

# Pearland Independent School District 2023-2024 Adopted Budget



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DAWSON HIGH SCHOOL



**Pearland Independent School District**  
Pearland, Texas

**2023-24 Adopted Budget**

*For Fiscal Year*  
*July 1, 2023 – June 30, 2024*

**Prepared by:**  
**Business Services**





**PEARLAND INDEPENDENT SCHOOL DISTRICT  
2023-24 ADOPTED BUDGET  
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# Executive Summary



"GOOD MORNING SUNSHINE"  
Rodeo Art – Special Merit

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DAWSON HIGH SCHOOL

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

**BOARD OF TRUSTEES**

Sean Murphy, President  
Senior Vice President of Home Town Bank of Pearland

Crystal Carbone, Vice President  
Stay-at-Home Mother

Dr. Kristofer Schoeffler, Secretary  
Owner of Pearland Animal Hospital

Toni Carter, Member  
Stay-at-Home Mother

Amanda Kuhn, Member  
Co-Owner of Pat Griffin Realty

Nanette Weimer, Member  
Retired Pearland ISD Teacher, Principal, and Deputy Superintendent

Robert Richter, Member  
Retired Pearland ISD Teacher, Principal, and Assistant Superintendent

**ADMINISTRATION**

Larry Berger, Superintendent of Schools

Kelly Holt, Deputy Superintendent

Jorgannie Carter, CPA, Chief Financial Officer

John-Paul Estes, Chief Technology Officer

Dr. Lisa Nixon, Assistant Superintendent of Educational Services

Tanya Dawson, General Counsel

Dr. Charles Allen, Executive Director of Curriculum and Instruction

Dr. Sundie Dahlkamp, Executive Director of Human Resource Services and Communications

Dr. La’Kesha Henson-Vaughn, Executive Director of Intermediate Schools

Marlo Keller, Executive Director of Elementary Instruction

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## INTRODUCTION

Pearland Independent School District is pleased to present its Fiscal Year 2023-24 Budget Book to its Board of Trustees and the community. The fiscal year 2023-24 budget was adopted by the Board of Trustees on June 23, 2023, for the period beginning July 1, 2023, and ending June 30, 2024. This budget document and the year-end Annual Comprehensive Financial Report are the primary vehicles used to present the financial plan and the results of operations of the district. Its primary purpose 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 serve as a policy document, a financial plan, an operations guide, and a communications device.

This budget book is comprised of the following sections:

**Executive Summary** – Introduces the reader to the budget document 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.

## ORGANIZATIONAL OVERVIEW

### Mission Statement

In partnership with the community, families, and students, Pearland ISD prepares all learners to achieve their highest potential.

### Vision

Pearland ISD will empower, inspire, and develop courageous, confident individuals who excel in a global society.

### District Beliefs

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

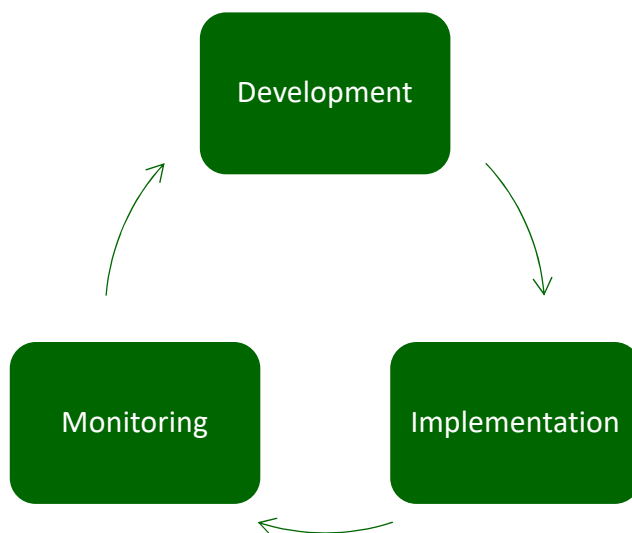
### District Strategic Goals

- Pearland ISD will provide a safe and orderly environment by enforcing safety and security measures and training at all levels focused on prevention, mitigation, preparation, response, and recovery.
- Pearland ISD will continue to make quality instruction and academic performance a top priority.
- Pearland ISD will provide for the physical and mental wellbeing of all students and staff.
- Pearland ISD will deliver a transparent communication system that fosters trust and enhances unity across the district and community.
- Pearland ISD will strategically maximize financial assets to provide resources to meet student needs in partnership with families and the community.
- Pearland ISD will meet all federal and state compliance requirements.

## BUDGET PROCESS

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 budget process is composed of three major phases: (1) development, (2) implementation, and (3) 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 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 developing salary estimates and allocating personnel units (FTEs) utilizing established staffing guidelines and state mandated requirements. Following the initial budget development process and a series of workshops with the Superintendent's Cabinet and Board of Trustees, the final budget proposal was approved on June 23, 2023, and implemented on July 1, 2023.

## BUDGET TIMELINE

Key dates in the budget development process are as follows:

- Nov. 2022 Enrollment projections prepared and initial budget meetings with cabinet
- Jan. 2023 Budget Kick-Off Meeting with all Budget Managers and budget planning guidelines and proposed budget allocations distributed
- Feb. 2023 Budget Planning Meetings conducted with individual campuses and departments  
Capital Renewal Plan presented to Board of Trustees
- Mar. 2023 Deadline for entering budget in financial system and special budget requests
- Apr-Jun 2023 Budget workshops held with Board of Trustees
- Apr. 11, 2023 Approval of 2023-24 Compensation Plan and Benefits Package
- Jun. 23, 2023 Public Hearing for the 2023-24 Budget and Proposed Tax Rate  
Approval of the 2023-24 Budget
- Jul. 25, 2023 Certified property values received
- Aug. 5, 2023 Deadline for TEA to certify Maximum Compressed Rate (MCR)
- Aug. 21, 2023 Public Hearing and Adoption of Tax Rate

## SIGNIFICANT CHANGES FROM PRIOR YEAR

The District's MCR rate has experienced several levels of compression since the passing of House Bill 3 in 2019; this year, the District is expected to reach the new tax floor due to an unexpected 18.83%. The regular session of the 88<sup>th</sup> Texas Legislature ended without an increase to the basic allotment, which was set at \$6,160 per student in 2019; albeit a 19% cost of inflation increase during the same period. In addition, the legislature mandated an armed officer at each campus, but only funded \$345,000 in new revenue to the district. The district has reached an enrollment plateau with relatively flat enrollment since 2020, which affects funding. Furthermore, the District lost seven copper pennies that were adopted in response to a disaster that were good for one year only.

Also, at the onset of the pandemic, the District purchased technology devices for all students, and expects to spend \$6.8 million in a technology device refresh this year. On a positive note, the Federal Reserve sharply increased interest rates throughout the 2022-23 fiscal year and is expected to continue or hold them steady. The District has taken advantage of this opportunity and is following an investment strategy that maximizes returns. However, the overall impact to the District is a \$12.7 million deficit budget; once certified property values are received, it is likely that administration will recommend to pursue a Voter-Approval Tax Rate Election (VATRE) in November 2023 to balance the budget.

## ALLOCATION OF RESOURCES

Federal, state, and local rules and regulations guide the budget development process. The District adopts an annual budget for the General Fund, Food Service Fund, and the Debt Service Fund. Each budget is presented using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. Information regarding Capital Projects Funds in this report is for informational purposes only.

The overall priorities for the Pearland Independent School District are delineated in the 2022-2027 Strategic Plan, including the following objectives that have driven the budget process:

- Implement benefits and salary incentives that improve employee retention and recruitment of quality applicants.
- Provide instructional materials that support and meet the individual needs of all learners.
- Increase safety and security measures at all levels to prevent, prepare, respond, and recover from all potential threats
- Maximize funding to design a budget that ensures a strong financial position.
- Provide pioneering solutions to meet evolving district needs related to capital needs, contingencies and changing demographics.

This budget seeks to achieve these objectives. It adjusts staffing levels to mirror projected enrollment and adds positions to address student demographic changes. It also increases teacher starting pay, and provides a general pay increase of 2% as well as market and targeted pay adjustments in order to recruit and retain talented staff. Furthermore, it provides funding to replace student laptops and meets the mandates to add armed officers at each campus.

## FINANCIAL OVERVIEW

The District's governmental fund structure consists of General Fund, 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.

## SUMMARY OF REVENUES AND EXPENDITURES – APPROPRIATED FUNDS

	2021-22 Actual	2022-23 Amended	2023-24 Budget
<b>General Operating Fund</b>			
Revenue	\$188,775,351	\$201,966,498	\$199,019,463
Expenditures	187,382,145	197,087,235	215,057,728
Other Resources/(Uses)	(1,331,572)	(3,083,247)	3,302,438
Net Change in Fund Balance	\$61,634	\$1,796,016	(\$12,735,827)
<b>Food Service Fund</b>			
Revenues and Other Financing Sources	\$13,356,078	\$11,693,325	\$10,782,000
Expenditures and Other Financing Uses	10,060,863	12,538,532	10,961,308
Other Resources/(Uses)	-	-	-
Net Change in Fund Balance	\$3,295,215	(\$845,207)	(\$179,308)
<b>Debt Service Fund</b>			
Revenues and Other Financing Sources	\$36,412,896	\$36,413,380	\$41,659,775
Expenditures and Other Financing Uses	40,898,857	37,699,610	42,072,114
Other Resources/(Uses)	-	(83,432)	-
Net Change in Fund Balance	(\$4,485,961)	(\$1,369,662)	(\$412,339)
<b>Total - All Appropriated Funds</b>			
Revenues and Other Financing Sources	\$238,544,325	\$250,073,203	\$251,461,238
Expenditures and Other Financing Uses	238,341,865	247,325,377	268,091,150
Other Resources/(Uses)	(1,331,572)	(3,166,679)	3,302,438
Net Change in Fund Balance	(\$1,129,112)	(\$418,853)	(\$13,327,474)

## GENERAL OPERATING FUND SUMMARY

Calculating funding for Texas school districts involves a multifaceted process with several key elements. It centers around the Foundation School Program (FSP), which establishes a minimum funding level for each district based on factors like student attendance, property values, and tax rates. Average Daily Attendance (ADA) and property values are crucial, with districts having higher property values contributing more locally. The state adjusts funding using a tier system, accounting for factors like district size, population density, and specific programs like special education. Local tax rates also impact funding and legislative changes can further influence these calculations, making Texas school funding a complex and dynamic system. The informational section will introduce you to key elements used in the calculation of the District's revenue.

### General Operating Fund

	<b>2021-22 Actual</b>	<b>2022-23 Amended</b>	<b>2023-24 Budget</b>
Revenues	\$188,775,351	\$201,966,498	\$199,019,463
Expenditures	187,382,145	197,087,235	215,057,728
Revenues Over/(Under) Expenditures	1,393,206	4,879,263	(16,038,265)
Other Financing Sources/(Uses)	(1,331,572)	(3,083,247)	3,302,438
Net Change in Fund Balance	61,634	1,796,016	(12,735,827)
Fund Balance, Beginning	68,282,074	68,343,708	70,139,724
Fund Balance, Ending	<u>\$68,343,708</u>	<u>\$70,139,724</u>	<u>\$57,403,897</u>

### Changes in Revenue

Revenue estimates are based upon a variety of student demographic, property values, and tax information. Estimating revenue from the two major sources, state and local property taxes, are critical to the budget. The following table provides a comparison of revenues by source for the 2021-22 actual, 2022-23 amended, and the 2023-24 adopted budget years.

<b>Revenues</b>	<b>2021-22 Actual</b>	<b>2022-23 Amended</b>	<b>2023-24 Budget</b>	<b>Percent Variance</b>
Local Sources	\$84,529,336	\$97,546,175	\$95,635,055	-2.0%
State Sources	101,681,650	102,249,879	101,391,228	-0.8%
Federal Sources	2,564,365	2,170,444	1,993,180	-8.2%
Total	<u>\$188,775,351</u>	<u>\$201,966,498</u>	<u>\$199,019,463</u>	<u>-1.5%</u>

The District estimates total General Operating Fund revenues of \$199.0 million for the 2023-24 fiscal year. State revenue represents 45.4% of all available sources of funding and an additional 5.5% of TRS On-Behalf flow-thru, local sources total 48.1%, and federal sources 1.0%. The 2023-24 budget revenues represent a decrease of \$2.9 million or 1.5% from fiscal year 2022-23 amended revenue levels mostly due to a decrease of seven disaster cents adopted for the maintenance and operations tax rate that were allowable for one year only.



## Local Revenue

Total revenues from local sources are projected to decrease by 2.0% from budgeted revenues. Most local revenues are generated from current year tax collections, which are expected to decrease by 2.0% from an estimated \$91.9 million for fiscal year 2022-23 to a projected \$90.1 million for fiscal year 2023-24 due to an estimated 16.3% growth in property values offset by the loss of seven one-time disaster pennies on the maintenance and operations (M&O) rate. Tax collections are estimated based on a \$0.8046 M&O tax rate and a 98.5% tax collection rate. Prior year tax collections are projected at \$800,000 and penalty and interest on past due taxes at \$401,000. Other local sources of revenues are estimated at \$4.4 million, which include investment earnings, tuition and fees, rent, gate receipts, and other miscellaneous revenue.

### Taxable Property Values and Tax Rate

Based on estimated taxable property values, the District projects the level of taxation that will generate adequate funds to maximize state aid and meet district obligations while keeping in mind the ability of local taxpayers to pay their taxes. Property values in 2023 are estimated to increase by approximately 16.3%, pending receipt of the Brazoria and Harris County Appraisal District's 2023 certified tax roll in late July.

The 2023-24 budget was prepared with a proposed tax year 2023 tax rate of \$1.1527 per \$100 property valuation, representing a decrease of 15 cents or approximately 11.5% from prior year. The M&O rate is estimated to be \$0.8046 (after calculating a tax compression of 8 cents due to higher growth than the statewide average of 4.43%, and an additional 7-cent decrease that was allowed for fiscal year 2022-23 due to a disaster declaration); the debt service (aka "Interest & Sinking" or "I&S") rate will remain the same at \$0.3481. The District has placed great efforts in maintaining one of the lowest tax rates amongst area school districts.

The following table compares the tax rate for the last three years (tax year 2023 is estimated):

Tax Rate	Tax Year/Fiscal Year			Variance
	2021 2021-22	2022 2022-23	2023 2023-24	
M&O	\$0.9196	\$0.9546	\$0.8046	-\$0.1500
I&S	0.3956	0.3481	0.3481	0.0000
Total Tax Rate	<u>\$1.3152</u>	<u>\$1.3027</u>	<u>\$1.1527</u>	<u>-\$0.1500</u>

## State Revenue

TEA administers the state's Foundation School Program (FSP), which establishes the amount of state and local funding due to school districts under Texas school finance law and provides the state share of this funding to districts. The FSP is meant to ensure that all school districts, regardless of property wealth, receive "substantially equal access to similar revenue per student at similar tax effort, considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences."

State funding projections are based on an estimated average daily attendance (ADA) of 19,868 students. The District projects to receive a total of \$90.4 million in FSP funds, a \$1.3 million decrease from prior year due to the increase in taxable property values. In addition, TRS On-Behalf is projected at \$11 million, a \$0.5 million increase from prior year due to an increase in the rate; this revenue 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 and it is offset by an expenditure in the same amount. The total projected decrease in state revenue is \$0.9 million.

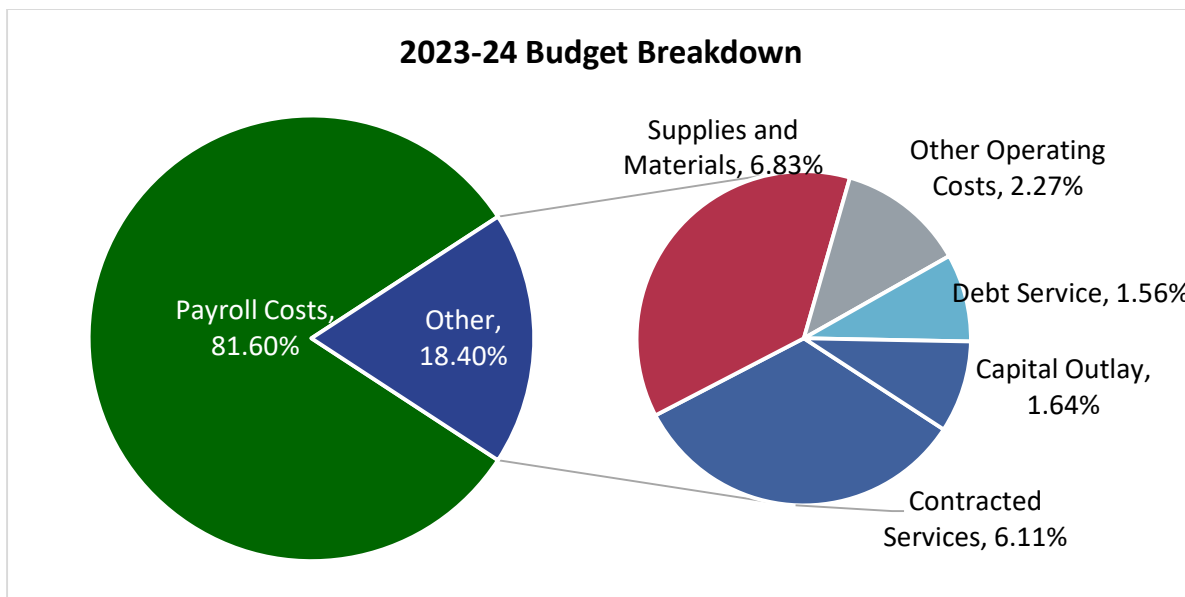
## Federal Revenue

The District projects federal revenues for fiscal year 2023-24 of \$2.0 million. Revenue sources are mainly comprised of Medicaid reimbursements (MAC) and School Health, Related Services (SHARS) reimbursements and indirect and direct cost (IDC) charges for the administration of federal grants. The \$0.2 million decrease in revenue is attributed to less indirect costs received from Federal funds as ESSER funds are depleted.

## Changes in Expenditures

Fiscal year 2023-24 expenditures of \$215.1 million reflect an increase of \$18 million or 9.1% from the 2022-23 revised budget of \$197.1 million. This variance is due to a \$7.6 million increase in budgeted salary and benefits and \$10.4 million in non-payroll costs. The following list describes each expenditure object category, followed by a graph with a breakdown of costs:

- Payroll Costs (81.60%) 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 (6.11%) consist of utilities (electricity, gas, water, telephone, etc.), school resource officers, copier leases, audit and legal services, etc.
- Supplies & Materials (6.83%) includes general instructional supplies and resources, technology equipment (computers, servers, laptops, printers, carts, etc.), janitorial supplies, software licensing, fuel, etc.
- Other Operating Costs (2.27%) include property and casualty insurance, flood insurance, automobile insurance, liability insurance, employee and student travel, and other operating costs.
- Debt Service (1.56%) includes principal and interest payments for leased equipment and SBITAs.
- Capital Outlay (1.64%) includes the cost to replace vehicles, equipment, furniture, and other capital items with a unit value at or above \$5,000, as well as the right to use of leased assets.



## Payroll Costs

Payroll costs for fiscal year 2023-24 comprise 81.6% of the general fund proposed budget. Total payroll is \$171.5 million; an increase of 4.5% over the fiscal year 2022-23 amended payroll budget. The increase in payroll costs is due to an approved salary increase for all staff, market adjustments for the lowest auxiliary pay grades, 18.5 personnel units approved by the Board, and benefit contribution rate increases; in addition, all salaries are fully budgeted and vacancies are budgeted at midpoint.

### General Pay Increase

The adopted compensation package includes a general pay increase of 2% from midpoint for all staff, an increase to beginner teacher pay from \$59,600 to \$60,500, and market adjustments for auxiliary staff in the lowest pay grades as follows:

Employee Classification	Amount
Teachers & Librarians	\$1,649,274
Professional Support (Campus/ESC Admin, Counselors, Nurses, Special Programs, etc.)	509,077
Auxiliary (Maintenance, Operations, Bus Drivers, Food Service, etc.)	238,031
Paraprofessionals (Clerical Staff)	172,654
Market Adjustments (Bus Drivers, Café Workers, Custodians, Groundskeeper, Monitors)	453,457
Total	\$3,022,493

### Changes in Personnel

Although enrollment variances are minimal, the Board approved 18.5 personnel units (FTEs) for fiscal year 2023-24 to meet programmatic needs of the District and meet staffing formulas. Pending actual enrollment, the need to fill positions that become vacant will be assessed on a case by case basis with the objective of reducing the projected budget deficit. The approved five teacher FTE units will only be used if enrollment exceeds projection.

Additional Personnel	FTE	Budget Impact
Teachers	3.5	\$245,602
Assistant Principal – Pearland High School	1.0	102,744
LPAC Facilitators	2.0	143,942
Speech Language Pathologist	1.0	83,108
Instructional Aides	6.0	152,066
Overage Teachers	5.0	350,860
Total		\$1,078,322

## Non-Payroll Costs

Non-payroll expenditures total \$39.6 million, comprising 18.4% of the total budget and reflecting an increase of \$10.4 million from prior year budgeted expenditures of \$29.2 million. Most of the increase in expenditures is due to a planned refresh of student devices purchased four years ago for an estimated amount of \$6.9 million, the last lease payment of \$2.1 million for student devices purchased during the onset of the pandemic which was being covered by ESSER funds, and \$1.5 million to cover increases in utilities, insurance premium costs, and other miscellaneous items. The per-student budget allocation for campuses remain unchanged from fiscal year 2022-23.

## General Fund Expenditures by Function and Object

The District's budget is designed to ensure 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 2023-24 proposed budget expenditures at the functional level as well as by object type. The District's payroll expenditures for direct student instruction (function 11) is projected at 63.6% of the total payroll budget.

		6100	6200	6300	6400	6500	6600		
	Function/Object	Payroll	Contracted Services	Supplies & Materials	Other Op. Costs	Debt Service	Capital Outlay	Function Total	Percent of Total
11	Instruction	111,555,177	207,248	9,164,870	332,273		1,976,100	123,235,668	57.3%
12	Instructional Resources & Media	1,862,788	575	205,382	3,475		-	2,072,220	1.0%
13	Curriculum & Staff Development	5,142,435	73,270	96,676	120,935		-	5,433,316	2.5%
21	Instructional Leadership	2,287,314	39,353	262,069	61,500		83,000	2,733,236	1.3%
23	School Leadership	12,599,185	26,750	150,358	116,427		-	12,892,720	6.0%
31	Guidance, Counseling & Evaluation	8,654,582	42,600	156,910	24,145			8,878,237	4.1%
32	Social Work Services	704,467	183,458	16,338	13,550		-	917,813	0.4%
33	Health Services	2,254,383	15,643	53,136	13,444		5,000	2,341,606	1.1%
34	Student Transportation	6,963,413	264,500	1,081,330	235,250		26,000	8,570,493	4.0%
36	Cocurricular/Extracurricular	3,466,862	378,837	430,949	637,707		52,000	4,966,355	2.3%
41	General Administration	4,628,056	519,680	165,630	387,666		160,000	5,861,032	2.7%
51	Plant Maintenance & Operations	12,076,558	8,340,750	1,461,392	2,749,250		813,053	25,441,003	11.8%
52	Security & Monitoring Services	556,563	1,507,115	90,938	4,100		-	2,158,716	1.0%
53	Data Processing Services	2,729,746	713,342	1,332,869	182,886	-	408,952	5,367,795	2.5%
61	Community Service	2,439	-	5,000				7,439	0.0%
71	Debt Service			5,000		3,357,951		3,362,951	1.6%
95	Payments to JJAEP		80,000					80,000	0.0%
99	Other Governmental Charges		737,128					737,128	0.3%
	<b>Object Total</b>	<b>175,483,968</b>	<b>13,130,249</b>	<b>14,678,847</b>	<b>4,882,608</b>	<b>3,357,951</b>	<b>3,524,105</b>	<b>215,057,728</b>	<b>100.0%</b>
	Percent Total	81.6%	6.1%	6.8%	2.3%	1.6%	1.6%	100.0%	

## Other Resources and Uses

Other Resources and Other Uses in governmental funds are accounting categories that track non-routine financial transactions, such as borrowing, selling assets, repaying debt, or receiving grants, which can significantly impact a government's financial position but are separate from its regular revenue and expenditure activities. During fiscal year 2022-23, the district booked \$0.4 million as proceeds from capital leases to offset the five-year copier lease amount recorded as an expenditure; the district also used \$3.5 million to buy-out an existing agreement for the lease of the City of Pearland's natatorium, for a net other resource/uses of \$3.1 million. For 2023-24, the \$3.3 million in other resources is due to a budgeted new subscription-based information technology agreement (SBITA) and a five-year lease to refresh most of the district's copier fleet; this amount offsets budgeted expenditures and is required in accordance to GASB Standards 87 and 96.

## Fund Balance

Budgets are meant to be a guide for an organization to spend within its means, not a target for actual expenditures; as such, the District generally ends the year with 2-3% of unspent budgeted expenditures. The fund balance for fiscal year 2023-24 is projected at \$57.4 million; representing a \$12.7 million or 18.1% decrease from estimated 2022-23 ending fund balance. This represents a 99-day operating reserve, which is above the 90-day operating fund balance that administration strives to maintain. Administration will reassess the budget in August, once certified property values are received and the 89<sup>th</sup> legislative session concludes; it is possible that a voter-approval tax rate election (VATRE) will be considered in order to balance the budget and maintain a strong fund balance.



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, and to facilitate cash flow needs since most revenues are received between December and February when property taxes are collected. Maintaining a healthy fund balance helps cover regular operating expenditures during the first half of the school year, unanticipated expenditures, and future budget shortfalls. Pearland ISD's projected 2023-24 ending fund balance for the general fund includes over three months of expenditures and follows the Government Finance Officers Association recommendation.

## Significant Changes Since Budget Adoption

Significant budget changes are presented to the Board throughout the year; however, the most significant budget amendment request occurs in October, once the District receives the certified property values from the county and compressed tax rates from TEA, adopt the tax rate, and consider other adjustments such as actual student enrollment and staffing levels, as well as redirect resources where appropriate to meet student needs. All information and associated schedules in this document reflect the budget adopted by the Board on June 23, 2023. The District will be required to adjust its budgeted revenues and expenditures throughout the year as decisions regarding funding and costs are addressed and approved by the Board. Any post-budget adoption amendments will be located in the District's financial transparency website.

As of the date this report had been prepared, a special session was called in the Summer to address taxpayer relief; the outcome was an increase in the homestead exemption from \$40,000 to \$100,000, pending to be ratified by taxpayers in November 2023. In addition, the maximum compressed rate floor dropped an additional 10.5 cents. Although this will reduce local revenue, the district will be held harmless for the revenue loss, which will be offset by the state. The District adopted a tax rate in August 2023 which includes all nine copper pennies, triggering a VATRE in November. Should the VATRE pass, the \$11.2 million generated will offset the budgeted deficit.

