Program	627,303	640,080	799,126	715,000	786,000
5922	School Lunch Program	2,680,479	2,827,974	3,885,250	3,045,000	3,161,000
5933	USDA Commodities	580,312	640,019	624,569	640,000	680,000
	<b>Total Federal Revenues</b>	<b>5,376,119</b>	<b>6,472,020</b>	<b>7,685,200</b>	<b>8,786,000</b>	<b>7,293,000</b>
	<b>Total Revenues</b>	<b>196,712,326</b>	<b>207,186,687</b>	<b>210,432,631</b>	<b>215,947,161</b>	<b>219,194,255</b>
<b>Expenditures</b>						
6100	Payroll Costs	137,910,031	144,467,527	150,225,911	156,284,397	161,875,909
6200	Contracted Services	12,690,712	13,261,331	11,183,959	12,998,821	13,363,421
6300	Supplies and Materials	12,322,571	12,554,348	12,815,276	13,312,677	13,561,060
6400	Other Operating Costs	3,392,397	3,242,951	2,997,195	3,699,275	3,732,455
6500	Debt Service	25,606,996	26,943,433	29,312,370	31,053,577	34,369,867
6600	Capital Outlay	2,092,190	1,034,004	1,419,559	459,222	631,900
	<b>Total Expenditures</b>	<b>194,014,898</b>	<b>201,503,594</b>	<b>207,954,271</b>	<b>217,807,968</b>	<b>227,534,612</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		2,697,428	5,683,093	2,478,360	(1,860,807)	(8,340,357)
<b>Other Resources/(Uses)</b>		112,350	(1,860,584)	2,271,546	4,800,662	1,382,052
Fund Balance -Beginning-Projected		65,799,443	68,609,221	72,431,731	77,181,636	80,121,491
<b>Fund Balance-Ending-Projected</b>		<b>\$ 68,609,221</b>	<b>\$ 72,431,731</b>	<b>\$ 77,181,636</b>	<b>\$ 80,121,491</b>	<b>\$ 73,163,186</b>

**Pearland Independent School District**  
**Combined Three-Year Forecast Summary by Major Object**  
**General Fund, Debt Service Fund & Food Service Special Revenue Fund**

	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
	<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Revenues</b>				
5710 Tax Collections	\$ 109,235,294	\$ 110,127,307	\$ 111,919,813	\$ 113,656,220
5742 Investment Earnings	1,043,000	978,000	978,000	978,000
5700 Miscellaneous Local Revenue	859,500	1,218,000	1,218,000	1,218,000
5751 Food Services - Meals	5,206,850	5,000,000	5,000,000	5,000,000
<b>Total Local Revenues</b>	<b>116,344,644</b>	<b>117,323,307</b>	<b>119,115,813</b>	<b>120,852,220</b>
5810 Foundation School Program	86,401,051	88,913,823	88,485,665	88,305,271
5829 Miscellaneous State Revenue	298,000	48,000	48,000	48,000
5831 TRS On-Behalf	8,857,560	9,034,711	9,215,405	9,399,714
<b>Total State Revenues</b>	<b>95,556,611</b>	<b>97,996,534</b>	<b>97,749,070</b>	<b>97,752,985</b>
5919 Miscellaneous Federal Revenue	2,666,000	2,666,000	2,666,000	2,666,000
5921 School Breakfast Program	786,000	825,300	866,565	909,893
5922 School Lunch Program	3,161,000	3,240,025	3,321,026	3,404,051
5933 USDA Commodities	680,000	680,000	680,000	680,000
<b>Total Federal Revenues</b>	<b>7,293,000</b>	<b>7,411,325</b>	<b>7,533,591</b>	<b>7,659,945</b>
<b>Total Revenues</b>	<b>219,194,255</b>	<b>222,731,166</b>	<b>224,398,475</b>	<b>226,265,149</b>
<b>Expenditures</b>				
6100 Payroll Costs	161,875,909	165,113,427	168,415,696	171,784,010
6200 Contracted Services	13,363,421	13,362,121	13,362,121	13,362,121
6300 Supplies and Materials	13,561,060	13,618,950	13,677,419	13,736,472
6400 Other Operating Costs	3,732,455	3,740,005	3,740,005	3,740,005
6500 Debt Service	34,369,867	34,178,217	35,899,617	36,799,667
6600 Capital Outlay	631,900	533,900	533,900	533,900
<b>Total Expenditures</b>	<b>227,534,612</b>	<b>230,546,620</b>	<b>235,628,758</b>	<b>239,956,175</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>	<b>(8,340,357)</b>	<b>(7,815,454)</b>	<b>(11,230,283)</b>	<b>(13,691,026)</b>
<b>Other Resources/(Uses)</b>	<b>1,382,052</b>			
Fund Balance -Beginning-Projected	80,121,491	73,163,186	65,347,732	54,117,449
<b>Fund Balance-Ending-Projected</b>	<b>\$ 73,163,186</b>	<b>\$ 65,347,732</b>	<b>\$ 54,117,449</b>	<b>\$ 40,426,423</b>

Note: Financial assumptions are located on page 57.



## General Fund Overview

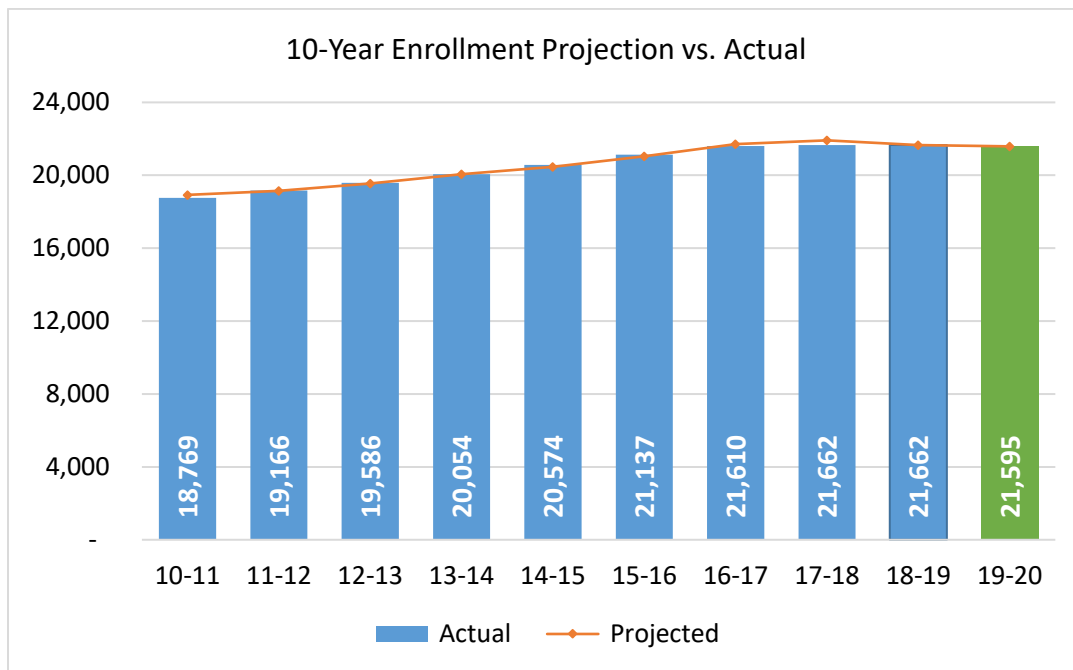
This General Fund or General Operating Fund is used to pay operating expenses throughout the District (included but not limited to most staff salaries, classroom services and supplies, utilities, insurance coverage, etc.). The principal sources of revenue include local property taxes and state aid. Expenditures include all costs associated with the daily operations of the schools.

### Enrollment Trend

The first step in building the General Fund budget is to develop accurate estimates of student enrollment.

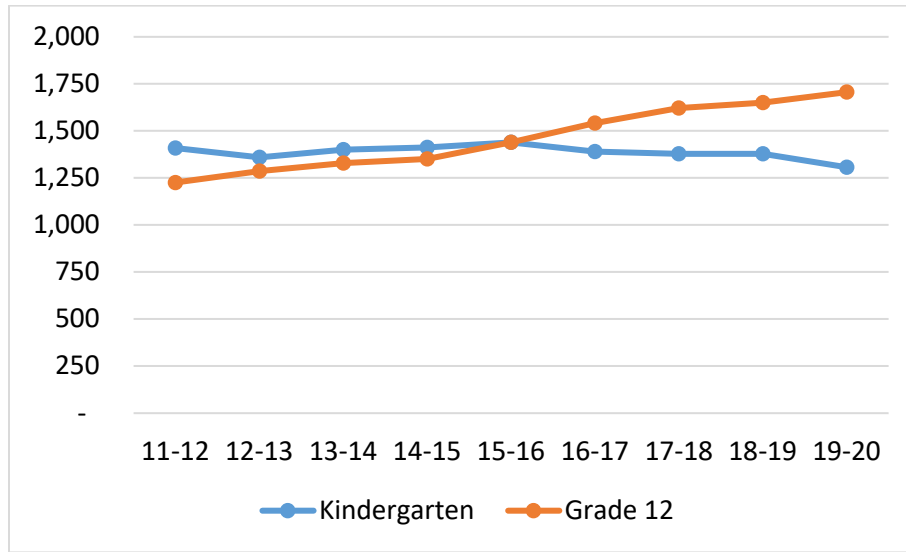
Student enrollment projections influence State revenue estimates, staffing decisions, per-pupil allocations, facility needs, debt issuance requirements and many other budgetary decisions. The primary enrollment forecasting technique used by the District is the cohort-survival method which is based on the calculation of a series of proportions that indicate the fraction of students in one grade in a given year who pass to the next grade. This model uses historical data to project the number of students based on a survival rate. In addition to cohort-survival techniques, demographic information has been incorporated into these projections.

Up to the 2016-17 school year, the district experienced an annual enrollment increase of approximately 400-600; however, enrollment has remained relatively flat since then and it is projected to experience a very slight decline of 0.3% for school year 2019-20. The following table presents the district's historic projected enrollment versus actual enrollment counts.



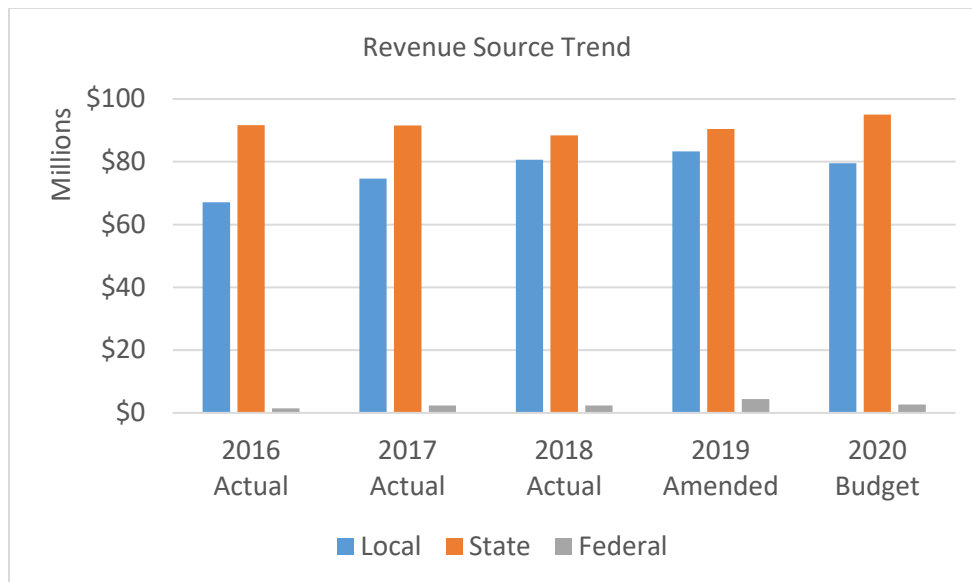
District administration monitors enrollment on a regular basis to implement adjustments due to possible fluctuations. Future enrollment is projected to vary by +/- 0.25% each year. These enrollment fluctuations are attributable to large graduating classes and smaller incoming kindergarten class sizes as well as housing availability, house pricing for new families, and slowed rate of moving for families who no longer have children in school.

The following table shows the number of graduating students versus incoming kindergarteners and the increasing gap.



### Revenue Trends and Assumptions

Revenue estimates are based upon a variety of demographic and tax information. Estimating revenue from the two major sources, state funding from the Foundation School Program (FSP) and local property taxes, are critical to the budget. The District budgeted total General Operating Fund revenues of \$177.3 million for the 2019-20 fiscal year. The state sources of revenue that support the General Operating Fund budget represent 50.77% of all available sources of funding; local sources of revenue constitute 46.77% and federal sources 2.46%.



## Local Revenue

The primary source of local revenue is tax collections. In order to budget tax revenue, district personnel must estimate the property value, apply the tax rate to that value and estimate the collection percentage. State law requires the district to adopt a budget by June 30th of each year. The Brazoria County Appraisal District (HCAD) appraises all District property; the District uses the certified estimates provided at the end of April to calculate local property tax revenues. The District receives the certified tax rolls in July, after adopting the budget and then adopts a tax rate.

Total revenues from local sources are projected to increase by 1% from estimated actuals. Revenues from current year taxes are expected to decrease by 4.5% from a budgeted \$83.3 million for fiscal year 2018-19 to \$79.6 million for fiscal year 2019-20 due to a state mandated tax compression of seven cents.

**Tax Rate** – Based on the taxable value, the District must project the level of taxation that will generate adequate funds to maximize state aid and provide for funds to meet district obligations while keeping in mind the ability of local taxpayers to pay their taxes. As mandated in HB 1 in 2006-07, the general fund tax rate (Maintenance & Operations or “M&O”) was first compressed from \$1.50 to \$1.33. The Board then approved using the additional \$0.04 pennies available to balance the budget and the tax rate was set at \$1.37 for 2006-07. In 2007-08, the tax rate was compressed to \$1.00 as required by HB 1 for a total tax rate of \$1.04.

The 2018-19 fiscal year budget was initially adopted with a general fund tax rate of \$1.04 but later ratified to \$1.06 (providing \$5.5 million in additional funds); a one-year increase allowed without voter approval for Districts that experienced a federally declared disaster the prior year. The District was able to reduce the debt service (Interest and Sinking, or “I&S”) tax rate by two cents in order to maintain the same overall tax rate of \$1.4156 as in prior years.

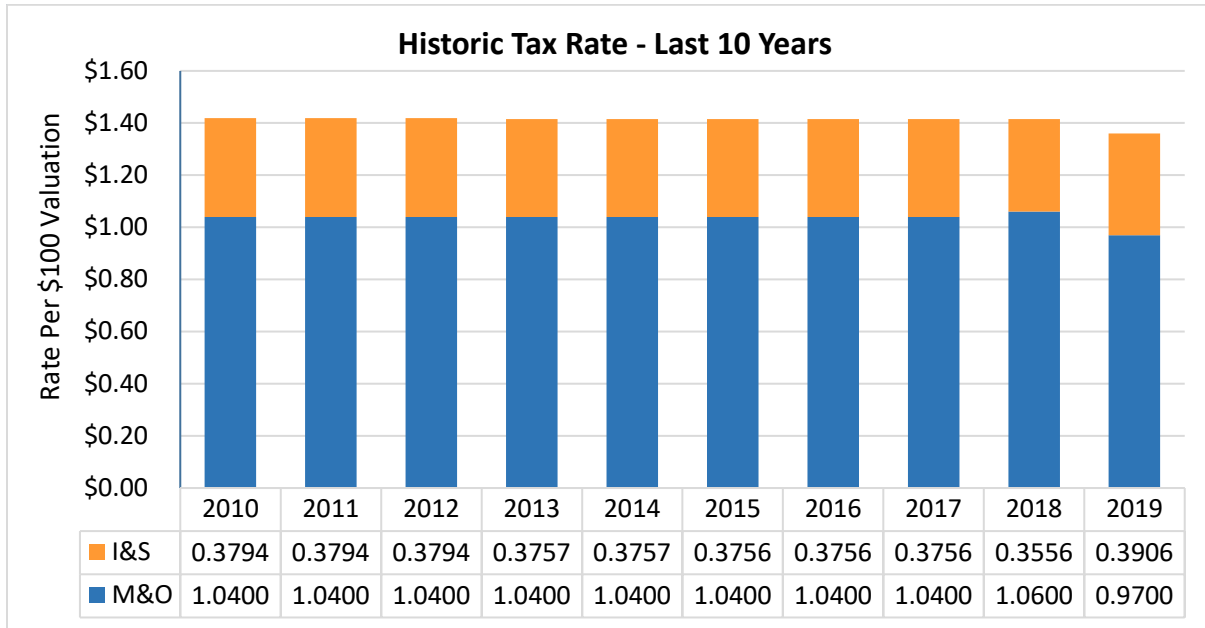
The newly passed HB 3 further compresses the M&O tax rate from \$1.00 to \$0.93 and allows the district to maintain the \$0.04 enrichment tax for a total new M&O tax rate of \$0.97 for fiscal year 2019-20.

The District has placed great efforts in maintaining one of the lowest tax rates amongst Region 4 districts. For fiscal year 2019-20, the District’s tax rate is calculated as a total reduction of 5.5 cents from current year (the net of a 9-cent reduction in M&O and a 3.5-cent increase in I&S).

The following table shows the tax rate history for the last three years.

Tax Rate	Tax Year/Fiscal Year			Variance
	2017 2017-18	2018 2018-19	2019 2019-20	
M&O	\$1.0400	\$1.0600	\$0.9700	-\$0.0900
I&S	0.3756	0.3556	0.3906	0.0350
Total Tax Rate	<u>\$1.4156</u>	<u>\$1.4156</u>	<u>\$1.3606</u>	<u>-\$0.0550</u>

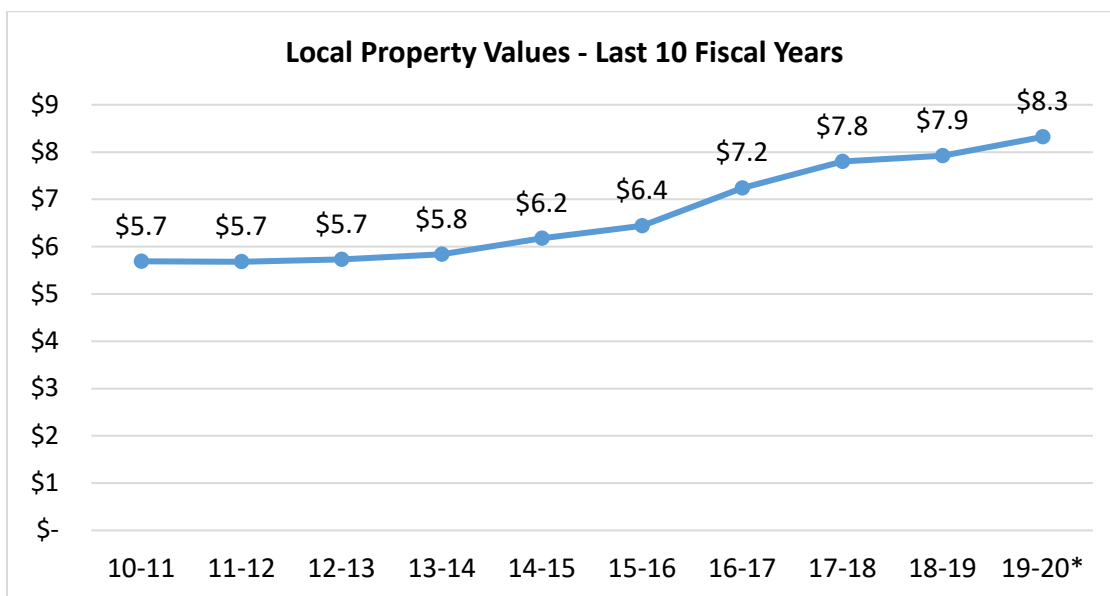
The following chart presents the district's historical tax rates since 2010.



**Taxable Property Values** – Property values impact both State and local revenue estimates since the revenue received from the State is dependent upon the amount that can be raised locally.

The fiscal year 2019-20 proposed budget is being based off a 6% increase from the 2018 Tax Year, which is more conservative than the combined estimated increase provided by BCAD and HCAD. The District estimates its property values to increase to a total of \$8.3 billion for fiscal year 2019-20 (2019 tax year).

The District projects moderate growth of 2.5% for the next several years beyond 2019-20. It is important to note that changes in property value do not have a huge impact on total revenue since increases in local revenue are offset by a decrease in State funding.



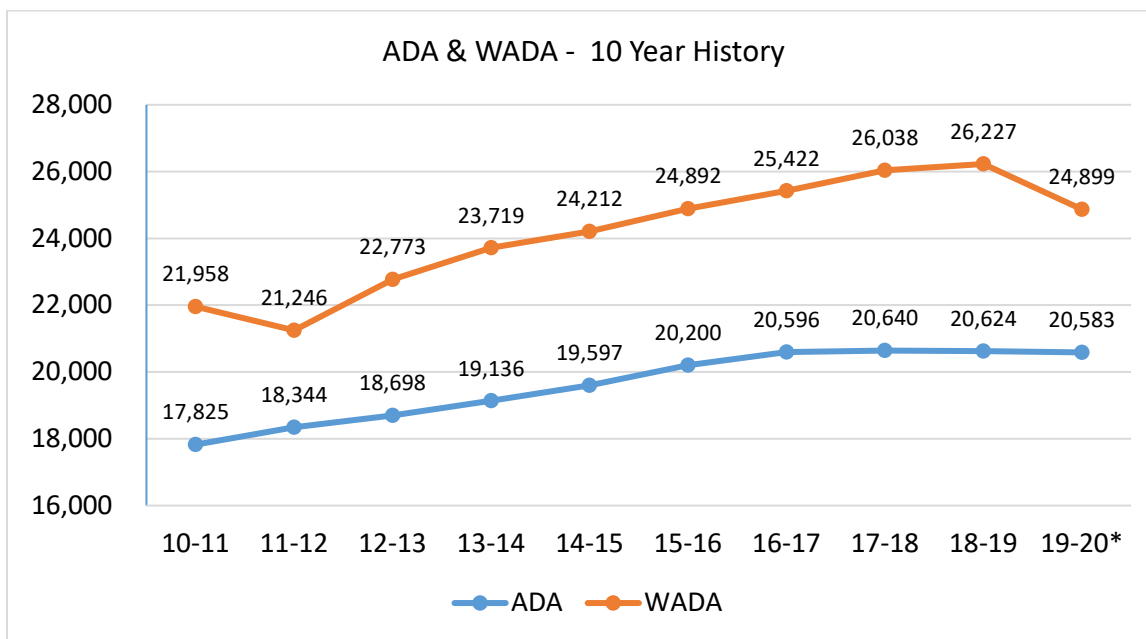
## State Revenue

State funding projections are based on an estimated average daily attendance (ADA) of 20,582 students. The District projects to receive a total of \$86.4 million in State funds; which is comprised of \$81.5 million from the Foundation School Fund (FSF), \$4.1 million from the Available School Fund, and \$0.8 million from the Formula Transition Grant (Hold Harmless). Although State funding formulas are rather complex, this section seeks to explain in simplistic detail the basic elements and standard calculations used by each component.

HB 3 has significantly changed the way state funding is calculated for school districts. ASF funding is not received in addition to the funding making up the District's FSP state aid, but as a part of the funding making up that state aid. The Formula Transition Grant (i.e. "Hold Harmless") was created by the legislature to make sure that school districts don't lose money from switching the calculation of State funds from prior year to current year values. This grant is intended to phase out during the next five years.

The table on the next page presents historical ADA and WADA projections. The spike to WADA during fiscal years 2017-18 and 2018-19 was due to an increased ADA reported for State Compensatory since total enrollment was coded as Free and Reduced during the months of September and October 2017 due to Texas Department of Agriculture reporting for Hurricane Harvey.

The calculations for special populations ADA and weights have significantly changed with the passage of HB 3. WADA for fiscal year 2019-20 is preliminary and estimated conservatively; it is subject to change once all the elements of HB 3 are clearly defined.



The 2019-20 state revenue projections are based on an estimated average daily attendance (ADA) of 20,583. The District projects to receive a total of \$83.4 million in State Aid; which is comprised of \$81.5 million from the Foundation School Fund (FSF), \$4.1 million from the Available School Fund (ASF) and \$0.8 million from the Formula Transition Grant.

**Tier I State Aid – Basic Allotment** – HB 3 changed the way in which funding for Tier I is calculated; some of the changes which are still being interpreted and/or pending to be determined by the Commissioner include:

- Increases Basic Allotment from \$5,140 to \$6,160
- Repeals Cost of Education Index (CEI)
- Increases Special Ed. Mainstream weight to 1.15
- Extends Career and Technology weights to 7<sup>th</sup> and 8<sup>th</sup> grade
- Repeals GT weight of 0.12
- Changes the computation of Compensatory Education by assigning a range of weights to census groups (pending to be determined by the Commissioner)
- Adds funding for Dual Language
- Repeals the High School Allotment
- Adds a Dyslexia Allotment based on student enrollment with IEP or 504 plan
- Adds an Early Education Allotment based on K-3 ELL or Economically Disadvantaged ADA
- Changes the Transportation Allotment from linear density to a per mile allotment
- Adds other allotments (pending to be determined by the Commissioner) such as: teacher incentive, drop out recovery, CCMR outcomes, mentor teacher allotment, and fee reimbursements for college prep and CTE certification exams)
- Repeals Staff Allotment

As it currently stands, from the total Tier I allotment, a deduction is made for the local district's share based on the individual district's property tax base multiplied by a constant tax levy of \$0.93 (compressed tax rate or "CTR") per \$100 of assessed taxable property value. The formula now uses current year property values, rather than prior year values; for a District with a growing taxable base like ours, this means that the local portion will be higher. The remainder represents the State's share of Tier I funding. Under this methodology, a district's wealth factors significantly into its share of state funding. The higher the wealth per student, the higher the proportional deduction from the Tier I total.

Because of so many changes in the state aid calculation for next year, the need to access new data elements, and unknown certified property values until the end of July, we will need to modify assumptions as clarity emerges with respect to all calculations.

Based on our interpretation of these changes, the total cost of Tier I for 2019-20 is \$154,628,457. With estimated 2019 State Certified Property Values (District Property Values or "DPV") of \$8,115,034,078, the District's local share for Tier I funding is \$75,469,817 ( $\text{CTR}/100 * \text{DPV}$ ), with the remaining \$79,158,640 share to be funded by the State.

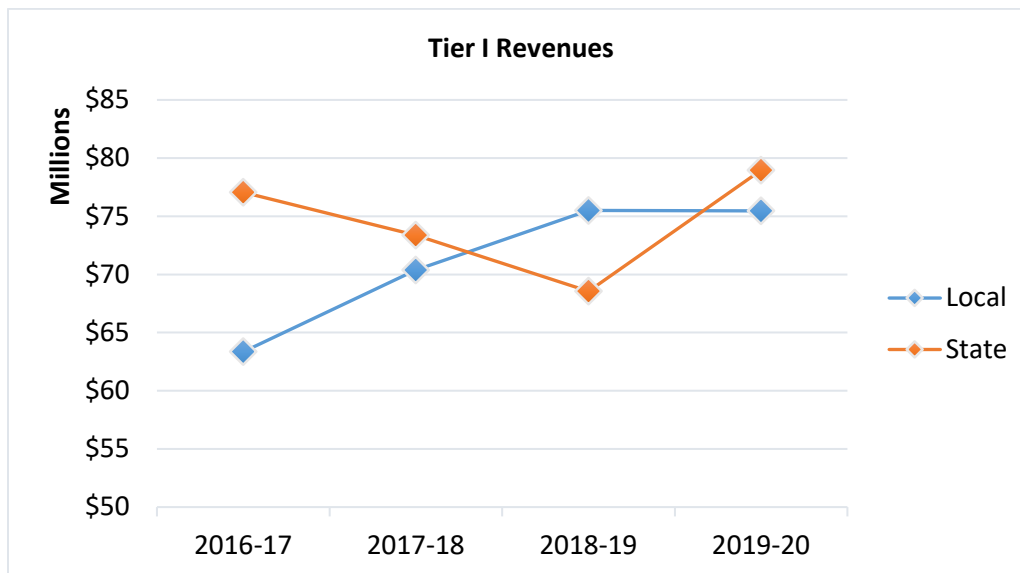


The following table compares the State and Local share of Tier I funding for the last four years (note in the arrow the move from calculating revenues from the prior tax year to current tax year).

Tax Year Fiscal Year	2015 2016-17	2016 2017-18	2017 2018-19	2019 2019-20
District Property Values	\$6,334,851,051	\$7,037,231,349	\$7,550,037,471	\$8,115,034,078
Total Cost of Tier I	\$140,419,076	\$143,754,307	\$144,052,185	\$154,628,457
Less: Local Share of Tier I	63,348,511	70,372,313	75,500,375	75,469,817
State Share of Tier I	\$77,070,565	\$73,381,994	\$68,551,810	\$78,158,640

The District loses approximately \$4.3 million with the State moving the calculation of the local share from prior year to current year property values (based on certified 2018 property values of \$7,655,692,526).

The chart below illustrates the relationship between State and local funding for the prior three years. Although property values are going up by over 6%, the District will receive more State than local funding this year as a result of the HB 3 tax rate compression.



**Tier II State Aid – Basic Program Enrichment** – Tier II of the formula rewards the tax effort of a district by guaranteeing that tax effort in the current year, beyond the required local share of Tier I, will yield a minimum amount of money per weighted student in average daily attendance (WADA). In Tier II, for the first eight cents of tax above the compressed rate (referred to as “golden pennies”), the State subsidizes tax receipts as needed to produce a guaranteed level of revenue per student per penny of property tax levy – note that the State increased the enrichment tax from six cents (current law) to eight cents (HB 3). The guaranteed yield for those golden pennies is \$106.28 for 2018-19. The yield for 2019-20 was set to increase to \$126.88 per the appropriations bill but instead, it is now set at \$98.56.

The guaranteed yield on any additional pennies above the compressed rate plus eight cents (up to the maximum rate of 17 cents above compressed rate) is fixed at \$49.28 for all years; this rate was increased from \$31.95 in prior years. These cents are also referred to as “copper pennies”.

The District’s M&O rate of \$0.97, which is four cents, or “golden pennies”, above the District’s compressed rate of \$0.93 will generate Tier II State Aid of \$6,471,655 for fiscal year 2019-20.

### State Funding Summary

State formula funding is projected to increase by \$3,691,730 from fiscal year 2018-19 to fiscal year 2019-20. Minor increases in the Tier II yield are more than offset by the increase in the local fund assignment (due to increases in property values). The following table summarizes State aid.

	2016-17	2017-18	2018-19	2019-20
Tier I Share of State Funding	\$77,070,565	\$73,381,994	\$69,244,629	\$79,158,640
Tier II State Aid	5,883,995	7,915,624	12,235,157	6,471,655
Other Programs/(Charges)	449,661	414,416	442,217	(16,563)
Less: Available School Fund	(7,884,019)	(4,254,481)	(9,499,009)	(4,124,840)
Total FSF	\$75,520,202	\$77,457,553	\$72,422,994	\$85,613,733
Foundation School Fund	\$75,520,202	\$77,457,553	\$72,422,994	\$81,488,892
Available School Fund	7,884,019	4,254,481	9,499,009	4,124,840
Formula Transition Grant				787,319
Total State Aid	<u>\$83,404,221</u>	<u>\$81,712,034</u>	<u>\$81,922,003</u>	<u>\$86,401,051</u>

State revenue estimates will require amendments as more clarity emerges regarding HB 3 implementation. The District is hopeful that state funding will increase as more information becomes available.

### On-Behalf TRS Payments

This revenue source is a non-cash transaction that the District is required to record in its books to account for retirement payments (contributions) made by the State on behalf of the District for all of its employees. The intent of this transaction is to account for the entire cost of providing school services in the State of Texas. For fiscal year 2019-20, the projected amount is \$8,637,560 (offset by expenditures).

### State Funding Lag

As required by a new indicator in the Financial Integrity Rating System of Texas (Schools FIRST), we are required to discuss the state funding lag during the budget process (although this requirement is likely to be removed since State funding is no longer calculated based on prior year values but rather current year).

In short, prior year property values are used in the formulas to calculate State revenues causing a one-year funding lag – if the local revenue decreases in the year of the property value decline, the State does not recognize that decline until the subsequent year. Hypothetically, if the District’s actual property values for tax year 2018 were to decrease, the District would receive decreased State funding during fiscal

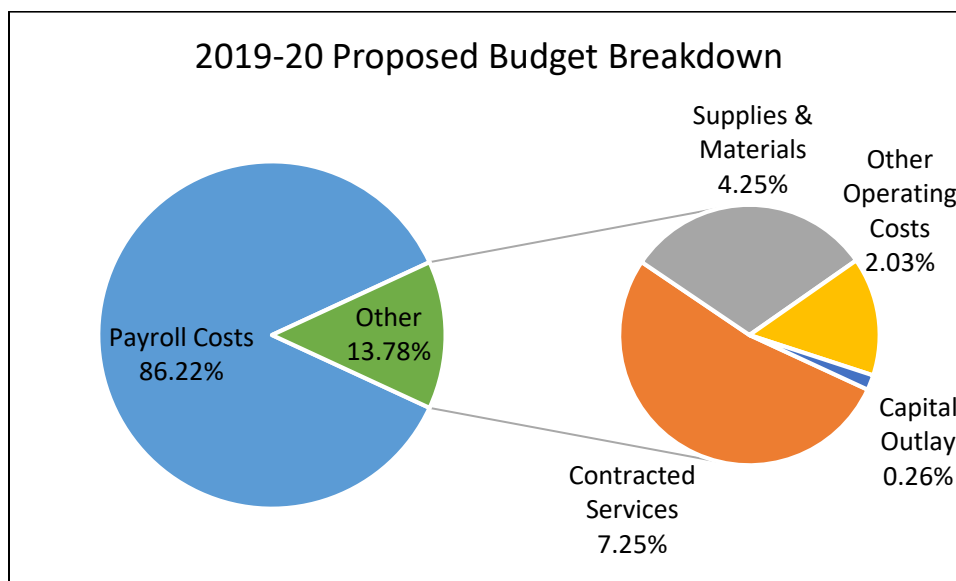
year 2018-19 (since it uses 2017 tax values in its calculations) and then the funding would increase for fiscal year 2019-20 (since it would use 2018 property values that experienced a decrease).

### Federal Revenues

The District projects federal revenues for fiscal year 2019-20 at \$2,666,000. Revenue sources are mainly comprised of Medicaid reimbursements (MAC) and School Health and Related Services (SHARS) reimbursements.

### Expenditure Summary

The proposed expenditures budget for fiscal year 2019-20 is \$183,059,895; 86.2% of the budget is for salary and benefits while the remaining 13.8% is budgeted for contracted services, supplies and materials, capital outlay and other operating costs. The following chart portrays the breakdown of budgeted expenditures by object.



### Payroll Expenditures

Payroll expenditures for fiscal year 2019-20 comprise 86.2% of the general fund proposed budget. Total payroll is \$157.8 million or 3.6% over the fiscal year 2018-19 estimated payroll expenditures. Providing the best compensation package for all district employees is a budget priority and an essential part of retaining and recruiting quality staff.

HB 3 mandates that in a year in which the basic allotment increases, a district must use 30% of the gain in Foundation School Program (FSP) revenue per Average Daily Attendance (ADA) for compensation increases to full time, non-administrative staff, to be allocated as follows: (1) 75% for teachers, counselors, nurses and librarians (with prioritized differentiated compensation for classroom teachers with over 5-year experience), and (2) 25% for all other employees. HB 3 defines compensation to include benefits such as insurance premiums.

For Pearland ISD, the estimated amount of the gain is \$4 million, for which the district was required to allocate \$1.2 million (30%) for employee compensation. Of the \$1.2 million, \$900,000 is required for teacher, librarian, counselors, and nurses compensation; the remaining \$300,000 is required for all other non-administrative staff.

The proposed budget includes a salary increase package that exceeds HB 3 requirements by far. The proposed payroll increase totals \$3.9 million plus related benefit costs (e.g. Medicare and local portion of TRS).

Administration prepared a compensation packet that prioritizes teacher pay as follows:

Employee Classification	Salary Increase	Budget Impact
Teachers, Librarians, Counselors, Nurses (Over Five Years' Exp.)	3.25%	\$2,049,215
Teachers, Librarians, Counselors, Nurses (Five Years & Less Exp.)	3.00%	\$598,066
All Others (Instructional, Support, Auxiliary, Administrative)	2.50%	
Auxiliary		\$279,516
Administrative Support		\$133,982
Instructional Support		\$96,382
Administrative - Educational		\$455,474
Administrative – Business Operations		\$92,609

The teacher and librarian salary increases are based off a new control midpoint of \$59,000 (compared to \$57,500 in fiscal year 2018-19). The minimum salary for beginner teachers was also adjusted from \$54,500 to \$56,000 for fiscal year 2019-20.

**Additional Personnel** – In addition, the board approved the addition of nine positions for a total approximate cost of \$404,639 plus associated benefits. The budget includes the addition of seven custodians to handle the increased workload derived from campus additions completed as part of the 2016 Bond projects, one 504 coordinator and the addition of a student data specialist.

These positions are budgeted at midpoint as follows:

Priority	Department	FTE	Position	Cost
Level 1	Operations	7.0	Custodians	\$227,436
Level 2	Special Programs	1.0	504 Support Specialist	\$93,249
Level 2	Technology	1.0	Student Data Specialist	\$83,954

**Medical Premium Contributions** – In addition to the salary increases, the compensation package includes an increase in the District's annual contribution of \$300 towards employee health insurance premiums for a total budget impact of \$450,000.

**Substitute Compensation** – In an effort to maintain and recruit substitutes, the budget also includes an increase of \$5 to daily substitute pay rates; the total estimated budget impact is \$115,000.

## Non-Payroll Expenditures

Non-payroll expenditures comprise 13.8% of the total budget and are projected to increase from \$24.6 million in fiscal year 2018-19 to \$25.2 million for fiscal year 2019-20. The \$600,000 (2.45%) increase is to account for increases in utility and software costs.

Fiscal year 2019-20 campus and department budget allocations remain unchanged from fiscal year 2018-19. In addition, district-wide expenses continue being scrutinized and only allowed if ultimately necessary.

Campus budgets are allocated based on enrollment projections or a per-student basis as follows:

<b>Campus Allocations</b>	<b>Fiscal Year 2019-20</b>
Elementary Schools	\$89.10
Middle Schools	\$89.10
Junior High Schools	\$100.14
PACE	\$113.94
High Schools	\$128.70

## Fund Balance Impact

We are projecting to end fiscal year 2019-20 with a fund balance of \$48.6 million; a \$5.8 million or 10.7% decrease from projected 2018-19 ending fund balance. This represents a 97-day operating reserve, well above the 90-day operating fund balance that administration strives to maintain.

It is essential for school districts to maintain an adequate fund balance level to mitigate current and future risks, such as revenue shortfalls or unanticipated expenditures. Our enrollment is projected to decrease and the future opening of a new private/charter school may result in additional loss of student enrollment; hence, we may not meet the projected revenues and create a greater shortfall. In addition, the second year of the biennium does not usually bring a considerable increase in revenue, thus maintaining a healthy fund balance will keep us in a good position to provide salary increases and fund other necessary costs during the 2020-21 fiscal year. If funding is insufficient to maintain current expenditures or to allow us to provide salary increases in future years, the District will consider a tax ratification election to increase the tax rate and maximize both local and state funding.

The Government Finance Officers Association recommends that school districts maintain a fund balance level of no less than two months of regular general fund operating expenditures. Pearland ISD's projected 2019-20 general fund ending balance includes 3.2 months of expenditures and follows this recommendation.

**Pearland Independent School District**  
**General Operating Fund**  
**Five Year Summary of Revenues and Expenditures by Function**

		<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
		<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Budget</b>
<b>Revenues</b>						
5711	Tax Collections	\$ 64,169,086	\$ 71,693,061	\$ 76,725,171	\$ 79,736,869	\$ 76,823,126
5712-19	Taxes-Delinquent, P&I	1,259,122	1,161,344	1,421,366	1,180,000	1,072,000
5742	Investment Earnings	106,142	250,484	724,034	1,300,000	800,000
5700	Miscellaneous Local Revenue	1,563,480	1,493,349	1,736,930	1,118,000	859,500
	<b>Total Local Revenues</b>	<b>67,097,831</b>	<b>74,598,238</b>	<b>80,607,500</b>	<b>83,334,869</b>	<b>79,554,626</b>
5810	Foundation School Program	85,600,906	84,989,975	81,289,154	82,194,449	86,401,051
5829	Miscellaneous State Revenue	23,358	21,043			
5831	TRS On-Behalf	6,078,740	6,577,054	7,092,391	8,283,996	8,637,560
	<b>Total State Revenues</b>	<b>91,703,004</b>	<b>91,588,072</b>	<b>88,381,545</b>	<b>90,478,445</b>	<b>95,038,611</b>
5919	Miscellaneous Federal Revenue	1,488,026	2,363,947	2,376,254	4,386,000	2,666,000
	<b>Total Federal Revenues</b>	<b>1,488,026</b>	<b>2,363,947</b>	<b>2,376,254</b>	<b>4,386,000</b>	<b>2,666,000</b>
	<b>Total Revenues</b>	<b>160,288,860</b>	<b>168,550,257</b>	<b>171,365,300</b>	<b>178,199,314</b>	<b>177,259,237</b>
<b>Expenditures</b>						
11	Instruction	92,725,179	97,446,045	99,220,920	101,782,487	105,139,942
12	Instructional Resources & Media	1,566,006	1,714,034	1,805,340	1,796,122	1,868,723
13	Curriculum & Staff Development	4,431,773	4,674,984	4,732,487	5,190,670	5,439,154
21	Instructional Leadership	1,880,881	1,996,364	2,203,154	2,429,418	2,436,183
23	School Leadership	9,847,842	10,477,348	11,179,202	11,578,500	11,828,617
31	Guidance, Counseling & Evaluation	5,296,331	5,541,739	5,692,280	6,729,372	6,505,721
32	Social Work Services	490,739	530,827	567,832	672,063	659,489
33	Health Services	1,417,082	1,418,337	1,499,201	1,719,601	1,773,607
34	Student Transportation	6,497,793	6,807,783	7,101,491	7,366,768	7,712,138
36	Cocurricular/Extracurricular	3,948,679	3,969,913	4,227,183	4,347,217	4,411,766
41	General Administration	3,977,831	4,265,087	4,609,335	4,658,778	5,034,719
51	Plant Maintenance & Operations	21,036,965	20,294,006	19,740,935	21,614,014	22,916,987
52	Security & Monitoring Services	1,808,689	1,824,948	1,810,517	2,079,564	2,072,060
53	Data Processing Services	3,776,107	4,048,916	3,993,554	4,082,704	4,402,139
61	Community Service	4,759	10,453	8,790	11,313	12,850
81	Facilities Acquisition & Construction	242,899				
93	Payments to Fiscal Agent	11,379				
95	Payments to JJAEP	20,000	17,600	44,800	118,672	118,672
99	Other Governmental Charges	597,519	627,315	650,378	727,128	727,128
	<b>Total Expenditures</b>	<b>159,578,454</b>	<b>165,665,698</b>	<b>169,087,398</b>	<b>176,904,391</b>	<b>183,059,895</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		<b>710,406</b>	<b>2,884,559</b>	<b>2,277,902</b>	<b>1,294,923</b>	<b>(5,800,658)</b>
<b>Other Resources/(Uses)</b>		<b>(118,577)</b>	<b>(1,761,824)</b>	<b>(945,507)</b>	<b>1,042,061</b>	
<b>Fund Balance -Beginning-Projected</b>		<b>49,022,217</b>	<b>49,614,047</b>	<b>50,736,782</b>	<b>52,069,177</b>	<b>54,406,161</b>
<b>Fund Balance-Ending-Projected</b>		<b>\$ 49,614,047</b>	<b>\$ 50,736,782</b>	<b>\$ 52,069,177</b>	<b>\$ 54,406,161</b>	<b>\$ 48,605,503</b>

**Pearland Independent School District**  
**General Operating Fund**  
**Five Year Summary of Revenues and Expenditures by Major Object**

		<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
		<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Budget</b>
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5700	Miscellaneous Local Revenue	1,563,480	1,493,349	1,736,930	1,118,000	859,500
	<b>Total Local Revenues</b>	<b>67,097,831</b>	<b>74,598,238</b>	<b>80,607,500</b>	<b>83,334,869</b>	<b>79,554,626</b>
5810	Foundation School Program	85,600,906	84,989,975	81,289,154	82,194,449	86,401,051
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	<b>Total State Revenues</b>	<b>91,703,004</b>	<b>91,588,072</b>	<b>88,381,545</b>	<b>90,478,445</b>	<b>95,038,611</b>
5919	Miscellaneous Federal Revenue	1,488,026	2,363,947	2,376,254	4,386,000	2,666,000
	<b>Total Federal Revenues</b>	<b>1,488,026</b>	<b>2,363,947</b>	<b>2,376,254</b>	<b>4,386,000</b>	<b>2,666,000</b>
	<b>Total Revenues</b>	<b>160,288,860</b>	<b>168,550,257</b>	<b>171,365,300</b>	<b>178,199,314</b>	<b>177,259,237</b>
<b>Expenditures</b>						
6100	Payroll Costs	134,369,813	140,870,389	146,435,982	152,287,997	157,838,209
6200	Contracted Services	12,631,364	13,168,945	11,106,839	12,894,321	13,262,121
6300	Supplies and Materials	7,141,621	7,386,563	7,336,590	7,737,977	7,772,060
6400	Other Operating Costs	3,373,059	3,227,895	2,983,256	3,674,875	3,715,605
6600	Capital Outlay	2,062,597	1,011,906	1,224,732	309,222	471,900
	<b>Total Expenditures</b>	<b>159,578,454</b>	<b>165,665,698</b>	<b>169,087,398</b>	<b>176,904,391</b>	<b>183,059,895</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		710,406	2,884,559	2,277,902	1,294,923	(5,800,658)
<b>Other Resources/(Uses)</b>		(118,577)	(1,761,824)	(945,507)	1,042,061	
Fund Balance -Beginning-Projected		49,022,217	49,614,047	50,736,782	52,069,177	54,406,161
<b>Fund Balance-Ending-Projected</b>		<b>\$ 49,614,047</b>	<b>\$ 50,736,782</b>	<b>\$ 52,069,177</b>	<b>\$ 54,406,161</b>	<b>\$ 48,605,503</b>