## FOOD SERVICE FUND

The Food Service Fund is used to account for revenue and expenditures related to the school lunch and breakfast program. Expenditures are funded from cafeteria sales and federal grants. Fiscal year 2022-23 was the first year to return to normal operations post COVID and the 2023-24 budget was adjusted based on current program participation. The projected ending fund balance of 3.3 million is higher than 25% of expenditures, therefore, administration will determine which projects to undertake to reduce it to the allowable amount. The 2023-24 food service budget is as follows:

	<b>2021-22 Actual</b>	<b>2022-23 Amended</b>	<b>2023-24 Budget</b>
Revenues	\$13,356,079	\$11,693,325	\$10,782,000
Expenditures	10,060,863	12,538,532	10,961,308
Revenues Over/(Under) Expenditures	3,295,216	(845,207)	(179,308)
Other Financing Sources/(Uses)	-	-	-
Net Change in Fund Balance	3,295,216	(845,207)	(179,308)
Fund Balance, Beginning	1,039,050	4,334,266	3,489,059
Fund Balance, Ending	<u>\$4,334,266</u>	<u>\$3,489,059</u>	<u>\$3,309,751</u>

## DEBT SERVICE FUND

Fiscal year 2023-24 Debt Service Fund revenues are projected at nearly \$41.7 million, a \$5.2 million increase from estimated 2022-23 revenues due to an increase in property values, thereby increasing local revenue. Most debt service revenues are generated from property tax collections. The expenditure budget reflects the debt service payment requirements for the repayment of principal and interest on outstanding debt as well as an approved cash defeasance during fiscal year 2023-24 to be funded with a portion of fund balance. The 2023-24 debt service budget is as follows:

	<b>2021-22 Actual</b>	<b>2022-23 Amended</b>	<b>2023-24 Budget</b>
Revenues	\$36,412,896	\$36,413,380	\$41,659,775
Expenditures	40,898,857	37,699,610	42,072,114
Revenues Over/(Under) Expenditures	(4,485,961)	(1,286,230)	(412,339)
Other Financing Sources/(Uses)	-	(83,432)	-
Net Change in Fund Balance	(4,485,961)	(1,369,662)	(412,339)
Fund Balance, Beginning	25,523,554	21,037,592	19,667,930
Fund Balance, Ending	<u>\$21,037,592</u>	<u>\$19,667,930</u>	<u>\$19,255,591</u>

### General Obligation Bonds Outstanding

The District's outstanding balance in general obligation bonds as of June 30, 2023 is \$358.8 million. For fiscal year 2023-24, the principal payment on outstanding debt scheduled is \$18.6 million, in addition to a \$6.2 million cash defeasance. The following chart summarizes the District's outstanding debt balance.

<b>Date of Issue</b>	<b>Original Issue</b>	<b>Final Maturity</b>	<b>Date Callable</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>
2014	\$30,540,000	2029	2024	2.000 - 5.000	\$11,820,000
2014B	28,655,000	2038	2024	2.000 - 5.000	19,140,000
2016	41,335,000	2032	2026	5.000 - 5.250	41,335,000
2016A	42,200,000	2032	2026	2.000 - 5.000	21,555,000
2017	105,510,000	2042	2026	3.000 - 5.000	94,400,000
2019	75,155,000	2042	2029	3.000 - 5.000	75,155,000
2019A	18,305,000	2042	2029	3.000 - 5.000	17,400,000
2020	78,675,000	2029	N/A	5.000	66,335,000
2022	11,700,000	2029	N/A	5.000	11,700,000
	<u>\$432,075,000</u>				<u>\$358,840,000</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.

## LONG-RANGE FINANCIAL FORECAST

The following chart is a summary of the fiscal year 2023-24 budget and three-year forecasts. In summary, the General Fund assumes a 5% increase in property values, steady enrollment, and a 2% increase in salaries; it also includes a 2% increase in non-payroll costs, as well as an allocation for the replacement cycle of all student technology devices. The conservative forecast results in a deficit budget year after year; hence, the District is reviewing all programs and services for possible budget cuts, and considering a November 2023 VATRE to increase the maintenance and operations tax rate in order to maximize local and state funding.

	<b>2023-24 BUDGET</b>	<b>2024-25 FORECAST</b>	<b>2025-26 FORECAST</b>	<b>2026-27 FORECAST</b>
<b>GENERAL FUND</b>				
Revenues and Other Financing Sources	\$202,321,901	\$200,449,650	\$199,970,439	\$201,265,950
Expenditures and Other Financing Uses	215,057,728	207,223,099	212,649,245	215,210,077
Excess/(Def) of Rev. Over/(Under) Exp.	<u>(\$12,735,827)</u>	<u>(\$6,773,449)</u>	<u>(\$12,678,807)</u>	<u>(\$13,944,127)</u>
<b>FOOD SERVICE FUND</b>				
Revenues and Other Financing Sources	\$10,782,000	\$10,980,840	\$11,183,657	\$11,390,530
Expenditures and Other Financing Uses	10,961,308	10,976,454	11,195,903	11,419,741
Excess/(Def) of Rev. Over/(Under) Exp.	<u>(\$179,308)</u>	<u>\$4,386</u>	<u>(\$12,246)</u>	<u>(\$29,211)</u>
<b>DEBT SERVICE FUND</b>				
Revenues and Other Financing Sources	\$41,659,775	\$36,085,763	\$37,773,865	\$39,573,768
Expenditures and Other Financing Uses	42,072,114	36,085,763	36,997,363	37,015,513
Excess/(Def) of Rev. Over/(Under) Exp.	<u>(\$412,339)</u>	<u>\$0</u>	<u>\$776,502</u>	<u>\$2,558,255</u>
<b>TOTAL - ALL APPROPRIATED FUNDS</b>				
Revenues and Other Financing Sources	\$254,763,676	\$247,516,253	\$248,927,960	\$252,230,248
Expenditures and Other Financing Uses	268,091,150	254,285,316	260,842,511	263,645,332
Excess/(Def) of Rev. Over/(Under) Exp.	<u><u>(\$13,327,474)</u></u>	<u><u>(\$6,769,063)</u></u>	<u><u>(\$11,914,551)</u></u>	<u><u>(\$11,415,083)</u></u>

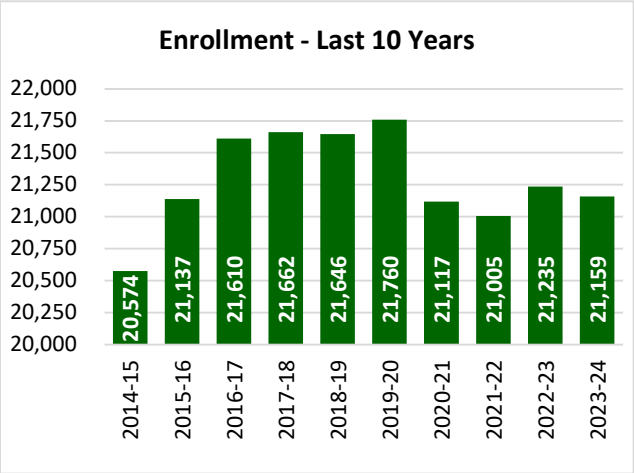
Please refer to the Financial Section for a complete forecast of each fund, assumptions used to develop the forecast, and District initiatives to avoid a budget deficit in future fiscal years.

# INFORMATIONAL SUMMARY

In order to prepare the annual budget, the District develops projections for enrollment, student demographics, property values, tax collection rates, state funding, and expenditure levels. This summary presents budgetary highlights to provide a general overview of the basis of our assumptions and projections for the 2023-24 fiscal year.

## STUDENT ENROLLMENT

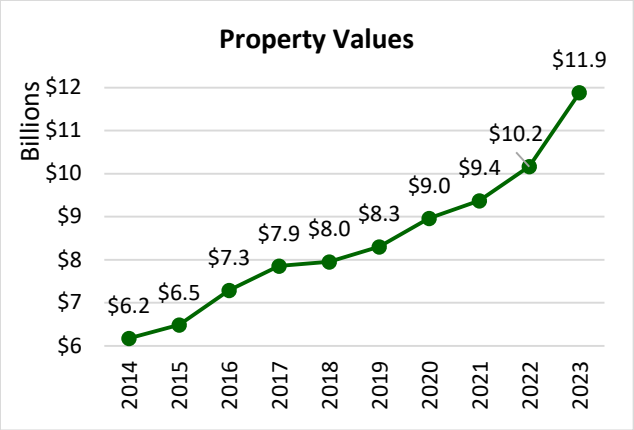
Student enrollment projections influence state revenue estimates, staffing decisions, per-pupil allocations, facility needs, debt issuance requirements and many other budgetary decisions. Since school year 2020-21, enrollment had remained relatively flat, fluctuating +/- 0.5% each year; the District experienced a 3% decrease in 2020-21 partly due to an aging population as well as the COVID-19 pandemic. For 2023-24, the District projects a very slight enrollment decrease attributed to large graduating classes and smaller incoming kindergarten class sizes. The graph below presents the enrollment history for the last 10 years, which peaked in 2019-20 at 21,760 students.



\* School Year 2023-24 Estimated

## 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 2023-24 proposed budget (2023 tax year) is based off an estimated 16.8% increase from the 2022 Tax Year for a total of \$1.7 billion. The estimated taxable values calculated reflect the losses expected from the constitutional amendments that were passed by voters in May 2022; an increase of the state mandated homestead exemption from \$25,000 to \$40,000, and further reductions in frozen tax levies for homeowners who are disabled or 65 years or older.



\* Tax Year 2023 Estimated

## TAX RATE

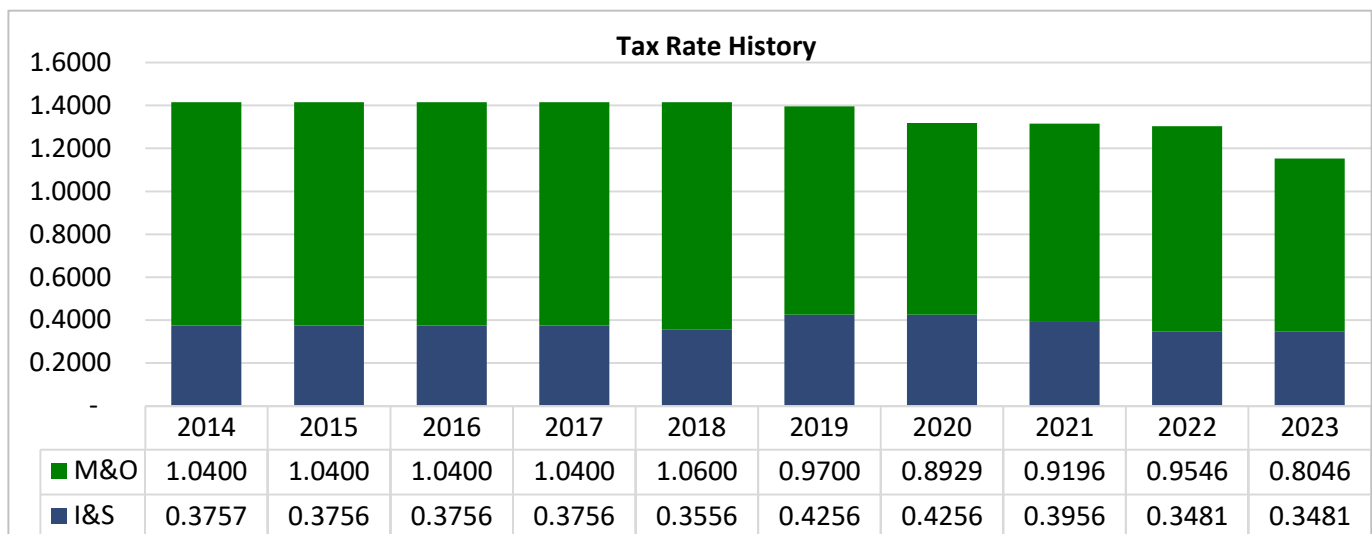
Although the district adopts its budget prior to June 30 of each year, its tax rate is adopted during August or September, after receiving certified property values from its county appraisal districts (Brazoria and Harris). The district takes into account several factors in determining the tax rate to be recommended for adoption; these include budgetary needs, taxable property values and growth percentage, tax collection percentage, debt service requirements, economic conditions, long-term planning, and legal requirements. The district's tax rate includes the following:

- Maintenance & Operations (M&O) Tax Rate** – House Bill 3, passed by the 86th Legislature, introduced tax rate compression in Texas school districts. This legislation aimed to lower property taxes and increase state funding for public education. The bill set a compression percentage that determined the maximum amount by which a district's tax rate could increase without voter approval. Each year, TEA determines the maintenance and operations (M&O) maximum compressed rate (MCR) using a formula that considers both local and state property value increases. Since tax year 2019, the District's MCR rate has been reduced by 27.54 cents. The MCR is calculated by the state by August 5<sup>th</sup> and used to determine the tax rate that the district will be recommending for Board approval.

The District prepared the 2023-24 budget assuming a proposed tax year 2023 M&O tax rate of \$0.8046 per \$100 property valuation, a decrease of 15 cents. The decrease is due to (1) a projected MCR decrease of 8 cents due to higher property value growth than the estimated statewide average of 4.43%, and (2) a loss of 7 cents that were deemed disaster pennies in tax year 2022 (good for one year due to a disaster declaration in 2021).

- Interest & Sinking (Debt Service or I&S) Tax Rate** – The I&S tax rate is used to fund the repayment of bonds used for capital projects, such as building construction and renovations. The calculation of this tax rate takes into account taxable property values, tax collection rate, and the total amount needed to cover the upcoming debt service payments (including bond principal and interest), debt defeasances (early payment of debt), and costs associated with bond refundings. For tax year 2023, the I&S tax rate will remain unchanged at \$0.3481.

The District has placed great efforts in maintaining one of the lowest tax rates amongst school districts in our area. For fiscal year 2023-24 (tax year 2023), the budget used a total tax rate of \$1.1527 to estimate revenues.



\* The 2023 Tax Rate is Estimated – Tax rate adoption takes place post budget adoption.

## Benchmark Data

The District engaged Whitley Penn, LLC to conduct an efficiency audit for the district, which analyzed data from the year ended June 30, 2022. The auditors selected eight peer districts, sharing similar characteristics to Pearland ISD. Some key benchmarking indicators are shown on the graph below.

	<b>Pearland ISD</b>	<b>Peer District Average</b>	<b>State Average</b>
Payroll (All Funds)	82.1%	80.7%	78.0%
Average Teacher Salary	\$63,849	\$62,164	\$58,887
Teaching Staff (% of Total Staff)	50.6%	47.7%	49.3%
Students Per Teaching Staff	16.1	15.4	14.6
Students Per Total Staff	8.2	7.4	7.2
Expenditures per Student*	\$10,133	\$11,615	\$11,943

*\*Includes General & Special Revenue Funds*

## LEGISLATIVE ISSUES

The Texas Legislature meets once every two years and their 88<sup>th</sup> session began January 2023. While the session started with \$33 billion in surplus funds, the session ended with no increase in per-student funding nor teacher pay raises. The basic allotment remains at \$6,160 per student since 2019, albeit 19% inflation since then. The Texas Association of School Business Officials (TASBO) estimates that a \$1,200 increase per student would be necessary to keep up with the rising costs.

The Legislature did pass House Bill 3, a school safety bill requiring districts to have at least one armed security officer per campus. Funding tied to this bill was an increase of \$0.28 per student plus \$15,000 per campus to implement safety measures. Total increase in funding for Pearland ISD as a result of this bill is estimated to be \$350,000. In addition, House Bill 100 passed, increasing the guaranteed yield for each golden penny increased from \$98.56 to \$126.21 per WADA for fiscal year 2023-24 and \$129.52 for fiscal year 2024-25. The total funding provided to school districts under both bills is \$2.7 billion.

Governor Abbott is expected to call several special sessions in the Summer and Fall of 2023, but the district is not making any assumptions in its budget projections. The 2023-24 budget is based on revenue expected to be generated under current law, which evidenced by a \$12.7 million deficit budget is insufficient to address inflation and provide meaningful salary increases to staff.

## CLOSING REMARKS

The preparation of the District's 2023-24 budget involved a collaborative effort from various stakeholders, including campuses, departments, administration, and the Business Office. This process commenced in November 2022, focusing on enrollment trends, a key budget driver. In January 2023, the Business Office initiated the site-based decision budget process, conducting meetings with campus and department administrators to provide budget direction and allocations. Subsequent one-on-one meetings further assisted in reviewing programs, budget requests, and expenditure trends.

While the fiscal year 2023-24 is expected to conclude with a healthy fund balance, the District faces enrollment declines. Without favorable changes in state funding formulas and appropriations, this could lead to reduced funding. To address potential budget deficits, proactive measures are being taken, including program and staffing evaluations, monitoring enrollment fluctuations, and adjusting revenue and expenditure estimates to minimize deficit budgets. Federal aid has played a crucial role in maintaining healthy fund balances, enabling attrition-based staff reductions and program adjustments with minimal impact on student achievement.

The budget workshops, guided by the Board of Trustees, ensure alignment with the Board's objectives and the District's Strategic Plan. Resources have been allocated to support these goals, positioning the District to excel among Texas school districts. The District's commitment to preparing students for future success, maintaining a safe environment, and achieving high student achievement while managing per-student costs has garnered statewide recognition.

Appreciation is extended to various departments, including Human Resources, Communications, Food Service, Testing and Accountability, Advanced Academics, and Technology, for their assistance in providing essential information for this budget book. The Budget Team is recognized for their efforts in enhancing financial transparency in budgeting, furthering the District's mission.

## Finance Awards and Recognition

The Association of School Business Officials International (ASBO) awarded Pearland Independent School District's Fiscal Year 2022-23 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 2023-24 report strives to comply with the requirements set forth by ASBO, as well as the Government Finance Officers Association (GFOA) budget award programs.

In addition to the award received from ASBO for its budget process, the District also received the following recognition:

- Financial reporting excellence awards for its Annual Comprehensive Financial Report from ASBO and GFOA and its popular annual financial report (AFR Summary) from GFOA.
- The Texas Comptroller of Public Accounts awarded the District the Transparency and Debt Obligations Stars for our exemplary efforts in creating financial transparency around district finances and public debt. These efforts provide citizens with clear, consistent information about public spending in user-friendly formats.
- Award of Excellence in Financial Management from the Texas Association of School Business Officials (TASBO)

To learn more about the District's finance operations, visit [www.pearlandisd.org/transparency](http://www.pearlandisd.org/transparency).

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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 2022-2023.

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



A handwritten signature in black ink, reading 'Will Sutter'.

**William A. Sutter**  
President

A handwritten signature in black ink, reading 'David J. Lewis'.

**David J. Lewis**  
Executive Director

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# Organizational Section



"WHEN LIFE IS TROUGH"  
Rodeo Art – Special Merit

EMI DEQUINA  
DAWSON HIGH SCHOOL



## OUR DISTRICT

### Our Mission

*In partnership with the community, families, and students, Pearland ISD prepares all learners to achieve their highest potential.*

### Our Vision

*Pearland ISD will empower, inspire, and develop courageous, confident individuals who excel in a global society.*

### Core Beliefs

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



## 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 town 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 that includes the City of Pearland, Texas, with a reported 2020 population of 125,828, 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. The town of Brookside Village adds a reported 2020 poulation of 1,589. 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 2010. The 2020 US Census counted the city's population at 125,828, a 37.89% increase since the 2010 Census. The number of housing units also increased during this time, with more than 10,000 new single-family homes and 3,000 multi-family units resulting in an 8.5% average annual housing unit growth rate. Median home values rose almost 45% from \$177,800 in 2008 to \$269,500 in 2019 and average home sale prices increased at a similar rate from \$201,900 in 2008 to \$294,643 in 2020.

The District decreased by 621 students from 2018 to 2022, representing a 4-year decline rate of 2.9%. Enrollment during the 2022-2023 school year was 21,237 students resulting in a gain of 230 students from the prior 2021-2022 school year. As average daily attendance (ADA) drives school funding, the district is dedicated to providing a high-quality education within a healthy and safe learning environment.

## Services We Provide

The district offers 23 campuses, including eleven 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 Program (dual English/Spanish classrooms)
- 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

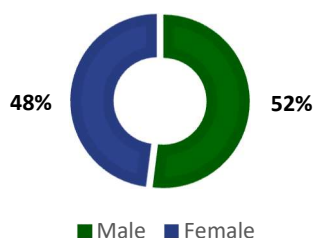
The comprehensive academic program in grades K-12 provides students the opportunity to reach their full potential. Special Programs, bilingual/ESL, Gifted and Talented and pre-K services are offered to students who qualify.

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.

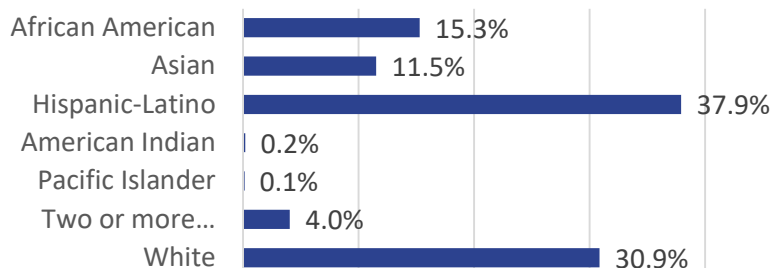
## Our Enrollment

Our enrollment for school year 2022-2023 as of Fall snapshot day was 21,237 students of which 7,042 students were enrolled at the high school level, 3,506 at the junior high school level, 3,223 at the middle school level, and 7,466 at the elementary level.

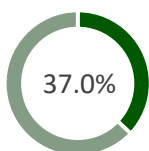
Student Enrollment by Gender



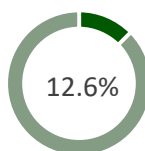
Student Enrollment by Race/Ethnicity



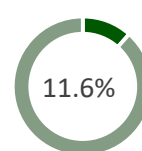
Economically Disadvantaged



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. Innovative grants of up to \$7,500 are awarded for teacher or classroom projects, as well as campus-wide or district initiatives.

During the 2022-23 school year, 47 grants were awarded throughout the district, totaling \$99,387, to enhance educational services and experiences for students. The Foundation has awarded over \$700,000 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

The 2022 Five-Year Strategic Plan was carefully crafted to update the District's World Class Goals; including, performance objectives, evaluation data sources, strategies, metrics, department responsible for monitoring progress, expected results. In addition, it includes the approximate cost for accomplishing each strategy. The full 2022 Five-Year Strategic Plan may be viewed at <https://www.pearlandisd.org/domain/89>.

## Board/Superintendent "World Class" Goals:

Goal 1: Pearland ISD will continue to make student academic performance its top priority, through data analysis, technology integration, and differentiated instruction.

- Utilize effective instructional strategies and interventions to ensure student progress toward measurable goals for all students.
- Provide assessments aligned to state and national standards with the appropriate level of rigor.
- Provide instructional materials that support and meet the individual needs of all learners.
- Provide instructional support and strategies through purposeful planning for all learners and all content areas.
- Implement high fidelity professional development for staff that provides introductory and ongoing content-focused, job-embedded training.
- Provide a support framework for campus instructional leaders to demonstrate high expectations and shared ownership for student success.

Goal 2: Pearland ISD will support the physical and mental health of all students and staff.

- Increase availability of staff for developmental counseling and mental health support to students at all levels.
- Analyze current programs and develop vertically aligned social and emotional health curriculum and provide for delivery of curriculum to students, staff, and parents, as appropriate.
- Increase safety and security measures at all levels to prevent, prepare, respond, and recover from all potential threats.
- Foster a positive culture focused on relationship building and restorative practices.

Goal 3: Pearland ISD will provide a transparent communication system that fosters trust and enhances unity across the district and community.

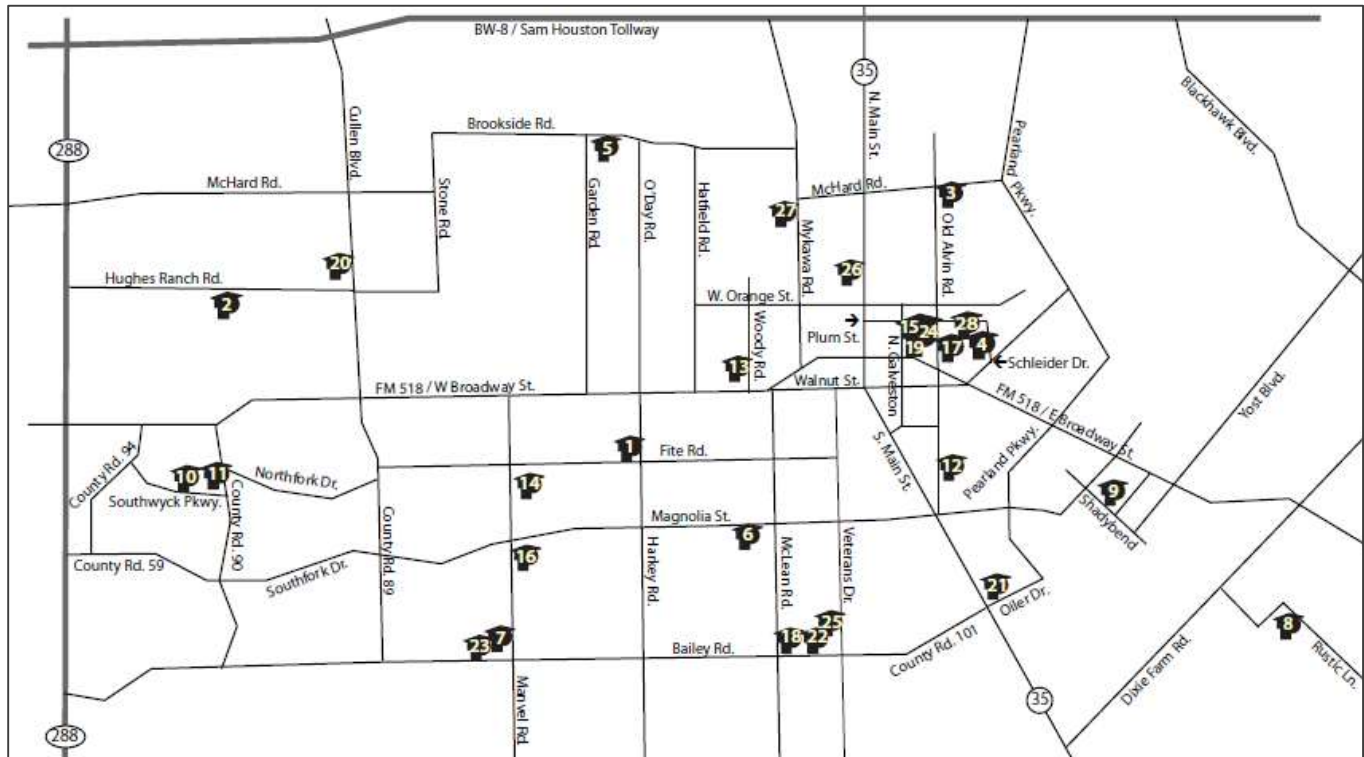
- Collaborate with families to provide high-quality services needed to partner in the education of their children.
- Utilize a variety of reliable digital and traditional marketing and communication channels to foster positive relationships effectively and interactively among all stakeholders.
- Engage business and community members to expand and extend partnerships to increase career awareness, internships, mentors, and job placement opportunities.

Goal 4: Pearland ISD will strategically maximize financial assets to provide resources to meet student needs in partnership with families and the greater community.

- Communicate with and educate all stakeholders regarding the financial system of public education, as well as the fiscal responsibility and stability of the district needed to achieve overall student success.

- Maximize and sustain influential and effective communication with federal, state, local, and private sectors to maximize funding.
- Develop innovative technology solutions to provide sustainable service and educational opportunities.
- Explore, design, and implement a coordinated, accessible, and comprehensive funding system aligned with student needs.
- Implement benefits and salary incentives that improve employee retention and recruitment of quality applicants.
- Provide pioneering solutions to meet evolving district needs related to capital needs, contingencies, and demographic changes.

## 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.

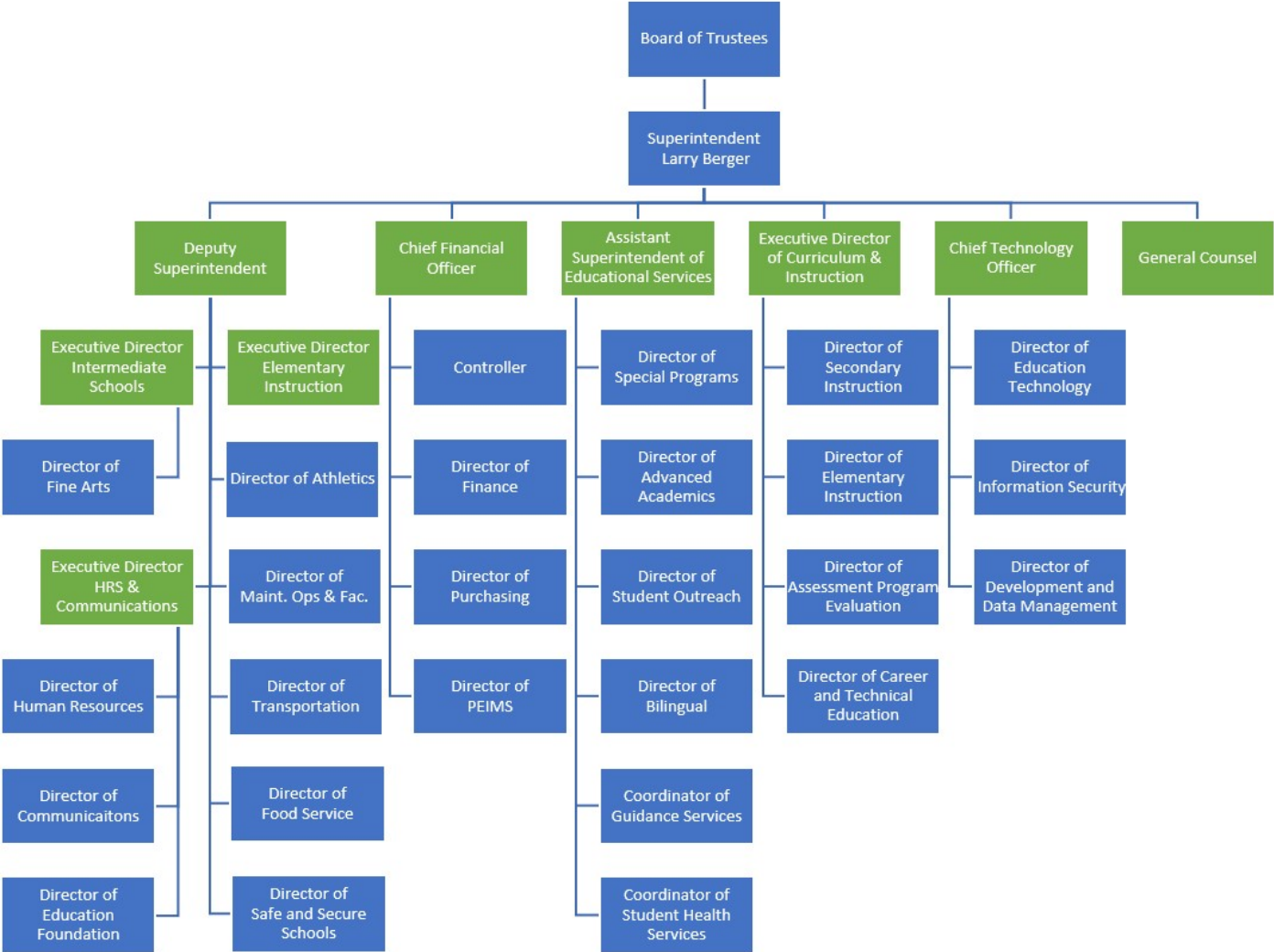
**27-Maintenance**

1702 Mykawa

**28-Transportation**

3202 Plum St.

# DISTRICT ORGANIZATIONAL CHART



## SUPERINTENDENT & BOARD OF TRUSTEES

The Pearland ISD Board of Trustees and administration 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.



### **Superintendent Larry Berger**

A dedicated and servant professional, Larry Berger has 23 years of combined experience in education, with 15 of those dedicated to Pearland ISD. Before being Pearland ISD's Assistant Superintendent for Support Services, Berger was the Director of Maintenance, Operations, and Facilities for four years, and Pearland High School's principal and assistant principal for nine years. Berger also holds a history of professional achievements. In addition to being a two-time winner of the district's Secondary Principal of the Year Award, he was honored with the statewide H-E-B Excellence in Education Secondary Principal Award in 2015. The PISD board of trustees on April 12, 2022, unanimously approved Larry Berger as superintendent of Pearland ISD. Mr. Berger has a goal to build Pearland Proud and stated "A wiser person than me once said leadership is about making connections and adding value to the world through the work you do by relating and motivating others. As the superintendent, we will work daily to make authentic connections that add value to Pearland ISD as we relate to every individual and group to motivate achievement. I look forward to this journey and am again honored to be the Superintendent of Pearland ISD."



### **Sean Murphy - President**

Term Ends: 2024

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.



**Crystal Carbone - Vice President**

Term Ends: 2024

Year First Elected: 2018

Position 3

Crystal Carbone is currently a stay-at-home mom with three young daughters, 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, are lifelong members of the Pearland community, and their daughters are seventh generation Pearlanders. She is actively involved in the community and was named the 2021 Pearland Chamber of Commerce Citizen of the Year. Carbone 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. Carbone has a demonstrated passion for education, and stated, "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.



**Dr. Kristofer Schoeffler - Secretary**

Term Ends: 2026

Year First Elected: 2020

Position 2

Dr. Kristofer Schoeffler graduated with highest honors and as a National Merit Scholar from Pearland High School in 1999. He holds both a doctorate degree in Veterinary Medicine and a bachelor's degree in Animal Science, both from Texas A&M University. The owner of Pearland Animal Hospital, Dr. Schoeffler has lived in Pearland almost his entire life. He is a stakeholder and board member in the Northern Brazoria County Education Alliance, a member of the Pearland Lions Club and a founding member of the Texas Cavalry Disaster Response Team. He helped design the veterinary lab at Robert Turner College and Career High School and still enjoys volunteering as an advisor, mentor and guest instructor. Dr. Schoeffler has six children, all of which will graduate from Pearland ISD. From Dr. Schoeffler: "My goal is to make sure that every student has the opportunity to receive a free high-quality education in a safe environment. Public education is the greatest equalizer across demographics, and every graduate should be ready to enter college, the workforce, the military or a specific vocation. Strong schools make Pearland strong. God bless Pearland ISD."





**Toni Carter**

Term Ends: 2026

Year First Elected: 2020

Position 1

Toni Carter is a stay at home mom with two sons (Dawson High School c/o 2018 and c/o 2021) who has been actively involved in supporting Pearland ISD's educational efforts for several years. Living in Pearland since 2000, she has served as a parent volunteer at multiple schools and on the district's Strategic Planning Committee during the summer of 2019. Carter holds a bachelor's degree in Psychology from the University of Texas in Austin and has previously served as an architectural representative and a window sales manager for a building materials company. "My goals as trustee are to encourage student participation in the administrative process, expand transparency and communication within the district and do everything I can to ensure our students are safe, happy and successful," she said.



**Amanda Kuhn**

Term Ends: 2025

Year First Elected: 2022

Position 5

Amanda Kuhn is a lifelong Pearland resident, graduating from Pearland High School in 2003. Kuhn is co-owner of Pat Griffin Realty, and previously served as the Executive Assistant to the President at Houston Endowment. She and her husband, Brad, are proud parents to 3 young boys attending Pearland ISD. Kuhn is an active volunteer in the Pearland community, currently serving on the Shadycrest Elementary PTA Board, and previously serving on the Pearland Neighborhood Center Board and as past President of the Green Tee Terrace Homeowners Association. Kuhn and her family are fully invested in the greater good of the Pearland community and will continue to strive to be active in all aspects. Kuhn offered, "I am committed to listening to the needs of our community, teachers and students, and representing their interests during my service on the Board. Parental involvement is key to ALL student success, and I look forward to advocating for ways to increase parent/school collaborations."



### **Nanette Weimer**

Term Ends: 2025

Year First Elected: 2022

Position 7

Nanette Weimer, a former Pearland ISD teacher, principal, and Deputy Superintendent, retired in 2021 and is now consulting and volunteering in church youth activities. She holds a bachelor's and master's degree in education and leadership from East Texas State University. Among her many duties as a district administrator, Weimer supervised the opening of four new schools, and served on committees spearheading the addition of programs including After School YMCA, Student Outreach, NBCEA, Communities in Schools, PACE, and CTE/Livestock Show & Career Expo.

Weimer and her family have deep roots in the community. Her husband Fred, a local business owner, and their three children graduated from PHS. "I am committed to student success, safety and well-being along with teacher support and community partnership. Communication and involvement are essential."



### **Robert Richter**

Term Ends: 2024

Year First Elected: -

Position 6

Robert Richter is a retired educator who has served Pearland ISD for several years. He began his education career as a classroom teacher and school bus driver and was promoted to assistant principal at Pearland Intermediate School (currently Pearland Junior High East). Richter opened Jamison Middle School as a principal and was their leader for a total of 18 years. Then promoted to assistant superintendent, Richter served Pearland ISD for six more years until retirement. Retirement was short and he returned to work for Pearland ISD in several capacities, including administrative positions at every grade level and a stint as the athletic director for Pearland ISD. Richter received his education degrees and certifications from the University of Texas at Austin (1969) and the University of Houston (1974). He has been married to his wife Sharon for 54 years, has two children, both graduated from Pearland High School, and two grandchildren. Richter is an Eagle Scout and received the Golden Eagle award for scouting. He is a life member of the Pearland Lions Club, a founding member of the Pearland ISD Education Foundation and the Pearland Retired Educators Association and a lifetime member of the PTA. He also served as the co-chairman for the most recent school bond election. Richter's goals as a school board member include providing an appropriate and challenging education for all students and ensuring a safe school environment for students and staff.



## 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.

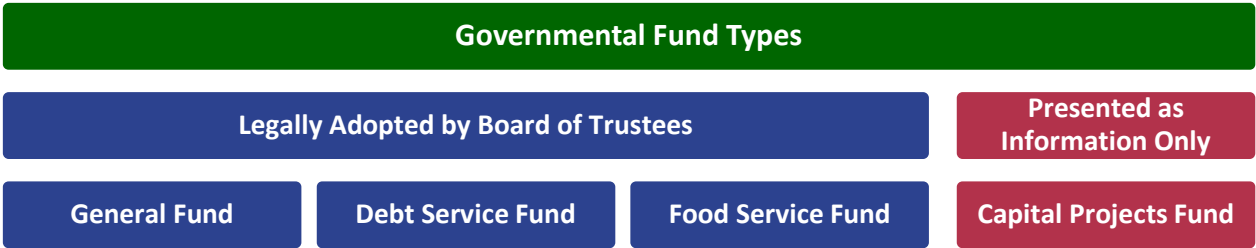
### Independent Audit

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 Whitley Penn 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 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

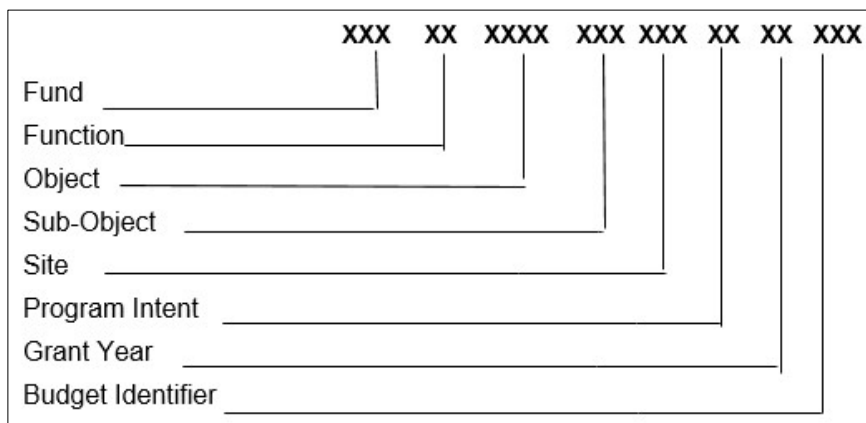
Section 44.007 of the Texas Education Code (Code or TEC) requires that a standard school district fiscal accounting system be adopted by each school district. The system must meet at least the minimum requirements prescribed by the State Board of Education and also be subject to review and comment by 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:



**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 as well as the payment of principal and interest on capital leases and subscription-based information technology arrangements.
- 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 activities 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 activities 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 principal and interest on debt as well as any related debt service costs.



**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."
- 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. Also, beginning with fiscal year 2022, the District adopted GASB 87 which requires the District to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Lastly, in fiscal year 2023, the District adopted GASB 96 which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement requires the District to recognize a right-to-use subscription asset, an intangible asset and a corresponding subscription liability.

# BUDGET POLICIES AND DEVELOPMENT PROCEDURES

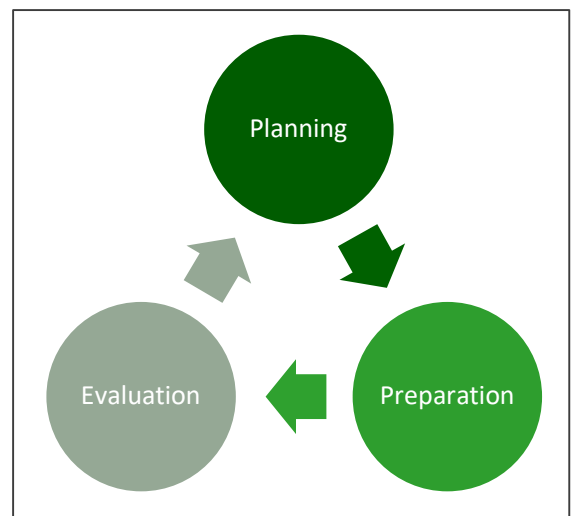
Sections 44.002 through 44.006 of the Texas Education Code establish the legal basis for budget development in school districts. The following six items summarize the legal requirements from the code:

- 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 (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 87% of the annual general operating budget. Therefore, the Board of Trustees carefully considers 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 and 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 a 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.

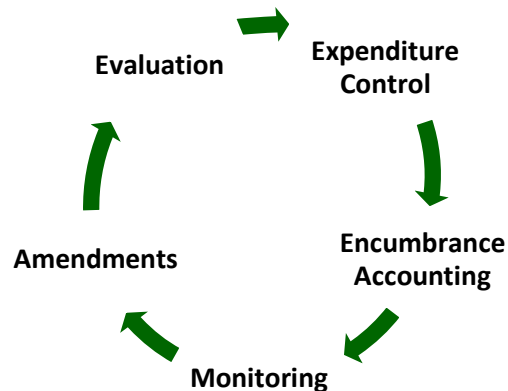
## FISCAL YEAR 2023-24 BUDGET AND TAX CALENDAR

<b>Nov 2022</b>	<ul style="list-style-type: none"> <li>• Budget Calendar Development</li> <li>• School Year 2023-24 Enrollment projections prepared</li> </ul>
<b>Jan 19</b>	<ul style="list-style-type: none"> <li>• Budget Kick-Off Meeting</li> <li>• Budget materials distributed</li> <li>• MUNIS system available for budget entry in version 2021.5</li> </ul>
<b>Jan 9-25</b>	<ul style="list-style-type: none"> <li>• Meetings to discuss Capital needs</li> </ul>
<b>Jan 30- Feb 24</b>	<ul style="list-style-type: none"> <li>• Budget meetings scheduled with individual campuses/departments</li> </ul>
<b>Feb 7</b>	<ul style="list-style-type: none"> <li>• BOT discussion of Capital Renewal Plan and approval of capital projects</li> </ul>
<b>Feb 24</b>	<ul style="list-style-type: none"> <li>• Deadline to submit Requests for Additional Funds</li> <li>• Deadline to submit Fixed Asset Justification Forms</li> </ul>
<b>Mar 2</b>	<ul style="list-style-type: none"> <li>• Budget meetings scheduled with Cabinet to review campus/department budgets and requests for additional funds</li> </ul>
<b>Mar 3</b>	<ul style="list-style-type: none"> <li>• Deadline for budget entry in MUNIS</li> </ul>
<b>Mar – Jun</b>	<ul style="list-style-type: none"> <li>• Budget Workshops conducted with Board of Trustees; to include discussion on enrollment, staffing, revenue projections, tax rate, salaries and benefits, etc.</li> </ul>
<b>Apr 25</b>	<ul style="list-style-type: none"> <li>• Certified Estimated Property Tax Values received</li> </ul>
<b>Jun 13</b>	<ul style="list-style-type: none"> <li>• Public Hearing to Discuss Proposed Budget and Tax Rate</li> </ul>
<b>Jun 30</b>	<ul style="list-style-type: none"> <li>• Deadline to adopt the FY 2023-24 Budget</li> </ul>
<b>Jul 1</b>	<ul style="list-style-type: none"> <li>• Campuses/Departments able to use FY 2023-24 budget funds and input requisitions for FY 2023-24</li> </ul>
<b>July 25</b>	<ul style="list-style-type: none"> <li>• Certified Property Tax Values received</li> </ul>
<b>August 8 (Tentative)</b>	<ul style="list-style-type: none"> <li>• 2023 Tax Rate Adoption (after TEA's confirmation of Maximum Compressed Rate)</li> </ul>



## 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 104 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.

# Financial Section



"PASSING THE TORCH"

Rodeo Art - Gold Medal

SARA ZHANG

PEARLAND JUNIOR HIGH WEST



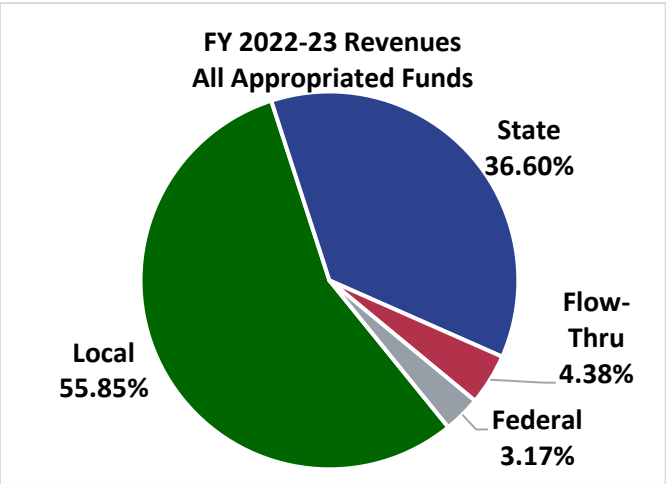
# FINANCIAL OVERVIEW

The District adopts annual budgets for the General, Food Service and Debt Service funds. The schedules on pages 57-59 show the combined budgeted revenues and expenditures of these 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 on pages 61, 75, and 79.

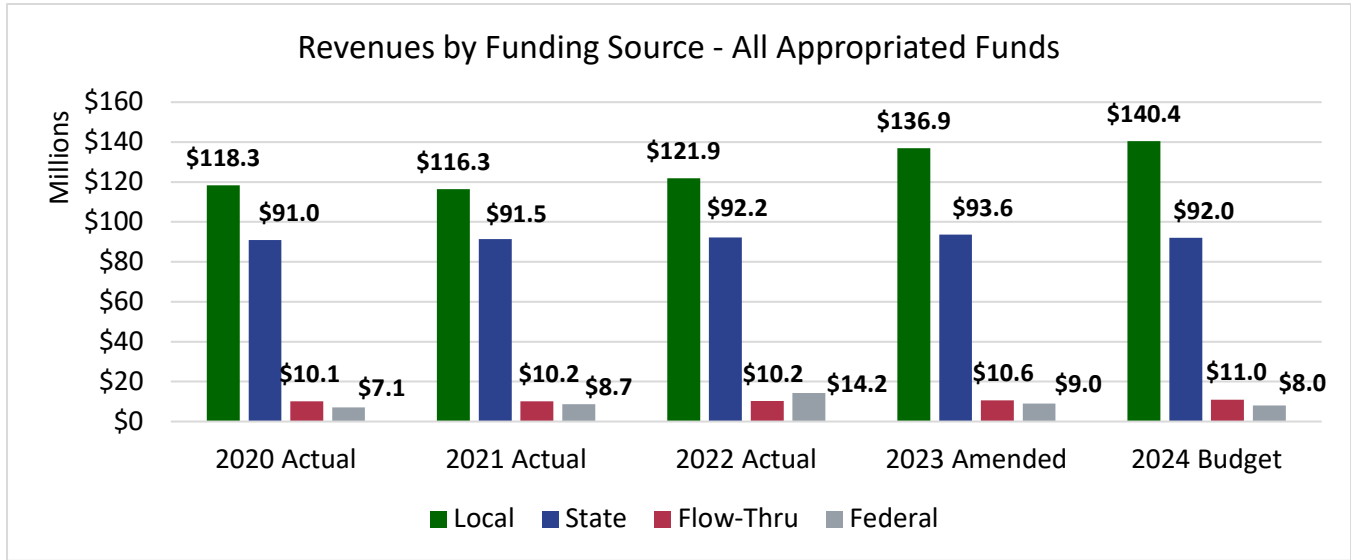
The Capital Projects Fund is included for informational purposes on pages 85-89. The budget process for the Capital Projects Fund is established when the Board of Trustees approves the sale of authorized bonds for specific projects. Capital project budgets are typically multi-year encompassing the entire 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 and the TRS On-Behalf pass-thru amount. Federal sources consist primarily of indirect costs of federal grants, School Health and Related Services (SHARS) and Medicaid Administrative Claiming of Texas (MAC) reimbursements in the General Fund, and National School Lunch and Breakfast programs in the Food Service Fund. Local revenues for all appropriated funds make up 55.85% of all funding sources.

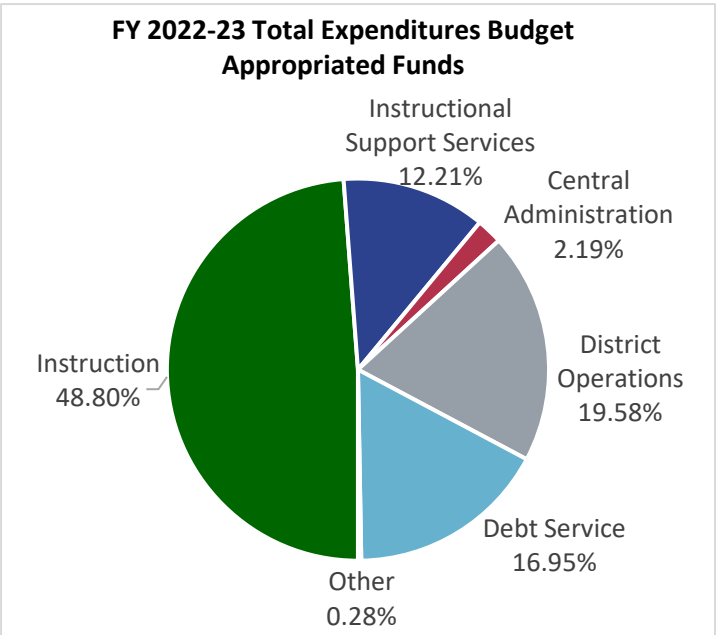


As shown on the chart below, local revenues (mostly from local property taxes) make up most of the District’s funding for all appropriated funds combined.



## Expenditures

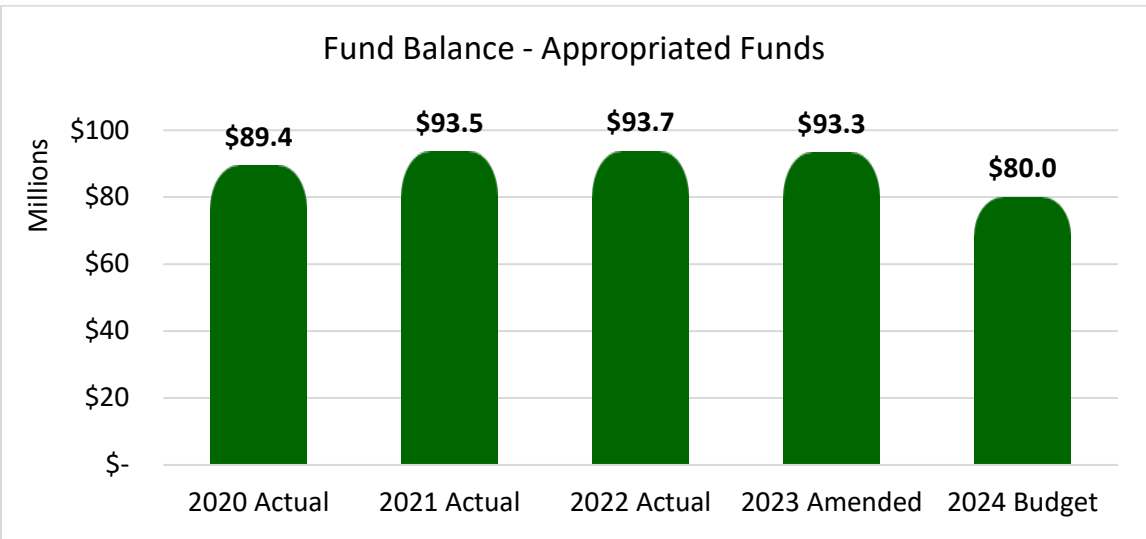
Expenditure budgets are legally adopted at the functional level. Instructional related expenditures account for 48.80% of the District’s combined budgeted expenditures and account for teachers, librarians, and all other direct instruction costs. Student instruction could not exist without campus leadership, counselors, nurses, and extracurricular activities which make up instructional support services at 12.21% of the total budget. District operations account for 19.58% of all expenditures, including transportation, food service, security, maintenance and operations, utilities, and technology. Debt service is \$45.4 million, or 16.95% of the combined budgeted expenditures. Lastly, central administration makes up 2.19%, while other expenditures (mostly fees to the Brazoria tax office) are 0.28%.



## Fund Balance

The District’s ending fund balance for all appropriated funds is projected at \$80 million. The District’s fund balance is considered healthy, which is recommended and necessary to mitigate current and future risks, such as revenue shortfalls (e.g., due to lower than anticipated enrollment or attendance) or unanticipated expenditures.

The chart below shows the historic fund balance of the district for all appropriated funds.



## Long-Range Financial Forecasts

A three-year financial forecast for the combined appropriated funds is included on page 59; General Fund on page 73; Food Service Fund on page 77; and Debt Service Fund on page 84. 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, local and state revenue projections change when the District receives the July certified property values and adopts a tax rate.