**Pearland Independent School District**  
**General Operating Fund**  
**Five Year Summary of Expenditures by Function and Major Object**

	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Amended	2019-20 Budget
<b>11 - Instruction</b>					
6100 Payroll Costs	\$ 88,348,456	\$ 92,842,649	\$ 95,757,504	\$ 98,491,009	\$ 101,835,392
6200 Contracted Services	801,460	849,225	908,099	860,849	819,658
6300 Supplies & Materials	3,060,389	3,296,617	2,128,509	1,889,020	1,929,775
6400 Other Operating Expenditures	428,159	397,500	405,161	474,609	488,117
6600 Capital Outlay	86,714	60,055	21,647	67,000	67,000
<b>Instruction Total</b>	<b>92,725,179</b>	<b>97,446,045</b>	<b>99,220,920</b>	<b>101,782,487</b>	<b>105,139,942</b>
<b>12 - Instructional Resources &amp; Media</b>					
6100 Payroll Costs	1,353,356	1,443,305	1,546,342	1,522,576	1,608,874
6200 Contracted Services	24,555	25,594	27,042	35,409	33,190
6300 Supplies & Materials	186,721	243,023	230,705	235,727	225,249
6400 Other Operating Expenditures	1,374	2,112	1,251	2,410	1,410
<b>Instructional Resources &amp; Media Total</b>	<b>1,566,006</b>	<b>1,714,034</b>	<b>1,805,340</b>	<b>1,796,122</b>	<b>1,868,723</b>
<b>13 - Curriculum &amp; Staff Development</b>					
6100 Payroll Costs	4,112,775	4,351,738	4,387,841	4,827,556	5,063,911
6200 Contracted Services	87,216	68,273	71,747	71,816	68,540
6300 Supplies & Materials	78,470	84,389	103,058	130,750	133,749
6400 Other Operating Expenditures	153,312	170,583	169,842	160,548	172,954
<b>Curriculum &amp; Staff Development Total</b>	<b>4,431,773</b>	<b>4,674,984</b>	<b>4,732,487</b>	<b>5,190,670</b>	<b>5,439,154</b>
<b>21 - Instructional Leadership</b>					
6100 Payroll Costs	1,651,115	1,785,519	1,968,724	2,145,775	2,144,911
6200 Contracted Services	14,597	21,808	22,137	31,247	30,447
6300 Supplies & Materials	179,841	151,087	174,452	201,916	207,100
6400 Other Operating Expenditures	35,329	37,950	37,841	50,480	53,725
<b>Instructional Leadership Total</b>	<b>1,880,881</b>	<b>1,996,364</b>	<b>2,203,154</b>	<b>2,429,418</b>	<b>2,436,183</b>
<b>23 - School Leadership</b>					
6100 Payroll Costs	9,521,933	10,150,743	10,881,111	11,188,229	11,463,785
6200 Contracted Services	30,830	21,553	21,386	28,249	29,322
6300 Supplies & Materials	233,596	225,419	188,197	257,777	215,207
6400 Other Operating Expenditures	61,483	79,632	88,509	104,245	120,303
<b>School Leadership Total</b>	<b>9,847,842</b>	<b>10,477,348</b>	<b>11,179,202</b>	<b>11,578,500</b>	<b>11,828,617</b>
<b>31 - Guidance, Counseling &amp; Evaluation</b>					
6100 Payroll Costs	5,115,466	5,320,537	5,549,390	6,569,215	6,338,488
6200 Contracted Services	65,618	90,053	16,672	28,470	3,400
6300 Supplies & Materials	102,888	114,692	109,855	112,432	146,328
6400 Other Operating Expenditures	12,359	16,457	16,363	19,255	17,505
<b>Guidance, Counseling &amp; Evaluation Total</b>	<b>5,296,331</b>	<b>5,541,739</b>	<b>5,692,280</b>	<b>6,729,372</b>	<b>6,505,721</b>
<b>32 - Social Work Services</b>					
6100 Payroll Costs	387,417	395,859	413,716	473,617	440,043
6200 Contracted Services	90,026	120,013	138,175	153,800	171,500
6300 Supplies & Materials	4,984	5,395	6,896	35,243	39,903
6400 Other Operating Expenditures	8,313	9,559	9,045	9,403	8,043
<b>Social Work Services Total</b>	<b>490,739</b>	<b>530,827</b>	<b>567,832</b>	<b>672,063</b>	<b>659,489</b>

**Pearland Independent School District**  
**General Operating Fund**  
**Five Year Summary of Expenditures by Function and Major Object**

	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Budget</b>
<b>33 - Health Services</b>					
6100 Payroll Costs	1,376,763	1,380,881	1,452,471	1,672,459	1,723,729
6200 Contracted Services	4,374	4,568	4,337	5,672	4,676
6300 Supplies & Materials	26,396	24,184	33,152	31,212	34,482
6400 Other Operating Expenditures	9,549	8,703	9,241	10,258	10,720
<b>Health Services Total</b>	<b>1,417,082</b>	<b>1,418,337</b>	<b>1,499,201</b>	<b>1,719,601</b>	<b>1,773,607</b>
<b>34 - Student Transportation</b>					
6100 Payroll Costs	4,931,711	5,141,028	5,311,584	5,515,120	6,002,340
6200 Contracted Services	110,878	179,187	149,457	166,500	226,385
6300 Supplies & Materials	445,725	479,158	644,641	1,406,810	1,213,163
6400 Other Operating Expenditures	242,057	305,654	245,281	274,063	270,250
6600 Capital Outlay	767,422	702,756	750,529	4,275	-
<b>Student Transportation Total</b>	<b>6,497,793</b>	<b>6,807,783</b>	<b>7,101,491</b>	<b>7,366,768</b>	<b>7,712,138</b>
<b>36 - Cocurricular/Extracurricular</b>					
6100 Payroll Costs	2,580,040	2,411,398	2,714,627	2,860,424	2,952,993
6200 Contracted Services	345,178	403,339	464,724	430,029	419,392
6300 Supplies & Materials	552,639	608,822	558,745	433,650	435,648
6400 Other Operating Expenditures	470,822	546,354	489,086	623,114	603,733
<b>Cocurricular/Extracurricular Total</b>	<b>3,948,679</b>	<b>3,969,913</b>	<b>4,227,183</b>	<b>4,347,217</b>	<b>4,411,766</b>
<b>41 - General Administration</b>					
6100 Payroll Costs	3,321,135	3,478,140	3,629,393	3,758,982	3,999,791
6200 Contracted Services	329,660	438,192	683,000	469,506	583,382
6300 Supplies & Materials	105,927	101,371	96,417	153,731	175,198
6400 Other Operating Expenditures	221,109	247,385	200,525	276,559	276,348
<b>General Administration Total</b>	<b>3,977,831</b>	<b>4,265,087</b>	<b>4,609,335</b>	<b>4,658,778</b>	<b>5,034,719</b>
<b>51 - Plant Maintenance &amp; Operations</b>					
6100 Payroll Costs	9,666,521	10,063,709	10,631,235	10,729,081	11,590,054
6200 Contracted Services	7,228,414	7,099,386	5,859,983	7,683,285	7,991,356
6300 Supplies & Materials	1,688,534	1,580,898	1,629,124	1,422,677	1,395,242
6400 Other Operating Expenditures	1,612,711	1,343,727	1,240,493	1,605,924	1,595,335
6600 Capital Outlay	840,785	206,286	380,100	173,047	345,000
<b>Plant Maintenance &amp; Operations Total</b>	<b>21,036,965</b>	<b>20,294,006</b>	<b>19,740,935</b>	<b>21,614,014</b>	<b>22,916,987</b>
<b>52 - Security &amp; Monitoring Services</b>					
6100 Payroll Costs	86,616	89,433	86,213	349,322	348,369
6200 Contracted Services	1,634,018	1,681,158	1,644,305	1,646,076	1,617,571
6300 Supplies & Materials	83,377	52,357	61,102	67,200	89,070
6400 Other Operating Expenditures	4,678	2,000	2,000	11,966	12,050
6600 Capital Outlay			16,897	5,000	5,000
<b>Security &amp; Monitoring Services Total</b>	<b>1,808,689</b>	<b>1,824,948</b>	<b>1,810,517</b>	<b>2,079,564</b>	<b>2,072,060</b>

**Pearland Independent School District**  
**General Operating Fund**  
**Five Year Summary of Expenditures by Function and Major Object**

	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Budget</b>
<b>53 - Data Processing Services</b>					
6100 Payroll Costs	1,911,749	2,004,997	2,097,041	2,173,319	2,312,679
6200 Contracted Services	1,247,022	1,521,680	400,597	437,613	417,502
6300 Supplies & Materials	392,134	419,150	1,371,737	1,359,832	1,531,946
6400 Other Operating Expenditures	100,426	60,280	68,619	52,040	85,112
6600 Capital Outlay	124,777	42,810	55,560	59,900	54,900
<b>Data Processing Services Total</b>	<b>3,776,107</b>	<b>4,048,916</b>	<b>3,993,554</b>	<b>4,082,704</b>	<b>4,402,139</b>
<b>61 - Community Service</b>					
6100 Payroll Costs	4,759	10,453	8,790	11,313	12,850
<b>Community Service Total</b>	<b>4,759</b>	<b>10,453</b>	<b>8,790</b>	<b>11,313</b>	<b>12,850</b>
<b>81 - Facilities Acquisition &amp; Construction</b>					
6600 Capital Outlay	242,899				
<b>Facilities Acquisition &amp; Construction Total</b>	<b>242,899</b>				
<b>93 - Payments to Fiscal Agent</b>					
6400 Other Operating Expenditures	11,379				
<b>Payments to Fiscal Agent Total</b>	<b>11,379</b>				
<b>95 - Payments to JJAEP</b>					
6200 Contracted Services	20,000	17,600	44,800	118,672	118,672
<b>Payments to JJAEP Total</b>	<b>20,000</b>	<b>17,600</b>	<b>44,800</b>	<b>118,672</b>	<b>118,672</b>
<b>99 - Other Governmental Charges</b>					
6200 Contracted Services	597,519	627,315	650,378	727,128	727,128
<b>Other Governmental Charges Total</b>	<b>597,519</b>	<b>627,315</b>	<b>650,378</b>	<b>727,128</b>	<b>727,128</b>
<b>Total Expenditures</b>	<b>\$ 159,578,454</b>	<b>\$ 165,665,698</b>	<b>\$ 169,087,398</b>	<b>\$ 176,904,391</b>	<b>\$ 183,059,895</b>

**Pearland Independent School District**  
**General Operating Fund**  
**Three Year Forecast of Revenues and Expenditures by Major Object**

		<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
		<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Revenues</b>					
5711	Tax Collections	\$ 76,823,126	\$ 75,043,527	\$ 75,980,003	\$ 76,839,737
5712-19	Taxes-Delinquent, P&I	1,072,000	1,250,000	1,250,000	1,250,000
5742	Investment Earnings	800,000	800,000	800,000	800,000
5700	Miscellaneous Local Revenue	859,500	1,218,000	1,218,000	1,218,000
	<b>Total Local Revenues</b>	<b>79,554,626</b>	<b>78,311,527</b>	<b>79,248,003</b>	<b>80,107,737</b>
5810	Foundation School Program	86,401,051	88,913,823	88,485,665	88,305,271
5831	TRS On-Behalf	8,637,560	8,810,311	8,986,517	9,166,248
	<b>Total State Revenues</b>	<b>95,038,611</b>	<b>97,724,134</b>	<b>97,472,182</b>	<b>97,471,519</b>
5919	Miscellaneous Federal Revenue	2,666,000	2,666,000	2,666,000	2,666,000
	<b>Total Federal Revenues</b>	<b>2,666,000</b>	<b>2,666,000</b>	<b>2,666,000</b>	<b>2,666,000</b>
	<b>Total Revenues</b>	<b>177,259,237</b>	<b>178,701,661</b>	<b>179,386,186</b>	<b>180,245,256</b>
<b>Expenditures</b>					
6100	Payroll Costs	157,838,209	160,994,973	164,214,873	167,499,170
6200	Contracted Services	13,262,121	13,262,121	13,262,121	13,262,121
6300	Supplies and Materials	7,772,060	7,772,060	7,772,060	7,772,060
6400	Other Operating Costs	3,715,605	3,715,605	3,715,605	3,715,605
6600	Capital Outlay	471,900	383,900	383,900	383,900
	<b>Total Expenditures</b>	<b>183,059,895</b>	<b>186,128,659</b>	<b>189,348,559</b>	<b>192,632,856</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		(5,800,658)	(7,426,998)	(9,962,373)	(12,387,600)
<b>Other Resources/(Uses)</b>					
Fund Balance -Beginning-Projected		54,406,161	48,605,503	41,178,505	31,216,132
<b>Fund Balance-Ending-Projected</b>		<b>\$ 48,605,503</b>	<b>\$ 41,178,505</b>	<b>\$ 31,216,132</b>	<b>\$ 18,828,532</b>

Note: Financial Projection Assumptions are located on page 57.

## Debt Service Fund Overview

The Debt Service Fund accounts for payments of principal, interest and related fees on the district's general obligation bonds. Under Texas Law, only these debt service payments can be charged to this fund. Local revenues (mostly from property taxes) constitute 99.2% of funding, with the remaining 0.8% from the State under the Instructional Facilities Allotment (IFA) and Existing Debt Allotment (EDA) programs.

The Texas Education Code Section 45.003(e) specifies that a school district is able to issue unlimited tax bonds, provided that the district demonstrates its projected ability to pay such bonds plus the District's outstanding bonds (excluding bonds authorized by an election held on or before April 1, 1992 and issued before September 1, 1992) at a debt service rate of not more than \$0.50 per \$100 of assessed valuation without the pledging of Tier I funds first.

Texas statutes do not prescribe a debt limit; however, a practical economic debt limit of 10% of the assessed valuation is represented in the chart below:

Legal Debt Margin Calculation for Fiscal Year 2020		
Assessed Value		\$8,479,407,241
Debt Limit (Percentage of 2019-20 Assessed Value)		10.00%
Maximum Legal Debt		\$847,940,724
Debt Applicable to Debt Limitation:		
Total Bonded Debt	\$447,510,000	
Less: Amount set aside for repayment of bonds	<u>21,795,397</u>	
Total Amount of Debt Applicable to Debt Limit		425,714,603
Legal Debt Margin		<u><u>\$422,226,121</u></u>

## Budget Preparation Process

The taxable values, tax collection rate, estimated penalties and interest collected, Existing Debt Allotment (EDA) [hold harmless state aid to offset additional homestead exemption], debt repayment schedule, estimated interest earnings, bond fees, and arbitrage fees are the core of the revenues and expenditures that are reviewed annually when determining the proposed tax rate and budget.

Other sources of information for inclusion in the debt service fund budget include the financial advisor, bond counsel, and the board of trustees.

Existing debt levels on current and future budgets hinge on several variables. For example, tax base growth, opportunities for refunding, etc., will drive the actual resources needed to fund annual debt obligations.

## 2016 Bond Referendum

In an election on November 2016, the voters approved a \$220 million bond referendum. Information regarding the projects included in this referendum can be located in the Capital Projects section. The district has issued the bonds as follows:

- Series 2017 July 2017 \$120 million
- Series 2019 March 2019 \$80 million
- Series 2019A July 2019 \$20 million

## Debt Service Expenditures

The 2019-20 expenditure budget consists of the following amounts: \$14.3 million for bond principal and sinking fund payments, \$19.8 million for bond interest payments and \$0.2 million for other fees in connection with the Series 2019A installment issuance. Detailed debt service requirements are included on the next page. These expenditure estimates are straightforward since they are primarily based on debt that has already been issued.

The following is a summary of the District's general obligation bonded debt as of July 16, 2019:

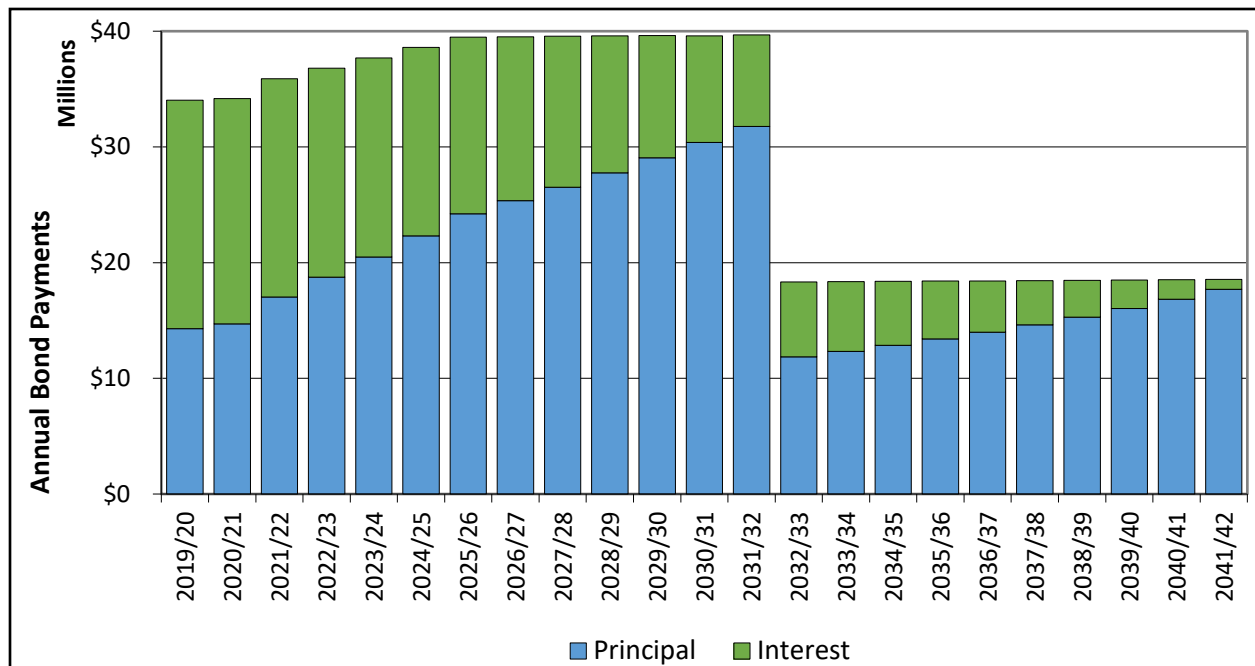
Date of Issue	Original Issue	Final Maturity	Date Callable	% Rates	Outstanding Balance
2001B	\$ 22,500,000	2025	2021	4.125 - 4.750	\$ 22,500,000
2011	8,740,000	2027	2021	4.000	8,690,000
2012	62,845,000	2029	2021	3.000 - 5.000	55,485,000
2013A	15,490,000	2029	2023	3.000 - 5.000	12,825,000
2013B	38,155,000	2029	2023	2.000 - 5.000	25,700,000
2014	30,540,000	2029	2024	2.000 - 5.000	27,580,000
2014B	28,655,000	2039	2024	2.000 - 5.000	21,015,000
2016	41,335,000	2032	2026	5.000 - 5.250	41,335,000
2016A	42,200,000	2032	2026	2.000 - 5.000	33,410,000
2017	105,510,000	2042	2026	3.000 - 5.000	105,510,000
2019	75,155,000	2042	2029	3.000 - 5.000	75,155,000
2019A	18,305,000	2042	2029	3.000 - 5.000	18,305,000
Total	\$ <u>489,430,000</u>				\$ <u>447,510,000</u>

## Tax Rate and Fund Balance Impact

The estimated budgetary fund balance at June 30, 2019 is approximately \$13.3 million. The difference between the budgetary fund balance and actual fund balance are the August debt service payments. In the Comprehensive Annual Financial Report, these deposits are included in a restricted cash account and fund balance. For budgetary purposes, these deposits are treated as expenditures in order to adopt the appropriate tax rate necessary to make the deposit.