Our budget projection for FY 2023-24 is likely to change and will require budget amendments throughout the fiscal year; hence, the three-year forecasts 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 2023-24</b>	<b>Forecast 2024-25</b>	<b>Forecast 2025-26</b>	<b>Forecast 2026-27</b>
<b>Students</b>				
Average Daily Attendance (ADA)	19,868.190	19,977.040	19,977.040	19,977.040
% Increase from Prior Year	0.17%	0.55%	0.00%	0.00%
<b>Salary</b>				
Salary Increases	2.00%	2.00%	2.00%	2.00%
<b>Property Values</b>				
Taxable Values— in Billions	\$11.4	\$12.0	\$12.6	\$13.2
% Increase from Prior Year	16.3%	5.0%	5.0%	5.0%
<b>Tax Rates and Collections</b>				
M&O Tax Rate	\$0.8046	\$0.7903	\$0.7763	\$0.7625
I&S Tax Rate	\$0.3481	\$0.2856	\$0.2856	\$0.2856
Collection Rate	98.50%	98.50%	98.50%	98.50%

## 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, 2022, the District reported a liability of \$28,559,723 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	\$28,559,723
State’s proportionate share that is associated with the District	<u>46,805,195</u>
Total	<u>\$75,364,918</u>

**Pearland Independent School District**  
**Combined Budget Summary for Fiscal Year 2023-24**  
**General Fund, Food Service Fund, and Debt Service Fund**

		<u>General Fund</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Total</u>
<b>Revenues</b>					
5710	Tax Collections	\$ 91,284,855	\$ -	\$ 39,462,823	\$ 130,747,678
5742	Investment Earnings	3,000,000	50,000	587,500	3,637,500
5700	Miscellaneous Local Revenue	1,350,200	-	-	1,350,200
5751	Food Services - Meals	-	4,713,000	-	4,713,000
	<b>Total Local Revenues</b>	<b>95,635,055</b>	<b>4,763,000</b>	<b>40,050,323</b>	<b>140,448,378</b>
5810	Foundation School Program	90,180,274	-	-	90,180,274
5829	Miscellaneous State Revenue	200,000	40,000	1,609,452	1,849,452
5831	TRS On-Behalf	11,010,954	-	-	11,010,954
	<b>Total State Revenues</b>	<b>101,391,228</b>	<b>40,000</b>	<b>1,609,452</b>	<b>103,040,680</b>
5900	Miscellaneous Federal Revenue	1,993,180	-	-	1,993,180
5921/22	School Breakfast/Lunch Program	-	5,229,000	-	5,229,000
5923	USDA Commodities	-	750,000	-	750,000
	<b>Total Federal Revenues</b>	<b>1,993,180</b>	<b>5,979,000</b>	<b>-</b>	<b>7,972,180</b>
	<b>Total Revenues</b>	<b>199,019,463</b>	<b>10,782,000</b>	<b>41,659,775</b>	<b>251,461,238</b>
<b>Expenditures by Function</b>					
11	Instruction	123,235,668	-	-	123,235,668
12	Instructional Resources & Media	2,072,220	-	-	2,072,220
13	Curriculum & Staff Development	5,433,316	-	-	5,433,316
21	Instructional Leadership	2,733,236	-	-	2,733,236
23	School Leadership	12,892,720	-	-	12,892,720
31	Guidance, Counseling & Evaluation	8,878,237	-	-	8,878,237
32	Social Work Services	917,813	-	-	917,813
33	Health Services	2,341,606	-	-	2,341,606
34	Student Transportation	8,570,493	-	-	8,570,493
35	Food Services	-	10,957,308	-	10,957,308
36	Cocurricular/Extracurricular	4,966,355	-	-	4,966,355
41	General Administration	5,861,032	-	-	5,861,032
51	Plant Maintenance & Operations	25,441,003	-	-	25,441,003
52	Security & Monitoring Services	2,158,716	-	-	2,158,716
53	Data Processing Services	5,367,795	-	-	5,367,795
61	Community Service	7,439	-	-	7,439
71	Debt Service	3,362,951	4,000	42,072,114	45,439,065
95	Payments to JJAEP	80,000	-	-	80,000
99	Other Governmental Charges	737,128	-	-	737,128
	<b>Total Expenditures</b>	<b>215,057,728</b>	<b>10,961,308</b>	<b>42,072,114</b>	<b>268,091,150</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		(16,038,265)	(179,308)	(412,339)	(16,629,912)
<b>Other Resources/(Uses)</b>		3,302,438	-	-	3,302,438
Fund Balance -Beginning-Projected		70,139,724	3,489,059	19,667,930	93,296,714
<b>Fund Balance-Ending-Projected</b>		<b>\$ 57,403,897</b>	<b>\$ 3,309,751</b>	<b>\$ 19,255,591</b>	<b>\$ 79,969,240</b>
<b>Expenditures by Object</b>					
6100	Payroll Costs	175,483,968	4,419,978	-	179,903,946
6200	Contracted Services	13,130,249	192,400	-	13,322,649
6300	Supplies and Materials	14,678,847	6,115,780	-	20,794,627
6400	Other Operating Costs	4,882,608	29,150	-	4,911,758
6500	Debt Service	3,357,951	4,000	42,072,114	45,434,065
6600	Capital Outlay	3,524,105	200,000	-	3,724,105
	<b>Total Expenditures</b>	<b>215,057,728</b>	<b>10,961,308</b>	<b>42,072,114</b>	<b>268,091,150</b>

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

		2019-20	2020-21	2021-22	2022-23	2023-24
		Actual	Actual	Actual	Amended	Budget
<b>Revenues</b>						
5710	Tax Collections	\$ 111,932,496	\$ 114,215,196	\$ 118,661,732	\$ 127,117,985	\$ 130,747,678
5742	Investment Earnings	1,443,015	141,038	216,652	3,358,300	3,637,500
5700	Miscellaneous Local Revenue	1,125,401	1,098,857	1,357,608	1,688,800	1,350,200
5751	Food Services - Meals	3,769,232	892,496	1,675,413	4,775,975	4,713,000
	<b>Total Local Revenues</b>	<b>118,270,144</b>	<b>116,347,587</b>	<b>121,911,406</b>	<b>136,941,060</b>	<b>140,448,378</b>
5810	Foundation School Program	90,142,733	90,496,787	91,157,627	91,309,379	90,180,274
5829	Miscellaneous State Revenue	859,589	964,363	1,024,494	2,271,470	1,849,452
5831	TRS On-Behalf	10,149,361	10,211,788	10,224,328	10,550,500	11,010,954
	<b>Total State Revenues</b>	<b>101,151,683</b>	<b>101,672,938</b>	<b>102,406,449</b>	<b>104,131,349</b>	<b>103,040,680</b>
5900	Miscellaneous Federal Revenue	3,432,456	3,735,624	2,564,365	2,170,444	1,993,180
5921/22	School Breakfast/Lunch Program	3,208,876	4,614,027	11,003,814	6,218,350	5,229,000
5923	USDA Commodities	446,728	364,510	658,292	612,000	750,000
	<b>Total Federal Revenues</b>	<b>7,088,060</b>	<b>8,714,162</b>	<b>14,226,471</b>	<b>9,000,794</b>	<b>7,972,180</b>
	<b>Total Revenues</b>	<b>226,509,887</b>	<b>226,734,687</b>	<b>238,544,326</b>	<b>250,073,203</b>	<b>251,461,238</b>
<b>Expenditures by Function</b>						
11	Instruction	103,040,138	108,722,819	107,184,164	110,516,527	123,235,668
12	Instructional Resources & Media	1,837,341	1,775,924	1,935,636	1,995,558	2,072,220
13	Curriculum & Staff Development	5,162,170	4,917,101	5,355,089	5,564,155	5,433,316
21	Instructional Leadership	2,233,065	2,654,679	2,910,516	2,480,440	2,733,236
23	School Leadership	11,660,964	11,677,502	12,577,415	12,742,077	12,892,720
31	Guidance, Counseling & Evaluation	7,269,276	7,439,426	7,778,773	8,335,269	8,878,237
32	Social Work Services	639,339	779,019	651,076	915,557	917,813
33	Health Services	1,823,801	2,188,370	2,365,791	2,299,130	2,341,606
34	Student Transportation	6,076,780	6,208,460	7,071,906	8,164,977	8,570,493
35	Food Services	8,612,588	7,560,060	10,060,863	12,534,532	10,957,308
36	Cocurricular/Extracurricular	4,322,898	4,557,541	4,444,502	5,173,655	4,966,355
41	General Administration	4,340,898	4,771,348	5,424,623	5,723,241	5,861,032
51	Plant Maintenance & Operations	20,081,221	20,641,026	22,069,838	23,634,224	25,441,003
52	Security & Monitoring Services	2,329,077	1,900,192	1,830,783	2,042,515	2,158,716
53	Data Processing Services	4,255,252	4,189,698	4,494,454	5,752,490	5,367,795
61	Community Service	3,585	7,684	4,525	7,439	7,439
71	Debt Service	34,269,888	36,373,613	41,511,531	38,676,463	45,439,065
81	Facilities Acquisition & Construction	531,340	272,312	-	-	-
95	Payments to JJAEP	43,100	7,500	15,200	30,000	80,000
99	Other Governmental Charges	652,926	643,302	655,182	737,128	737,128
	<b>Total Expenditures</b>	<b>219,185,647</b>	<b>227,287,577</b>	<b>238,341,865</b>	<b>247,325,377</b>	<b>268,091,150</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		7,324,240	(552,890)	202,461	2,747,826	(16,629,912)
<b>Other Resources/(Uses)</b>		(3,390,201)	4,647,464	(1,331,572)	(3,166,679)	3,302,438
Fund Balance -Beginning-Projected		85,497,514	89,431,554	94,844,678	93,715,567	93,296,714
<b>Fund Balance-Ending-Projected</b>		<b>\$ 89,431,553</b>	<b>\$ 93,526,128</b>	<b>\$ 93,715,567</b>	<b>\$ 93,296,714</b>	<b>\$ 79,969,240</b>
<b>Expenditures by Object</b>						
6100	Payroll Costs	158,821,988	163,660,304	168,133,220	172,289,444	179,903,946
6200	Contracted Services	11,496,141	12,710,492	12,120,782	13,323,927	13,322,649
6300	Supplies and Materials	10,954,191	11,186,538	13,113,440	17,156,452	20,794,627
6400	Other Operating Costs	2,656,939	2,949,987	3,222,585	4,867,103	4,911,758
6500	Debt Service	34,269,888	36,373,613	41,511,531	38,584,176	45,434,065
6600	Capital Outlay	986,499	406,644	240,308	1,104,275	3,724,105
	<b>Total Expenditures</b>	<b>219,185,647</b>	<b>227,287,577</b>	<b>238,341,865</b>	<b>247,325,377</b>	<b>268,091,150</b>

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

		<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
		<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Revenues</b>					
5710	Tax Collections	\$ 130,747,678	\$ 128,080,603	\$ 132,783,114	\$ 137,647,010
5742	Investment Earnings	3,637,500	3,637,500	3,637,500	3,637,500
5700	Miscellaneous Local Revenue	1,350,200	1,350,200	1,350,200	1,350,200
5751	Food Services - Meals	4,713,000	4,807,260	4,903,405	5,001,473
	<b>Total Local Revenues</b>	<b>140,448,378</b>	<b>137,875,563</b>	<b>142,674,219</b>	<b>147,636,183</b>
5810	Foundation School Program	90,180,274	88,644,024	84,925,780	82,928,183
5829	Miscellaneous State Revenue	1,849,452	1,688,733	1,688,733	1,688,733
5831	TRS On-Behalf	11,010,954	11,231,173	11,455,797	11,684,912
	<b>Total State Revenues</b>	<b>103,040,680</b>	<b>101,563,930</b>	<b>98,070,310</b>	<b>96,301,828</b>
5900	Miscellaneous Federal Revenue	1,993,180	1,993,180	1,993,180	1,993,180
5921/22	School Breakfast/Lunch Program	5,229,000	5,333,580	5,440,252	5,549,057
5923	USDA Commodities	750,000	750,000	750,000	750,000
	<b>Total Federal Revenues</b>	<b>7,972,180</b>	<b>8,076,760</b>	<b>8,183,432</b>	<b>8,292,237</b>
	<b>Total Revenues</b>	<b>251,461,238</b>	<b>247,516,253</b>	<b>248,927,960</b>	<b>252,230,248</b>
<b>Expenditures</b>					
6100	Payroll Costs	179,903,946	182,822,283	186,437,798	190,125,624
6200	Contracted Services	13,322,649	13,589,102	13,860,884	14,138,102
6300	Supplies and Materials	20,794,627	14,042,943	14,323,801	14,610,277
6400	Other Operating Costs	4,911,758	5,009,993	5,110,193	5,212,397
6500	Debt Service	45,434,065	37,413,251	38,148,700	38,189,796
6600	Capital Outlay	3,724,105	1,407,745	2,961,135	1,369,135
	<b>Total Expenditures</b>	<b>268,091,150</b>	<b>254,285,316</b>	<b>260,842,511</b>	<b>263,645,332</b>
	<b>Excess of Revenues Over/(Under) Expenditures</b>	<b>(16,629,912)</b>	<b>(6,769,063)</b>	<b>(11,914,551)</b>	<b>(11,415,083)</b>
	<b>Other Resources/(Uses)</b>	<b>3,302,438</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Fund Balance -Beginning-Projected	93,296,714	79,969,240	73,200,176	61,285,625
	<b>Fund Balance-Ending-Projected</b>	<b>\$ 79,969,240</b>	<b>\$ 73,200,176</b>	<b>\$ 61,285,625</b>	<b>\$ 49,870,542</b>

Note: Financial assumptions are located on page 55.

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# GENERAL FUND OVERVIEW

This General Fund is the main operating fund of the District and is used to pay for the daily operations of schools and administrative support services (included but not limited to most staff salaries, classroom services and supplies, cocurricular and extracurricular activities, utilities, insurance coverage, educational technology, routine maintenance, and transportation costs). The major sources of revenue include local property taxes and state aid.

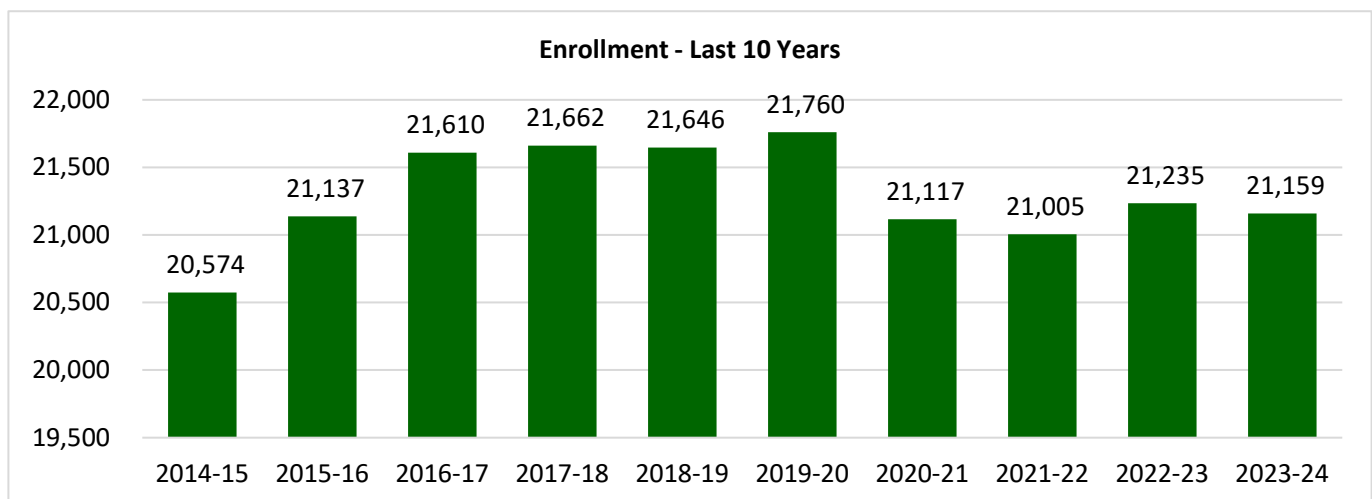
## Enrollment

Enrollment projections are crucial for estimating state funding in Texas school districts because they directly impact the amount of funding a district will receive from the state. Texas uses a complex school finance system, which considers factors like property values and the district's wealth to determine state funding. However, a significant portion of funding for public school districts is determined on a per-student basis. This means that the state allocates a certain amount of money for each enrolled student. Therefore, the number of students a district expects to have in the coming year is the basis for calculating how much funding the District will receive.

Enrollment projections are also used to determine staffing levels and resource allocation. The number of teachers, administrators, and support staff a school district employs is directly related to the number of students they expect to enroll. Accurate enrollment projections are vital for hiring the right number of teachers and staff to maintain appropriate class sizes and provide quality education. Beyond staffing, enrollment projections also influence the allocation of other resources, such as facility needs, classroom materials, technology, and extracurricular programs.

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 each 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.

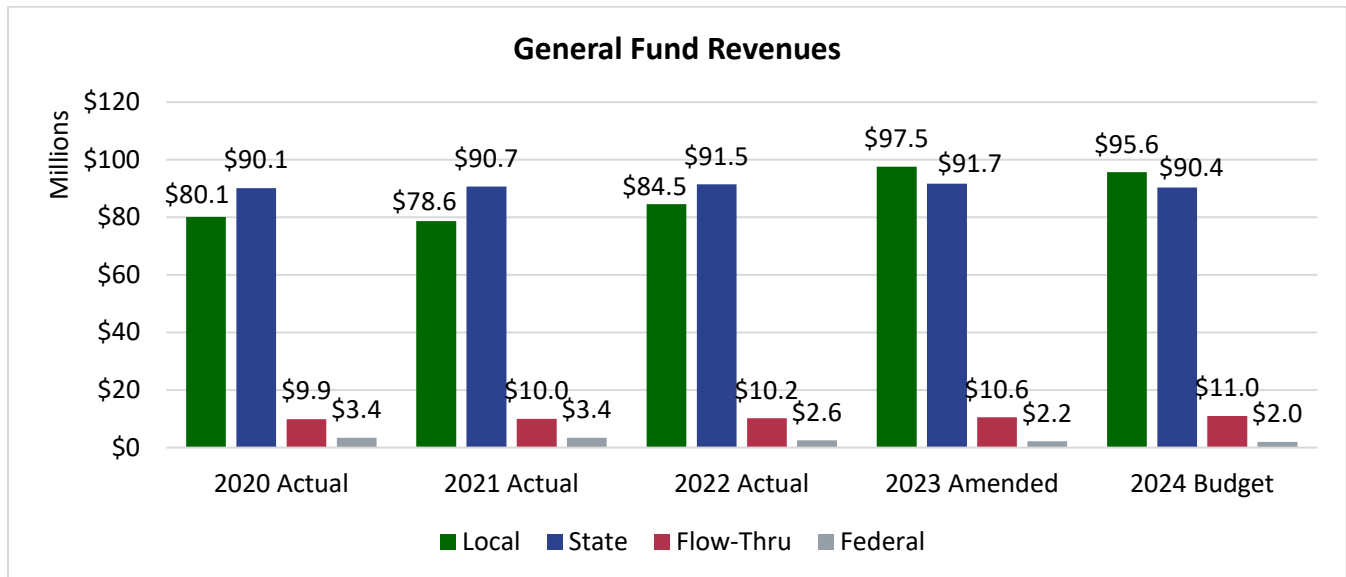
Since school year 2020-21, enrollment had remained relatively flat, fluctuating +/- 0.5% each year; the District experienced a 3% decrease in 2020-21 partly due to an aging population as well as the COVID-19 pandemic. For 2023-24, the District projects a very slight enrollment decrease attributed to large graduating classes and smaller incoming kindergarten class sizes. The graph below presents the enrollment history for the last 10 years, which peaked in 2019-20 at 21,760 students.



## Revenue Trends and Assumptions

Revenue estimates are based upon a variety of student demographic, property values, and tax information. Estimating revenue from the two major sources, state and local property taxes, are critical to the budget.

The District estimates total General Operating Fund revenues of \$199.0 million for the 2023-24 fiscal year. State revenue represents 45.4% of all available sources of funding and an additional 5.5% of TRS On-Behalf flow-thru, local sources total 48.1%, and federal sources 1.0%. The 2023-24 budget revenues represent a decrease of \$3 million or 1.5% from fiscal year 2022-23 amended revenue levels mostly due to a decrease of seven disaster cents adopted for the maintenance and operations tax rate that were allowable for one year only.



### Local Revenue

The primary source of local revenue is tax collections. Estimating revenue from local property taxes involves several steps and considerations: (1) the Brazoria County Appraisal District provides the assessed value of all taxable properties within the district boundaries, including land, buildings, and personal property, (2) the district accounts for all exemptions and deductions from property owners, including homestead exemptions; (3) administration determines a tax rate which is later set by the Board of Trustees; and (4) the district factors a collection rate based on historical collections.

State law requires the district to adopt a budget by June 30th of each year. When preparing the budget, the District uses the April certified estimates to calculate local property tax revenues. After receiving certified tax rolls in late July, the Board of Trustees adopts a tax rate no later than September 30.

Total revenues from local sources are projected to decrease by 2.0% from budgeted revenues. Most local revenues are generated from current year tax collections, which are expected to decrease by 2.0% from an estimated \$91.9 million for fiscal year 2022-23 to a projected \$90.1 million for fiscal year 2023-24 due to an estimated 16.3% growth in property values offset by the loss of seven one-time disaster pennies on the M&O rate. Tax collections are estimated based on a \$0.8046 M&O tax rate and a 98.5% tax collection rate. Prior year tax collections are projected at \$800,000 and penalty and interest on past due taxes at \$401,000. Other local sources of revenues are estimated at \$4.4 million, which include investment earnings, tuition and fees, rent, gate receipts, and other miscellaneous revenue.



## Tax Rate

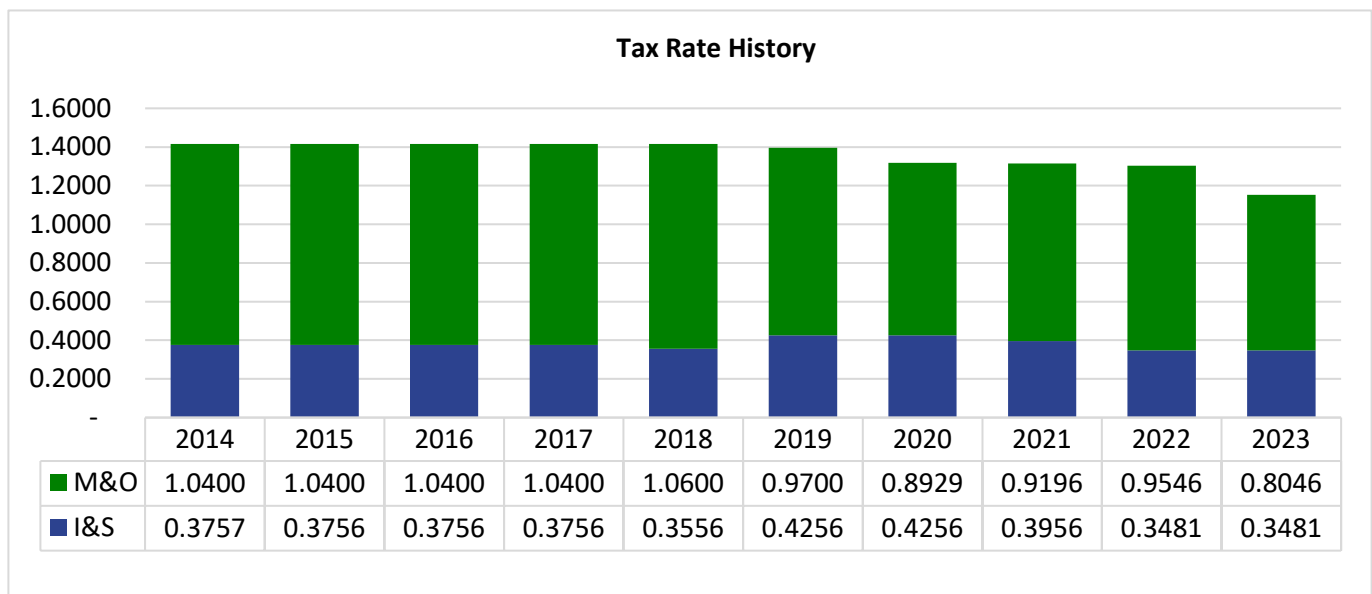
Based on estimated taxable property values, the District projects the level of taxation that will generate adequate funds to maximize state aid and meet district obligations while keeping in mind the ability of local taxpayers to pay their taxes. Property values in 2023 are estimated to increase by approximately 16.3%, pending receipt of the Brazoria and Harris County Appraisal District's 2023 certified tax roll in late July. These certified values are typically lower than the certified estimates provided in April because of property value protests and late-filed exemptions. Hence, the District uses a more conservative approach for budget purposes.

House Bill 3 (HB 3), as passed by the 86th Legislature, compressed school district tax rates; as property values rise, the District is required to reduce the portion of the tax rate that pays for operating costs. Each year, TEA determines our maximum compressed rate for maintenance and operations using a formula that considers both local and state property value increases. Since tax year 2019, the District's maintenance and operations (M&O) tax rate has been reduced by 23.5 cents. The actual compressed rate is determined by the state late in the Summer and the tax rate will be adopted in August.

The District prepared the 2023-24 budget with a proposed tax year 2023 tax rate of \$1.1527 per \$100 property valuation, representing a decrease of 15 cents or approximately 11.5% from prior year. The (M&O) rate is estimated to be \$0.8046 (after calculating a tax compression of 8 cents due to higher growth than the statewide average of 4.43%, and an additional 7-cent decrease that was allowed for fiscal year 2022-23 due to a disaster declaration); the debt service (aka "Interest & Sinking" or "I&S") rate will remain the same at \$0.3481.

The District has placed great efforts in maintaining one of the lowest tax rates amongst area school districts. The table and graph below present a comparison for the last three years and a history of the District's tax rate.

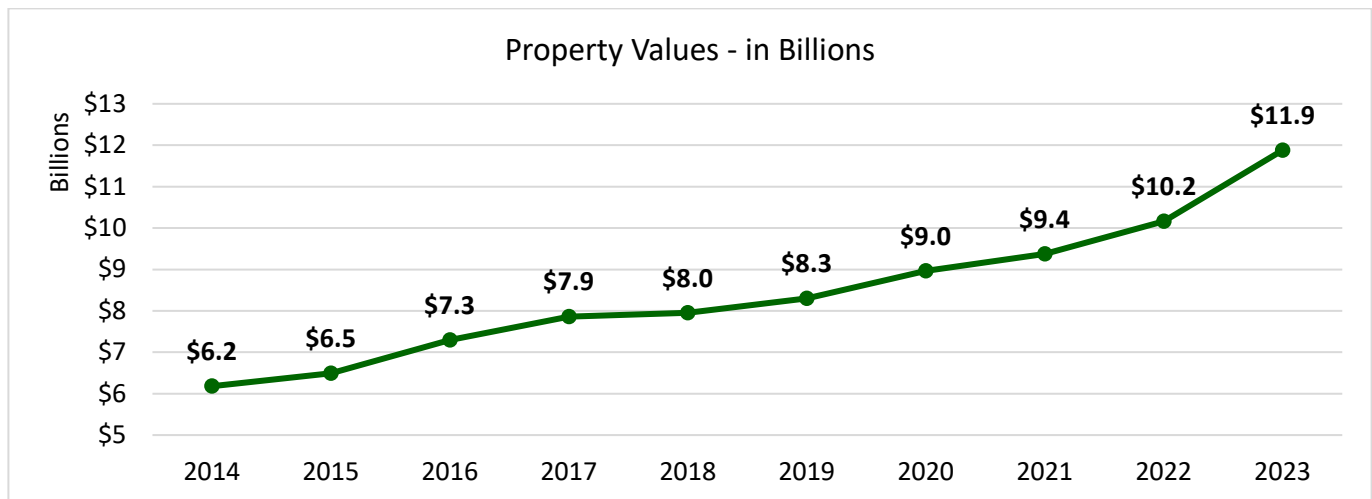
Tax Rate	Tax Year/Fiscal Year			Variance
	2021 2021-22	2022 2022-23	2023 2023-24	
M&O	\$0.9196	\$0.9546	\$0.8046	-\$0.1500
I&S	0.3956	0.3481	0.3481	0.0000
Total Tax Rate	\$1.3152	\$1.3027	\$1.1527	-\$0.1500



\* Tax Year 2023 Estimated

## 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 2023-24 proposed budget (2023 tax year) is based off an estimated 16.8% increase from the 2022 Tax Year for a total of \$1.7 billion. The estimated taxable values calculated reflect the losses expected from the constitutional amendments that were passed by voters in May 2022; an increase of the state mandated homestead exemption from \$25,000 to \$40,000, and further reductions in frozen tax levies for homeowners who are disabled or 65 years or older.



\* Tax Year 2023 Estimated

## State Revenue

TEA administers the state's Foundation School Program (FSP), which establishes the amount of state and local funding due to school districts under Texas school finance law and provides the state share of this funding to districts. The FSP is meant to ensure that all school districts, regardless of property wealth, receive "substantially equal access to similar revenue per student at similar tax effort, considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences."

State funding projections are based on an estimated average daily attendance (ADA) of 19,868 students. The District projects to receive a total of \$90.2 million in state funds, which is comprised of \$74.1 million from Tier I Basic Allotment funds and \$16.1 million from Tier II Basic Program Enrichment funds. 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.

### Tier I State Aid – Basic Allotment

Tier One of the FSP provides the Districts with a basic level of funding through several allotments, including those for regular basic education, special education (SPED), dyslexia, compensatory education, bilingual education (including dual language programs), career and technology education (CTE), gifted and talented education, public education grants, early education, college, career, or military readiness, and transportation. 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 the compressed tax rate or "CTR" per \$100 of assessed taxable property value; with the remainder representing the State's share of 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.

The estimated total cost of Tier I for 2023-24 is \$157.1 million using estimated 2023 State Certified Property Values (District Property Values or “DPV”) of \$11.4 billion. Beginning with Tax Year 2022, district property values are estimated net of the increase in the homestead exemption from \$25,000 to \$40,000. The District’s local share of Tier I funds is calculated at \$82.9 million (CTR/100 \* DPV), with the remaining \$74.1 million to be funded by the State. Revenue assumptions will be updated when the District receives certified property values, adopts its tax rate, and has a solid enrollment count.

*Comparison of state and local share of Tier I funds.*

<b>Tax Year Fiscal Year</b>	<b>2021 2021-22</b>	<b>2022 2022-23</b>	<b>2023 2023-24</b>
District Property Values	\$9,036,411,007	\$9,843,976,634	\$11,444,153,618
Total Cost of Tier I	\$153,956,829	\$156,710,381	\$157,047,188
Less: Local Share of Tier I	75,869,707	79,204,636	82,924,337
State Share of Tier I	<u>\$78,087,122</u>	<u>\$77,505,745</u>	<u>\$74,122,851</u>

**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 maximum compressed tax rate (MCR), 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. The guaranteed yield for those golden pennies is \$98.56 for fiscal year 2022-23 and estimated to increase to \$129.52 in fiscal year 2023-24. The guaranteed yield on any additional pennies above the MCR plus eight cents (up to the maximum rate of 17 cents above the MCR) is fixed at \$50; these nine cents are also referred to as “copper pennies”.

The budget was adopted using an estimated M&O rate for tax year 2023 of \$0.8046, which is 8 cents (or “golden”) above the District’s compressed rate of \$0.7246. This is a decrease of 15 cents from tax year 2022. Each golden penny is projected to generate approximately \$2.0 million in state aid; the total Tier II State Aid for fiscal year 2022-23 is projected at \$16 million. The actual tax rate adopted will be determined after certified property values are received.

*State Funding Summary*

State aid for fiscal year 2023-24 is projected to decrease \$0.9 million from fiscal year 2022-23 due to an increase in the local share of Tier I funding due to property value growth. Tier II funding is increasing by \$2.5 million due to the increase in the golden penny yield. State funding is summarized as follows:

<b>State Funding</b>	<b>2021-22 Actual</b>	<b>2022-23 Estimated</b>	<b>2023-24 Budget</b>
Tier I Share	\$78,087,123	\$77,505,745	\$74,122,851
Tier II State Aid	12,163,876	13,514,410	16,041,804
Other Programs (Charges for Services)	(5,828)	(6,381)	(6,381)
	<u>\$90,245,171</u>	<u>\$91,013,774</u>	<u>\$90,158,274</u>

### On-Behalf TRS Payments

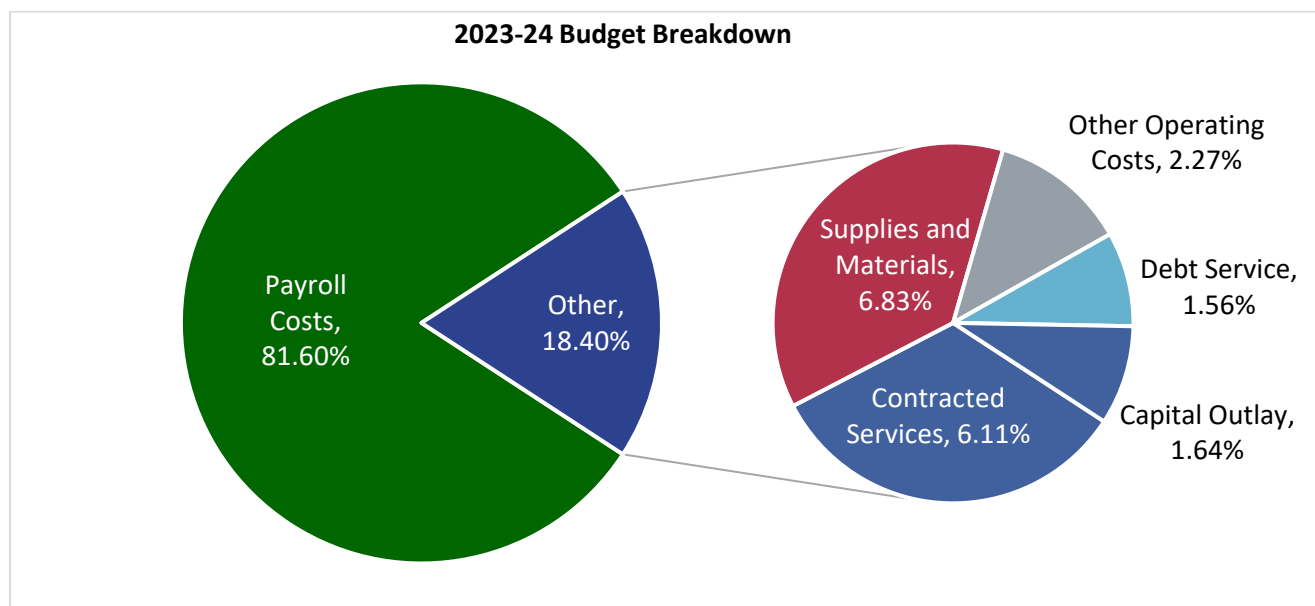
This revenue source is a non-cash transaction that the District is required to record in its books to account for retirement payments (contributions) made by the State on behalf of the District for all its employees. The intent of this transaction is to account for the entire cost of providing school services in the State of Texas. For fiscal year 2023-24, the projected amount is \$11.0 million (offset by expenditures).

### Federal Revenues

The District projects federal revenues for fiscal year 2023-24 of \$2.0 million. Revenue sources are mainly comprised of Medicaid reimbursements (MAC) and School Health, Related Services (SHARS) reimbursements and indirect and direct cost (IDC) charges for the administration of federal grants.

### Expenditure Summary

The budgeted expenditures for fiscal year 2023-24 are \$215.1 million; 81.6% of the budget is for salary and benefits while the remaining 18.4% 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 costs for fiscal year 2023-24 comprise 81.6% of the general fund proposed budget. Total payroll is \$171.5 million; an increase of 4.5% over the fiscal year 2022-23 amended payroll budget. The adopted compensation package includes a general pay increase of 2% from midpoint for all staff, an increase to beginner teacher pay from \$59,600 to \$60,500, and market adjustments for auxiliary staff in the lowest pay grades as follows:

Employee Classification	Amount
Teachers & Librarians	\$1,649,274
Professional Support (Campus/ESC Admin, Counselors, Nurses, Special Programs, etc.)	509,077
Auxiliary (Maintenance, Operations, Bus Drivers, Food Service, etc.)	238,031
Paraprofessionals (Clerical Staff)	172,654
Market Adjustments (Bus Drivers, Café Workers, Custodians, Groundskeeper, Monitors)	453,457
Total	\$3,022,493

## Changes in Personnel

Throughout the year, the district inactivated or reclassified several positions including teachers, network engineering manager, education technology specialists, assistant principals, GT academy specialist, clerical staff, stipend reductions, etc. for a net savings of \$0.5 million. However, the following additional personnel was added for fiscal year 2023-24 due to programmatic needs and staffing formulas.

Additional Personnel	FTE	Budget Impact
Teachers	3.5	\$245,602
Assistant Principal – Pearland High School	1.0	102,744
LPAC Facilitators	2.0	143,942
Speech Language Pathologist	1.0	83,108
Instructional Aides	6.0	152,066
Overage Teachers	5.0	350,860
Total		\$1,078,322

Pending actual enrollment, the need to fill positions that become vacant will be assessed on a case-by-case basis to with the objective of reducing the projected budget deficit in future budget years.

## Medical Premium Contributions

The proposed compensation package includes a district medical premium contribution of \$300 per month towards employee health insurance premiums, same as prior year.

## Non-Payroll Costs

Non-payroll expenditures total \$39.6 million, comprising 18.4% of the total budget and reflecting an increase of \$10.4 million from prior year budgeted expenditures of \$29.2 million. Most of the increase in expenditures is due to a planned refresh of student devices purchased four years ago for an estimated amount of \$6.9 million, the last lease payment of \$2.1 million for student devices purchased during the onset of the pandemic which was being covered by ESSER funds, and \$1.5 million to cover increases in utilities, insurance premium costs, and other miscellaneous items.

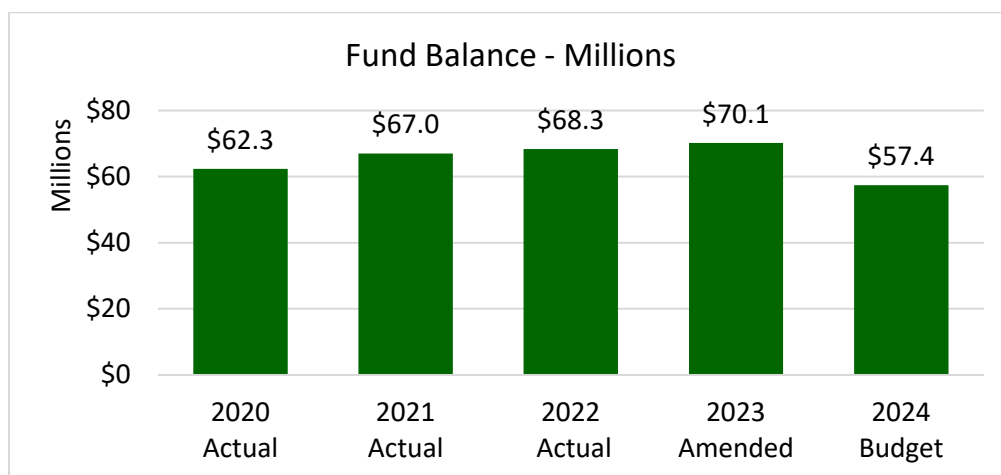
The per-student budget allocation for campuses remain unchanged from fiscal year 2022-23. Campus budgets are based on enrollment projections on a per-student allocation basis as follows:

- Elementary Schools \$89.10
- Middle Schools \$89.10
- Junior High Schools \$100.14
- PACE \$113.94
- High Schools \$128.70

## Fund Balance

Budgets are meant to be a guide for an organization to spend within its means, not a target for actual expenditures; as such, the District generally ends the year with 2-3% of unspent budgeted expenditures. The fund balance for fiscal year 2023-24 is projected at \$57.4 million; representing a \$12.7 million or 18.1% decrease from estimated 2022-23 ending fund balance. This represents a 99-day operating reserve, which is above the 90-day operating fund balance that administration strives to maintain. Administration will reassess the budget in August, once certified property values are received and the 89<sup>th</sup> legislative session concludes; it is possible that a voter-approval tax rate election (VATRE) will be considered to balance the budget and maintain a strong fund balance.

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, and to facilitate cash flow needs since most revenues are received between December and February when property taxes are collected. Maintaining a healthy fund balance helps cover regular operating expenditures during the first half of the school year, unanticipated expenditures, and future budget shortfalls. Pearland ISD's projected 2023-24 ending fund balance for the general fund includes over three months of expenditures and follows the Government Finance Officers Association recommendation.



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

		2019-20	2020-21	2021-22	2022-23	2023-24
		Actual	Actual	Actual	Amended	Budget
<b>Revenues</b>						
5711	Tax Collections	\$ 76,411,616	\$ 76,058,844	\$ 81,650,411	\$ 91,910,375	\$ 90,058,855
5712-19	Taxes-Delinquent, P&I	1,462,657	1,366,347	1,339,429	1,232,000	1,226,000
5742	Investment Earnings	1,118,323	117,155	181,888	2,715,000	3,000,000
5700	Miscellaneous Local Revenue	1,125,401	1,098,857	1,357,608	1,688,800	1,350,200
	<b>Total Local Revenues</b>	<b>80,117,997</b>	<b>78,641,203</b>	<b>84,529,336</b>	<b>97,546,175</b>	<b>95,635,055</b>
5810	Foundation School Program	90,142,733	90,496,787	91,157,627	91,309,379	90,180,274
5829	Miscellaneous State Revenue	-	226,819	299,695	390,000	200,000
5831	TRS On-Behalf	9,898,475	9,972,551	10,224,328	10,550,500	11,010,954
	<b>Total State Revenues</b>	<b>100,041,208</b>	<b>100,696,157</b>	<b>101,681,650</b>	<b>102,249,879</b>	<b>101,391,228</b>
5900	Miscellaneous Federal Revenue	3,432,456	3,375,293	2,564,365	2,170,444	1,993,180
	<b>Total Federal Revenues</b>	<b>3,432,456</b>	<b>3,375,293</b>	<b>2,564,365</b>	<b>2,170,444</b>	<b>1,993,180</b>
	<b>Total Revenues</b>	<b>183,591,661</b>	<b>182,712,653</b>	<b>188,775,351</b>	<b>201,966,498</b>	<b>199,019,463</b>
<b>Expenditures by Function</b>						
11	Instruction	103,040,138	108,722,819	107,184,164	110,516,527	123,235,668
12	Instructional Resources & Media	1,837,341	1,775,924	1,935,636	1,995,558	2,072,220
13	Curriculum & Staff Development	5,162,170	4,917,101	5,355,089	5,564,155	5,433,316
21	Instructional Leadership	2,233,065	2,654,679	2,910,516	2,480,440	2,733,236
23	School Leadership	11,660,964	11,677,502	12,577,415	12,742,077	12,892,720
31	Guidance, Counseling & Evaluation	7,269,276	7,439,426	7,778,773	8,335,269	8,878,237
32	Social Work Services	639,339	779,019	651,076	915,557	917,813
33	Health Services	1,823,801	2,188,370	2,365,791	2,299,130	2,341,606
34	Student Transportation	6,076,780	6,208,460	7,071,906	8,164,977	8,570,493
36	Cocurricular/Extracurricular	4,322,898	4,557,541	4,444,502	5,173,655	4,966,355
41	General Administration	4,340,898	4,771,348	5,424,623	5,723,241	5,861,032
51	Plant Maintenance & Operations	20,081,221	20,641,026	22,069,838	23,634,224	25,441,003
52	Security & Monitoring Services	2,329,077	1,900,192	1,830,783	2,042,515	2,158,716
53	Data Processing Services	4,255,252	4,189,698	4,494,454	5,752,490	5,367,795
61	Community Service	3,585	7,684	4,525	7,439	7,439
71	Debt Service	-	-	612,673	972,853	3,362,951
81	Facilities Acquisition & Construction	531,340	-	-	-	-
95	Payments to JJAEP	43,100	7,500	15,200	30,000	80,000
99	Other Governmental Charges	652,926	643,302	655,182	737,128	737,128
	<b>Total Expenditures</b>	<b>176,303,170</b>	<b>183,081,593</b>	<b>187,382,145</b>	<b>197,087,235</b>	<b>215,057,728</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		7,288,491	(368,940)	1,393,206	4,879,263	(16,038,265)
<b>Other Resources/(Uses)</b>		(3,615,134)	5,089,362	(1,331,572)	(3,083,247)	3,302,438
Fund Balance -Beginning-Projected		58,634,779	62,308,136	68,282,074	68,343,708	70,139,724
<b>Fund Balance-Ending-Projected</b>		<b>\$ 62,308,136</b>	<b>\$ 67,028,559</b>	<b>\$ 68,343,708</b>	<b>\$ 70,139,724</b>	<b>\$ 57,403,897</b>
<b>Expenditures by Object</b>						
6100	Payroll Costs	154,794,455	159,514,874	164,037,344	167,888,312	175,483,968
6200	Contracted Services	11,428,602	12,658,682	12,054,970	13,158,927	13,130,249
6300	Supplies and Materials	6,733,025	7,836,237	7,237,404	9,738,252	14,678,847
6400	Other Operating Costs	2,647,899	2,943,871	3,211,257	4,856,903	4,882,608
6500	Debt Service	-	-	612,673	880,566	3,357,951
6600	Capital Outlay	699,189	127,928	228,496	564,275	3,524,105
	<b>Total Expenditures</b>	<b>176,303,170</b>	<b>183,081,593</b>	<b>187,382,145</b>	<b>197,087,235</b>	<b>215,057,728</b>



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

	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Amended	2023-24 Budget
<b>11 - Instruction</b>					
6100 Payroll Costs	\$ 104,905,388	\$ 104,905,388	\$ 104,527,958	\$ 107,183,505	\$ 111,555,177
6200 Contracted Services	1,094,964	1,094,964	288,499	285,406	207,248
6300 Supplies & Materials	2,392,407	2,392,407	2,198,939	2,325,140	9,164,870
6400 Other Operating Expenditures	271,381	271,381	112,097	337,660	332,273
6600 Capital Outlay	58,679	58,679	56,671	384,816	1,976,100
<b>Instruction Total</b>	<b>103,040,138</b>	<b>108,722,819</b>	<b>107,184,164</b>	<b>110,516,527</b>	<b>123,235,668</b>
<b>12 - Instructional Resources &amp; Media</b>					
6100 Payroll Costs	1,594,833	1,559,492	1,708,398	1,758,933	1,862,788
6200 Contracted Services	26,752	339	386	725	575
6300 Supplies & Materials	213,738	215,009	223,389	232,247	205,382
6400 Other Operating Expenditures	2,018	1,084	3,463	3,653	3,475
<b>Instructional Resources &amp; Media Total</b>	<b>1,837,341</b>	<b>1,775,924</b>	<b>1,935,636</b>	<b>1,995,558</b>	<b>2,072,220</b>
<b>13 - Curriculum &amp; Staff Development</b>					
6100 Payroll Costs	4,872,138	4,668,884	5,137,337	5,263,234	5,142,435
6200 Contracted Services	64,217	75,389	75,130	70,070	73,270
6300 Supplies & Materials	107,292	83,569	66,130	127,945	96,676
6400 Other Operating Expenditures	118,523	89,260	76,492	90,516	120,935
6600 Capital Outlay	-	-	-	12,390	-
<b>Curriculum &amp; Staff Development Total</b>	<b>5,162,170</b>	<b>4,917,101</b>	<b>5,355,089</b>	<b>5,564,155</b>	<b>5,433,316</b>
<b>21 - Instructional Leadership</b>					
6100 Payroll Costs	2,023,753	2,371,272	2,721,288	2,200,285	2,287,314
6200 Contracted Services	18,680	18,217	7,953	9,745	39,353
6300 Supplies & Materials	155,487	245,254	134,463	202,520	262,069
6400 Other Operating Expenditures	35,145	19,937	46,812	58,931	61,500
6600 Capital Outlay	-	-	-	8,959	83,000
<b>Instructional Leadership Total</b>	<b>2,233,065</b>	<b>2,654,679</b>	<b>2,910,516</b>	<b>2,480,440</b>	<b>2,733,236</b>
<b>23 - School Leadership</b>					
6100 Payroll Costs	11,339,454	11,348,760	12,265,018	12,405,936	12,599,185
6200 Contracted Services	27,301	22,134	12,358	20,994	26,750
6300 Supplies & Materials	193,408	225,496	207,384	197,397	150,358
6400 Other Operating Expenditures	100,801	81,112	92,655	117,750	116,427
<b>School Leadership Total</b>	<b>11,660,964</b>	<b>11,677,502</b>	<b>12,577,415</b>	<b>12,742,077</b>	<b>12,892,720</b>
<b>31 - Guidance, Counseling &amp; Evaluation</b>					
6100 Payroll Costs	7,113,812	7,257,937	7,611,380	8,139,326	8,654,582
6200 Contracted Services	13,105	59,135	17,812	27,800	42,600
6300 Supplies & Materials	126,239	118,074	133,758	146,039	156,910
6400 Other Operating Expenditures	16,120	4,281	15,822	22,104	24,145
<b>Guidance, Counseling &amp; Evaluation Total</b>	<b>7,269,276</b>	<b>7,439,426</b>	<b>7,778,773</b>	<b>8,335,269</b>	<b>8,878,237</b>
<b>32 - Social Work Services</b>					
6100 Payroll Costs	456,808	595,207	462,028	691,911	704,467
6200 Contracted Services	174,455	175,788	186,012	189,258	183,458
6300 Supplies & Materials	5,897	6,503	1,966	30,190	16,338
6400 Other Operating Expenditures	2,178	1,521	1,070	4,198	13,550
<b>Social Work Services Total</b>	<b>639,339</b>	<b>779,019</b>	<b>651,076</b>	<b>915,557</b>	<b>917,813</b>

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

	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Amended	2023-24 Budget
<b>33 - Health Services</b>					
6100 Payroll Costs	1,720,469	1,821,083	2,108,118	2,192,580	2,254,383
6200 Contracted Services	31,083	34,937	2,773	34,882	15,643
6300 Supplies & Materials	50,696	320,839	240,150	53,224	53,136
6400 Other Operating Expenditures	9,584	11,511	14,750	18,444	13,444
6600 Capital Outlay	11,970	-	-	-	5,000
<b>Health Services Total</b>	<b>1,823,801</b>	<b>2,188,370</b>	<b>2,365,791</b>	<b>2,299,130</b>	<b>2,341,606</b>
<b>34 - Student Transportation</b>					
6100 Payroll Costs	5,069,626	4,990,050	5,675,929	5,907,864	6,963,413
6200 Contracted Services	146,364	232,490	317,587	357,362	264,500
6300 Supplies & Materials	688,661	833,780	896,789	1,676,245	1,081,330
6400 Other Operating Expenditures	172,129	152,140	181,601	212,918	235,250
6600 Capital Outlay	-	-	-	10,588	26,000
<b>Student Transportation Total</b>	<b>6,076,780</b>	<b>6,208,460</b>	<b>7,071,906</b>	<b>8,164,977</b>	<b>8,570,493</b>
<b>36 - Cocurricular/Extracurricular</b>					
6100 Payroll Costs	3,159,951	3,264,225	3,333,614	3,458,370	3,466,862
6200 Contracted Services	369,725	346,756	323,898	388,068	378,837
6300 Supplies & Materials	414,567	654,903	306,246	477,486	430,949
6400 Other Operating Expenditures	337,403	291,657	468,744	791,661	637,707
6600 Capital Outlay	41,252	-	12,000	58,070	52,000
<b>Cocurricular/Extracurricular Total</b>	<b>4,322,898</b>	<b>4,557,541</b>	<b>4,444,502</b>	<b>5,173,655</b>	<b>4,966,355</b>
<b>41 - General Administration</b>					
6100 Payroll Costs	3,760,712	3,939,997	4,537,139	4,566,686	4,628,056
6200 Contracted Services	311,897	420,802	485,954	544,341	519,680
6300 Supplies & Materials	113,522	101,254	109,656	266,229	165,630
6400 Other Operating Expenditures	154,767	309,295	291,874	345,985	387,666
6600 Capital Outlay	-	-	-	-	160,000
<b>General Administration Total</b>	<b>4,340,898</b>	<b>4,771,348</b>	<b>5,424,623</b>	<b>5,723,241</b>	<b>5,861,032</b>
<b>51 - Plant Maintenance &amp; Operations</b>					
6100 Payroll Costs	10,415,687	10,073,411	10,943,642	10,963,741	12,076,558
6200 Contracted Services	7,081,012	7,434,123	7,782,751	8,267,450	8,340,750
6300 Supplies & Materials	1,234,794	1,378,053	1,357,630	1,836,100	1,461,392
6400 Other Operating Expenditures	1,334,849	1,686,192	1,832,374	2,488,997	2,749,250
6600 Capital Outlay	14,878	69,249	153,440	77,936	813,053
<b>Plant Maintenance &amp; Operations Total</b>	<b>20,081,221</b>	<b>20,641,026</b>	<b>22,069,838</b>	<b>23,634,224</b>	<b>25,441,003</b>
<b>52 - Security &amp; Monitoring Services</b>					
6100 Payroll Costs	822,739	345,169	369,687	515,845	556,563
6200 Contracted Services	1,384,675	1,464,591	1,366,595	1,419,310	1,507,115
6300 Supplies & Materials	84,353	74,688	55,938	96,340	90,938
6400 Other Operating Expenditures	16,127	15,743	38,564	4,600	4,100
6600 Capital Outlay	21,182	-	-	6,420	-
<b>Security &amp; Monitoring Services Total</b>	<b>2,329,077</b>	<b>1,900,192</b>	<b>1,830,783</b>	<b>2,042,515</b>	<b>2,158,716</b>

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

	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Amended	2023-24 Budget
<b>53 - Data Processing Services</b>					
6100 Payroll Costs	2,401,389	2,366,316	2,631,283	2,632,657	2,729,746
6200 Contracted Services	491,656	628,216	516,880	776,388	713,342
6300 Supplies & Materials	1,288,254	1,186,408	1,304,967	1,978,863	1,332,869
6400 Other Operating Expenditures	31,982	8,758	34,939	359,486	182,886
6600 Capital Outlay	41,971	-	6,385	5,096	408,952
<b>Data Processing Services Total</b>	<b>4,255,252</b>	<b>4,189,698</b>	<b>4,494,454</b>	<b>5,752,490</b>	<b>5,367,795</b>
<b>61 - Community Service</b>					
6100 Payroll Costs	3,585	7,684	4,525	7,439	2,439
6300 Supplies & Materials	-	-	-	-	5,000
<b>Community Service Total</b>	<b>3,585</b>	<b>7,684</b>	<b>4,525</b>	<b>7,439</b>	<b>7,439</b>
<b>71 - Debt Service</b>					
6300 Supplies & Materials	-	-	-	92,287	5,000
6500 Debt Service	-	-	612,673	880,566	3,357,951
<b>Community Service Total</b>	<b>3,585</b>	<b>-</b>	<b>612,673</b>	<b>972,853</b>	<b>3,362,951</b>
<b>81 - Facilities Acquisition &amp; Construction</b>					
6600 Capital Outlay	531,340	-	-	-	-
<b>Facilities Acquisition &amp; Construction Total</b>	<b>531,340</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>95 - Payments to JJAEP</b>					
6200 Contracted Services	43,100	7,500	15,200	30,000	80,000
<b>Payments to JJAEP Total</b>	<b>43,100</b>	<b>7,500</b>	<b>15,200</b>	<b>30,000</b>	<b>80,000</b>
<b>99 - Other Governmental Charges</b>					
6200 Contracted Services	652,926	643,302	655,182	737,128	737,128
<b>Other Governmental Charges Total</b>	<b>652,926</b>	<b>643,302</b>	<b>655,182</b>	<b>737,128</b>	<b>737,128</b>
<b>Total Expenditures</b>	<b>\$ 176,303,170</b>	<b>\$ 183,081,593</b>	<b>\$ 187,382,145</b>	<b>\$ 197,087,235</b>	<b>\$ 215,057,728</b>

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

		<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
		<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Revenues</b>					
5711	Tax Collections	\$ 90,058,855	\$ 92,805,073	\$ 95,819,482	\$ 98,883,475
5712-19	Taxes-Delinquent, P&I	1,226,000	1,226,000	1,226,000	1,226,000
5742	Investment Earnings	3,000,000	3,000,000	3,000,000	3,000,000
5700	Miscellaneous Local Revenue	1,350,200	1,350,200	1,350,200	1,350,200
	<b>Total Local Revenues</b>	<b>95,635,055</b>	<b>98,381,273</b>	<b>101,395,682</b>	<b>104,459,675</b>
5810	Foundation School Program	90,180,274	88,644,024	84,925,780	82,928,183
5829	Miscellaneous State Revenue	200,000	200,000	200,000	200,000
5831	TRS On-Behalf	11,010,954	11,231,173	11,455,797	11,684,912
	<b>Total State Revenues</b>	<b>101,391,228</b>	<b>100,075,197</b>	<b>96,581,577</b>	<b>94,813,095</b>
5919	Miscellaneous Federal Revenue	1,993,180	1,993,180	1,993,180	1,993,180
	<b>Total Federal Revenues</b>	<b>1,993,180</b>	<b>1,993,180</b>	<b>1,993,180</b>	<b>1,993,180</b>
	<b>Total Revenues</b>	<b>199,019,463</b>	<b>200,449,650</b>	<b>199,970,439</b>	<b>201,265,950</b>
<b>Expenditures</b>					
6100	Payroll Costs	175,483,968	178,313,905	181,839,253	185,435,108
6200	Contracted Services	13,130,249	13,392,854	13,660,711	13,933,925
6300	Supplies and Materials	14,678,847	7,804,847	7,960,944	8,120,163
6400	Other Operating Costs	4,882,608	4,980,260	5,079,865	5,181,463
6500	Debt Service	3,357,951	1,323,488	1,147,337	1,170,283
6600	Capital Outlay	3,524,105	1,407,745	2,961,135	1,369,135
	<b>Total Expenditures</b>	<b>215,057,728</b>	<b>207,223,099</b>	<b>212,649,245</b>	<b>215,210,077</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		<b>(16,038,265)</b>	<b>(6,773,449)</b>	<b>(12,678,807)</b>	<b>(13,944,127)</b>
<b>Other Resources/(Uses)</b>		<b>3,302,438</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance -Beginning-Projected</b>		<b>70,139,724</b>	<b>57,403,897</b>	<b>50,630,448</b>	<b>37,951,642</b>
<b>Fund Balance-Ending-Projected</b>		<b>\$ 57,403,897</b>	<b>\$ 50,630,448</b>	<b>\$ 37,951,642</b>	<b>\$ 24,007,515</b>

Note: Financial Projection Assumptions are located on page 55.