**Outstanding Unlimited Tax Debt Service by Principal and Interest**  
As of July 16, 2019

<u>Year</u>		<u>Principal</u>		<u>Interest</u>		<u>Annual Debt Service</u>
2019/20	\$	14,280,000.00	\$	19,762,358.06	\$	34,042,358.06
2020/21		14,700,000.00		19,478,216.26		34,178,216.26
2021/22		17,040,000.00		18,859,616.26		35,899,616.26
2022/23		18,740,000.00		18,059,666.26		36,799,666.26
2023/24		20,490,000.00		17,191,616.26		37,681,616.26
2024/25		22,310,000.00		16,287,441.26		38,597,441.26
2025/26		24,220,000.00		15,274,991.26		39,494,991.26
2026/27		25,340,000.00		14,181,498.76		39,521,498.76
2027/28		26,520,000.00		13,038,043.76		39,558,043.76
2028/29		27,755,000.00		11,828,286.26		39,583,286.26
2029/30		29,055,000.00		10,562,162.50		39,617,162.50
2030/31		30,380,000.00		9,225,312.50		39,605,312.50
2031/32		31,760,000.00		7,919,862.50		39,679,862.50
2032/33		11,870,000.00		6,455,500.00		18,325,500.00
2033/34		12,335,000.00		6,031,400.00		18,366,400.00
2034/35		12,850,000.00		5,532,700.00		18,382,700.00
2035/36		13,400,000.00		5,006,650.00		18,406,650.00
2036/37		14,000,000.00		4,418,400.00		18,418,400.00
2037/38		14,630,000.00		3,810,050.00		18,440,050.00
2038/39		15,295,000.00		3,159,950.00		18,454,950.00
2039/40		16,025,000.00		2,479,950.00		18,504,950.00
2040/41		16,835,000.00		1,693,750.00		18,528,750.00
2041/42		17,680,000.00		867,700.00		18,547,700.00
<b>Total</b>	<b>\$</b>	<b>447,510,000.00</b>	<b>\$</b>	<b>231,125,121.90</b>	<b>\$</b>	<b>678,635,121.90</b>



**Unlimited Tax Debt Service by Series**  
**As of July 16, 2019**

<b>Year</b>	<b>U/L Tax Schoolhouse Bonds, Series 2001B</b>	<b>U/L Tax Refunding Bonds, Series 2011</b>	<b>U/L Tax Refunding Bonds, Series 2012</b>	<b>U/L Tax Refunding Bonds, Series 2013A</b>	<b>U/L Tax Refunding Bonds, Taxable Series 2013B</b>	<b>U/L Tax Schoolhouse Bonds, Series 2014</b>	<b>U/L Tax Refunding Bonds, Series 2014</b>
2019/20	\$ 984,375.00	\$ 1,162,600.00	\$ 6,043,743.76	\$ 641,250.00	\$ 3,817,135.00	\$ 2,188,300.00	\$ 2,601,400.00
2020/21	984,375.00	1,170,000.00	8,141,743.76	641,250.00	3,019,885.00	2,186,900.00	2,605,600.00
2021/22	984,375.00	1,170,800.00	8,151,493.76	641,250.00	3,063,985.00	2,174,100.00	2,597,000.00
2022/23	8,484,375.00	1,170,200.00	2,766,743.76	641,250.00	964,735.00	2,220,000.00	4,811,000.00
2023/24	8,128,125.00	978,200.00	2,882,593.76	641,250.00	932,585.00	2,258,200.00	5,118,000.00
2024/25	7,818,750.00	1,172,400.00	2,619,243.76	641,250.00	906,035.00	2,276,950.00	5,419,500.00
2025/26	-	2,717,600.00	12,035,843.76	641,250.00	4,539,935.00	2,281,950.00	534,500.00
2026/27	-	894,400.00	13,863,093.76	641,250.00	4,561,492.50	2,263,700.00	540,400.00
2027/28	-	-	14,773,593.76	641,250.00	4,582,687.50	2,219,400.00	560,700.00
2028/29	-	-	1,562,343.76	13,466,250.00	4,582,080.00	2,480,250.00	684,950.00
2029/30	-	-	-	-	-	1,535,000.00	-
2030/31	-	-	-	-	-	1,533,000.00	-
2031/32	-	-	-	-	-	1,534,250.00	-
2032/33	-	-	-	-	-	2,338,500.00	-
2033/34	-	-	-	-	-	2,340,500.00	-
2034/35	-	-	-	-	-	2,343,250.00	-
2035/36	-	-	-	-	-	2,346,500.00	-
2036/37	-	-	-	-	-	2,350,000.00	-
2037/38	-	-	-	-	-	2,348,500.00	-
2038/39	-	-	-	-	-	2,352,000.00	-
2039/40	-	-	-	-	-	-	-
2040/41	-	-	-	-	-	-	-
2041/42	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 27,384,375.00</b>	<b>\$ 10,436,200.00</b>	<b>\$ 72,840,437.60</b>	<b>\$ 19,237,500.00</b>	<b>\$ 30,970,555.00</b>	<b>\$ 43,571,250.00</b>	<b>\$ 25,473,050.00</b>

<b>Year</b>	<b>U/L Tax Refunding Bonds, Series 2016</b>	<b>U/L Tax Refunding Bonds, Series 2016A</b>	<b>U/L Tax School Building Bonds, Series 2017</b>	<b>U/L Tax School Building Bonds, Series 2019</b>	<b>U/L Tax School Building Bonds, Series 2019A</b>	<b>Annual Debt Service</b>
2019/20	\$ 2,102,962.50	\$ 5,862,300.00	\$ 5,066,000.00	\$ 3,164,799.86	\$ 407,491.94	\$ 34,042,358.06
2020/21	2,102,962.50	3,776,050.00	5,293,000.00	3,264,550.00	991,900.00	34,178,216.26
2021/22	2,102,962.50	4,122,800.00	6,633,100.00	3,264,550.00	993,200.00	35,899,616.26
2022/23	2,102,962.50	2,340,550.00	7,034,100.00	3,264,550.00	999,200.00	36,799,666.26
2023/24	2,102,962.50	2,454,550.00	7,915,850.00	3,264,550.00	1,004,750.00	37,681,616.26
2024/25	2,102,962.50	2,571,150.00	8,803,100.00	3,264,550.00	1,001,550.00	38,597,441.26
2025/26	2,102,962.50	600,350.00	9,778,100.00	3,264,550.00	997,950.00	39,494,991.26
2026/27	2,102,962.50	600,350.00	9,788,850.00	3,264,550.00	1,000,450.00	39,521,498.76
2027/28	2,102,962.50	600,350.00	9,805,600.00	3,264,550.00	1,006,950.00	39,558,043.76
2028/29	2,102,962.50	600,350.00	9,837,350.00	3,264,550.00	1,002,200.00	39,583,286.26
2029/30	15,192,962.50	6,395,350.00	12,227,600.00	3,264,550.00	1,001,700.00	39,617,162.50
2030/31	15,208,462.50	6,396,500.00	12,192,600.00	3,264,550.00	1,010,200.00	39,605,312.50
2031/32	15,245,462.50	6,432,400.00	12,201,000.00	3,264,550.00	1,002,200.00	39,679,862.50
2032/33	-	-	5,489,000.00	8,814,550.00	1,683,450.00	18,325,500.00
2033/34	-	-	5,494,800.00	8,848,050.00	1,683,050.00	18,366,400.00
2034/35	-	-	5,494,800.00	8,853,050.00	1,691,600.00	18,382,700.00
2035/36	-	-	5,519,000.00	8,853,650.00	1,687,500.00	18,406,650.00
2036/37	-	-	5,521,750.00	8,864,650.00	1,682,000.00	18,418,400.00
2037/38	-	-	5,529,500.00	8,870,250.00	1,691,800.00	18,440,050.00
2038/39	-	-	5,531,500.00	8,875,250.00	1,696,200.00	18,454,950.00
2039/40	-	-	5,302,500.00	11,509,250.00	1,693,200.00	18,504,950.00
2040/41	-	-	5,303,500.00	11,527,250.00	1,698,000.00	18,528,750.00
2041/42	-	-	5,313,000.00	11,539,500.00	1,695,200.00	18,547,700.00
<b>Total</b>	<b>\$ 66,676,512.50</b>	<b>\$ 42,753,050.00</b>	<b>\$ 171,075,600.00</b>	<b>\$ 138,894,849.86</b>	<b>\$ 29,321,741.94</b>	<b>\$ 678,635,121.90</b>

Note: Debt service payments reflect payments from July 1 through June 30.



**Pearland Independent School District**  
**Debt Service Fund**  
**Five Year Summary of Revenues and Expenditures by Function**

		<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
		<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Budget</b>
<b>Revenues</b>						
5711	Tax Collections	\$ 23,174,978	\$ 25,892,130	\$ 27,709,180	\$ 26,749,463	\$ 30,935,168
5712-19	Taxes-Delinquent, P&I	435,591	401,036	494,424	405,000	405,000
5742	Investment Earnings	33,537	93,124	275,076	475,000	240,000
	<b>Total Local Revenues</b>	<b>23,644,106</b>	<b>26,386,290</b>	<b>28,478,680</b>	<b>27,629,463</b>	<b>31,580,168</b>
5829	Miscellaneous State Revenue	3,618,847	2,961,251	813,747	268,384	250,000
	<b>Total State Revenues</b>	<b>3,618,847</b>	<b>2,961,251</b>	<b>813,747</b>	<b>268,384</b>	<b>250,000</b>
	<b>Total Revenues</b>	<b>27,262,953</b>	<b>29,347,541</b>	<b>29,292,427</b>	<b>27,897,847</b>	<b>31,830,168</b>
<b>Expenditures</b>						
71	Debt Service	25,606,996	26,943,433	29,312,370	31,053,577	34,369,867
	<b>Total Expenditures</b>	<b>25,606,996</b>	<b>26,943,433</b>	<b>29,312,370</b>	<b>31,053,577</b>	<b>34,369,867</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		1,655,957	2,404,108	(19,943)	(3,155,730)	(2,539,699)
<b>Other Resources/(Uses)</b>		205,071	(98,760)	3,217,052	3,758,631	1,382,052
Fund Balance -Beginning-Projected		14,986,658	16,847,686	19,153,034	22,350,143	22,953,044
<b>Fund Balance-Ending-Projected</b>		<b>\$ 16,847,686</b>	<b>\$ 19,153,034</b>	<b>\$ 22,350,143</b>	<b>\$ 22,953,044</b>	<b>\$ 21,795,397</b>

**Pearland Independent School District**  
**Debt Service Fund**  
**Five Year Summary of Revenues and Expenditures by Major Object**

		<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
		<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Budget</b>
<b>Revenues</b>						
5711	Tax Collections	\$ 23,174,978	\$ 25,892,130	\$ 27,709,180	\$ 26,749,463	\$ 30,935,168
5712-19	Taxes-Delinquent, P&I	435,591	401,036	494,424	405,000	405,000
5742	Investment Earnings	33,537	93,124	275,076	475,000	240,000
	<b>Total Local Revenues</b>	<b>23,644,106</b>	<b>26,386,290</b>	<b>28,478,680</b>	<b>27,629,463</b>	<b>31,580,168</b>
5829	Miscellaneous State Revenue	3,618,847	2,961,251	813,747	268,384	250,000
	<b>Total State Revenues</b>	<b>3,618,847</b>	<b>2,961,251</b>	<b>813,747</b>	<b>268,384</b>	<b>250,000</b>
	<b>Total Revenues</b>	<b>27,262,953</b>	<b>29,347,541</b>	<b>29,292,427</b>	<b>27,897,847</b>	<b>31,830,168</b>
<b>Expenditures</b>						
6500	Debt Service	25,606,996	26,943,433	29,312,370	31,053,577	34,369,867
	<b>Total Expenditures</b>	<b>25,606,996</b>	<b>26,943,433</b>	<b>29,312,370</b>	<b>31,053,577</b>	<b>34,369,867</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		1,655,957	2,404,108	(19,943)	(3,155,730)	(2,539,699)
<b>Other Resources/(Uses)</b>		205,071	(98,760)	3,217,052	3,758,631	1,382,052
Fund Balance -Beginning-Projected		14,986,658	16,847,686	19,153,034	22,350,143	22,953,044
<b>Fund Balance-Ending-Projected</b>		<b>\$ 16,847,686</b>	<b>\$ 19,153,034</b>	<b>\$ 22,350,143</b>	<b>\$ 22,953,044</b>	<b>\$ 21,795,397</b>

**Pearland Independent School District**  
**Debt Service Fund**  
**Three Year Forecast of Revenues and Expenditures by Major Object**

		<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
		<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Revenues</b>					
5711	Tax Collections	\$ 30,935,168	\$ 33,428,780	\$ 34,284,810	\$ 35,161,483
5712-19	Taxes-Delinquent, P&I	405,000	405,000	405,000	405,000
5742	Investment Earnings	240,000	175,000	175,000	175,000
	<b>Total Local Revenues</b>	<b>31,580,168</b>	<b>34,008,780</b>	<b>34,864,810</b>	<b>35,741,483</b>
5829	Miscellaneous State Revenue	250,000			
	<b>Total State Revenues</b>	<b>250,000</b>			
	<b>Total Revenues</b>	<b>31,830,168</b>	<b>34,008,780</b>	<b>34,864,810</b>	<b>35,741,483</b>
<b>Expenditures</b>					
6500	Debt Service	34,369,867	34,178,217	35,899,617	36,799,667
	<b>Total Expenditures</b>	<b>34,369,867</b>	<b>34,178,217</b>	<b>35,899,617</b>	<b>36,799,667</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		(2,539,699)	(169,437)	(1,034,807)	(1,058,184)
<b>Other Resources/(Uses)</b>		1,382,052			
Fund Balance -Beginning-Projected		22,953,044	21,795,397	21,625,960	20,591,153
<b>Fund Balance-Ending-Projected</b>		<b>\$ 21,795,397</b>	<b>\$ 21,625,960</b>	<b>\$ 20,591,153</b>	<b>\$ 19,532,969</b>

Notes:

- (1) Debt service payments vary from those listed in the Debt Service Schedules since the forecast includes the necessary payments to cover the \$200 million Series 2019A bond issuance payment requirements.
- (2) Financial Assumptions are located on page 57.

## Food Service Fund Overview

The District's food service operations are accounted for in the Food Service Fund. Although special revenue funds are generally not included in the annual budget adopted by the Board of Trustees, TEA regulations require inclusion of the food service fund.

### Revenues

Local revenue constitutes 51.6% and is primarily from student payments for lunch and a la carte items. Approximately 45.8% of the revenue in this fund is received from the United States Department of Agriculture (USDA) under the National School Lunch Program, the School Breakfast Program and the Food Distribution Program. This revenue is classified as federal. For 2019-20, approximately 28.5% of students will receive either free or reduced-price lunch.

### Expenditures

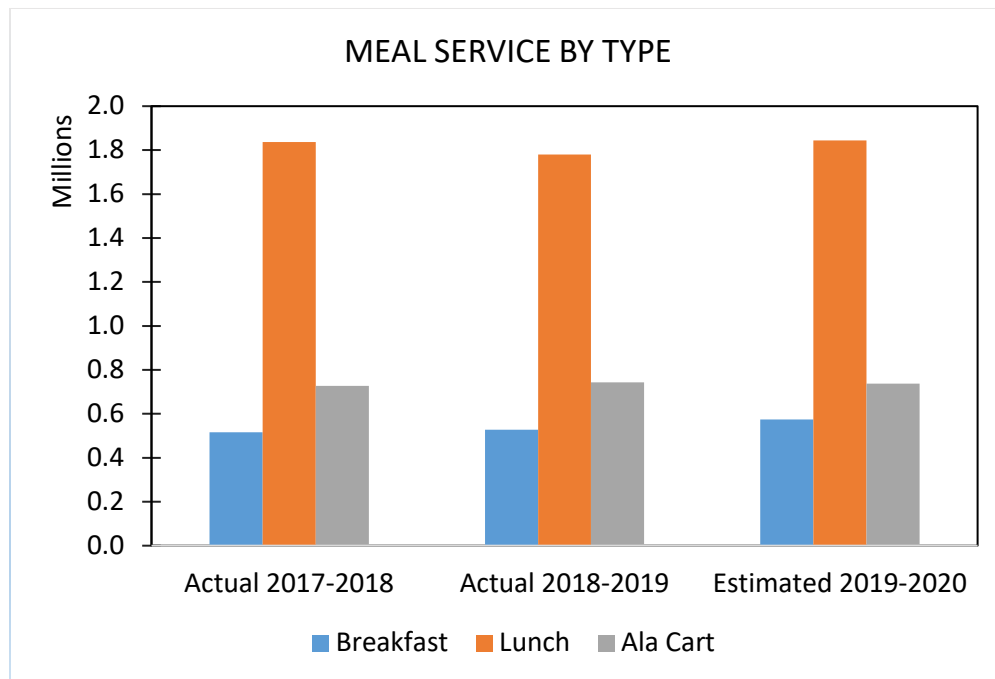
Food Service expenditures consist primarily of payroll (40%) and supplies and materials (57%). Most of the supplies and materials budget consists of expenditures for food.

### Fund Balance

The fund balance for food service should not exceed three months of average food service operations expenditures. The projected fund balance for 2019-20 is approximately \$2.8 million, which is slightly above the recommended amount. If three months are exceeded, an analysis of the proposed next year's expenditures is completed, and a plan of action developed to reduce the fund balance in the subsequent year.

### Food Service Meal Counts

The following chart provides a breakdown of the type of meals served.



**Pearland Independent School District**  
**Food Service Fund**  
**Five Year Summary of Revenues and Expenditures by Function**

		<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
		<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Budget</b>
<b>Revenues</b>						
5742	Investment Earnings	\$ 2,820	\$ 367	\$ 3,265	\$ 1,000	\$ 3,000
5751	Food Services - Meals	5,066,394	4,971,333	4,233,320	5,231,000	5,206,850
	<b>Total Local Revenues</b>	<b>5,069,215</b>	<b>4,971,699</b>	<b>4,236,585</b>	<b>5,232,000</b>	<b>5,209,850</b>
5829	Miscellaneous State Revenue	45,893	45,573	46,122	48,000	48,000
5831	TRS On-Behalf	157,312	163,544	183,252	170,000	220,000
	<b>Total State Revenues</b>	<b>203,205</b>	<b>209,116</b>	<b>229,374</b>	<b>218,000</b>	<b>268,000</b>
5921	School Breakfast Program	627,303	640,080	799,126	715,000	786,000
5922	School Lunch Program	2,680,479	2,827,974	3,885,250	3,045,000	3,161,000
5933	USDA Commodities	580,312	640,019	624,569	640,000	680,000
	<b>Total Federal Revenues</b>	<b>3,888,094</b>	<b>4,108,073</b>	<b>5,308,946</b>	<b>4,400,000</b>	<b>4,627,000</b>
	<b>Total Revenues</b>	<b>9,160,514</b>	<b>9,288,889</b>	<b>9,774,905</b>	<b>9,850,000</b>	<b>10,104,850</b>
<b>Expenditures</b>						
35	Food Services	8,829,449	8,894,462	9,554,503	9,850,000	10,104,850
	<b>Total Expenditures</b>	<b>8,829,449</b>	<b>8,894,462</b>	<b>9,554,503</b>	<b>9,850,000</b>	<b>10,104,850</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		331,065	394,427	220,401		
<b>Other Resources/(Uses)</b>		25,826				
Fund Balance -Beginning-Projected		1,790,568	2,147,458	2,541,885	2,762,286	2,762,286
<b>Fund Balance-Ending-Projected</b>		<b>\$ 2,147,458</b>	<b>\$ 2,541,885</b>	<b>\$ 2,762,286</b>	<b>\$ 2,762,286</b>	<b>\$ 2,762,286</b>

**Pearland Independent School District**  
**Food Service Fund**  
**Five Year Summary of Revenues and Expenditures by Major Object**

		<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
		<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Budget</b>
<b>Revenues</b>						
5742	Investment Earnings	\$ 2,820	\$ 367	\$ 3,265	\$ 1,000	\$ 3,000
5751	Food Services - Meals	5,066,394	4,971,333	4,233,320	5,231,000	5,206,850
	<b>Total Local Revenues</b>	<b>5,069,215</b>	<b>4,971,699</b>	<b>4,236,585</b>	<b>5,232,000</b>	<b>5,209,850</b>
5829	Miscellaneous State Revenue	45,893	45,573	46,122	48,000	48,000
5831	TRS On-Behalf	157,312	163,544	183,252	170,000	220,000
	<b>Total State Revenues</b>	<b>203,205</b>	<b>209,116</b>	<b>229,374</b>	<b>218,000</b>	<b>268,000</b>
5921	School Breakfast Program	627,303	640,080	799,126	715,000	786,000
5922	School Lunch Program	2,680,479	2,827,974	3,885,250	3,045,000	3,161,000
5933	USDA Commodities	580,312	640,019	624,569	640,000	680,000
	<b>Total Federal Revenues</b>	<b>3,888,094</b>	<b>4,108,073</b>	<b>5,308,946</b>	<b>4,400,000</b>	<b>4,627,000</b>
	<b>Total Revenues</b>	<b>9,160,514</b>	<b>9,288,889</b>	<b>9,774,905</b>	<b>9,850,000</b>	<b>10,104,850</b>
<b>Expenditures</b>						
6100	Payroll Costs	3,540,219	3,597,138	3,789,929	3,996,400	4,037,700
6200	Contracted Services	59,349	92,385	77,121	104,500	101,300
6300	Supplies and Materials	5,180,950	5,167,786	5,478,687	5,574,700	5,789,000
6400	Other Operating Costs	19,338	15,056	13,939	24,400	16,850
6600	Capital Outlay	29,594	22,098	194,827	150,000	160,000
	<b>Total Expenditures</b>	<b>8,829,449</b>	<b>8,894,462</b>	<b>9,554,503</b>	<b>9,850,000</b>	<b>10,104,850</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		331,065	394,427	220,401		
<b>Other Resources/(Uses)</b>		25,826				
Fund Balance -Beginning-Projected		1,790,568	2,147,458	2,541,885	2,762,286	2,762,286
<b>Fund Balance-Ending-Projected</b>		<b>\$ 2,147,458</b>	<b>\$ 2,541,885</b>	<b>\$ 2,762,286</b>	<b>\$ 2,762,286</b>	<b>\$ 2,762,286</b>

**Pearland Independent School District**  
**Food Service Fund**  
**Three Year Forecast of Revenues and Expenditures by Major Object**

		<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
		<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Revenues</b>					
5742	Investment Earnings	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
5751	Food Services - Meals	5,206,850	5,000,000	5,000,000	5,000,000
	<b>Total Local Revenues</b>	<b>5,209,850</b>	<b>5,003,000</b>	<b>5,003,000</b>	<b>5,003,000</b>
5829	Miscellaneous State Revenue	48,000	48,000	48,000	48,000
5831	TRS On-Behalf	220,000	224,400	228,888	233,466
	<b>Total State Revenues</b>	<b>268,000</b>	<b>272,400</b>	<b>276,888</b>	<b>281,466</b>
5921	School Breakfast Program	786,000	825,300	866,565	909,893
5922	School Lunch Program	3,161,000	3,240,025	3,321,026	3,404,051
5933	USDA Commodities	680,000	680,000	680,000	680,000
	<b>Total Federal Revenues</b>	<b>4,627,000</b>	<b>4,745,325</b>	<b>4,867,591</b>	<b>4,993,945</b>
	<b>Total Revenues</b>	<b>10,104,850</b>	<b>10,020,725</b>	<b>10,147,479</b>	<b>10,278,410</b>
<b>Expenditures</b>					
6100	Payroll Costs	4,037,700	4,118,454	4,200,823	4,284,840
6200	Contracted Services	101,300	100,000	100,000	100,000
6300	Supplies and Materials	5,789,000	5,846,890	5,905,359	5,964,412
6400	Other Operating Costs	16,850	24,400	24,400	24,400
6600	Capital Outlay	160,000	150,000	150,000	150,000
	<b>Total Expenditures</b>	<b>10,104,850</b>	<b>10,239,744</b>	<b>10,380,582</b>	<b>10,523,652</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>			(219,019)	(233,103)	(245,242)
<b>Other Resources/(Uses)</b>					
Fund Balance -Beginning-Projected		2,762,286	2,762,286	2,543,267	2,310,164
<b>Fund Balance-Ending-Projected</b>		<b>\$ 2,762,286</b>	<b>\$ 2,543,267</b>	<b>\$ 2,310,164</b>	<b>\$ 2,064,922</b>

Note: Financial Projection Assumptions are located on page 57.

## Capital Projects

The inclusion of Capital Projects Fund in this budget document is for information purposes only; however, expenditures on these projects are significant and hence, an integral part of the financial picture of the District. The Capital Projects Fund is used to account, on a project basis, for proceeds from the sale of general obligation bonds and the expenditure of these funds for the construction and equipping of new school facilities, the purchase of school sites, renovation of present facilities, and the purchase of school buses. The Capital Projects Fund utilizes the modified accrual basis of accounting.

The budget process for the Capital Projects Funds is established at the point in time that the Board approves the sale of authorized bonds for specific Projects. The Capital Projects budgets are typically multi-year budgets encompassing the entire construction period of each separate project. Separate sub-funds are created to account for each respective bond sale and unique program codes are used to track specific projects within each sub fund.

### Long-Range Planning Committee





A 50-member long-range planning committee, consisting of community leaders, teachers, parents, and students representing cross section of the district was formed for the purpose of reviewing the District's projected growth and needs for the next ten years. The committee was also charged with making recommendations to the Board of Trustees to address those needs while impacting the tax rate as minimally as possible. The committee met over a seven-month period, envisioned the future of education in Pearland ISD, and toured campuses and met with principals. They heard expert presentations on assessments of facilities conditions, demographics, and school finance and technology plan.

On May 24, 2016, the committee presented a recommendation to the Board of Trustees. The Board met twice to further study the proposals and on August 9, 2016, approved recommendations unanimously and called November 2016 election.