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# FOOD SERVICE FUND OVERVIEW

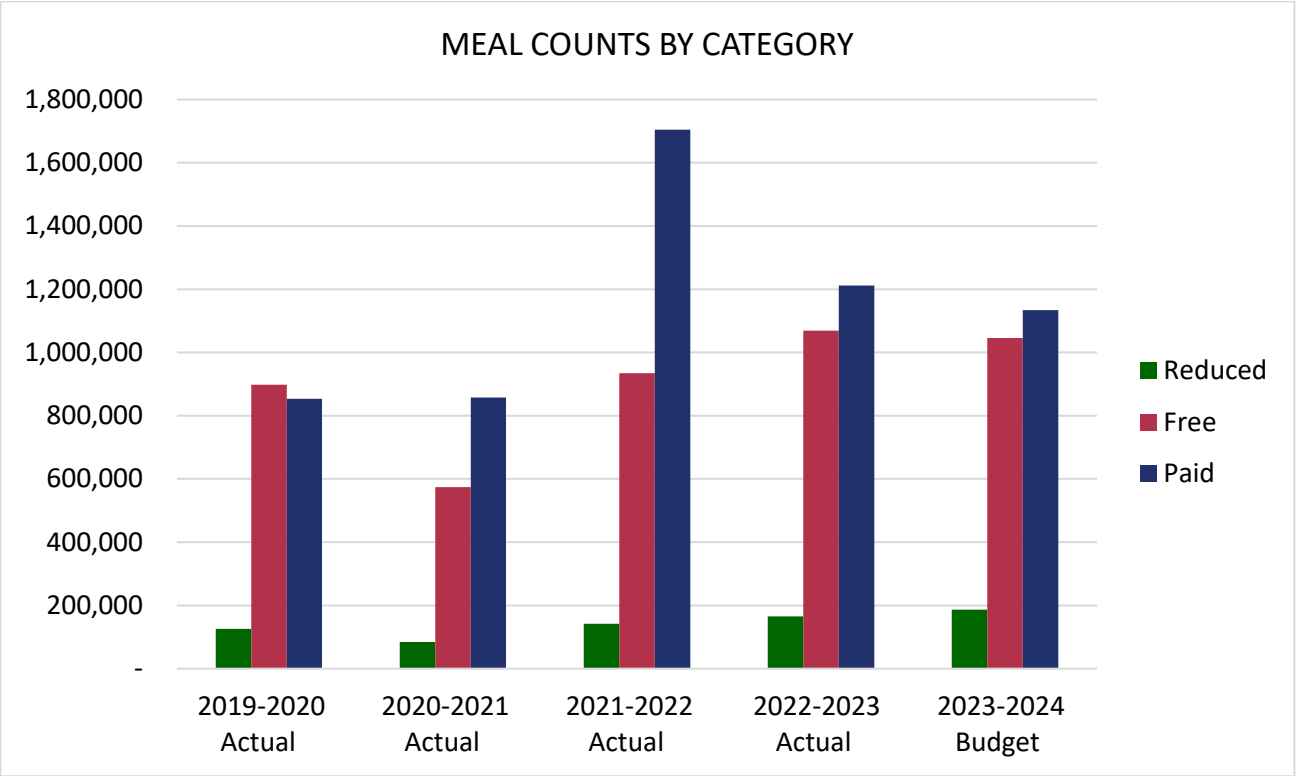
The District’s food service operations are accounted for in the food service fund. Although special revenue funds are generally not included in the annual budget adopted by the Board of Trustees, TEA regulations require inclusion of the food service fund.

**Revenues** – Local revenue is primarily generated from student payment for breakfast, lunch, and a-la-carte items, totaling 44% of all food service fund revenues. Federal sources of revenue account for 56% for meal reimbursements from the United States Department of Agriculture (USDA) under the National School Lunch Program (NSLP), the School Breakfast Program and the Food Distribution Program. For school year 2023-24, approximately 33% of students will receive either free or reduced-price lunch.

**Expenditures** – Food Service expenditures consist primarily of payroll (40%) and supplies and materials (56%). Most of the supplies and materials budget consists of expenditures for food.

**Fund Balance** – The recommended fund balance for the food service fund should not exceed three months of average food service operations expenditures. The projected ending fund balance for fiscal year 2023-24 is approximately \$3.3 million, which is slightly above the recommended amount. When three months are exceeded, the next year’s expenditures are analyzed and a plan of action developed to reduce the fund balance in the subsequent year.

**Food Service Meal Counts** –The chart below provides a breakdown of the type of meals served.



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

		<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
		<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Budget</b>
<b>Revenues</b>						
5742	Investment Earnings			26	37,000	50,000
5751	Food Services - Meals	3,769,232	892,496	1,675,413	4,775,975	4,713,000
	<b>Total Local Revenues</b>	<b>3,769,232</b>	<b>892,496</b>	<b>1,675,439</b>	<b>4,812,975</b>	<b>4,763,000</b>
5829	Miscellaneous State Revenue	44,512	43,650	18,534	50,000	40,000
5831	TRS On-Behalf	250,886	239,236	-	-	-
	<b>Total State Revenues</b>	<b>295,398</b>	<b>282,886</b>	<b>18,534</b>	<b>50,000</b>	<b>40,000</b>
5921	School Breakfast Program	736,669	701,074	1,506,492	900,000	872,000
5922	School Lunch Program	2,472,207	3,912,954	9,497,322	5,318,350	4,357,000
5923	USDA Commodities	446,728	364,510	658,292	612,000	750,000
5939	Other Federal Revenues	-	360,331	-	-	-
	<b>Total Federal Revenues</b>	<b>3,655,604</b>	<b>5,338,869</b>	<b>11,662,106</b>	<b>6,830,350</b>	<b>5,979,000</b>
	<b>Total Revenues</b>	<b>7,720,235</b>	<b>6,514,251</b>	<b>13,356,079</b>	<b>11,693,325</b>	<b>10,782,000</b>
<b>Expenditures by Function</b>						
35	Food Services	8,612,588	7,560,060	10,060,863	12,534,532	10,957,308
71	Debt Service	-	-	-	4,000	4,000
81	Facilities Acquisition & Construction	-	272,312	-	-	-
	<b>Total Expenditures</b>	<b>8,612,588</b>	<b>7,832,372</b>	<b>10,060,863</b>	<b>12,538,532</b>	<b>10,961,308</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		(892,354)	(1,318,121)	3,295,216	(845,207)	(179,308)
<b>Other Resources/(Uses)</b>		-	4,843	-	-	-
Fund Balance -Beginning-Projected*		3,179,646	2,287,293	1,039,050	4,334,266	3,489,059
<b>Fund Balance-Ending-Projected</b>		<b>\$ 2,287,293</b>	<b>\$ 974,015</b>	<b>\$ 4,334,266</b>	<b>\$ 3,489,059</b>	<b>\$ 3,309,751</b>
<b>Expenditures by Object</b>						
6100	Payroll Costs	4,027,533	4,145,429	4,095,876	4,401,132	4,419,978
6200	Contracted Services	67,539	51,810	65,812	165,000	192,400
6300	Supplies and Materials	4,221,166	3,350,300	5,876,036	7,418,200	6,115,780
6400	Other Operating Costs	9,040	6,116	11,328	10,200	29,150
6500	Debt Service	-	-	-	4,000	4,000
6600	Capital Outlay	287,310	278,716	11,812	540,000	200,000
	<b>Total Expenditures</b>	<b>8,612,588</b>	<b>7,832,372</b>	<b>10,060,863</b>	<b>12,538,532</b>	<b>10,961,308</b>

\* 2021-22 Beginning Fund Balance Restated

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

		<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
		<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
<b>Revenues</b>					
5742	Investment Earnings	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
5751	Food Services - Meals	4,713,000	4,807,260	4,903,405	5,001,473
	<b>Total Local Revenues</b>	<b>4,763,000</b>	<b>4,857,260</b>	<b>4,953,405</b>	<b>5,051,473</b>
5829	Miscellaneous State Revenue	40,000	40,000	40,000	40,000
	<b>Total State Revenues</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
5921	School Breakfast Program	872,000	889,440	907,229	925,373
5922	School Lunch Program	4,357,000	4,444,140	4,533,023	4,623,683
5923	USDA Commodities	750,000	750,000	750,000	750,000
	<b>Total Federal Revenues</b>	<b>5,979,000</b>	<b>6,083,580</b>	<b>6,190,252</b>	<b>6,299,057</b>
	<b>Total Revenues</b>	<b>10,782,000</b>	<b>10,980,840</b>	<b>11,183,657</b>	<b>11,390,530</b>
<b>Expenditures</b>					
6100	Payroll Costs	4,419,978	4,508,378	4,598,545	4,690,516
6200	Contracted Services	192,400	196,248	200,173	204,176
6300	Supplies and Materials	6,115,780	6,238,096	6,362,858	6,490,115
6400	Other Operating Costs	29,150	29,733	30,328	30,934
6500	Debt Service	4,000	4,000	4,000	4,000
6600	Capital Outlay	200,000	-	-	-
	<b>Total Expenditures</b>	<b>10,961,308</b>	<b>10,976,454</b>	<b>11,195,903</b>	<b>11,419,741</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		(179,308)	4,386	(12,246)	(29,211)
<b>Other Resources/(Uses)</b>		-	-	-	-
Fund Balance -Beginning-Projected		3,489,059	3,309,751	3,314,137	3,301,890
<b>Fund Balance-Ending-Projected</b>		<b>\$ 3,309,751</b>	<b>\$ 3,314,137</b>	<b>\$ 3,301,890</b>	<b>\$ 3,272,679</b>

Note: Financial Projection Assumptions are located on page



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## DEBT SERVICE FUND OVERVIEW

The Debt Service Fund is used to pay principal, interest and related fees on debt incurred through the sale of bonds. The proceeds of bonds are used to finance long-term improvements to existing facilities, as well as to build and equip schools. Under Texas law, only these expenditures can be charged to this fund. Local revenues (mostly from property taxes) constitute 95.9% of funding, while the remaining 3.9% comes from the State under the Existing Debt Allotment (EDA) program.

Texas Education Code Section 45.0031(a) specifies that a school district is able to issue unlimited tax bonds, provided that the district demonstrates its projected ability to pay the principal of and interest on 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 tax rate of not more than \$0.50 per \$100 of assessed valuation. 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 2022		
Assessed Value		\$8,716,021,138
Debt Limit (Percentage of 2020-21 Assessed Value)		10.00%
Maximum Legal Debt		\$871,602,114
Debt Applicable to Debt Limitation:		
Total Bonded Debt	\$379,670,000	
Less: Amount set aside for repayment of bonds	<u>21,037,592</u>	
Total Amount of Debt Applicable to Debt Limit		<u>358,632,408</u>
Legal Debt Margin		<u><u>\$512,969,706</u></u>

### Budget Preparation Process

The taxable values, tax collection rate, estimated penalties and interest collected, 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. Existing debt levels on current and future budgets hinge on several variables, such as tax base growth and opportunities for cash defeasances and refundings that determine the actual resources needed to fund annual debt obligations.

### 2016 Bond Referendum

The last bond election the District held was on November 2016, when voters approved a \$220 million bond referendum. Information regarding the projects included in this referendum can be found in the Capital Projects section on page 85. The district issued the bonds as follows: Series 2017 on July 2017 for \$120 million; Series 2019 on March 2019 for \$80 million; and Series 2019A on July 2019 for \$20 million.

### Debt Service Expenditures

The 2023-24 expenditure budget consists of \$18.6 million allocated for the repayment of principal and \$16.6 million for interest on outstanding bonds, in addition to \$6.9 million for a cash defeasance of bonds issued at higher interest rates. 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 chart summarizes the District's general obligation bonded debt as of June 30, 2023:

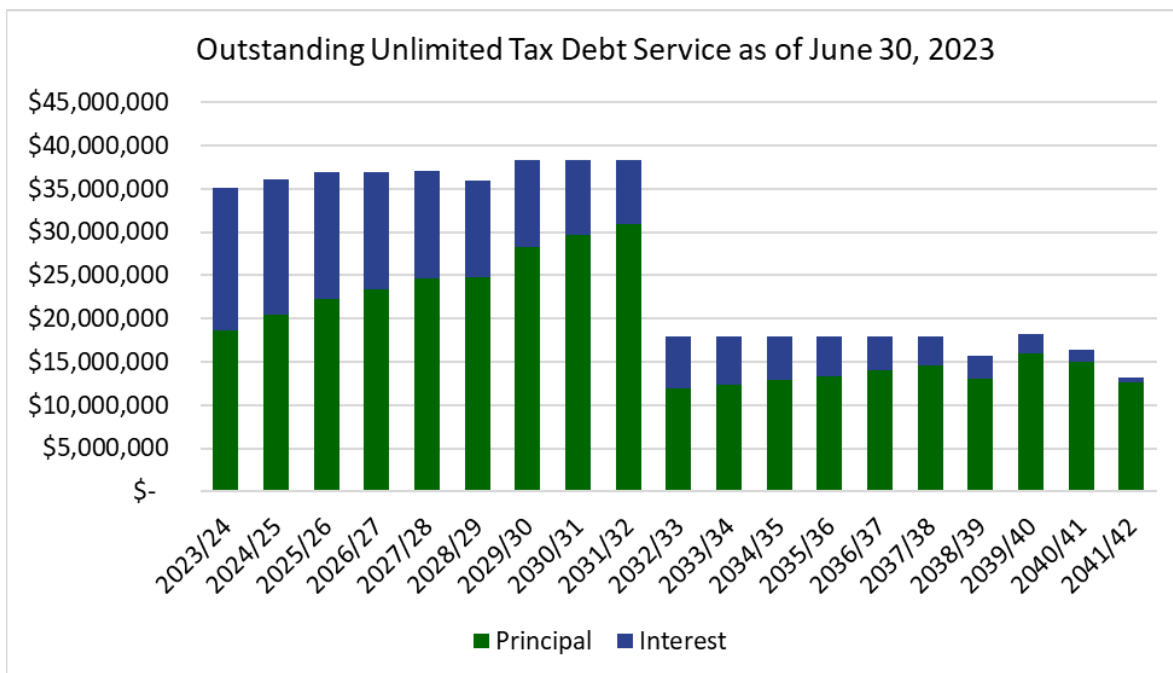
<b>Date of Issue</b>	<b>Original Issue</b>	<b>Final Maturity</b>	<b>Date Callable</b>	<b>Interest Rates</b>	<b>Outstanding Balance</b>
2014	\$30,540,000	2029	2024	2.000 - 5.000	\$11,820,000
2014B	28,655,000	2038	2024	2.000 - 5.000	19,140,000
2016	41,335,000	2032	2026	5.000 - 5.250	41,335,000
2016A	42,200,000	2032	2026	2.000 - 5.000	21,555,000
2017	105,510,000	2042	2026	3.000 - 5.000	94,400,000
2019	75,155,000	2042	2029	3.000 - 5.000	75,155,000
2019A	18,305,000	2042	2029	3.000 - 5.000	17,400,000
2020	78,675,000	2029	N/A	5.000	66,335,000
2022	11,700,000	2029	N/A	5.000	11,700,000
	<u>\$432,075,000</u>				<u>\$358,840,000</u>

### Tax Rate and Fund Balance Impact

The estimated budgetary fund balance on June 30, 2023, is approximately \$12.8 million. The difference between the budgetary fund balance and actual fund balance are the August debt service payments. In the Annual Comprehensive 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 June 30, 2023

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Debt Service</u>
2023/24	\$ 18,600,000.00	\$ 16,560,362.50	\$ 35,160,362.50
2024/25	20,415,000.00	15,650,762.50	36,065,762.50
2025/26	22,325,000.00	14,652,362.50	36,977,362.50
2026/27	23,450,000.00	13,545,512.50	36,995,512.50
2027/28	24,615,000.00	12,409,012.50	37,024,012.50
2028/29	24,725,000.00	11,214,862.50	35,939,862.50
2029/30	28,315,000.00	9,991,912.50	38,306,912.50
2030/31	29,605,000.00	8,692,062.50	38,297,062.50
2031/32	30,945,000.00	7,425,362.50	38,370,362.50
2032/33	11,870,000.00	6,001,750.00	17,871,750.00
2033/34	12,335,000.00	5,577,650.00	17,912,650.00
2034/35	12,850,000.00	5,078,950.00	17,928,950.00
2035/36	13,400,000.00	4,552,900.00	17,952,900.00
2036/37	14,000,000.00	3,964,650.00	17,964,650.00
2037/38	14,630,000.00	3,356,300.00	17,986,300.00
2038/39	13,055,000.00	2,706,200.00	15,761,200.00
2039/40	16,025,000.00	2,138,200.00	18,163,200.00
2040/41	15,060,000.00	1,352,000.00	16,412,000.00
2041/42	12,620,000.00	614,700.00	13,234,700.00
<b>Total</b>	<b><u>\$ 358,840,000.00</u></b>	<b><u>\$ 145,485,512.50</u></b>	<b><u>\$ 504,325,512.50</u></b>



Unlimited Tax Debt Service by Series as of June 30, 2023

	U/L Tax Schoolhouse Bonds,	U/L Tax Refunding Bonds,	U/L Tax Refunding Bonds,	U/L Tax Refunding Bonds,	U/L Tax School Building Bonds,
Year	Series 2014	Series 2014	Series 2016	Series 2016A	Series 2017
2023/24	\$ 2,029,700.00	\$ 5,118,000.00	\$ 2,102,962.50	\$ 2,454,550.00	\$ 7,574,100.00
2024/25	2,048,450.00	5,419,500.00	2,102,962.50	2,571,150.00	8,461,350.00
2025/26	2,053,450.00	534,500.00	2,102,962.50	600,350.00	9,436,350.00
2026/27	2,035,200.00	540,400.00	2,102,962.50	600,350.00	9,447,100.00
2027/28	1,990,900.00	560,700.00	2,102,962.50	600,350.00	9,463,850.00
2028/29	2,251,750.00	684,950.00	2,102,962.50	600,350.00	9,495,600.00
2029/30	566,500.00	-	15,192,962.50	6,395,350.00	11,885,850.00
2030/31	566,500.00	-	15,208,462.50	6,396,500.00	11,850,850.00
2031/32	566,500.00	-	15,245,462.50	6,432,400.00	11,859,250.00
2032/33	2,226,500.00	-	-	-	5,147,250.00
2033/34	2,228,500.00	-	-	-	5,153,050.00
2034/35	2,231,250.00	-	-	-	5,153,050.00
2035/36	2,234,500.00	-	-	-	5,177,250.00
2036/37	2,238,000.00	-	-	-	5,180,000.00
2037/38	2,236,500.00	-	-	-	5,187,750.00
2038/39	-	-	-	-	5,189,750.00
2039/40	-	-	-	-	4,960,750.00
2040/41	-	-	-	-	3,186,750.00
2041/42	-	-	-	-	-
<b>Total</b>	<b>\$ 27,504,200.00</b>	<b>\$ 12,858,050.00</b>	<b>\$ 58,264,662.50</b>	<b>\$ 26,651,350.00</b>	<b>\$ 133,809,900.00</b>

	U/L Tax School Building Bonds,	U/L Tax School Building Bonds,	U/L Tax Refunding Bonds,	U/L Tax Refunding Bonds,	Annual Debt Service
Year	Series 2019	Series 2019A	Series 2020	Series 2022	
2023/24	\$ 3,264,550.00	\$ 1,004,750.00	\$ 11,026,750.00	\$ 585,000.00	\$ 35,160,362.50
2024/25	3,264,550.00	1,001,550.00	10,611,250.00	585,000.00	36,065,762.50
2025/26	3,264,550.00	997,950.00	17,402,250.00	585,000.00	36,977,362.50
2026/27	3,264,550.00	1,000,450.00	17,419,500.00	585,000.00	36,995,512.50
2027/28	3,264,550.00	1,006,950.00	17,448,750.00	585,000.00	37,024,012.50
2028/29	3,264,550.00	1,002,200.00	4,252,500.00	12,285,000.00	35,939,862.50
2029/30	3,264,550.00	1,001,700.00	-	-	38,306,912.50
2030/31	3,264,550.00	1,010,200.00	-	-	38,297,062.50
2031/32	3,264,550.00	1,002,200.00	-	-	38,370,362.50
2032/33	8,814,550.00	1,683,450.00	-	-	17,871,750.00
2033/34	8,848,050.00	1,683,050.00	-	-	17,912,650.00
2034/35	8,853,050.00	1,691,600.00	-	-	17,928,950.00
2035/36	8,853,650.00	1,687,500.00	-	-	17,952,900.00
2036/37	8,864,650.00	1,682,000.00	-	-	17,964,650.00
2037/38	8,870,250.00	1,691,800.00	-	-	17,986,300.00
2038/39	8,875,250.00	1,696,200.00	-	-	15,761,200.00
2039/40	11,509,250.00	1,693,200.00	-	-	18,163,200.00
2040/41	11,527,250.00	1,698,000.00	-	-	16,412,000.00
2041/42	11,539,500.00	1,695,200.00	-	-	13,234,700.00
<b>Total</b>	<b>\$ 125,936,400.00</b>	<b>\$ 25,929,950.00</b>	<b>\$ 78,161,000.00</b>	<b>\$ 15,210,000.00</b>	<b>\$ 504,325,512.50</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**

		<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
		<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Budget</b>
<b>Revenues</b>						
5711	Tax Collections	\$ 33,561,557	\$ 36,268,347	\$ 35,110,267	\$ 33,475,610	\$ 38,962,823
5712-19	Taxes-Delinquent, P&I	496,666	521,658	561,625	500,000	500,000
5742	Investment Earnings	324,691	23,883	34,739	606,300	587,500
	<b>Total Local Revenues</b>	<b>34,382,914</b>	<b>36,813,888</b>	<b>35,706,631</b>	<b>34,581,910</b>	<b>40,050,323</b>
5829	Miscellaneous State Revenue	815,077	693,895	706,265	1,831,470	1,609,452
	<b>Total State Revenues</b>	<b>815,077</b>	<b>693,895</b>	<b>706,265</b>	<b>1,831,470</b>	<b>1,609,452</b>
	<b>Total Revenues</b>	<b>35,197,991</b>	<b>37,507,783</b>	<b>36,412,896</b>	<b>36,413,380</b>	<b>41,659,775</b>
<b>Expenditures by Function</b>						
71	Debt Service	34,269,888	36,373,613	40,898,857	37,699,610	42,072,114
	<b>Total Expenditures</b>	<b>34,269,888</b>	<b>36,373,613</b>	<b>40,898,857</b>	<b>37,699,610</b>	<b>42,072,114</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		928,103	1,134,170	(4,485,961)	(1,286,230)	(412,339)
<b>Other Resources/(Uses)</b>		224,933	(446,741)	-	(83,432)	-
Fund Balance -Beginning-Projected		23,683,089	24,836,125	25,523,554	21,037,592	19,667,930
<b>Fund Balance-Ending-Projected</b>		<b>\$ 24,836,125</b>	<b>\$ 25,523,554</b>	<b>\$ 21,037,592</b>	<b>\$ 19,667,930</b>	<b>\$ 19,255,591</b>
<b>Expenditures by Object</b>						
6500	Debt Service	34,269,888	36,373,613	40,898,857	37,699,610	42,072,114
	<b>Total Expenditures</b>	<b>34,269,888</b>	<b>36,373,613</b>	<b>40,898,857</b>	<b>37,699,610</b>	<b>42,072,114</b>

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

		<b>2023-24 Budget</b>	<b>2024-25 Forecast</b>	<b>2025-26 Forecast</b>	<b>2026-27 Forecast</b>
<b>Revenues</b>					
5711	Tax Collections	\$ 38,962,823	\$ 33,549,530	\$ 35,237,632	\$ 37,037,535
5712-19	Taxes-Delinquent, P&I	500,000	500,000	500,000	500,000
5742	Investment Earnings	587,500	587,500	587,500	587,500
	<b>Total Local Revenues</b>	<b>40,050,323</b>	<b>34,637,030</b>	<b>36,325,132</b>	<b>38,125,035</b>
5829	Miscellaneous State Revenue	1,609,452	1,448,733	1,448,733	1,448,733
	<b>Total State Revenues</b>	<b>1,609,452</b>	<b>1,448,733</b>	<b>1,448,733</b>	<b>1,448,733</b>
	<b>Total Revenues</b>	<b>41,659,775</b>	<b>36,085,763</b>	<b>37,773,865</b>	<b>39,573,768</b>
<b>Expenditures</b>					
6500	Debt Service	42,072,114	36,085,763	36,997,363	37,015,513
	<b>Total Expenditures</b>	<b>42,072,114</b>	<b>36,085,763</b>	<b>36,997,363</b>	<b>37,015,513</b>
<b>Excess of Revenues Over/(Under) Expenditures</b>		(412,339)	-	776,502	2,558,255
<b>Other Resources/(Uses)</b>		-	-	-	-
Fund Balance -Beginning-Projected		19,667,930	19,255,591	19,255,591	20,032,093
<b>Fund Balance-Ending-Projected</b>		<b>\$ 19,255,591</b>	<b>\$ 19,255,591</b>	<b>\$ 20,032,093</b>	<b>\$ 22,590,348</b>

Notes:

- (1) Debt service payments vary from those listed in the Debt Service Schedules since the forecast includes a cash defeasance.
- (2) Financial Assumptions are located on page 55.




## 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. In addition, since fiscal year 2019-20, the capital projects fund receives annual contributions from the general fund depending on its fund balance and the capital needs of the district. 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, and/or approves the 10-Year Capital Renewal Plan (CRP) on an annual basis. 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.

### Sale of General Obligation Bonds

**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 in July 2019. As of June 30, 2023, most funds have been spent, with projects completed and under budget. A small balance remains in the fund that was generated from investment earnings and is being used towards related capital project needs identified in the 10-Year Capital Renewal Plan (CRP), such as school roof replacements, PA systems, technology, and other equipment. These funds were used to fund the following needs:

 SAFETY + SECURITY	 TECHNOLOGY	 GROWTH	 AGING FACILITIES
<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>

### 10-Year Capital Renewal Plan (CRP)

Historically, the district's bond referendums have covered most of the capital project needs of the district, including roof, chiller, and HVAC replacements; with minimal contributions from the general fund. The CRP was established in fiscal year 2019-20 with the goal of properly planning and establishing a mechanism to fund the capital needs of the district without relying heavily on bond elections. A committee comprised of key staff (e.g., maintenance, operations, transportation, technology, career and technical education, safety and security, fine arts, athletics, and the business office) meets annually to collaborate in the prioritization of projects.



With an enrollment that is plateauing and district facilities in good shape, the CRP is a living document that lists all the needs for the current year and the next nine years (the report can be found at <https://www.pearlandisd.org/transparency>). Although each department maintains their own replacement schedules, the CRP provides a district-wide compilation of capital needs. A summary of capital projects funded since the CRP inception is included in this document.

It is the goal of the District to fund recurrent maintenance projects with general funds and existing capital projects funds; for which the District has several avenues: (1) assign a portion of excess fund balance at the end of the year, (2) issue bonds, and/or (3) increase the maintenance & operations tax rate by enough cents to cover an ongoing capital renewal schedule.

The 10-Year CRP is presented to the board annually in February; if approved, the District begins the procurement process. In February 2023, \$5.7 million in projects were approved to be funded from the capital projects fund.

**PEARLAND INDEPENDENT SCHOOL DISTRICT  
STATUS OF CAPITAL RENEWAL PROJECTS & 2023 REQUESTS**

Year	Project/Equipment	Location/ Equipment Type	Funding Source	Actual Expenditure	Committed	Total Cost	Estimated Cost
<b>FACILITIES</b>							
<b>2020</b>	PA System	Turner High School	2016 Bond	\$ 151,634	\$ -	\$ 151,634	\$ -
	Roof	Turner High School	2016 Bond	3,263,195		3,263,195	
	Replace Gym Floor	Jamison Middle School	C/P Funds	81,923		81,923	
	HVAC (Duct Work)	Old ESC	C/P Funds	15,000		15,000	
	HVAC Chiller Repairs	Berry Miller JH	C/P Funds	84,385		84,385	
	HVAC (12.5 Ton Gym Unit)	Shadycress Elementary	C/P Funds	9,407		9,407	
	HVAC (Aaon Unit 300 Building Rebuild)	PJH West	C/P Funds	40,629		40,629	
	HVAC (Chillers 1-3 & Tower Rebuild)	Turner High School	C/P Funds	735,178		735,178	
	HVAC (AHUS Band/400 & 20 Ton RTU Kitchen)	PJH West	C/P Funds	76,227		76,227	
	HVAC Replace 5 RTU's	Carleston Elementary	C/P Funds	13,729		13,729	
				<b>4,471,308</b>	<b>-</b>	<b>4,471,308</b>	<b>-</b>
<b>2021</b>	ESC - Parking lot (spot maintenance)	ESC	C/P Funds	67,432		67,432	
	HVAC (1 Boiler)	Dawson High School	C/P Funds	70,613		70,613	
	HVAC (DX Units) - Old Warehouse Bldg.	ESC Annex	C/P Funds	91,901		91,901	
	HVAC - Annex Building (5 Units)	PJH West	C/P Funds	91,901		91,901	
	Marquee	Silverlake Elementary	C/P Funds	45,971		45,971	
	Portable Restroom	Berry Miller JH	C/P Funds	166,135		166,135	
	Gym Floor Replacement	Searcy Gym	C/P Funds	159,786		159,786	
	Roof (Delayed to 2023)	Sablatura Middle	C/P Funds				-
	Roof Replacement	PHS (Searcy Campus)	2016 Bond	2,286,327		2,286,327	
	Roof Replacement (C Wing)	Carleston Elementary	2016 Bond	262,807	152,756	415,563	
	PA System (Carehawk)	Carleston Elementary	2016 Bond	75,595		75,595	
	PA System (Carehawk)	PACE Center	2016 Bond	60,243		60,243	
	PA System (Carehawk)	Rogers Middle School	2016 Bond	76,540		76,540	
				<b>3,455,251</b>	<b>152,756</b>	<b>3,608,007</b>	<b>-</b>
<b>2022</b>	PA System (Carehawk)	Dawson High School	2016 Bond	87,705		87,705	
	PA System (Carehawk)	Berry Miller JH	2016 Bond	62,425		62,425	
	Roof	Silvercrest Elementary	2016 Bond	1,172,417	371,509	1,543,926	
	Roof	Silverlake Elementary	C/P Funds	1,165,265	143,121	1,308,386	
	HVAC (1 Boiler)	Dawson High School	C/P Funds	70,613		70,613	
	HVAC (One 190 Ton Chiller)	Magnolia Elementary	C/P Funds		198,005	198,005	
	ALA Avadek	PACE	C/P Funds	5,545	32,774	38,319	
	Chiller Controls	Berry Miller JH	C/P Funds	89,018		89,018	
				<b>2,652,988</b>	<b>745,409</b>	<b>3,398,397</b>	<b>-</b>
<b>2023</b>	HVAC (190 Ton Chiller)	Cockrell Elementary	C/P Funds				200,000
	HVAC (Chiller 225 Ton)	Rustic Oak Elementary	2016 Bond				220,000
	Roof	Sablatura Middle School	C/P Funds				2,412,411
	HVAC (Two 15 Ton DX Units Swap/Brazoria)	PJH West	2016 Bond				50,000
	HVAC (1 Boiler)	Dawson High School	2016 Bond				65,000
	Fencing	PHS, Jamison & JHW	Grant				77,000
	Network PA sys to assoc lockdown buttons	Alexander Middle	Grant				75,000
	Card Access Gate Conversion to Genetec	Ag Facility	Grant				7,000
				<b>-</b>	<b>-</b>	<b>-</b>	<b>3,106,411</b>
<b>TOTAL</b>				<b>\$ 10,579,547</b>	<b>\$ 898,164</b>	<b>\$ 11,477,711</b>	<b>\$ 3,106,411</b>

**PEARLAND INDEPENDENT SCHOOL DISTRICT  
STATUS OF CAPITAL RENEWAL PROJECTS & 2023 REQUESTS**

Year	Project/Equipment	Location/ Equipment Type	Funding Source	Actual Expenditure	Committed	Total Cost	Estimated Cost
<b>MAINTENANCE &amp; OPERATIONS</b>							
<b>2020</b>	Gator Sprayer (1)	Grounds Equipment	C/P Funds	\$ 36,784	\$ -	\$ 36,784	\$ -
	Grooming Mower (1)	Grounds Equipment	C/P Funds	14,002		14,002	
	Mower (3)	Grounds Equipment	C/P Funds	42,846		42,846	
	Utility Tractor (1)	Grounds Equipment	C/P Funds	14,852		14,852	
	Trucks (4)	Grounds Equipment	C/P Funds	122,300		122,300	
	Trucks F-150 (5)	Vehicles	C/P Funds	131,270		131,270	
	Truck - 4x4 (1)	Vehicles	C/P Funds	41,938		41,938	
	Vans (2)	Vehicles	C/P Funds	61,632		61,632	
	Box Truck (1)	Warehouse Equipment	C/P Funds	87,521		87,521	
	Forklift	Warehouse Equipment	C/P Funds	9,996		9,996	
	Burnishers/Buffers/Carts/ Ride-Along	Operations Equipment	C/P Funds	32,213		32,213	
	Washer/Dryer	Operations Equipment	C/P Funds	15,294		15,294	
				<b>610,649</b>	<b>-</b>	<b>610,649</b>	<b>-</b>
<b>2021</b>	Mowers (3)	Grounds Equipment	C/P Funds	46,265		46,265	
	Lifts (3)	Operations Equipment	C/P Funds	29,399		29,399	
	Trucks (3)	Operations Vehicles	C/P Funds	93,376		93,376	
	Vans (1)	Operations Vehicles	C/P Funds	35,155		35,155	
				<b>204,195</b>	<b>-</b>	<b>204,195</b>	<b>-</b>
<b>2022</b>	Burnishers/Buffers/Carts/Ride-Along	Operations Equipment	C/P Funds	57,037		57,037	
	Truck (1)	Maint. & Operations	C/P Funds		70,378	70,378	
				<b>57,037</b>	<b>70,378</b>	<b>127,415</b>	<b>-</b>
<b>2023</b>	Bobcat	Maint. & Operations	C/P Funds			-	100,000
	Trucks (1)	Maint. & Operations	C/P Funds				40,000
	Concrete Lifting Trailer	Maint. & Operations	C/P Funds				125,000
				<b>-</b>	<b>-</b>	<b>-</b>	<b>265,000</b>
<b>TOTAL</b>				<b>\$ 871,881</b>	<b>\$ 70,378</b>	<b>\$ 942,259</b>	<b>\$ 265,000</b>
<b>TECHNOLOGY</b>							
<b>2020</b>	Vans (2)	Vehicles	C/P Funds	\$ 69,454	\$ -	\$ 69,454	\$ -
	400 Student Computers	Equipment	C/P Funds	203,140		203,140	
				<b>272,594</b>	<b>-</b>	<b>272,594</b>	<b>-</b>
<b>2021</b>	Network Hardware (DHS, South, Silvercrest)	Classroom Systems	2016 Bond	369,264		369,264	
				<b>369,264</b>	<b>-</b>	<b>369,264</b>	<b>-</b>
<b>2022</b>	Production Servers	District-Wide	2016 Bond				140,000
	Network Updates	District-Wide	2016 Bond	98,725		98,725	
	Board Room Tech	District-Wide	C/P Funds	79,062		79,062	
				<b>177,787</b>	<b>-</b>	<b>177,787</b>	<b>140,000</b>
<b>2023</b>	Network Firewalls	District-Wide	2016 Bond				400,000
				<b>-</b>	<b>-</b>	<b>-</b>	<b>400,000</b>
<b>TOTAL</b>				<b>\$ 819,645</b>	<b>\$ -</b>	<b>\$ 819,645</b>	<b>\$ 540,000</b>

**PEARLAND INDEPENDENT SCHOOL DISTRICT  
STATUS OF CAPITAL RENEWAL PROJECTS & 2023 REQUESTS**

Year	Project/Equipment	Location/ Equipment Type	Funding Source	Actual Expenditure	Committed	Total Cost	Estimated Cost
<b>TRANSPORTATION</b>							
2020	71-Pass. (4 Units) & 54-Pass. (2 units)	Buses (Split Funded)	C/P Funds	\$ 295,336	\$ -	\$ 295,336	\$ -
	71-Pass. (4 Units) & 54-Pass. (2 units)	Buses (Split Funded)	Grant	344,965		344,965	
				<b>640,301</b>	<b>-</b>	<b>640,301</b>	<b>-</b>
2021	Above Ground Fuel Tank	Equipment	2016 Bond	571,320	64,497	635,817	
	(5) 71-Passenger (5 Units)	Buses	C/P Funds	536,125		536,125	
	(1) 54-Passenger (1 Unit)	Buses	C/P Funds	108,250		108,250	
				<b>1,215,695</b>	<b>64,497</b>	<b>1,280,192</b>	<b>-</b>
2022	Mobile Wash Units (East & West)	Equipment	C/P Funds	40,800		40,800	
	71-Passenger (6 Units - 2 pending)	Buses	C/P Funds	496,600		496,600	250,250
	54-Passenger (2 Units)	Buses	C/P Funds			-	222,550
				<b>537,400</b>	<b>-</b>	<b>537,400</b>	<b>472,800</b>
2023	71-Passenger (7 Units )	Buses	C/P Funds				1,050,000
	54-Passenger (1 Unit)	Buses	C/P Funds				150,000
	Shop Truck	White Fleet	C/P Funds				60,000
	Pick-Up Truck	White Fleet	C/P Funds				40,000
				<b>-</b>	<b>-</b>	<b>-</b>	<b>1,300,000</b>
<b>TOTAL</b>				<b>\$ 2,393,396</b>	<b>\$ 64,497</b>	<b>\$ 2,457,893</b>	<b>\$ 1,772,800</b>
<b>FINE ARTS</b>							
2020	PHS Choir Risers	Equipment	2016 Bond	\$ 21,340	\$ -	\$ 21,340	\$ -
	Nelson Auditorium Acoustic Shells	Equipment	2016 Bond	31,307		31,307	
	DHS Auditorium Sound System	Equipment	C/P Funds	85,739		85,739	
	Instruments	Instruments	C/P Funds	200,000		200,000	
				<b>338,386</b>	<b>-</b>	<b>338,386</b>	<b>-</b>
2021	Auditorium Light System	Dawson High School	2016 Bond		125,420	125,420	
	Acoustic Shells	PJH South	C/P Funds	38,462		38,462	
	Stage Fly System	Dawson High School	C/P Funds	16,169		16,169	
	Instruments (15-20+ Years Old)	Fine Arts	C/P Funds	258,423		258,423	21,575
				<b>313,055</b>	<b>125,420</b>	<b>438,475</b>	<b>21,575</b>
2022	Acoustic Shells	Dawson High School	C/P Funds	38,462		38,462	
	Instruments (15-20+ Years Old)	Fine Arts	C/P Funds			-	80,000
				<b>38,462</b>	<b>-</b>	<b>38,462</b>	<b>80,000</b>
2023	Choir Risers	Dawson High School	C/P Funds				30,086
	Auditorium Lighting	Turner/South	C/P Funds				70,000
	(3) DSP- Digital Signal Processors	Pearland High School	C/P Funds			-	35,000
				<b>-</b>	<b>-</b>	<b>-</b>	<b>135,086</b>
<b>TOTAL</b>				<b>\$ 689,903</b>	<b>\$ 125,420</b>	<b>\$ 815,323</b>	<b>\$ 236,661</b>

**PEARLAND INDEPENDENT SCHOOL DISTRICT  
STATUS OF CAPITAL RENEWAL PROJECTS & 2023 REQUESTS**

Year	Project/Equipment	Location/ Equipment Type	Funding Source	Actual Expenditure	Committed	Total Cost	Estimated Cost
<b>ATHLETICS</b>							
<b>2020</b>	Field Lights	PJH East	2016 Bond	\$ 315,000	\$ -	\$ 315,000	\$ -
	Resurfacing - Structural Spray Track	Berry Miller Junior High	C/P Funds	119,000		119,000	
	Resurfacing - Structural Spray Track	PJH South	C/P Funds	109,900		109,900	
				<b>543,900</b>	<b>-</b>	<b>543,900</b>	<b>-</b>
<b>2021</b>	PA System Replacement at Gym	PHS (Searcy)	2016 Bond	80,829		80,829	
	Turf Replacement	Pearland Stadium	C/P Funds	767,287		767,287	
	Athletic Fields - LED Lighting	Dawson High School	C/P Funds	662,644		662,644	
				<b>1,510,760</b>	<b>-</b>	<b>1,510,760</b>	<b>-</b>
<b>2022</b>	Turf Replacement	Dawson High School	C/P Funds	790,470		790,470	
	Scoreboards (Split funded)	DHS, BMJH, PJHW	C/P Funds	31,080		31,080	
	Scoreboards (Split funded)	DHS, BMJH, PJHW	199	20,000		20,000	
				<b>841,550</b>	<b>-</b>	<b>841,550</b>	<b>-</b>
<b>2023</b>	None Scheduled			-	-	-	-
			<b>TOTAL</b>	<b>\$ 2,896,210</b>	<b>\$ -</b>	<b>\$ 2,896,210</b>	<b>\$ -</b>
<b>CAREER &amp; TECHNICAL EDUCATION</b>							
<b>2020</b>	Agriculture Truck (2)	Ag. Facility	C/P Funds	\$ 100,458	\$ -	\$ 100,458	\$ -
	Alignment Machine (1)	PHS Auto Techn	C/P Funds	33,325		33,325	
				<b>133,783</b>	<b>-</b>	<b>133,783</b>	<b>-</b>
<b>2021</b>	(1) A/V Commputer Lab	Pearland High School	2016 Bond	32,407		32,407	
	(1) Animation Computer Lab	Pearland High School	2016 Bond	32,407		32,407	
	(1) Upgraded Computer Lab	Pearland High School	2016 Bond	32,407		32,407	
	(1) Basic Computer Lab (30 Desk Computers)	Pearland High School	2016 Bond	16,617		16,617	
	(1) IT Computer Lab (22 Desk Computers)	Turner High School	2016 Bond	27,778		27,778	
	(1) Alignment Lift	Pearland High School	2016 Bond	34,300		34,300	
	(1) Forklift	Turner High School	2016 Bond	29,586		29,586	
				<b>205,503</b>	<b>-</b>	<b>205,503</b>	<b>-</b>
<b>2022</b>	(1) Animation Computer Lab	Dawson High School	2016 Bond	69,008		69,008	
	(2) Engineering Computer Lab	Turner High School	2016 Bond	99,585		99,585	
	HS Series Router 48x48 (Construction Lab)	Pearland High School	C/P Funds	19,135		19,135	
	Tire Balancer	Pearland High School	C/P Funds	21,132		21,132	
	Tire Changer	Pearland High School	C/P Funds	30,165		30,165	
				<b>239,025</b>	<b>-</b>	<b>239,025</b>	<b>-</b>
<b>2023</b>	To be addressed in the Technology Plan			-	-	-	-
			<b>TOTAL</b>	<b>\$ 578,311</b>	<b>\$ -</b>	<b>\$ 578,311</b>	<b>\$ -</b>

**PEARLAND INDEPENDENT SCHOOL DISTRICT  
STATUS OF CAPITAL RENEWAL PROJECTS & 2023 REQUESTS**

Year	Project/Equipment	Location/ Equipment Type	Funding Source	Actual Expenditure	Committed	Total Cost	Estimated Cost
<b>OTHER</b>							
<b>2020</b>	Cafeteria Table & Chair replacements	Silverlake Elementary	C/P Funds	\$ 11,385	\$ -	\$ 11,385	\$ -
				<b>11,385</b>		<b>11,385</b>	
<b>2021</b>	Trailer for Reunification	ESC	C/P Funds	7,715		7,715	
				<b>7,715</b>		<b>7,715</b>	
<b>2023</b>	4 Classrooms Change Carpet to Tile	Jamison Middle	199				12,000
	Open Air Grills in Hallway	Lawhon Elementary	199				26,000
				-	-	-	<b>38,000</b>
			<b>TOTAL</b>	<b>\$ 19,100</b>	<b>\$ -</b>	<b>\$ 19,100</b>	<b>\$ 38,000</b>
<b>ANNUAL TOTALS</b>							
			<b>2020</b>	\$ 7,022,307	\$ -	\$ 7,022,307	\$ -
			<b>2021</b>	7,281,438	342,673	7,624,110	21,575
			<b>2022</b>	4,544,249	815,787	5,360,036	692,800
			<b>2023</b>	-	-	-	5,244,497
			<b>2023 Contingency</b>				500,000
			<b>TOTAL - ALL YEARS</b>	<b>\$ 18,847,994</b>	<b>\$ 1,158,459</b>	<b>\$ 20,006,453</b>	<b>\$ 6,458,872</b>

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# Informational Section



"COAT OF MANY COLORS"  
Rodeo Art – Special Merit

FAITH VICTORIA NI  
DAWSON HIGH SCHOOL





## TAX OVERVIEW

The District used April certified estimated values for the 2023 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 \$11.9 Billion which is the initial factor considered when preparing the General Fund and Debt Service Fund budgets.

By law, the tax rate must be approved after receiving certified values. The Board of Trustees approved the 2023-24 fiscal year budget at the June 23, 2023, board meeting based on a tax rate of \$1.1527, which is the sum of a Maintenance & Operations (M&O) tax rate of \$0.8046 and an Interest and Sinking (I&S) or debt service tax rate of \$0.3481. The District does not receive alternative tax collections (e.g., sales tax, income tax, sin tax, etc.).

### Property Tax Rates

The M&O 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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
I&S	0.3757	0.3756	0.3756	0.3756	0.3556	0.4256	0.4256	0.3956	0.3481	0.3481
M&O	1.0400	1.0400	1.0400	1.0400	1.0600	0.9700	0.8929	0.9196	0.9546	0.8046
Total	1.4157	1.4156	1.4156	1.4156	1.4156	1.3956	1.3185	1.3152	1.3027	1.1527

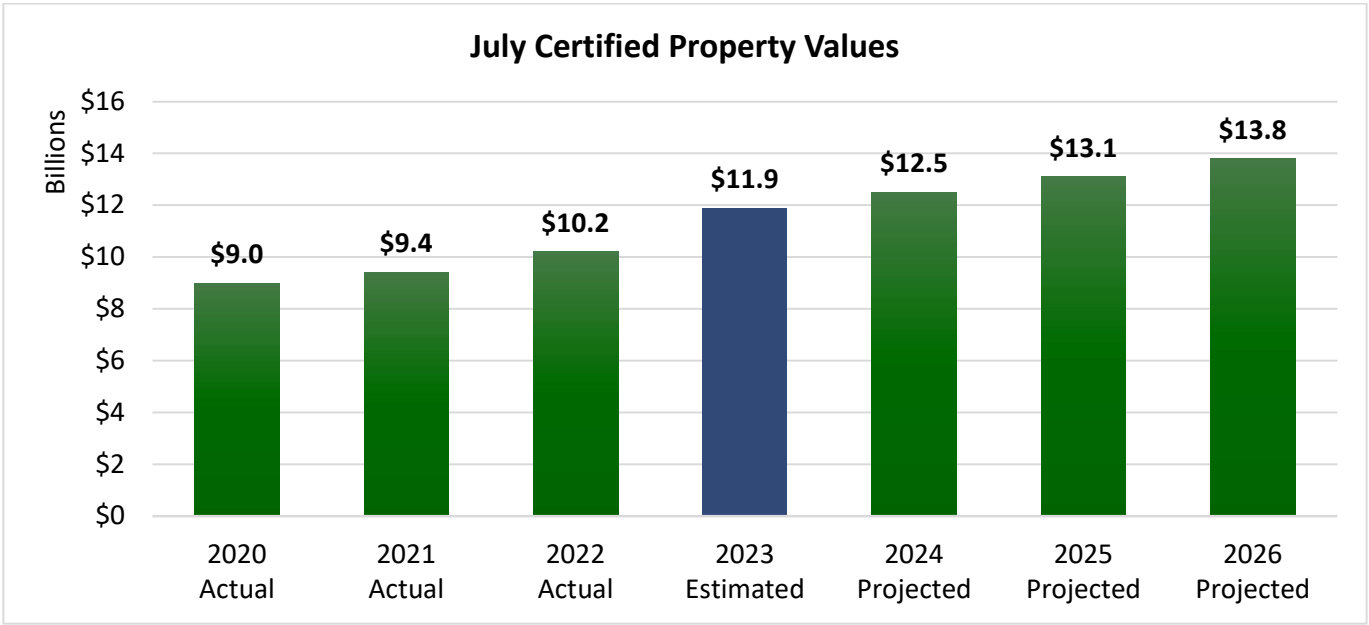
\* It is important to note, that as of the date of budget adoption, the Board of Trustees had not adopted the official tax rate. The Board of Trustees adopted the 2023 tax rate at the August 2023 board meeting; our district's transparency page details the official approved tax rate and budget amendments. The adopted M&O tax rate was dependent on TEA's calculated maximum compressed tax rate and the Board of Trustees' decision to adopt a tax rate that exceeded its voter-approval tax rate. This document and associated financial statements are based on the adopted budget with an M&O tax rate of \$0.8046 and does not reflect amendments made post-rate adoption.

### 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 2023 BCAD/HCAD Certificate of Estimated Values were used to calculate and project 2023-24 tax collections. For fiscal year 2024-25 and beyond, the District estimated those values to increase 5% annually.

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 tax collections totaling 98.5% of the tax levy. 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.

Although certified estimates show approximately 23.66% in property value growth for tax year 2023, the district opted to use a 16.3% growth for budget purposes and forecasts a 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; the District collects more than the budgeted 98.5% 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
2024 Estimated	121,798,165	119,971,193	98.50%			0.00%
2023	126,580,052	124,841,407	98.63%		124,841,407	98.63%
2022	118,140,994	116,574,974	98.67%	1,033,453	117,608,427	99.55%
2021	113,625,074	112,272,579	98.81%	948,481	113,221,060	99.64%
2020	111,311,371	109,895,091	98.73%	1,075,268	110,970,359	99.69%
2019	105,893,334	104,610,322	98.76%	1,124,807	105,735,129	99.82%

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 district's maximum compressed rate, as determined under Section 48.2551."

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

M&O Limit	\$0.9850
Maintenance & Operations Rate	0.9450
Balance	<u>\$0.0400</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	0.3481
Balance	<u>\$0.1519</u>

### Effect of Tax Levy on Single Family Residence

Tax Code Section 11.13(b) requires school districts to offer a \$40,000 exemption on residence homesteads to reduce the property's appraised value (the exemption was \$25,000 prior to tax year 2022). 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. During the Texas legislative special session held in July 2023, the homestead exemption was increased from \$40,000 to \$100,000 pending voter approval on November 7, 2023.

The taxes due on average on the table below shows the tax rate's effect on the average taxpayer per \$100 residence value at the adopted tax rate; for tax year 2023, the table shows the taxable values and tax rate used for budget purposes (based on certified estimated values) and the actual average taxable values and adopted tax rate on August 2023 (based on certified property values and TEA's maximum compressed rate). It is important to note, that the adopted tax rate is pending to be ratified by voters during the November 2023 election; should the proposition fail, the tax rate would decrease further to \$1.0473.

<b>Fiscal Year</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2023-24</b>
<b>Tax Year</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023 Budgeted</b>	<b>2023 Adopted</b>
Average Market Value of Residence	\$284,416	\$291,952	\$300,564	\$310,301	\$368,080	\$370,301
Average Taxable Value of Residence	\$259,416	\$257,742	\$266,952	\$251,963	\$282,429	\$240,441
Tax Rate	\$1.3956	\$1.3185	\$1.3152	\$1.3027	\$1.2427	\$1.1373
Taxes Due on Average Residence	\$3,620	\$3,398	\$3,511	\$3,282	\$3,510	\$2,735

## Budget and Tax Rate Adoption Notice and Posting Requirements

After the district prepares the budget, the president calls a meeting of the board to adopt it. A Notice of Public Meeting to Discuss Budget and Proposed Tax Rate is prepared and published at least 10 but not more than 30 days before the date of the hearing in strict compliance with Texas Education Code section 44.004.

Since the District's fiscal year begins July 1, the District must adopt its budget no later than June 30, publishing a Notice of Public Meeting to Discuss Budget and Proposed Tax Rate based on the chief appraiser's April certified estimate. Because a July 1 district will not have its MCR from TEA when it publishes the notice, a district can use its MCR estimated in its state aid template and add the desired number of tier two pennies for the purpose of publishing the notice. The District is required to publish a revised notice before adopting its tax rate if the district intends to adopt a tax rate that exceeds the original proposed rate or the district's voter-approval tax rate based on the certified appraisal roll received late July.

The District published a notice prior to adopting its 2023-2024 budget in June 2023, as well as a second notice prior to adopting its tax rate in August 2023. The following pages include both notices in addition to the 2023 Tax Calculation Worksheet.