### Capital Projects Fund – 2016 Bond Referendum

A \$220 million bond referendum was passed in November 2016, of which \$120 million in Series 2017 Bonds were issued in July 2017, \$80 million Series 2019 in March 2019 and the remaining \$20 million Series 2019A will be issued in July 2019.

The following chart denotes major projects included in this referendum:

Bond Overview			
 <b>SAFETY + SECURITY</b>	 <b>TECHNOLOGY</b>	 <b>GROWTH</b>	 <b>AGING FACILITIES</b>
<ul style="list-style-type: none"> <li>▪ Additional Fencing at Elementary &amp; Middle Schools</li> <li>▪ Add &amp; Upgrade Security Cameras</li> <li>▪ Security Door Controls</li> <li>▪ New Security Entrances</li> </ul>	<ul style="list-style-type: none"> <li>▪ At Least One Set of Laptops per Grade Level</li> <li>▪ Replace Obsolete Equipment</li> <li>▪ Laptop/Tablet Access for Students</li> <li>▪ Strengthen Wi-Fi Access Points</li> </ul>	<ul style="list-style-type: none"> <li>▪ DHS &amp; PHS Additions</li> <li>▪ TCCHS New CTE Facility</li> <li>▪ DHS &amp; PHS ROTC Facilities</li> <li>▪ Additional Space/Classrooms</li> <li>▪ Additional Rig Seating &amp; Parking</li> </ul>	<ul style="list-style-type: none"> <li>▪ PHS, TCCHS &amp; DHS Renovations</li> <li>▪ PJH East Renovations</li> <li>▪ PJH West Renovations</li> <li>▪ Jamison MS Renovations</li> <li>▪ Sablatura MS Renovations</li> <li>▪ Elementary Renovations</li> </ul>



As of June 30, 2019, expenditures from the 2016 Bond projects totaled \$161.4 million. It is estimated that all projects will be completed by October 2020 (see status on the following pages).

### **List of 2016 Bond Projects**

#### District-Wide Safety & Security Upgrades (All 23 Schools)

- Additional Fencing at Elementary and Middle Schools
- Add and Upgrade Security Cameras
- Security Door Controls
- New Security Entrances

#### District-Wide Technology Upgrades (All 23 Schools)

- Replacement of Obsolete Equipment
  - Replace current computers on a 5-yr refresh schedule; affects 5,800 computers
  - Furnish teachers tablets within a 5-yr refresh schedule; affects 1,500 tablets
- At Least One Classroom Set of Laptops per Grade Level on All Campuses
- Replace Old Projectors in All Classrooms
- Laptops/Tablets Access for Students
- Strengthen Wi-Fi Access Points on All Campuses

#### Additions to Address District Growth

- Dawson High School
  - Add 28 classrooms
  - Cafeteria expansion
  - New dance room, fine arts, ROTC and weight room
- Turner High School
  - New CTE facility: Culinary, Welding and HVAC
  - Ag facility expansion
- Pearland High School
  - New Fine Arts
  - Locker room
  - ROTC
- Additional Space/Classrooms
  - PJH East: 4 new science classrooms
  - Jamison MS: Add 4 classrooms
  - Sablatura MS: Add band classroom
- Junior High East
  - New girls' locker room
  - 3 new tennis courts
- The Rig
  - Add 3,000 seating and 400 parking spaces

- Pearland High School
  - Welding lab conversion
  - Upgrade science labs
  - Convert current administration areas into classrooms
  - Administration relocation
  - Medical Science and computer lab renovations
  - Renovate cafeteria kitchen and add restrooms
  - Major renovations to auditorium:
    - Add fly system and scene shop
    - Upgrade seating, lighting and sound
  - Add bleachers and new lighting for baseball and softball
- Junior High East
  - Add stage to existing cafeteria
  - Band facility upgrades
  - HVAC, electrical and roof upgrades
- Junior High West
  - Auditorium upgrades
  - New Girls Gym –replaces 66-year-old facility
  - New Boys Locker Room –replaces 50-year-old facility
  - Refurbish track and tennis courts
  - HVAC, electrical and roof upgrades
- Sablatura and Jamison middle schools
  - ADA upgrades
  - Renovate student and faculty restrooms
  - Renovate entrance
  - Provide emergency generators
  - HVAC, electrical and roof upgrades
- Challenger, CJ Harris, Lawhon, Rustic Oak, Shadycrest and Silverlake elementary schools
  - ADA upgrades
  - PA and intercom upgrades
  - Fire alarm upgrades
  - New/larger physical education space
  - Provide emergency generators
  - HVAC, electrical and roof upgrades
- Rig Upgrades
  - Replace field lighting
  - Upgrade sound system
  - Renovate locker rooms and concession stands
  - Renovate and expand press box

## 2016 Bond Projects Status Update as of June 30, 2019

Project Name	2019						2020									
	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
Package A																
Dawson HS	Construction	Closeout														
Package B																
Pearland HS	Addtn/Renov											Interior		Closeout		
Athletics/The Rig	Rig Phase 1			Construction: Rig Phase 2									Closeout			
	Construction: Baseball/Softball															
Package C																
Turner HS	Construction:	Closeout														
Package D																
JH West	Construction	Closeout														
Sablatura	Façade															
Jamison MS	Foundation															
JH East	Construction Phase 2					Closeout										
Package E																
Rustic Oaks ES	Construction	Closeout														
Challenger ES	Construction	Closeout														
Shadycrest ES	Construction	Closeout														
CJ Harris ES	Construction	Closeout														
Silverlake ES	Construction	Closeout														
Gym Additions	Construction				Closeout											
Package F																
Security Upgrades	Film, hardware, lockdowns										Film, lockdowns					

## 2016 Bond Budget and Projections as of June 30, 2019

PACKAGE	PROJECT BUDGET	AMOUNT SPENT AS OF 6/30/19	ESTIMATED TO COMPLETE	PROJECTION (PROJECT FORECAST)	VARIANCE (BUDGET - PROJECTION)	ESTIMATED COMPLETION DATE	PERCENT COMPLETE AS OF 6/30/19
A: DAWSON HS	\$40,038,120	\$26,747,798	\$3,246,894	\$29,994,692	\$10,043,428	11/1/2019	89%
B: PEARLAND HS	41,211,824	35,349,923	16,291,568	51,641,491	(10,429,667)	11/1/2020	68%
C: TURNER HS	28,979,565	22,821,178	4,322,098	27,143,276	1,836,289	11/1/2019	84%
D: JH WEST, JH EAST, SABLATURA, JAMISON	55,419,245	40,496,616	11,825,044	52,321,660	3,097,585	11/1/2019	77%
E: ELEMENTARY RENOVATIONS	24,996,676	9,387,349	15,508,353	24,895,702	100,974	3/1/2020	38%
F: SECURITY UPGRADES	10,009,570	7,342,697	4,717,715	12,060,412	(2,050,842)	11/1/2020	61%
INFORMATION TECHNOLOGY	19,345,000	12,200,163	7,144,837	19,345,000	0	11/1/2020	63%
TOTAL:	\$220,000,000	\$154,345,724	\$63,056,509	\$217,402,233	\$2,597,767		71%

### Notes:

1. Project budget is the bond budget for construction costs plus soft costs plus contingencies
2. Projection is the anticipated final project cost. It is based on GMP's approved to date, plus estimates for remainder of work. It is subject to fluctuation as the design progresses and costs are better defined. These costs include:
  - a. Construction Costs - the total of GMP's and other packages, including contingencies
  - b. Soft Costs - design fees, furniture, moveable equipment, A/V and IT equipment, and bond staff

# INFORMATIONAL SECTION





## TAX OVERVIEW

The District used certified estimated values for the 2019 tax year to prepare the budget since the final certified values are not received by the District until late July. The Brazoria and Harris County certified estimated taxable values combined was \$8,479,912,731; which is the initial factor considered when preparing the General Fund and Debt Service Fund budgets.

By law, we must propose a tax rate after certified values are received. The Board of Trustees approved the 2019-20 fiscal year budget based on a tax rate of \$1.36066 (\$0.97 for M&O and \$0.3906 for I&S) at the June 11 board meeting. The tax rate is the maximum tax rate the District may adopt without going through the same motions – meaning, re-publishing a tax rate notice and holding a public hearing on the tax rate.

The District does not receive any alternative tax collections, e.g., sales tax, income tax, sin tax, etc.

### Property Tax Rates

The Maintenance and Operation Tax Rate provides the revenues needed to cover day-to-day operations such as salaries and utilities. The Interest and Sinking Tax Rate provides the revenues that are used to pay the principal and interest of bonded debt. The Total Tax Rate is the sum of both maintenance and operations and interest and sinking tax rates.

#### Tax Rate History – Last 10 Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019*
I&S	0.3794	0.3794	0.3794	0.3757	0.3757	0.3756	0.3756	0.3756	0.3556	0.3906
M&O	1.0400	1.0400	1.0400	1.0400	1.0400	1.0400	1.0400	1.0400	1.0600	0.9700
Total	1.4194	1.4194	1.4194	1.4157	1.4157	1.4156	1.4156	1.4156	1.4156	1.3606

\* It is important to note, that as of the date this budget report was prepared, the Board of Trustees had not adopted the official tax rate. Although the M&O is expected to be adopted at \$0.97, the I&S rate is subject to change to meet new debt service requirements due to the district's \$20 million bond sale that took place in July.

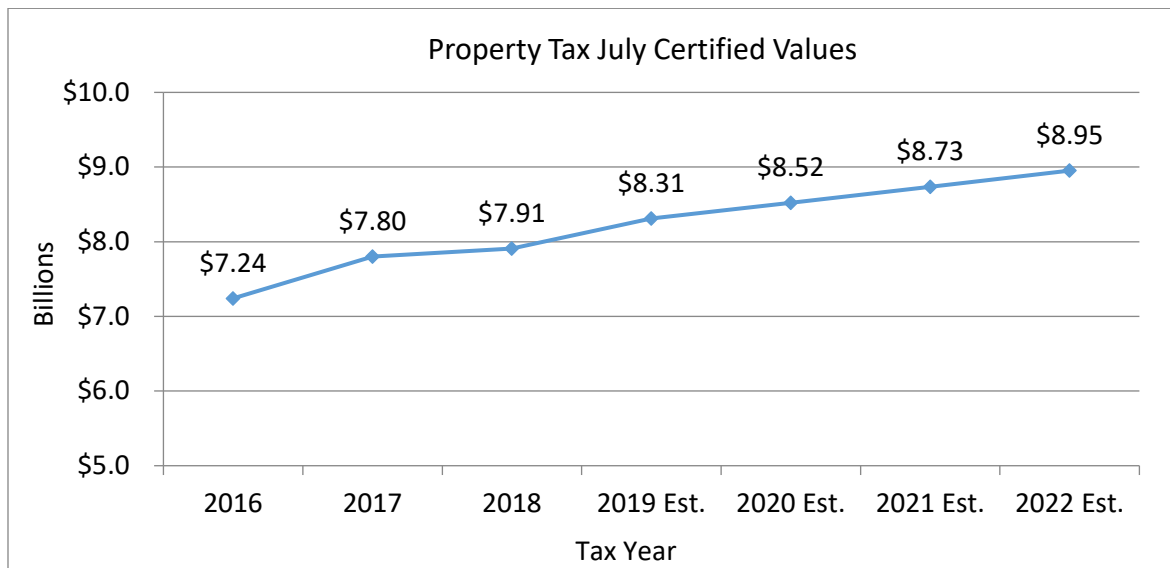
This document and associated financial statements are based on the adopted budget with an I&S tax rate of \$0.3906 and do not reflect amendments that may be made post-rate adoption, shall the Board adopt a higher tax rate. The Board of Trustees will adopt the 2019 budget at the September board meeting; our district's transparency page will detail the official approved tax rate and budget amendments.

### Assessed Values

Appraisal districts follow the provisions of the Texas Property Tax Code. The Tax Code requires that, unless otherwise provided, that all taxable property be appraised at its market value as of January 1st of that tax year. Pursuant to Section 23.06(e) of the Texas Property Code (PTC), the Brazoria County Appraisal District (BCAD) and Harris County Appraisal District (HCAD) provides the District with Preliminary Certified Assessed Values on or before April 30th and pursuant to Section 26.01(a) of the PTC Certified Assessed Values on July 27th of the same year. The 2019 BCAD/HCAD Certificate of Estimated Values were used to calculate and project 2019-20 tax collections. For fiscal year 2020-21 and beyond, the District estimated those values to include a 3-year average increase of 3%.

Prior to fiscal year 2019-20, prior year Texas Comptroller Preliminary Values were used to calculate and project current year state funding (representing a one-year lag) as well as a 98% tax collection. Starting with fiscal year 2019-20, HB 3 changed the method of calculating state aid whereas we now use current year property values (tax year 2019), hence eliminating the funding lag.

Prior to tax year 2018, the district was averaging 7.5% annual property value growth; however, as a result of Hurricane Harvey in August 2017, the district experienced a much smaller increase of 1.38% for tax year 2018. Although the county's certified estimates show approximately 7% in property value growth for tax year 2019, the district opted to use a 5.95% growth for budget purposes and forecasts a 2.5% growth for the next three years since land within our district boundaries is approaching build out.



### Tax Collections History and Forecast

The following table provides a five-year collection history. As seen here, the District collects more than the budgeted 98% collection rate each year.

Fiscal Year Ended June 30	Net Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Net Tax Levy		Amount	Percentage of Total Tax Collections
2020 Est.	109,896,572	107,698,641	98.00%		107,698,641	98.00%
2019	107,775,423	106,464,631	98.78%		106,464,631	98.78%
2018	105,893,344	104,494,272	98.68%	890,319	104,494,272	99.52%
2017	98,968,277	97,550,381	98.57%	1,077,679	98,505,532	99.66%
2016	88,576,876	87,364,047	98.63%	1,021,514	88,385,561	99.78%



### Maintenance and Operations Tax Limitation

Maintenance & Operations Tax Limitation Section 45.003 of the Education Code, subsection (a) states that "...taxes described by Section 45.001 or 45.002 may not be levied unless authorized by a majority of the qualified voters of the district, voting at an election held for that purpose, at the expense of the district, in accordance with the Election Code...". Additionally, subsection (d) states that "...For any year, the maintenance tax rate per \$100 of taxable value adopted by the district may not exceed the rate equal to the sum of \$0.17 and the product of the state compression percentage, as determined under Section 42.2516, multiplied by \$1.50."

#### Computation of Legal M&O Margin (Per \$100 of Assessed Valuation)

M&O Limit	\$1.1000
Maintenance & Operations Rate	0.9700
Balance	<u>\$0.1300</u>

### Tax Supported Debt Limitation

Sec. 45.0031. LIMITATION ON ISSUANCE OF TAX-SUPPORTED BONDS. (a) Before issuing bonds described by Section 45.001, a school district must demonstrate to the attorney general under Subsection (b) or (c) that, with respect to the proposed issuance, the district has a projected ability to pay the principal of and interest on the proposed bonds and all previously issued bonds other than bonds authorized to be issued at an election held on or before April 1, 1991, and issued before September 1, 1992, from a tax at a rate not to exceed \$0.50 per \$100 of valuation.

#### Computation of Legal Debt Margin (Per \$100 of Assessed Valuation)

Debt Limit	\$0.5000
Interest and Sinking Rate	0.3906
Balance	<u>\$0.1094</u>

### **Effect of Tax Levy on Single Family Residence**

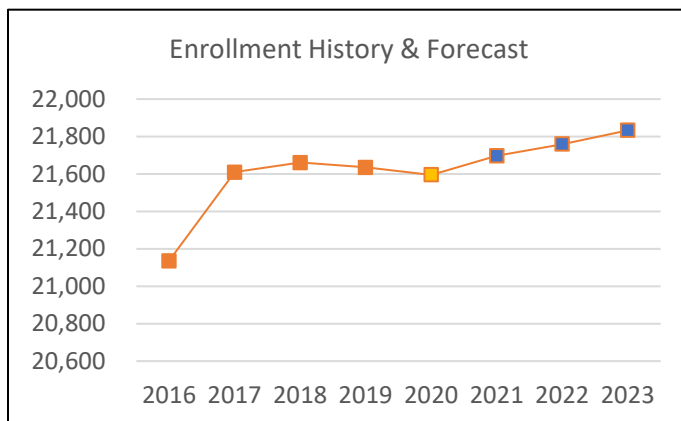
Tax Code Section 11.13(b) requires school districts to offer a \$25,000 exemption on residence homesteads to reduce the property's appraised value. For persons age 65 or older or disabled, Tax Code Section 11.13(c) requires school districts to offer an additional \$10,000 residence homestead exemption. The example below shows the taxes rate's effect on the average taxpayer per \$100 residence value:

<b>Fiscal Year</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
<b>Tax Year</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Avg. Assessed/Market Value of a Home	\$193,513	\$224,885	\$267,417	\$263,087	\$276,190
Less: Homestead Exemption	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Taxable Value	\$168,513	\$199,885	\$242,417	\$238,087	\$251,190
Total Property Tax Rate/\$100 Valuation	<u>\$1.4156</u>	<u>\$1.4156</u>	<u>\$1.4156</u>	<u>\$1.4156</u>	<u>\$1.3606</u>
Property Tax Due	<u>\$2,385.47</u>	<u>\$2,829.57</u>	<u>\$3,431.66</u>	<u>\$3,370.36</u>	<u>\$3,417.69</u>

## DISTRICT ENROLLMENT FORECAST

Student enrollment trends are reviewed on a six-week basis. The District uses a Cohort Survival model for projecting enrollments. This model uses an “aging” concept that moves a group, or cohort, of students into the future and increases or decreases their numbers according to past experience through history. The Cohort Survival methodology relies on historical enrollment and live birth data to capture the effects of in and out-migration, housing changes, and natural trends in population. In essence, the model derives a growth factor or ratio for student survival matriculation to the next grade based upon previous survival number to the same grade of students.

Although the district experienced a slight decrease in enrollment during the most recent fiscal years in part due to Hurricane Harvey that happened in August 2017, the district is expected to bounce back and experience moderate growth in future years. Since enrollment significantly affects funding, the district monitors enrollment fluctuations on a regular basis, current staffing formulas, and other areas of potential efficiency in preparation for the next year’s budget.



### 2019-20 Enrollment Projections and Three-Year Forecast

	2016	2017	2018	2019	2020	2021	2022	2023
GRADE	Actual	Actual	Actual	Estimated	Budget	Projected	Projected	Projected
EE	85	110	96	109	109	100	100	100
PK	290	371	317	308	308	300	300	300
KG	1,439	1,391	1,379	1,305	1,307	1,360	1,360	1,360
1	1,501	1,543	1,501	1,484	1,394	1,459	1,459	1,459
2	1,574	1,586	1,574	1,530	1,519	1,445	1,506	1,506
3	1,515	1,639	1,611	1,583	1,559	1,543	1,476	1,538
4	1,589	1,556	1,675	1,628	1,603	1,626	1,577	1,509
5	1,597	1,618	1,600	1,693	1,654	1,660	1,670	1,619
6	1,668	1,675	1,658	1,687	1,783	1,765	1,727	1,738
7	1,652	1,703	1,671	1,701	1,732	1,763	1,797	1,758
8	1,724	1,703	1,722	1,703	1,733	1,764	1,799	1,834
9	1,743	1,845	1,783	1,813	1,794	1,807	1,865	1,902
10	1,739	1,693	1,794	1,724	1,753	1,748	1,764	1,794
11	1,581	1,635	1,659	1,715	1,641	1,687	1,691	1,728
12	1,440	1,542	1,622	1,652	1,706	1,670	1,668	1,688
Total	21,137	21,610	21,662	21,635	21,595	21,697	21,759	21,833

## PERSONNEL RESOURCE ALLOCATIONS

	2016	2017	2018	2019	2020
Teachers:					
Total Teaching Staff	1,306	1,343	1,323	1,307	1,307
Professional Support:					
Athletic Trainer	6	6	7	9	9
Counselor	42	39	43	53	53
Educational Diagnostician	3	3	3	6	6
Librarian	15	15	16	19	19
LSSP/Psychologist	23	21	22	21	21
Other Campus Professional	8	9	12	15	15
Other Non-Instructional	118	98	99	110	112
School Nurse	14	14	13	17	17
Speech Therapist/Speech-Language Pathologist	15	14	16	18	18
Truant Officer	2	-	3	5	5
Total Professional Staff	246	219	234	273	275
Administrative Staff:					
Assistant Principal	33	30	43	49	49
Asst/Assoc/Deputy Superintendent	5	7	7	6	6
Athletic Director	-	-	1	1	1
Business Manager	1	2	1	1	1
Director of Personnel/HR	1	1	1	1	1
Dist Instr Pgm Dir or Exec Dir	6	10	7	8	8
Principal	23	22	21	23	23
Registrar	3	3	3	3	3
Superintendent	1	1	1	1	1
Total Administrative Staff	73	76	85	93	93
<b>Total Professional Staff</b>	<b>1,625</b>	<b>1,638</b>	<b>1,642</b>	<b>1,673</b>	<b>1,675</b>
ParaProfessional Staff					
Educational Aide	171	167	163	168	168
Total ParaProfessional Staff	171	167	163	168	168
Auxiliary					
Auxiliary	698	711	694	714	721
Total Auxiliary	698	711	694	714	721
<b>Total Personnel</b>	<b>2,494</b>	<b>2,516</b>	<b>2,499</b>	<b>2,555</b>	<b>2,564</b>

Source: TEA's Staff FTE Counts and Salary Reports (2016-2019)  
District projections (2020)

## ACADEMIC PERFORMANCE MEASURES

The public school accountability system in Texas established by HB22 became effective in 2018. The challenge for district and campus leaders will be to navigate the complexity of the 3 domains to identify those critical measures and concepts that are most relevant to shaping and defining school initiatives that will support effective instructional systems, practices, and processes. Beginning in 2018, districts receive a rating of A, B, C, D, or F for overall performance, as well as for performance in each domain. Campuses will receive A–F ratings beginning in August 2019.

As of the date this budget book was compiled, the district had received an overall rating of “B” for 2019; however, the details had not been released. Therefore, the detailed information included in this report is for school year 2017-18.

### 2019 State Accountability

Pearland Independent School District demonstrated overall improved results in the 2019 A-F state accountability system ratings, with 16 of its 23 campuses maintaining an “A” rating or rising one letter grade. The district achieved an actual score of 93, almost identical to 2018’s score of 94, having it reduced to 89, which granted Pearland ISD an overall “B” rating in the 2019 A-F state accountability system ratings released by on Aug. 15. The score adjustment is due to a new implemented rule which states that a district may not receive an “A” rating if the district includes any campus with a rating of D or below.

The district received a total of 14 A’s (one more than in 2018), seven B’s, one C (compared to three in the previous year) and one D (with a high B in Student Achievement). Additionally, all Pearland ISD high schools received A’s.

### 2018 State Accountability

For 2018, Pearland ISD received an A rating with the third highest score of 94 compared to other districts in the state of Texas. Commissioner Mike Morath visited Pearland ISD to hold a press conference and he stated, "Pearland ISD was a model of excellence for high performance". The Commissioner stated that our school district's score was "abnormally high" because we had the highest percentage of economically disadvantaged students among the high-ranking districts in Texas.

Additionally, distinction designations highlight achievement in specific areas by those districts and campuses that earn a *Met Standard* rating. All campuses in Pearland ISD received the state’s approval rating of “Met Standard.”

In addition, 16 of the 22 Pearland ISD campuses received one or more distinctions. Pace is identified as an Alternative campus and therefore not eligible for the distinctions. Up to seven distinction designations can be earned for Academic Achievement in English Language Arts/Reading; Academic Achievement in Mathematics; Academic Achievement in Science; Academic Achievement in Social Studies; Top 25 Percent: Comparative Academic Growth; Top 25 Percent: Comparative Closing the Gaps; and Postsecondary Readiness.

Sablatura and Jamison Middle Schools earned every potential distinction at their level. They were two Pearland ISD schools among only 400 in the state that earned every possible distinction.

### ***Student Assessment Results***

The 2018 student assessment results represent the strong collaboration among teachers, administrators and instructional personnel to provide classroom-learning environments that meet the depth and complexity required to meet the more rigorous STAAR standards. Some especially high-performing results include:

- For **STAAR Grades 3 – 8**, Pearland ISD scores are among the highest performing districts in Region 4 (out of 50 districts) in all grades and subjects tested. Fourth Grade Reading and Fifth Grade Reading posted progress in every category including approaches, meets and masters. Fifth Grade Math, Sixth Grade Math, and Seventh Grade Math also had progress in every category of performance. Eighth Grade Science had a 10% increase in students achieving the masters level of performance.
- For **STAAR End-of-Course**, Pearland ISD continues to perform at high levels among the top 6 school districts in Region 4 in Algebra 1, Biology, US History, English 1, and English 2. Algebra 1, English 1 and English 2 had substantial gains in every performance level of approaches, meets, and masters. Algebra 1 had a 10% increase in the number of students performing at the master's level. English 1 and English 2 scores increased significantly (1% - 4%) over the previous year.

Analyzing the 2018 STAAR/STAAR EOC released tests, instructional personnel, administrators, and teachers will continue to address STAAR performance of our at-risk student populations and develop more effective interventions to increase student performance and ensure progress for every student in Pearland ISD. Response to Intervention (RTI) with established steps for grades 5-12 will identify and assist students who have not achieved minimum learning standards.

### ***2018 STAAR EOC Performance***

Overall, Pearland ISD students outperformed the state and Region 4 averages in STAAR EOC performance in all subject areas. In addition, STAAR Masters Grade Level increased in Biology, Algebra 1 and English 2 from 2017-18.

### ***2018 STAAR Performance***

Overall, Pearland ISD students again scored higher than the state and Region 4 averages for all grade levels and subject areas meeting the Approaches Grade Level standard. In addition,

### ***Advanced Placement***

Enrollment in Advanced Placement (AP) courses has increased again for the 2017 – 2018 school year and the number of students scoring a 3 or better on AP Exams also increased from the previous year. In 2017-2018, the percentage of Pearland ISD students scoring a 3 or better on AP exams was 11.9% above the state and 2.2% above the world. AP Scholars are students who scored 3 or higher on 3 or more AP exams. In 2018, Pearland ISD had an impressive 704 students who received an AP scholar designation.

### *Dual Credit Courses*

Pearland ISD Dual Credit courses provide qualified students the opportunity to earn college credits while attending high school. Students maximize their high school years by selecting courses which will count as credit for both their high school diploma and college degree. Highly motivated students may pursue an Associate in Arts Degree in General Studies and a high school diploma at the same time. During the 2017-2018 school year, Pearland students enrolled in 3240 dual credit courses, which is a 13% increase from the prior year.

### *ACT/SAT*

The number of students participating in the SAT continues to increase. Scores also increased by an average of 36 points. Pearland students continue to score above both the state and global averages. ACT scores were an impressive 2.4 points above the Texas average. 62.5% of our students took the SAT.

## **PERFORMANCE MEASURES**

### **Dropout Rates**

Grade 9-12	2015	2016	2017	2018
District	0.1%	0.2%	0.2%	0.2%
Region 4	2.2%	2.2%	2.3%	2.1%
State	2.1%	2.0%	1.9%	1.9%

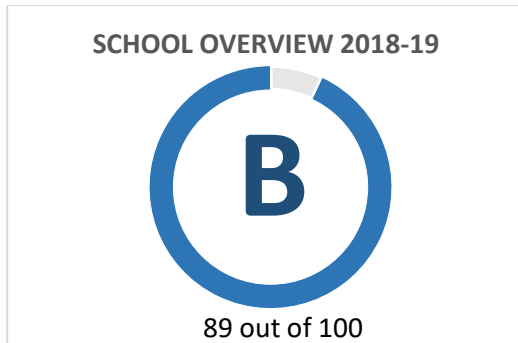
*Source: TEA Annual Dropout Data*

### **Percentage of Students with Free or Reduced-Price Meals**

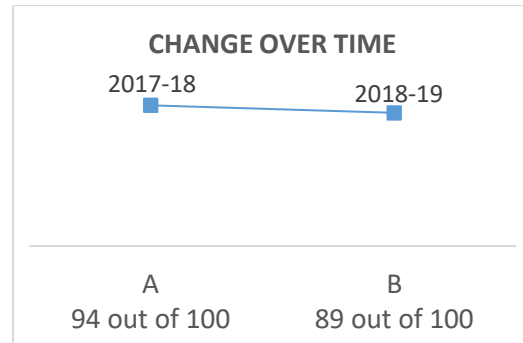
	2015	2016	2017	2018	2019
Free	22.4%	21.9%	23.5%	23.2%	27.2%
Reduced	4.6%	4.7%	5.0%	3.6%	4.1%
Total	26.9%	26.6%	28.5%	26.8%	31.4%
State	58.8%	59.0%	59.0%		

*Source: District PEIMS Reports; TEA Texas Academic Performance Report (State data for 2018 & 2019 unavailable)*

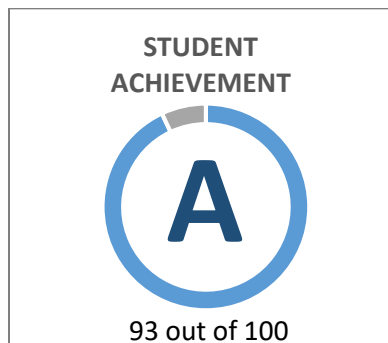
## 2019 STATE ACCOUNTABILITY RATINGS



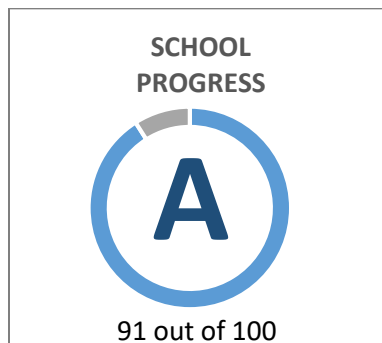
This shows how well the district prepared students for success, both in school and after high school in college, a career or the military.



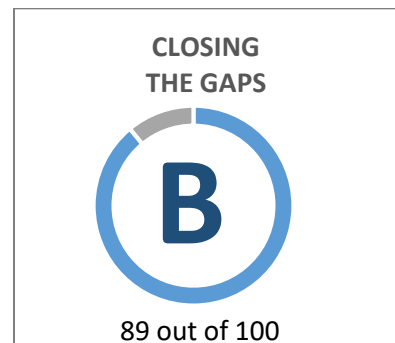
This shows how overall performance at the district has changed over time.



Student Achievement shows how much students know and are able to do at the end of the school year.



School Progress shows how students perform over time and how that growth compares to similar schools.



The Closing the Gaps domain tells us how well different population of students in a district are performing.

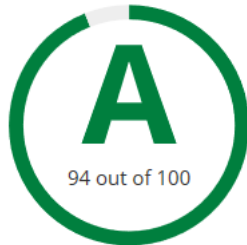
## 2019 Accountability Ratings Overall Summary

	Component Score	Scaled Score	Rating
<b>Overall</b>		89	B
<b>Student Achievement</b>		93	A
<a href="#">STAAR Performance</a>	65	91	
<a href="#">College, Career and Military Readiness</a>	76	94	
<a href="#">Graduation Rate</a>	99.5	95	
<b>School Progress</b>		91	A
<a href="#">Academic Growth</a>	76	90	A
<a href="#">Relative Performance (Eco Dis: 31.4%)</a>	71	91	A
<a href="#">Closing the Gaps</a>	91	89	B

Notes: (1) The district did not receive an A rating in the Closing the Gaps domain because the district includes at least one campus that received a D or an F in the Closing the Gaps domain. (2) The district did not receive an A rating overall because the district includes at least one campus with an overall rating of D or F.

## 2018 STATE ACCOUNTABILITY RATINGS

### HOW WELL IS THIS DISTRICT PERFORMING OVERALL?



### UNDERSTANDING OVERALL PERFORMANCE



This report card is designed to tell us how well we are helping students reach grade level and how well we are preparing them for success after high school. Much like the grades we give students, we can use these grades to identify ways to help schools improve over time. The overall grade is based on performance in three different areas, or domains, which are noted below.

#### STUDENT ACHIEVEMENT



Student Achievement shows how much students know and are able to do at the end of the school year.

#### SCHOOL PROGRESS



School Progress shows how students perform over time and how that growth compares to similar schools.

#### CLOSING THE GAPS



The Closing the Gaps domain tells us how well different populations of students in a district are performing.

### Texas Education Agency 2018 Accountability Ratings Overall Summary PEARLAND ISD (020908)

	Component Score	Scaled Score	Rating
Overall		94	A
Student Achievement		92	A
STAAR Performance	64	91	
College, Career and Military Readiness	68	92	
Graduation Rate	99.5	95	
School Progress		89	B
Academic Growth	75	89	B
Relative Performance (Eco Dis: 26.8%)	66	85	B
Closing the Gaps	99	99	A

### Distinction Designations

Postsecondary Readiness	Not Earned
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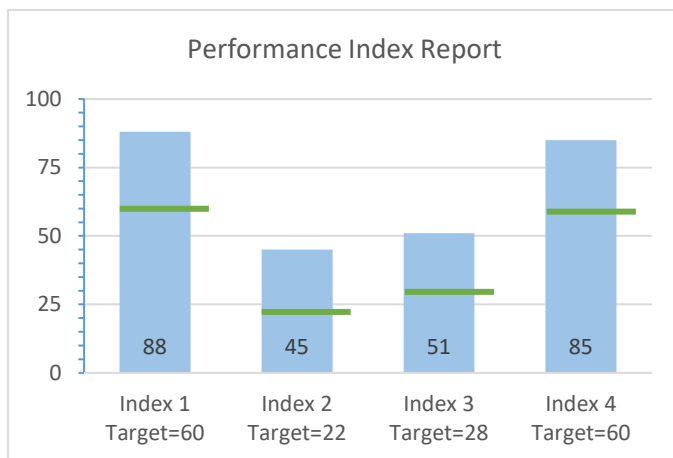
## 2017 ACCOUNTABILITY SUMMARY

### Accountability Rating: Met Standard

Met Standards on:

- Student Achievement (Index 1)
- Student Progress (Index 2)
- Closing Performance Gaps (Index 3)
- Postsecondary Readiness (Index 4)

In 2017, to receive a Met Standard or Met Alternative Standard rating, districts and campuses must meet targets on three indexes: Index 1 or Index 2 and Index 3 and Index 4.



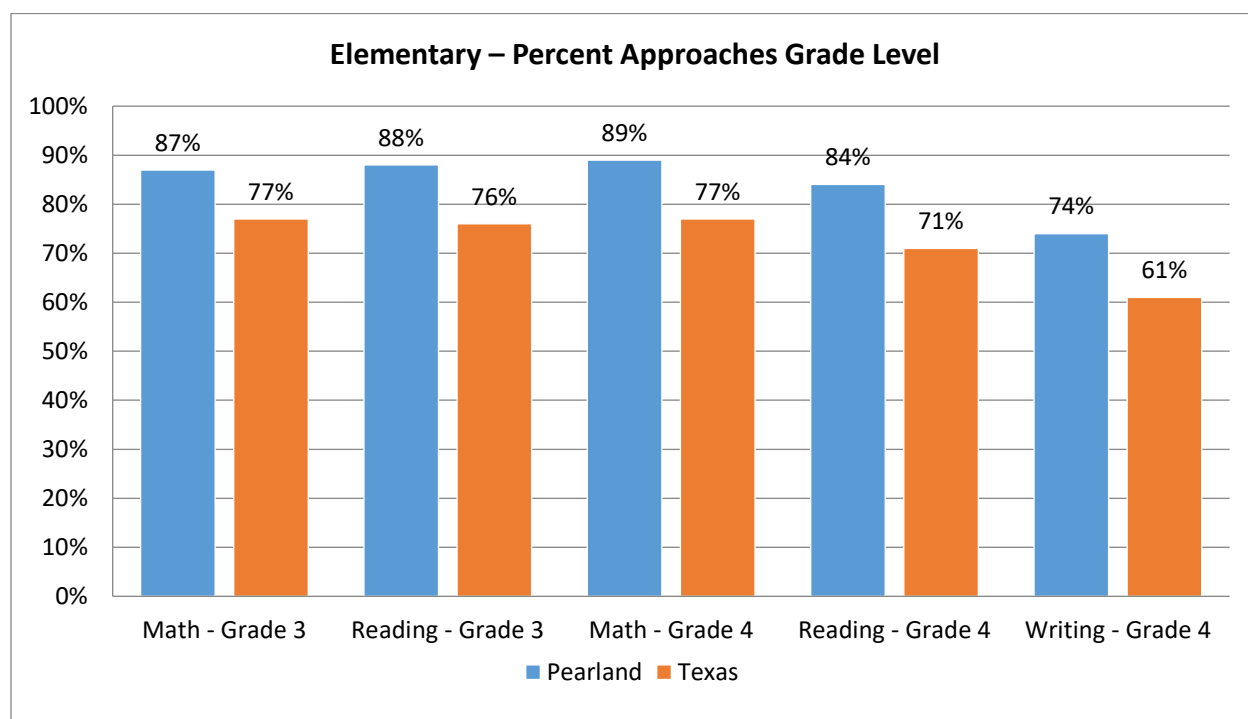
Performance Index Summary			
Index	Points Earned	Maximum Points	Index Score
1 - Student Achievement	31,314	35,780	88
2 - Student Progress	907	2,000	45
3 - Closing Performance Gaps	1,525	3,000	51
4 - Postsecondary Readiness			
STAAR Score	17.4		
Graduation Rate Score	24.9		
Graduation Plan Score	21.9		
Postsecondary Component Score	21.1		85

System Safeguards		
Number and Percentage of Indicators Met		
Performance Rates	44 out of 48 =	92%
Participation Rates	20 out of 20 =	100%
Graduation Rates	8 out of 8 =	100%
Med Federal Limits on Alternative Assessments	1 out of 1 =	100%
<b>Total</b>	<b>73 out of 77 =</b>	<b>95%</b>

For further information about this report, please see the Performance Reporting website at [https://tea.texas.gov/Student\\_Testing\\_and\\_Accountability/Accountability/State\\_Accountability/Performance\\_Reporting](https://tea.texas.gov/Student_Testing_and_Accountability/Accountability/State_Accountability/Performance_Reporting)

Source: TEA Academics Performance Reporting

## State of Texas Assessments of Academic Readiness (STAAR) Results

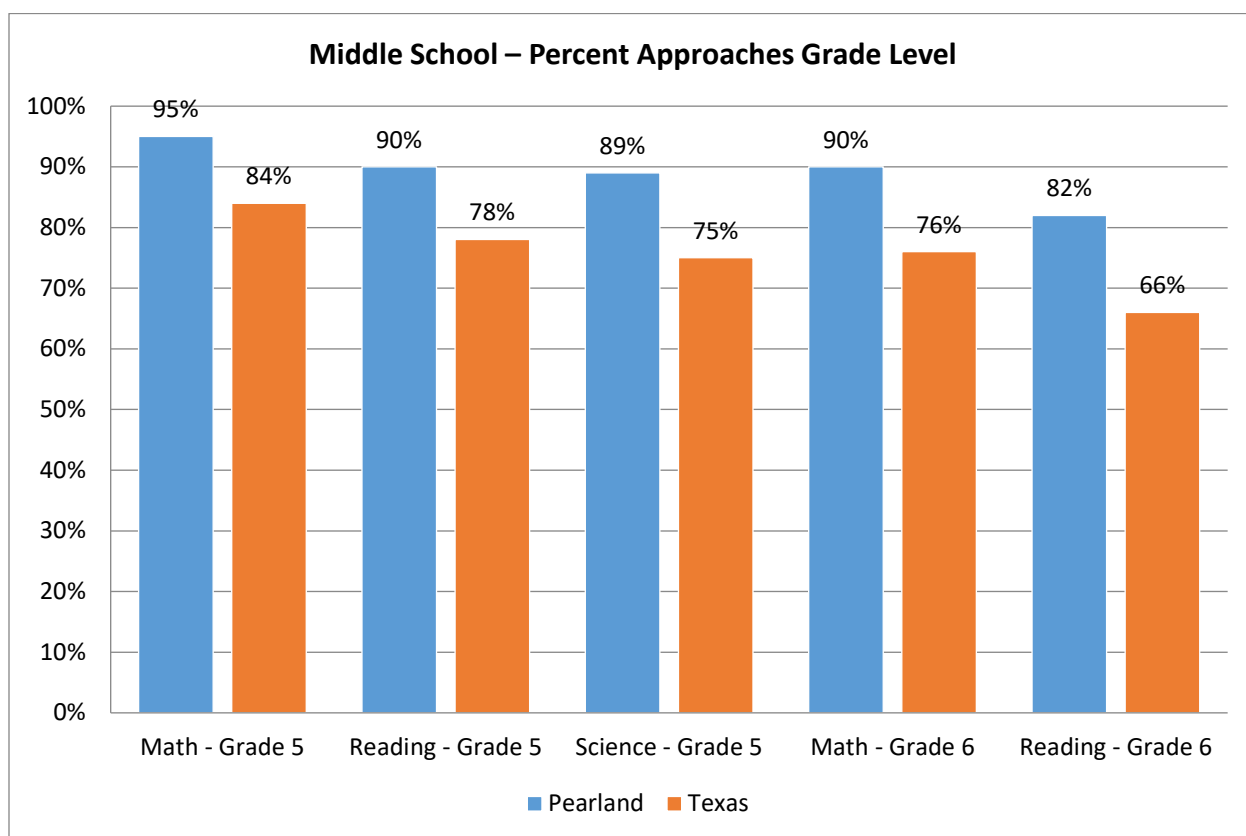


### Comparison with Area School Districts

	3 <sup>rd</sup> Grade Reading	3 <sup>rd</sup> Grade Math	4 <sup>th</sup> Grade Reading	4 <sup>th</sup> Grade Math	4 <sup>th</sup> Grade Writing
<b>Pearland</b>	<b>88%</b>	<b>87%</b>	<b>85%</b>	<b>90%</b>	<b>74%</b>
<b>Clear Creek</b>	83%	83%	81%	85%	68%
<b>Fort Bend</b>	81%	82%	78%	81%	69%
<b>Friendswood</b>	91%	90%	90%	92%	85%
<b>Katy</b>	88%	89%	87%	89%	78%
<b>Tomball</b>	91%	91%	91%	94%	81%

*\*As of the date this report was prepared, detailed data for school year 2018-2019 was not available; hence, the information presented on this page is for the school year 2017-2018.*

## STAAR Results (Continued)

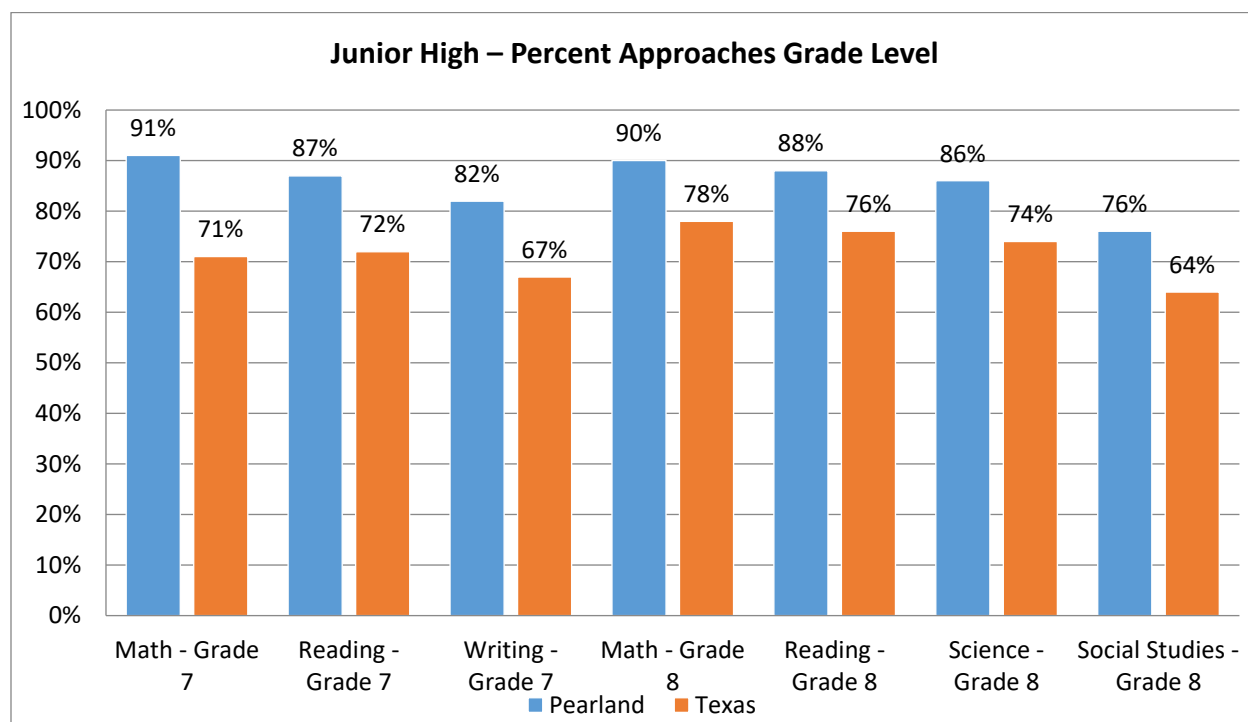


### Comparison with area school districts

	5 <sup>th</sup> Grade Reading	5 <sup>th</sup> Grade Math	5 <sup>th</sup> Grade Science	6 <sup>th</sup> Grade Reading	6 <sup>th</sup> Grade Math
<b>Pearland</b>	<b>90%</b>	<b>95%</b>	<b>89%</b>	<b>84%</b>	<b>91%</b>
<b>Clear Creek</b>	86%	89%	80%	76%	83%
<b>Fort Bend</b>	84%	88%	77%	75%	82%
<b>Friendswood</b>	93%	98%	94%	85%	86%
<b>Katy</b>	91%	94%	89%	82%	89%
<b>Tomball</b>	89%	94%	88%	87%	94%

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## STAAR Results (Continued)



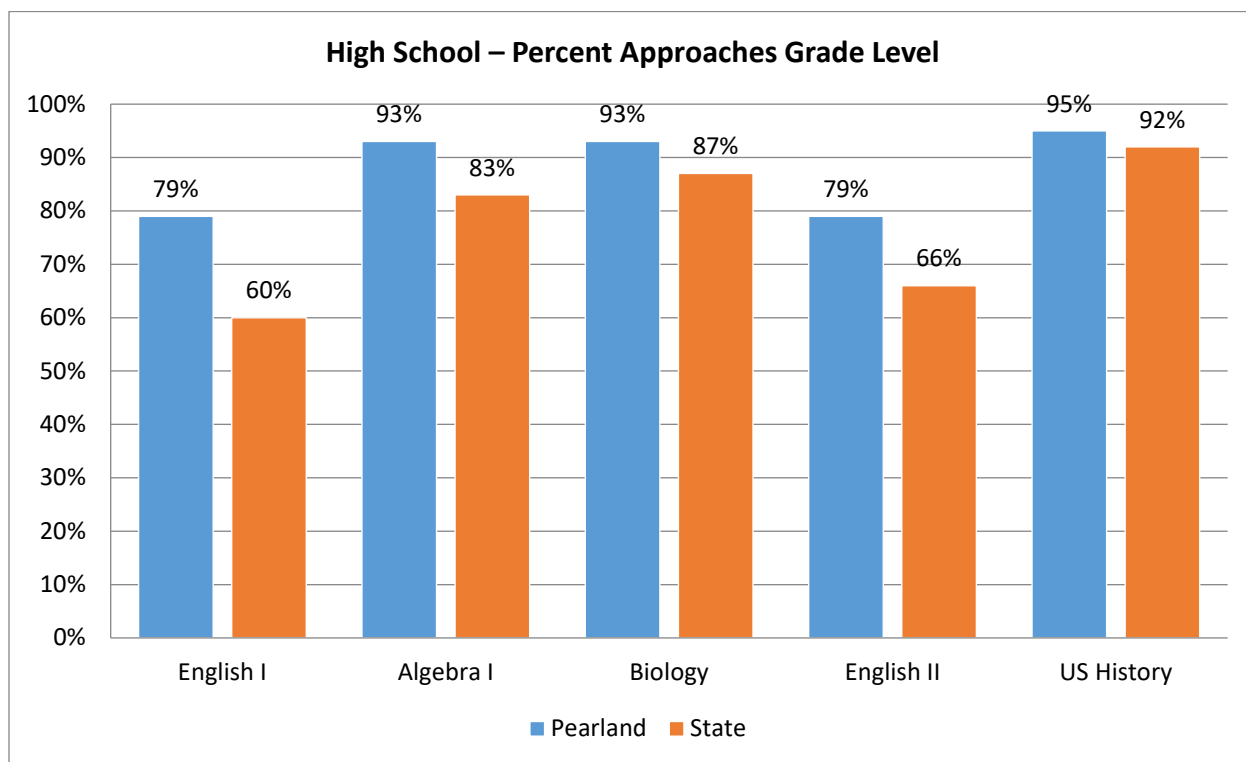
### Comparison with Area School Districts

	7 <sup>th</sup> Grade Reading	7 <sup>th</sup> Grade Math	7 <sup>th</sup> Grade Writing
<b>Pearland</b>	<b>87%</b>	<b>91%</b>	<b>82%</b>
Clear Creek	82%	82%	77%
Fort Bend	81%	81%	77%
Friendswood	91%	95%	87%
Katy	87%	78%	85%
Tomball	88%	91%	86%

	8 <sup>th</sup> Grade Reading	8 <sup>th</sup> Grade Math	8 <sup>th</sup> Grade Science	8 <sup>th</sup> Grade Social Studies
<b>Pearland</b>	<b>88%</b>	<b>91%</b>	<b>86%</b>	<b>77%</b>
Clear Creek	86%	79%	77%	69%
Fort Bend	84%	76%	82%	73%
Friendswood	92%	98%	95%	85%
Katy	89%	92%	88%	83%
Tomball	89%	88%	89%	81%

*\*As of the date this report was prepared, detailed data for school year 2018-2019 was not available; hence, the information presented on this page is for the school year 2017-2018.*

## STAAR End of Course (EOC) Results



	Algebra I	Biology	English I	English II	US History
<b>Pearland</b>	<b>93%</b>	<b>95%</b>	<b>77%</b>	<b>75%</b>	<b>96%</b>
<b>Clear Creek</b>	92%	95%	76%	81%	96%
<b>Fort Bend</b>	89%	90%	72%	76%	94%
<b>Friendswood</b>	98%	98%	86%	89%	100%
<b>Katy</b>	94%	96%	81%	83%	97%
<b>Tomball</b>	95%	96%	84%	85%	97%

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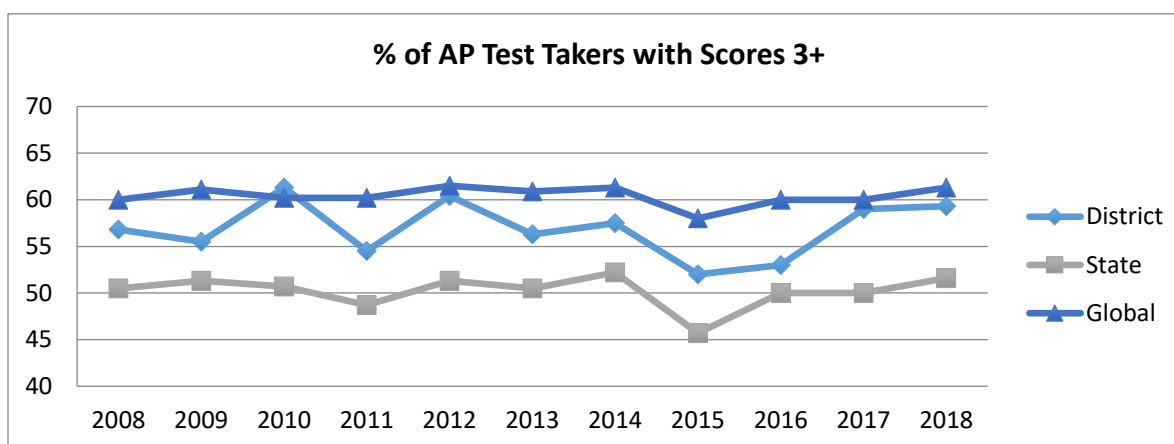
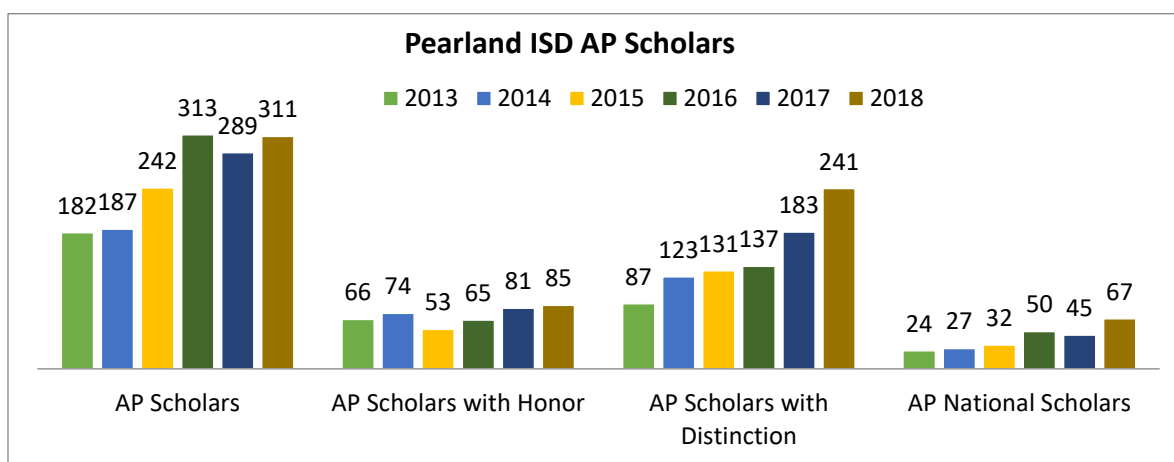
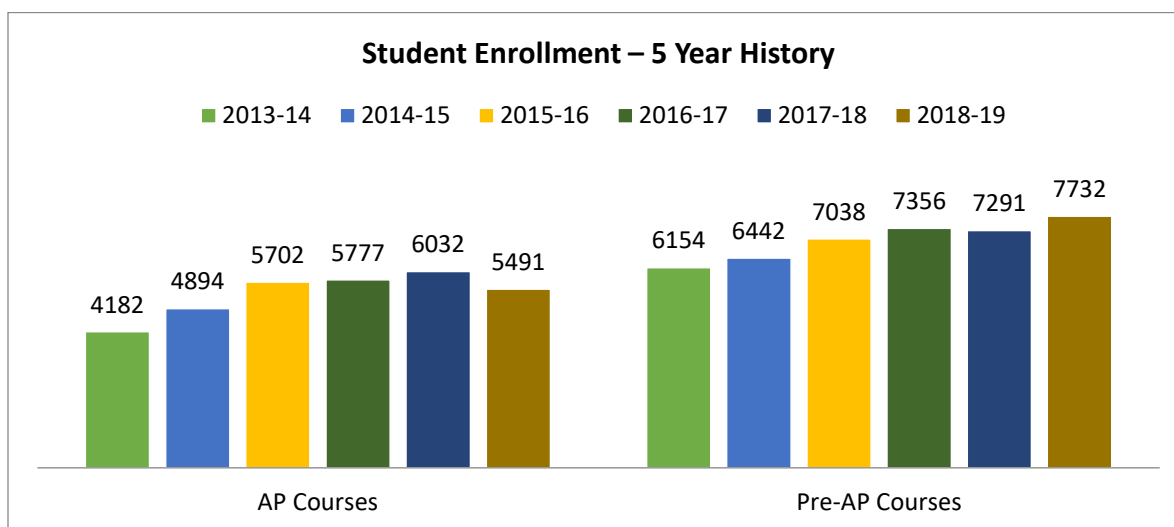
### 2018 STAAR Comparison to State Averages

Pearland ISD - Passing %		Pearland ISD - % Above State Average
3rd Grade Reading	88	12
3rd Grade Math	87	10
4th Grade Reading	84	12
4th Grade Math	89	11
4th Grade Writing	74	13
5th Grade Reading	90	12
5th Grade Math	95	11
5th Grade Science	89	14
6th Grade Reading	82	16
6th Grade Math	90	14
7th Grade Reading	87	15
7th Grade Math	91	20
7th Grade Writing	82	15

Pearland ISD - Passing %		Pearland ISD - % Above State Average
8th Grade Reading	87	11
8th Grade Math	90	12
8th Grade Science	86	12
8th Grade Social Studies	76	12
Algebra 1	93	10
Biology	93	6
English 1	79	19
English 2	79	13
US History	95	3

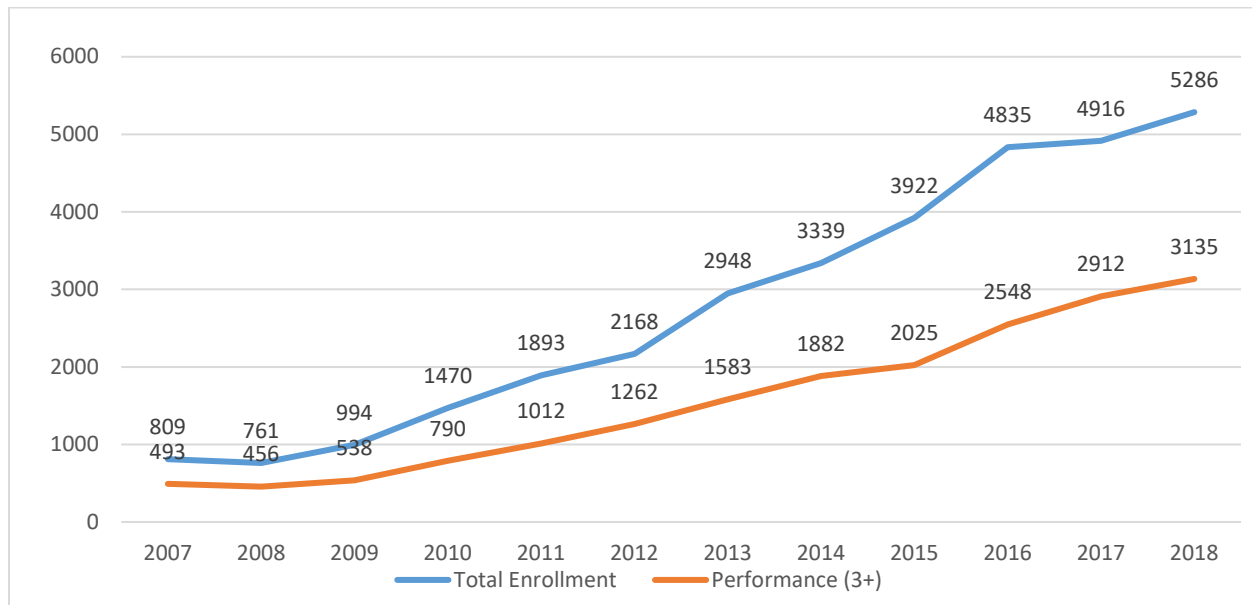
*\*As of the date this report was prepared, detailed data for school year 2018-2019 was not available; hence, the information presented on this page is for the school year 2017-2018.*

## ADVANCED ACADEMICS



*\*As of the date this report was prepared, detailed data for school year 2018-2019 was not available; hence, the information presented on this page is for the school year 2017-2018.*

## AP TEST PARTICIPATION RATES AND PERFORMANCE



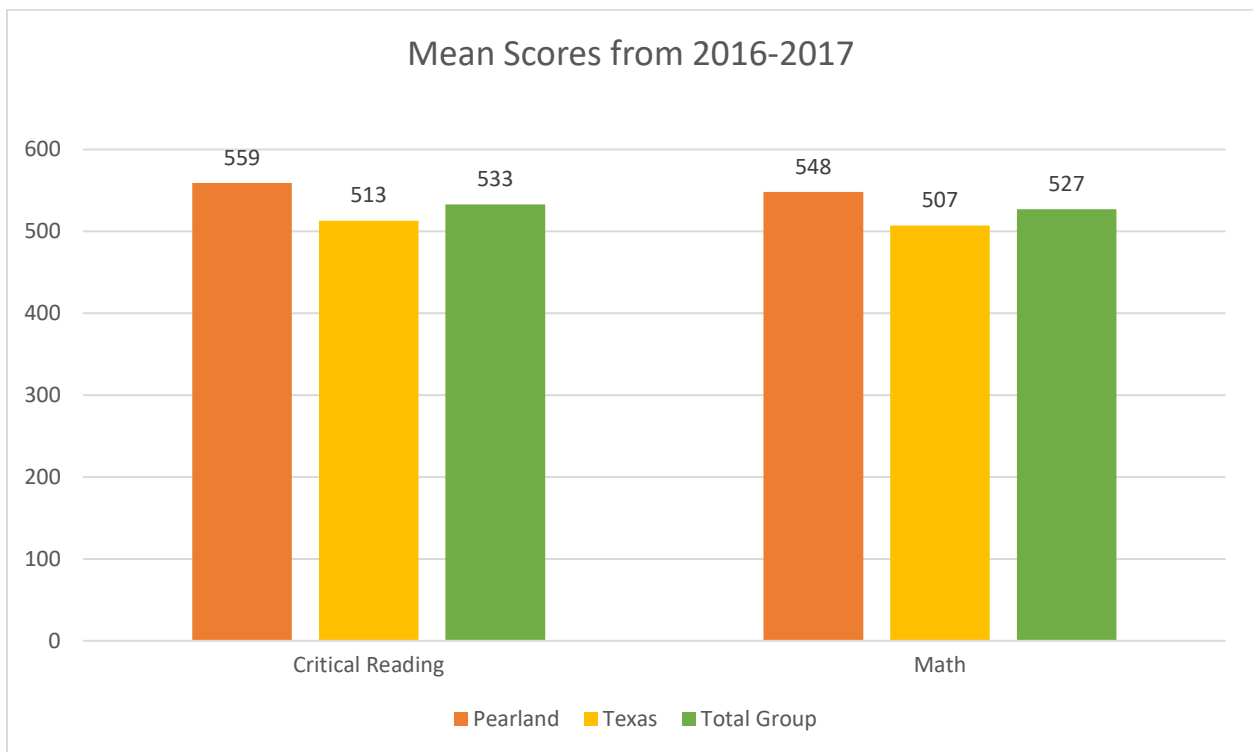
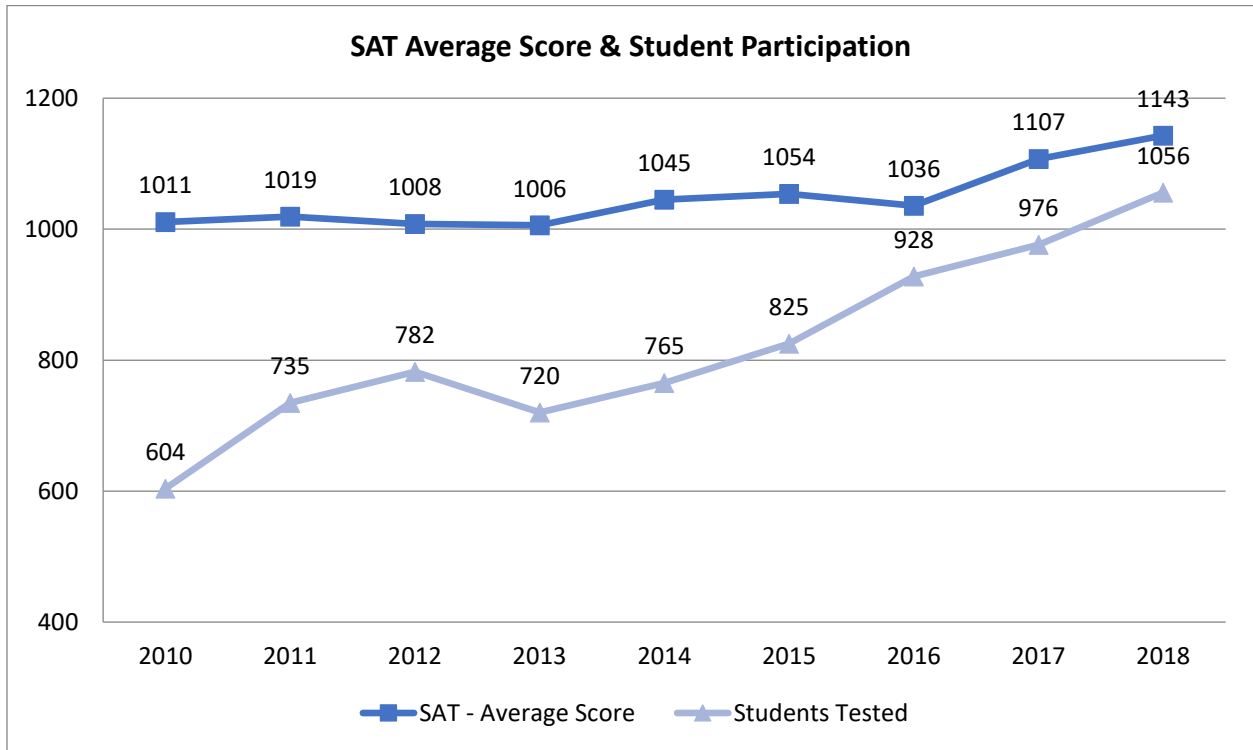
## DUAL CREDIT COURSE ENROLLMENT

School Year	Number of Dual Credit Courses
2012 - 2013	1349
2013 - 2014	1994
2014 - 2015	1830
2015 - 2016	2228
2016 - 2017	2817
2017 - 2018	3240

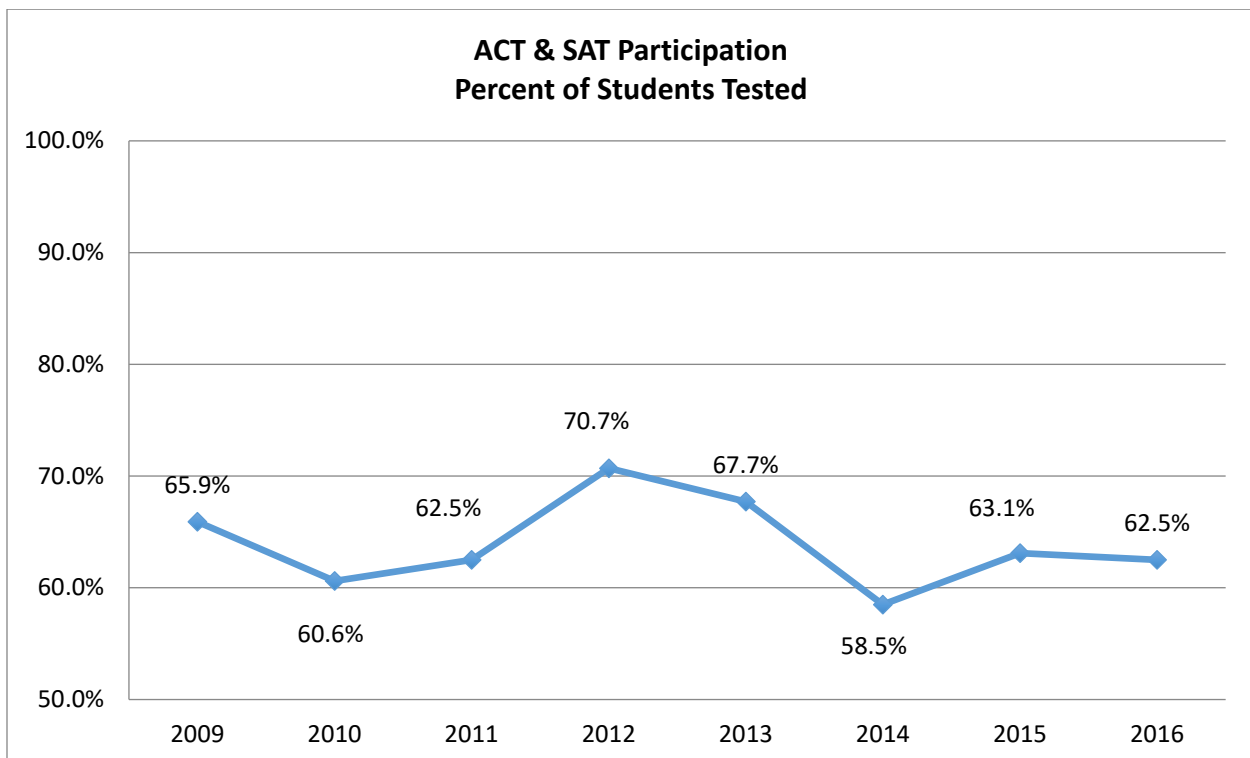
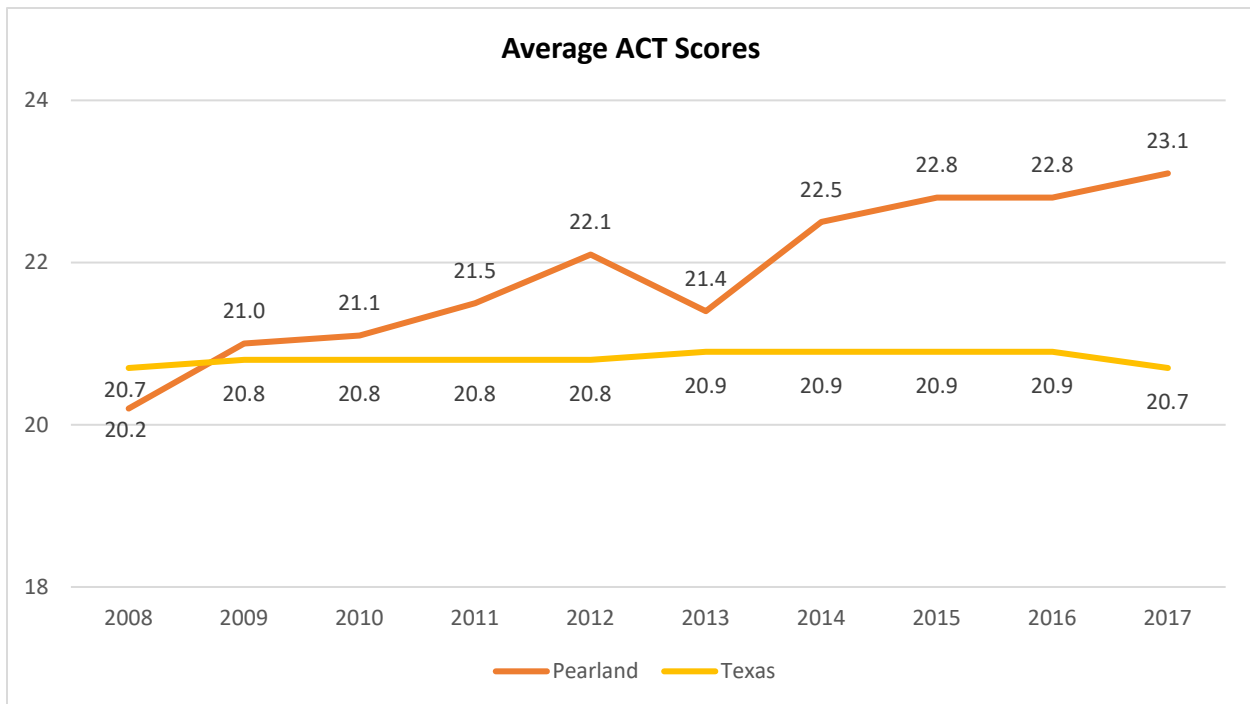
*\*As of the date this report was prepared, detailed data for school year 2018-2019 was not available; hence, the information presented on this page is for the school year 2017-2018.*



## SAT/ACT



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*\*As of the date this report was prepared, detailed data for school year 2018-2019 was not available; hence, the information presented on this page is for the school year 2017-2018.*

## COMMONLY USED ACRONYMS

ACT - American College Test	IDEA - Individuals with Disabilities Education Act
ADA - Average Daily Attendance	IFA - Instructional Facilities Allotment
AEIS - Academic Excellence Indicator System	ISD - Independent School District
AEP - Alternative Education Program	JJAEF – Juvenile Justice Alternative Education Program
AP - Advanced Placement	JROTC - Junior Reserve Officers' Training Corps
ARD - Admission, Review and Dismissal	LEA - Local Educational Agencies
ASATR - Additional State Aid for Tax Reduction	LEP - Limited English Proficiency
ASBO - Association of School Business Officials	LFA - Local Fund Assignment
ASF - Available School Fund	M&O - Maintenance and Operations
BCAD – Brazoria County Appraisal District	MOE - Maintenance of Effort
CAFR – Comprehensive Annual Financial Report	NCLB - No Child Left Behind
CCMR – College, Career and Military Readiness	OEYP - Optional Extended Year Program
CPA – Certified Public Accountant	PBMAS – Performance-Based Monitoring Analysis System
CTE - Career and Technology Education	PISD – Pearland Independent School District
DAEP - Disciplinary Alternative Education Program	PEIMS - Public Education Information Management System
DTR - District Tax Rate	PSF - Permanent School Fund
EDA - Existing Debt Allotment	SAT - Standardized Aptitude Test
ELA - English Language Arts	SCE - State Compensatory Education
ELL - English Language Learner	SHARS - School Health and Related Services
ESEA - Elementary and Secondary Education Act	STAAR - State of Texas Assessments of Academic Readiness
ESL - English as a Second Language	TAAS - Texas Assessment of Academic Skills
FASRG - Financial Accountability System Resource Guide	TAKS - Texas Assessment of Knowledge & Skills
FAST - Financial Allocation Study for Texas	TEA - Texas Education Agency
FIRST - Financial Integrity Rating System of Texas	TEC – Texas Education Code
FSP - Foundation School Program	TEKS - Texas Essential Knowledge and Skills
FTE - Full Time Equivalent	TELPAS - Texas English Language Proficiency Assessment System
HB 3 – House Bill 3	TRS - Teacher Retirement System
GAAP - Generally Accepted Accounting Principles	UIL - University Interscholastic League
GASB - Governmental Accounting Standards Board	WADA - Weighted Average Daily Attendance
GFOA - Government Finance Officers Association	
HCAD – Harris County Appraisal District	
I&S - Interest and Sinking	
IB - International Baccalaureate	

## GLOSSARY OF TERMS

**Appropriation:** An authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to the time when it may be expended.

**Assessed Valuation:** A valuation is set upon real estate or other property by the County Appraisal District to be used as a basis for levying taxes.

**Association of School Business Officials International (ASBO):** The Association of School Business Officials International, founded in 1910, is a professional association that provides programs and services to promote the highest standards of school business management practices, professional growth, and the effective use of educational resources.

**Available School Fund (ASF):** The ASF is made up of earnings from the Permanent School Fund, constitutionally dedicated motor-fuel taxes, and other miscellaneous revenue sources. The bulk of ASF revenue is distributed on a per-capita basis to all school districts. A portion provides funding for textbooks and technology.

**Average Daily Attendance (ADA):** A method of counting students for the purpose of providing state aid to school districts. Currently, Texas counts students in attendance each day and averages the attendance count over the year.

**Balanced Budget:** A budget with revenues equal to expenditures, and neither a budget deficit nor a budget surplus.

**Basic Allotment:** The basic allotment is the initial or starting number that, after adjustment, is used to calculate foundation program costs and state aid to school districts. The 2014-15 Basic Allotment is \$5,040 per student.

**Bonds:** (See "General Obligation Bonds")

**Budget:** A plan of financial operation embodying an estimate of proposed expenditures for a given period or purpose and the proposed means of financing them.

**Capital Appreciation Bond (CAB):** A bond that is issued at a deep discount and does not have a stated coupon rate. Both principal and interest are due and payable at maturity.

**Capital Assets (aka Fixed Assets):** Capital assets are tangible in nature; long-lived (have a life of longer than one year); of a significant value at purchase or acquisition time; and are reasonably identified and controlled through a physical inventory system. They may include land, improvements to land, easements, and buildings, building improvements, vehicles, machinery, furniture and other equipment which are intended to be held or used over a long period of time. "Fixed" denotes probability or intent to continue use of an asset and does not indicate immobility.

**Caps:** A general term that describes statutory limits on tax rates, revenues, or increases in school district expenditures.

**Chapter 41:** Chapter 41 of the Texas Education Code (TEC) makes provisions for certain school districts to share their local tax revenue with other school districts. Districts are designated as either property wealthy or property poor. The relative wealth of the school district is measured in terms of the taxable value of property that lies within the school district borders divided by the number of students in weighted average daily attendance (WADA). The funds that are distributed by the property-wealthy districts are "recaptured" by the school finance system to assist with financing of public education in

school districts that are property poor.

**Compensatory Education:** The state compensatory education allotment provides additional financial support to school districts to teach educationally disadvantaged pupils and underachieving students. A program of compensatory education should provide additional services and instructional support, beyond the regular program, to help students compensate for academic deficiencies and may include programs for at-risk students. The allotment is based upon the number of students participating in the federal free or reduced-price lunch program.

**Completion Rate:** A longitudinal measure that shows the status of students expected to graduate, starting with their first attendance in ninth grade.

**Comprehensive Annual Financial Report (CAFR):** A financial report that encompasses all funds and component units of the government. The CAFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The CAFR is the governmental unit's official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

**Cost of Education Index (CEI) or Adjustment:** An index the state uses to adjust the basic allotment to account for geographic or other cost differences beyond local school district control. The current index in the District is 1.16, and has not been updated since 1990.

**County Appraisal District (CAD):** Each county (some multi-counties) has established an appraisal district office that is responsible for maintaining taxable real and personal property records and placing a value on all property for taxation purposes. A chief appraiser, an individual appointed by an appraisal district board of directors, heads the CAD office. The appraisal district board is, in turn, elected by certain taxing entities.

**Debt Service:** (See "Interest and Sinking Fund")

**Disciplinary Alternative Education Programs (DAEP):** The law requires school districts to set up an educational setting for students who engage in certain illegal conduct or for students who violate certain provisions of the school district's code of conduct. The DAEP must provide for students' educational and behavioral needs. Districts must allocate to a DAEP the same expenditure per student that would be allocated if the student were attending the regularly assigned program, including a special education program.

**Distinguished Budget Presentation Award (Budget Awards Program):** The Government Finance Officers Association (GFOA) established the Distinguished Budget Presentation Awards Program (Budget Awards Program) in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting and then to recognize individual governments that succeed in achieving that goal. Documents submitted to the Budget Awards Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in public-sector budgeting.

**Dropout Rate (Annual):** The annual dropout rate is the count of all students identified as a dropout after being absent without an approved excuse or document transfer and does not return to school by the fall of the following year; or completes the school year but fails to re-enroll the following school year. The dropout rate is all official dropouts summed across all grades (7 through 12) divided by the number of students summed across all grades (7 through 12). The annual dropout rate is different than a longitudinal rate, which compares the number of students who began school together in the

seventh grade and who eventually graduate.

**Education Service Center (ESC):** In 1967, twenty (20) state service centers were established by the Texas Legislature to provide school districts with professional development training and technical assistance that support statewide goals for school improvement.

**Effective Tax Rate:** State law in Texas prescribes a formula for calculating the effective tax rate for districts. The net effect of the formula is to produce a tax rate that goes down when property values rise (and vice versa) to generate a rate that produces approximately the same revenue as the year before. The formula makes adjustments for additional debt service, newly annexed property, and newly constructed property. This tax rate is an important element of the annual Truth-in-taxation process.

**Equity:** In school finance, the term generally refers to fair or equal distribution of resources for schooling, taking into account student differences and school district characteristics. The standard used by the Texas Supreme Court is a taxpayer equity standard, which means similar revenue for similar tax effort. In other words, the school finance system is to be property wealth neutral: a district's property tax base should have little or no impact on its ability to generate funding from the Foundation School Program.

**Existing Debt Allotment (EDA) Program:** The Existing Debt Allotment (EDA) program. The EDA provides tax rate equalization for local debt service taxes, operates without applications, and has no award cycles. Each school district is guaranteed a specified amount per student in state and local funds for each cent of tax effort to pay the principal of and interest on general obligation bonds. The district must have made a payment on the bonds on or before August 31, 2013. The current existing debt tax rate may not exceed \$0.29 per \$100 of valuation.

**Foundation School Program (FSP):** A program for the financial support of a basic instructional program for all Texas school children. Money to support the program comes from the Permanent School Fund, Available School Fund, Foundation School Fund, state general revenue, and local property taxes. The state establishes a foundation level and sets, for each district, a calculated contribution level called the local fund assignment (LFA). The greater a district's property wealth, the higher the LFA. State aid makes up the difference between the LFA and the foundation level. Currently, the FSP consists of three parts or tiers. The first tier provides funding for a basic program. The second tier provides a guaranteed-yield system so that school districts have substantially equal access to revenue sufficient to support an accredited program. The third tier equalizes debt service requirements for existing facilities debt.

**Foundation School Program Tax Rate:** This is the rate used in calculating state aid to school districts. It is calculated by dividing actual collections by the prior year's taxable value determined by the state property tax division of the state comptroller's office.

**Full-Time Equivalent (FTE):** Measures the extent to which one individual or student occupies a full-time position or provides instruction, e.g., a person who works four hours a day or a student that attends a half of a day represents a .5 FTE. When FTE counts are included in reports they represent the aggregate of all FTE percentages, e.g., if one teacher provides four hours of instruction and four others provide one hour, together they represent one FTE.

**Fund:** A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund Balance:** Also known as "fund equity", is the difference between governmental fund assets and liabilities.

**General Obligation Bonds:** Negotiable coupon bonds for the construction, acquisition and equipping of school buildings; the acquisition of land; energy conservation measures; refinancing of property financed under a contract entered under Subchapter A, Chapter 271, Local Government Code that pledge the full faith and credit of the school district; and the purchase of new school buses. Such bonds may be issued in various series or issues with a maturity not to exceed 40 years (TEC 45.003). General obligation bonds are usually either term bonds or serial bonds.

**Government Finance Officers Association (GFOA):** An association of public finance professionals founded in 1906 as the Municipal Finance Officers Association. The GFOA has played a major role in the development and promotion of Generally Accepted Accounting Principles (GAAP) for state and local government since its inception, and has sponsored the Certificate of Achievement for Excellence in Financial Reporting Program since 1946 and the Distinguished Budget Presentation Award Program since 1984.

**Grant:** A contribution by one governmental unit to another. The contribution is usually made to aid in the support of a specified function (for example, special education), but it is sometimes also for general purposes.

**Guaranteed Yield:** Tier 2 in the Foundation School Program guarantees a specific revenue yield per student per penny of local tax effort. The state makes up the difference between the district tax levy per student and the guaranteed yield per student by enriching the local M&O tax effort. Current state aid formulas provide a Guaranteed Yield of \$61.86 per weighted student. Tier 3 funding provides a guaranteed yield of \$31.95 per weighted student.

**Independent School District (ISD):** The Texas Constitution permits the state Legislature to create school districts. Each district operates its schools and assesses property taxes within the district to support, in part, the schools. The term independent refers to the fact that the school district is not a part of city or county government and has independent budgeting and taxing authority. ISDs are governed by locally elected boards of trustees.

**Individual Education Plan (IEP):** A document required by federal law that details the special education requirements for each disabled student and explains how the school intends to address the student's needs. An IEP is intended to help ensure that disabled students have equal access to public education in the least restrictive environment.

**Individuals with Disabilities Education Act (IDEA):** The purposes of the Individuals with Disabilities Education Act (IDEA) are to: (1) ensure that all children with disabilities have available to them a free appropriate public education which emphasizes special education and related services designed to meet their unique needs; (2) ensure that the rights of children with disabilities and their parents or guardians are protected; (3) assist States, localities, educational service agencies, and Federal agencies to provide for the education of all children with disabilities; and (4) assess and ensure the effectiveness of efforts to educate children with disabilities.

**Instructional Facilities Allotment (IFA):** Since 1997, the IFA has provided funds to school districts to help pay for debt service. The mechanism for computing the state and local share of the IFA payment is a guaranteed-yield formula. Low-wealth school districts and school districts not already participating in the IFA program have priority in receiving IFA funding for construction or lease purchase of new instructional facilities.

**Instructional Materials Allotment (IMA):** Legislation from the 82nd Texas Legislature created the IMA for the purchase of instructional materials, technological equipment and technology-related services. A school district is entitled to an annual allotment from the state instructional materials fund for each student enrolled in the district on a date during the preceding school year specified by the commissioner.

**Interest and Sinking Fund (I&S) Tax:** Also called the debt service tax. A tax levied by school districts to pay for bonded indebtedness, usually for construction of facilities and other capital needs.

**Juvenile Justice Alternative Education Program (JJAEP):** In counties with populations greater than 125,000, the juvenile board must develop a juvenile justice AEP approved by the Texas Juvenile Probation Commission. In these larger counties, students who engage in conduct requiring expulsion under Chapter 37 of the Texas Education Code must be placed in a JJAEP.

**Limited English Proficient (LEP):** An English Language Learner whose overall English proficiency in listening, speaking, reading, and writing is at the Intermediate or Advanced stages; students at this level are able to understand and be understood in many to most social communication situations, are gaining increased competence in the more cognitively demanding requirements of content areas, but are not yet ready to fully participate in academic content areas without linguistic support.

**Local Fund Assignment (LFA):** The portion of the foundation program allotment required to be paid by school districts using the local property tax. The greater the property wealth of the district, the higher the LFA and the lower the amount of state aid the district will receive. (See also Foundation School Program)

**Maintenance and Operations (M&O) Tax:** A local school district property tax rate that raises revenue to be used for any legal purpose to operate and maintain the district's schools.

**Meritorious Budget Award (MBA):** The Meritorious Budget Award was designed by the Association of School Business Officials International and school business management professionals to enable school business administrators to achieve a standard of excellence in budget presentation. The program helps school systems build a solid foundation in the skills of developing, analyzing, and presenting a budget. The Meritorious Budget Award is only conferred to school systems that have met or exceeded the Meritorious Budget Award Program Criteria.

**Modified Accrual Basis of Accounting:** Basis of accounting according to which (a) revenues are recognized in the accounting period in which they become available and measurable and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which should be recognized when due.

**National School Lunch Program (NSLP):** A federally assisted meal program operating in more than 101,000 public and non-profit private schools across the nation. The program was established under the National School Lunch Act, signed by President Harry Truman in 1946.

**Non-disciplinary Alternative Education Program (AEP):** Many school districts establish non-disciplinary alternative education programs for dropout prevention and to address the unique needs of the small percentage of students who do not "fit" the traditional secondary schools. Districts must allocate to an AEP the same expenditure per student that would be allocated if the student were attending the regularly assigned program, including a special education program.

**Permanent School Fund (PSF):** The Permanent School Fund was created with a \$2,000,000 appropriation by the Texas Legislature in 1854 expressly for the benefit of the public schools of Texas. The Constitution of 1876 stipulated that certain lands and all proceeds from the sale of these lands should also constitute the PSF. Additional acts later gave more public domain land and rights to the PSF.

**Public Education Information Management System (PEIMS):** A data management system that includes information on student demographics, performance, school district budgets, teacher salaries, etc. The information for PEIMS is transmitted from local school districts to the Texas Education Agency by the education service centers.



**Public Information Act (PIA):** PIA defines public information as information collected, assembled, or maintained under law or in connection with a governmental body's transaction of official business. PIA provides that public information must be made available to the public upon request during the normal business hours of the district, unless an exception applies that allows or requires that the information not be made public.

**Refined Average Daily Attendance (ADA):** Refined ADA is based on the number of days of instruction in the school year. The aggregate eligible day's attendance is divided by the number of days of instruction to compute the refined average daily attendance.

**Rollback:** Rollback is a taxpayer relief mechanism that allows local voters to contravene the school board's maintenance and operations (M&O) tax rate if it exceeds a certain level. If the school board adopts an M&O tax rate that exceeds the rollback tax rate, the district must call an election so voters can determine whether to ratify the adopted tax rate. The rollback rate is equal to the tax rate that would provide the same local taxes and state aid per weighted average daily attendance as was available the previous year plus \$0.04. A tax rate that exceeds the rollback tax rate will automatically trigger an election to limit school taxes on a date not less than 30 days or more than 90 days after the tax rate is adopted. If the election to limit school taxes is successful, the tax rate the district may impose for the current year is limited to the calculated rollback tax rate.

**State Board for Educator Certification (SBEC):** SBEC is a quasi-independent body that gives educators more authority to govern the standards of their profession. SBEC regulates and oversees all aspects of the certification, continuing education, and standards of conduct of public school educators. As a state agency, SBEC is responsible for certification testing, accountability programs for educator preparation programs, and certification of teachers and administrators.

**State Board of Education (SBOE):** A 15-member body elected by general election (staggered, four-year terms) from various regions statewide to provide leadership and to adopt rules and policies for public education in the state. The board's primary responsibility is to manage the Permanent School Fund.

**State of Texas Assessments of Academic Readiness (STAAR):** The State of Texas Assessments of Academic Readiness (STAAR) assessment replaced the Texas Assessment of Knowledge and Skills (TAKS), in the 2011-2012 school year. STAAR contains five (5) end-of-course exams required for graduation in addition to grade 3-8 assessments mandated by HB 3 in the 2009 legislative session. The tests are significantly more rigorous than previous tests and measure a child's performance as well as academic growth.

**Teacher Retirement System (TRS):** TRS delivers retirement and related benefits authorized by law for members and their beneficiaries.

**Texas Academic Performance Reports (TAPR):** Formerly known as the AEIS (Academic Excellence Indicator System) reports, pull together a wide range of information annually on the performance of students in each school and district in Texas. The reports also provide extensive information on staff, programs, and demographics for each school and district.

**Texas Assessment of Knowledge and Skills (TAKS):** TAKS was a criterion-referenced test used in Texas schools between 2003 and 2011. It contained tests in reading in grades 3 through 9; language arts in grades 10 and 11; writing in grades 4 and 7; science in grades 5, 10, and

11; social studies in grades 8, 10, and 11; and mathematics in grades 3 through 11. The 11th grade exit-level test assesses English III, algebra I, geometry, biology, integrated chemistry and physics, early American and U.S. history, world geography, and world history. Beginning in 2011-2012, the STAAR test replaced the TAKS. (See "State of Texas Assessments of Academic Readiness")

**Texas Education Agency (TEA):** The administrative and regulatory unit for the Texas public education system managed by the commissioner of education. TEA is responsible for implementing public education policies as established by the Legislature, State Board of Education, and commissioner of education.

**Texas Essential Knowledge and Skills (TEKS):** Subject-specific state learning objectives adopted by the State Board of Education. The State of Texas Assessments of Academic Readiness (STAAR) tests are aligned with the TEKS.

**Tier One:** State guaranteed basic funding allotments per student.

**Tier Two:** State guaranteed revenues per student per penny of local tax effort to provide operational funding for an "enriched" educational program.

**Truth-in-Taxation:** School districts are required to calculate two rates after receiving a certified appraisal roll from the chief appraiser – the effective tax rate and the rollback tax rate. School districts are not required to publish the effective tax rate but must publish the rollback rate in a public meeting notice. The school board must determine the effective tax rate and the rollback tax rate; decide how much revenue it needs and calculate the rate required to raise that amount; concurrently post a budget summary on its web site and publish notice on the budget and proposed tax rate; hold a hearing on the budget and proposed tax rate; adopt a budget and then adopt the tax rate; and administer a rollback election if the adopted rate exceeds the rollback rate.

**United States Department of Agriculture (USDA):** A Federal department, founded in 1862, responsible for administering the National School Lunch Program and reimbursing participating schools' food service departments for the meals served to students. The USDA administers over 300 programs worldwide, including the School Breakfast Program, Child and Adult Care Food Program, and the Summer Food Service Program.

**University Interscholastic League (UIL):** The governing organization for most public school extracurricular activities operated through The University of Texas at Austin. Rulemaking authority for the UIL lies with its members and the State Board of Education.

**Weighted Average Daily Attendance (WADA):** In Texas, students with special educational needs are weighted for funding purposes to help recognize the additional costs of educating those students. Weighted programs include special education, career and technology, bilingual, gifted and talented, and compensatory education. A weighted student count is used to distribute guaranteed-yield funding and establish Chapter 41 thresholds.



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