# REQUIRED NOTICE POSTED PRIOR TO BUDGET ADOPTION

## NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

The PEARLAND INDEPENDENT SCHOOL DISTRICT will hold a public meeting at 9:00AM, June 23, 2023 in the District's Board Room at 1928 N. Main Street in Pearland, Texas. The purpose of this meeting is to discuss the school district's budget that will determine the tax rate that will be adopted. Public participation in the discussion is invited.

The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice.

Maintenance Tax	\$0.894600/\$100 (proposed rate for maintenance and operations)
School Debt Service Tax	\$0.348100/\$100 (proposed rate to pay bonded indebtedness)
Approved by Local Voters	

### Comparison of Proposed Budget with Last Year's Budget

The applicable percentage increase or decrease (or difference) in the amount budgeted in the preceding fiscal year and the amount budgeted for the fiscal year that begins during the current tax year is indicated for each of the following expenditure categories.

Maintenance and operations	8.07 % increase
Debt Service	10.01 % increase
Total Expenditures	8.38 % increase

### Total Appraised Value and Total Taxable Value (as calculated under Section 26.04, Tax Code)

	<u>Preceding Tax Year</u>	<u>Current Tax Year</u>
Total appraised value* of all property	\$12,882,895,429	\$15,987,356,916
Total appraised value* of new property**	\$93,924,976	\$92,340,154
Total taxable value*** of all property	\$10,166,272,070	\$12,211,669,535
Total taxable value*** of new property**	\$87,421,782	\$78,786,058

\*Appraised value is the amount shown on the appraisal roll and defined by Section 1.04(8), Tax Code.

\*\* "New property" is defined by Section 26.012(17), Tax Code.

\*\*\* "Taxable value" is defined by Section 1.04(10), Tax Code.

### Bonded Indebtedness

Total amount of outstanding and unpaid bonded indebtedness\* \$358,840,000

\*Outstanding principal.

### Comparison of Proposed Rates with Last Year's Rates

	<u>Maintenance &amp; Operations</u>	<u>Interest &amp; Sinking Fund*</u>	<u>Total</u>	<u>Local Revenue Per Student</u>	<u>State Revenue Per Student</u>
Last Year's Rate	\$0.954600	\$0.348100	\$1.302700	\$6,336	\$4,676
Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service	\$0.761500	\$0.345140	\$1.106640	\$6,553	\$4,175
Proposed Rate	\$0.894600	\$0.348100	\$1.242700	\$7,079	\$4,592

\*The Interest & Sinking Fund tax revenue is used to pay for bonded indebtedness on construction, equipment, or both.

The bonds, and the tax rate necessary to pay those bonds, were approved by the voters of this district.

### Comparison of Proposed Levy with Last Year's Levy on Average Residence

	<u>Last Year</u>	<u>This Year</u>
Average Market Value of Residences	\$310,301	\$368,080
Average Taxable Value of Residences	\$251,963	\$282,429
Last Year's Rate Versus Proposed Rate per \$100 Value	\$1.302700	\$1.242700
Taxes Due on Average Residence	\$3,282.32	\$3,509.75
Increase (Decrease) in Taxes		\$227.43

Under state law, the dollar amount of school taxes imposed on the residence homestead of a person 65 years of age or older or of the surviving spouse of such a person, if the surviving spouse was 55 years of age or older when the person died, may not be increased above the amount paid in the first year after the person turned 65, regardless of changes in tax rate or property value.

Notice of Voter-Approval Rate: The highest tax rate the district can adopt before requiring voter approval at an election is \$1.152700. This election will be automatically held if the district adopts a rate in excess of the voter-approval rate of \$1.152700.

### Fund Balances

The following estimated balances will remain at the end of the current fiscal year and are not encumbered with or by a corresponding debt obligation, less estimated funds necessary for operating the district before receipt of the first state aid payment.

Maintenance and Operations Fund Balance(s)	\$28,159,660
Interest & Sinking Fund Balance(s)	\$11,087,749

A school district may not increase the district's maintenance and operations tax rate to create a surplus in maintenance and operations tax revenue for the purpose of paying the district's debt service.

Visit [Texas.gov/PropertyTaxes](https://www.texas.gov/PropertyTaxes) to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.

## REQUIRED NOTICE POSTED PRIOR TO TAX RATE ADOPTION

Published August 9

### NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

The PEARLAND INDEPENDENT SCHOOL DISTRICT will hold a public meeting at 5:00 PM, August 23, 2023 in the District's Board Room at 1928 N. Main Street in Pearland, Texas. The purpose of this meeting is to discuss the school district's budget that will determine the tax rate that will be adopted. Public participation in the discussion is invited.

The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice.

Maintenance Tax

\$0.789200/\$100 (proposed rate for maintenance and operations)

School Debt Service Tax

\$0.348100/\$100 (proposed rate to pay bonded indebtedness)

Approved by Local Voters

#### Comparison of Proposed Budget with Last Year's Budget

The applicable percentage increase or decrease (or difference) in the amount budgeted in the preceding fiscal year and the amount budgeted for the fiscal year that begins during the current tax year is indicated for each of the following expenditure categories:

Maintenance and operations	9.12 % increase
Debt Service	13.87 % increase
Total Expenditures	9.88 % increase

#### Total Appraised Value and Total Taxable Value (as calculated under Section 26.04, Tax Code)

	Preceding Tax Year	Current Tax Year
Total appraised value* of all property	\$12,882,895,429	\$15,827,746,846
Total appraised value* of new property**	\$93,924,936	\$91,766,081
Total taxable value*** of all property	\$10,166,272,070	\$10,703,413,981
Total taxable value*** of new property**	\$87,421,782	\$74,059,788

\* Appraised value is the amount shown on the appraisal roll and defined by Section 1.04(8), Tax Code

\*\* "New property" is defined by Section 26.012(17), Tax Code

\*\*\* "Taxable value" is defined by Section 1.04(10), Tax Code

#### Bonded Indebtedness

Total amount of outstanding and unpaid bonded indebtedness\* \$758,840,000

\*Outstanding principal

#### Comparison of Proposed Rates with Last Year's Rates

	Maintenance & Operations	Interest & Sinking Fund*	Total	Local Revenue Per Student	State Revenue Per Student
Last Year's Rate	\$0.954600	\$0.348100	\$1.302700	\$6.357	\$4.678
Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service	\$0.702990	\$0.382530	\$1.085520	\$5.796	\$5.471
Proposed Rate	\$0.789200	\$0.348100	\$1.137300	\$5.807	\$5.604

\* The Interest & Sinking Fund tax revenue is used to pay for bonded indebtedness on construction, equipment, or both.

The bonds, and the tax rate necessary to pay those bonds, were approved by the voters of this district.

#### Comparison of Proposed Levy with Last Year's Levy on Average Residence

	Last Year	This Year
Average Market Value of Residences	\$310,701	\$370,301
Average Taxable Value of Residences	\$251,963	\$240,441
Last Year's Rate Versus Proposed Rate per \$100 Value	\$1.3027	\$1.1373
Taxes Due on Average Residence	\$3,282.32	\$2,734.54
Increase (Decrease) in Taxes		(\$547.78)

Under state law, the dollar amount of school taxes imposed on the residence homestead of a person 65 years of age or older or of the surviving spouse of such a person, if the surviving spouse was 55 years of age or older when the person died, may not be increased above the amount paid in the first year after the person turned 65, regardless of changes in tax rate or property value.

**Notice of Voter-Approval Rate:** The highest tax rate the district can adopt before requiring voter approval at an election is \$1.047300. This election will be automatically held if the district adopts a rate in excess of the voter-approval rate of \$1.047300.

#### Fund Balances

The following estimated balances will remain at the end of the current fiscal year and are not encumbered with or by a corresponding debt obligation, less estimated funds necessary for operating the district before receipt of the first state aid payment:

Maintenance and Operations Fund Balance(s)	\$28,159,660
Interest & Sinking Fund Balance(s)	\$11,087,749

A school district may not increase the district's maintenance and operations tax rate to create a surplus in maintenance and operations tax revenue for the purpose of paying the district's debt service.

Visit [Texas.gov/PropertyTaxes](https://www.texas.gov/PropertyTaxes) to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.



# 2023 Tax Rate Calculation Worksheet

## School Districts without Chapter 313 Agreements

Form 50-859

PEARLAND INDEPENDENT SCHOOL DISTRICT

281-485-3203

School District's Name

Phone (area code and number)

1928 N. Main Street, Pearland, Texas 77581

www.pearlandisd.org

School District's Address, City, State, ZIP Code

School District's Website Address

**GENERAL INFORMATION:** Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the no-new-revenue tax rate and voter-approval tax rate for the taxing unit. These tax rates are expressed in dollars per \$100 of taxable value calculated. The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll or certified estimate of value and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submit the rates to the governing body by Aug. 7 or as soon thereafter as practicable. Tax Code Section 26.04(e-1) does not require school districts to certify the tax rate calculations.

This worksheet is for **school districts without Chapter 313 agreements only**. School districts that have a Chapter 313 agreement should use Comptroller Form 50-884 *Tax Rate Calculation Worksheet, School Districts with Chapter 313 Agreements*.

Water districts as defined under Water Code Section 49.001(1) do not use this form. Use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* or Comptroller Form 50-860 *Developed Water District Voter-Approval Tax Rate Worksheet*.

All other taxing units should use Comptroller Form 50-856 *Tax Rate Calculation, Taxing Units Other Than School Districts or Water Districts*.

The Comptroller's office provides this worksheet to assist taxing units in determining tax rates. The Texas Education Agency (TEA) provides detailed information on and guidance to school districts in calculating their tax rates. Please review and rely on information provided by TEA when completing this worksheet. Additionally, the information provided in this worksheet is offered as technical assistance and not legal advice. Taxing units should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

### SECTION 1: No-New-Revenue Tax Rate

The no-new-revenue (NNR) tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of revenue if applied to the same properties that are taxed in both years (no new taxes). When appraisal values increase, the NNR tax rate should decrease.

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
1.	<b>2022 total taxable value.</b> Enter the amount of 2022 taxable value on the 2022 tax roll today. Include any adjustments since last year's certification; exclude one-fourth and one-third over-appraisal corrections made under Tax Code Section 25.25(d) from these adjustments. Exclude any property value subject to an appeal under Chapter 42 as of July 25 (will add undisputed value in Line 6). This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2). <sup>1</sup>	\$ 10,112,552,839
2.	<b>2022 tax ceilings.</b> Enter 2022 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. <sup>2</sup>	\$ 1,415,105,414
3.	<b>Preliminary 2022 adjusted taxable value.</b> Subtract Line 2 from Line 1.	\$ 8,697,447,425
4.	<b>2022 total adopted tax rate.</b>	\$ 1.302700 /\$100
5.	<b>2022 taxable value lost because court appeals of ARB decisions reduced 2022 appraised value.</b>	
	A. Original 2022 ARB values: .....	\$ 54,489,219
	B. 2022 values resulting from final court decisions: .....	-\$ 50,120,800
	C. 2022 value loss. Subtract B from A. <sup>3</sup>	\$ 4,368,419
6.	<b>2022 taxable value subject to an appeal under Chapter 42, as of July 25.</b>	
	A. 2022 ARB certified value: .....	\$ 5,721,330
	B. 2022 disputed value: .....	-\$ 3,521,330
	C. 2022 undisputed value. Subtract B from A. <sup>4</sup>	\$ 2,200,000
7.	<b>2022 Chapter 42-related adjusted values.</b> Add Line 5 and 6.	\$ 6,568,419
8.	<b>2022 taxable value, adjusted for actual and potential court-ordered adjustments.</b> Add Line 3 and Line 7.	\$ 8,704,015,844
9.	<b>2022 taxable value of property in territory the school deannexed after Jan. 1, 2022</b> Enter the 2022 value of property in deannexed territory. <sup>5</sup>	\$ 0

<sup>1</sup> Tex. Tax Code § 26.012(14).

<sup>2</sup> Tex. Tax Code § 26.012(14).

<sup>3</sup> Tex. Tax Code § 26.012(13).

<sup>4</sup> Tex. Tax Code § 26.012(13).

<sup>5</sup> Tex. Tax Code § 26.012(15).



Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
10.	<b>2022 taxable value lost because property first qualified for an exemption in 2023</b> If the school district increased an original exemption, use the difference between the original exempted amount and the increased exempted amount. Do not include value lost due to freepoint goods-in-transit, or temporary disaster exemptions. Note that lowering the amount or percentage of an existing exemption in 2023 does not create a new exemption or reduce taxable value. <b>A. Absolute exemptions.</b> Use 2022 market value: ..... \$ 4,424,401 <b>B. Partial exemptions.</b> 2023 exemption amount or 2023 percentage exemption times 2022 value: ..... + \$ 1,394,541,827 <b>C. Value loss.</b> Add A and B. <sup>6</sup> ..... \$ 1,398,966,228	
11.	<b>2022 taxable value lost because property first qualified for agricultural appraisal (1-d or 1-d-1), timber appraisal, recreational/scenic appraisal or public access airport special appraisal in 2023.</b> Use only properties that qualified in 2022 for the first time; do not use properties that qualified in 2022. <b>A. 2022 market value.</b> ..... \$ 216,000 <b>B. 2023 productivity or special appraised value:</b> ..... - \$ 500 <b>C. Value loss.</b> Subtract B from A. <sup>7</sup> ..... \$ 215,500	
12.	<b>Total adjustments for lost value.</b> Add Lines 9, 10C and 11C. ....	\$ 1,399,181,728
13.	<b>Adjusted 2022 taxable value.</b> Subtract Line 12 from Line 8. ....	\$ 7,304,834,116
14.	<b>Adjusted 2022 total levy.</b> Multiply Line 4 by Line 13 and divide by \$100. ....	\$ 95,160,074
15.	<b>Taxes refunded for years preceding tax year 2022.</b> Enter the amount of taxes refunded by the district for tax years preceding tax year 2022. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2022. This line applies only to tax years preceding tax year 2022. <sup>8</sup> ....	\$ 75,417
16.	<b>Adjusted 2022 levy with refunds.</b> Add Line 14 and Line 15. <sup>9</sup> ..... Note: If the governing body of the school district governs a junior college district in a county with a population of more than two million, subtract the amount of taxes the governing body dedicated to the junior college district in 2022 from the result. ....	\$ 95,235,491
17.	<b>Total 2023 taxable value on the 2023 certified appraisal roll today.</b> This value includes only certified values and includes the total taxable value of homesteads with tax ceilings (will deduct in line 19). These homesteads include homeowners age 65 or older or disabled. <sup>10</sup> <b>A. Certified values.</b> <sup>11</sup> ..... \$ 9,866,750,975 <b>B. Pollution control and energy storage system exemption:</b> Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property: ..... - \$ 0 <b>C. Total 2023 value.</b> Subtract B from A. .... \$ 9,866,750,975	
18.	<b>Total value of properties under protest or not included on certified appraisal roll.</b> <sup>12</sup> <b>A. 2023 taxable value of properties under protest.</b> The chief appraiser certifies a list of properties still under ARS protest. The list shows the appraisal district's value and the taxpayer's claimed value, if any, or an estimate of the value if the taxpayer wins. For each of the properties under protest, use the lowest of these values. Enter the total value under protest. <sup>13</sup> ..... \$ 640,535,708 <b>B. 2023 value of properties not under protest or included on certified appraisal roll.</b> The chief appraiser gives school districts a list of those taxable properties that the chief appraiser knows about but are not included in the appraisal roll certification. These properties are also not on the list of properties that are still under protest. On this list of properties, the chief appraiser includes the market value, appraised value and exemptions for the preceding year and a reasonable estimate of the market value, appraised value and exemptions for the current year. Use the lower market, appraised or taxable value (as appropriate). Enter the total value not on the roll. <sup>14</sup> ..... + \$ 174,565,304 <b>C. Total value under protest or not certified.</b> Add A and B. .... \$ 815,101,012	
19.	<b>2023 tax ceilings.</b> Enter 2023 total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. <sup>15</sup> ....	\$ 1,336,980,002

<sup>6</sup> Tex. Tax Code § 26.012(15)<sup>7</sup> Tex. Tax Code § 26.012(15)<sup>8</sup> Tex. Tax Code § 26.012(13)<sup>9</sup> Tex. Tax Code § 26.012(13)<sup>10</sup> Tex. Tax Code §§ 26.012, 26.04(c-2)<sup>11</sup> Tex. Tax Code § 26.012(5)<sup>12</sup> Tex. Tax Code § 26.01(c) and (d)<sup>13</sup> Tex. Tax Code § 26.01(c)<sup>14</sup> Tex. Tax Code § 26.01(d)<sup>15</sup> Tex. Tax Code § 26.012(b)(8)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
20.	<b>2023 total taxable value.</b> Add Lines 17C and 18C. Subtract Line 19.	\$ 9,344,871,985
21.	<b>Total 2023 taxable value of properties in territory annexed after Jan. 1, 2023.</b> Include both real and personal property. Enter the 2023 value of property in territory annexed by the school district.	\$ 31,392
22.	<b>Total 2023 taxable value of new improvements and new personal property located in new improvements.</b> New means the item was not on the appraisal roll in 2022. An improvement is a building, structure, fixture or fence erected on or affixed to land. New additions to existing improvements may be included if the appraised value can be determined. New personal property in a new improvement must have been brought into the school district after Jan. 1, 2022, and be located in a new improvement.	\$ 74,059,788
23.	<b>Total adjustments to the 2023 taxable value.</b> Add lines 21 and 22.	\$ 74,091,180
24.	<b>Adjusted 2023 taxable value.</b> Subtract line 23 from line 20.	\$ 9,270,780,805
25.	<b>2023 NNR tax rate.</b> Divide line 16 by line 24 and multiply by \$100.	\$ 1.027265 /\$100

## SECTION 2: Voter-Approval Tax Rate

The voter-approval tax rate is the highest tax rate that a taxing unit may adopt without holding an election to seek voter approval of the rate. Most school districts calculate a voter-approval tax rate that is split into three separate rates.<sup>19</sup>

- Maximum Compressed Tax Rate (MCR):** A district's maximum compressed tax rate is defined as the tax rate for the current tax year per \$100 of valuation of taxable property at which the district must levy a maintenance and operations tax to receive the full amount of the tier one allotment.<sup>19</sup>
- Enrichment Tax Rate:**<sup>20</sup> A district's enrichment tax rate is defined as any tax effort in excess of the district's MCR and less than \$0.17. The enrichment tax rate is divided into golden pennies and copper pennies. School districts can claim up to 8 golden pennies, not subject to compression, and 9 copper pennies which are subject to compression with any increases in the guaranteed yield.<sup>21</sup>
- Debt Rate:** The debt rate includes the debt service necessary to pay the school district's debt payments in the coming year. This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

The MCR and Enrichment Tax Rate added together make up the school district's maintenance and operations (M&O) tax rate. Districts cannot increase the district's M&O tax rate to create a surplus in M&O tax revenue for the purpose of paying the district's debt service.<sup>22</sup>

If a school district adopted a tax rate that exceeded its voter-approval tax rate without holding an election to respond to a disaster in the prior year, as allowed by Tax Code Section 26.042(e), the school district may not consider the amount by which it exceeded its voter-approval tax rate (disaster pennies) in the calculation this year. This adjustment will be made in Section 4 of this worksheet.

A district must complete an efficiency audit before seeking voter approval to adopt a M&O tax rate higher than the calculated M&O tax rate, hold an open meeting to discuss the results of the audit, and post the results of the audit on the district's website 30 days prior to the election.<sup>23</sup> Additionally, a school district located in an area declared a disaster by the governor may adopt a M&O tax rate higher than the calculated M&O tax rate during the two-year period following the date of the declaration without conducting an efficiency audit.<sup>24</sup>

Districts should review information from TEA when calculating their voter-approval tax rate.

Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
26.	<b>2023 maximum compressed tax rate (MCR).</b> TEA will publish compression rates based on district and statewide property value growth. Enter the school districts' maximum compressed rate based on guidance from TEA. <sup>25</sup>	\$ 0.619200 /\$100
27.	<b>2023 enrichment tax rate.</b> Enter the greater of A and B. <sup>26</sup> <div style="margin-left: 20px;"> A. Enter the district's 2022 enrichment tax rate, minus any required reduction under Education Code Section 48.202(f) ..... 0.150000  \$ ..... /\$100  B. \$0.05 per \$100 of taxable value ..... 0.050000  \$ ..... /\$100 </div>	\$ 0.150000 /\$100
28.	<b>2023 maintenance and operations (M&amp;O) tax rate.</b> Add Lines 26 and 27. Note: M&O tax rate may not exceed the sum of \$0.17 and the district's maximum compressed rate. <sup>27</sup>	\$ 0.769200 /\$100

<sup>19</sup> (Reserved for expansion)

<sup>20</sup> (Reserved for expansion)

<sup>21</sup> Tex. Tax Code §26.08(n)

<sup>22</sup> Tex. Edu. Code §48.2551(a)(3)

<sup>23</sup> Tex. Tax Code §26.08(j) and Tex. Edu. Code §45.0052

<sup>24</sup> Tex. Edu. Code §48.202(a-1)(2) and 48.202(f)

<sup>25</sup> Tex. Edu. Code §45.0021(a)

<sup>26</sup> Tex. Edu. Code §11.184(b)

<sup>27</sup> Tex. Edu. Code §11.184(b-1)

<sup>28</sup> Tex. Edu. Code §48.255, 48.2551(b)(1) and (b)(2)

<sup>29</sup> Tex. Tax Code §26.08(n)(2)

<sup>30</sup> Tex. Edu. Code §45.003(a)



Line	Voter-Approval Tax Rate Worksheet	Amount/Rate
29.	<b>Total 2023 debt to be paid with property tax revenue.</b> Debt means the interest and principal that will be paid on debts that: (1) Are paid by property taxes; (2) Are secured by property taxes; (3) Are scheduled for payment over a period longer than one year; and (4) Are not classified in the school district's budget as M&O expenses.  A. Debt includes contractual payments to other school districts that have incurred debt on behalf of this school district, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. If the governing body of a taxing unit authorized or agreed to authorize a bond, warrant, certificate of obligation, or other evidence of indebtedness on or after Sept. 1, 2022, verify if it meets the amended definition of debt before including it here. Enter debt amount: ..... \$ 40,280,112  B. Subtract <b>unencumbered fund amount</b> used to reduce total debt: ..... - \$ 0  C. Subtract <b>state aid</b> received for paying principal and interest on debt for facilities through the existing debt allotment program and/or instructional facilities allotment program: ..... - \$ 5,517,800  D. <b>Adjust debt:</b> Subtract B and C from A. ..... \$ 34,762,312	
30.	<b>Certified 2022 excess debt collections.</b> Enter the amount certified by the collector. <sup>28</sup>	\$ 2,190,512
31.	<b>Adjusted 2023 debt.</b> Subtract line 30 from line 29D.	\$ 32,571,800
32.	<b>2023 anticipated collection rate.</b> If the anticipated rate in A is lower than actual rates in B, C and D, enter the lowest rate from B, C and D. If the anticipated rate in A is higher than at least one of the rates in the prior three years, enter the rate from A. Note that the rate can be greater than 100%. <sup>29</sup>  A. Enter the 2023 anticipated collection rate certified by the collector. <sup>28</sup> 100.13 % B. Enter the 2022 actual collection rate 100.13 % C. Enter the 2021 actual collection rate 100.78 % D. Enter the 2020 actual collection rate 100.50 %  100.13 %	
33.	<b>2023 debt adjusted for collections.</b> Divide Line 31 by Line 32.  Note: If the governing body of the school district governs a junior college district in a county with a population of more than two million, add the amount of taxes the governing body proposes to dedicate to the junior college district in 2022 to the result.	\$ 32,529,511
34.	<b>2023 total taxable value.</b> Enter the amount on Line 20 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 9,344,871,985
35.	<b>2023 debt rate.</b> Divide Line 33 by Line 34 and multiply by \$100.	\$ 0.348100 /\$100
36.	<b>2023 voter-approval tax rate.</b> Add Lines 28 and 35.  If the school district received distributions from an equalization tax imposed under former Chapter 18, Education Code, add the NNR tax rate as of the date of the county unit system's abolition to the sum of Lines 28 and 35. <sup>31</sup>	\$ 1.117300 /\$100

### SECTION 3: Voter-Approval Tax Rate Adjustment for Pollution Control

A school district may raise its rate for M&O funds used to pay for a facility, device or method for the control of air, water or land pollution. This includes any land, structure, building, installation, excavation, machinery, equipment or device that is used, constructed, acquired or installed wholly or partly to meet or exceed pollution control requirements. The school district's expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The school district must provide the tax assessor with a copy of the TCEQ letter of determination that states the portion of the cost of the installation for pollution control.

This section should only be completed by a school district that uses M&O funds to pay for a facility, device or method for the control of air, water or land pollution.

Line	Voter-Approval Rate Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
37.	<b>Certified expenses from the Texas Commission on Environmental Quality (TCEQ).</b> Enter the amount certified in the determination letter from TCEQ. <sup>32</sup> The school district shall provide its tax assessor with a copy of the letter. <sup>33</sup>	\$ 0.

<sup>28</sup> Tex. Tax Code § 26.012(f)

<sup>29</sup> Tex. Tax Code §§ 26.012(1)(i) and 26.04(b)

<sup>30</sup> Tex. Tax Code §§ 26.04(b), (h-1) and (h-2)

<sup>31</sup> Tex. Tax Code § 26.04(b)

<sup>32</sup> Tex. Tax Code § 26.08(g)

<sup>33</sup> Tex. Tax Code § 26.04(c)(d)

<sup>34</sup> Tex. Tax Code § 26.04(c)(d)

Line	Voter-Approval Rate Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
38.	<b>2023 total taxable value.</b> Enter the amount on Line 20 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 9,344,871.985
39.	<b>Additional rate for pollution control.</b> Divide line 37 by line 38 and multiply by \$100.	\$ 0 /\$100
40.	<b>2023 voter-approval tax rate, adjusted for pollution control.</b> Add line 36 and line 39.	\$ 1.117300 /\$100

#### SECTION 4: Voter-Approval Tax Rate Adjustment in Year Following Disaster

If a school district adopted a tax rate that exceeded its voter-approval tax rate without holding an election to respond to a disaster in the prior year, as allowed by Tax Code Section 26.042(e), the school district may not consider the amount by which it exceeded its voter-approval tax rate in the calculation this year.<sup>14</sup> As such, it must reduce its voter-approval tax rate for the current tax year.

This section applies to a school district in a disaster area that adopts a tax rate greater than its voter-approval tax rate without holding an election in the prior year, as provided for by Tax Code Section 26.042(e).

Line	Prior Year Disaster Adjustment Worksheet	Amount/Rate
41.	<b>2022 adopted tax rate.</b> Enter the rate in Line 4 of the <i>No-New-Revenue Tax Rate Worksheet</i> .	\$ 1.302700 /\$100
42.	<b>2022 voter-approval tax rate.</b> If the school district adopted a tax rate above the 2021 voter-approval tax rate without holding an election due to a disaster, enter the voter-approval tax rate from the prior year's worksheet.	\$ 1.232700 /\$100
43.	<b>Increase in 2022 tax rate due to disaster (disaster pennies).</b> Subtract Line 42 from Line 41.	\$ 0.070000 /\$100
44.	<b>2023 voter-approval tax rate, adjusted for prior year disaster.</b> Subtract Line 43 from one of the following lines (as applicable): Line 36 or Line 40 (school districts with pollution control).	\$ 1.047300 /\$100

#### SECTION 5: Total Tax Rate

Indicate the applicable total tax rates as calculated above:

No-New-Revenue Tax Rate ..... \$ 1.027265 /\$100  
 Enter the 2023 NNR tax rate from Line 25.

Voter-Approval Tax Rate ..... \$ 1.047300 /\$100  
 As applicable, enter the 2023 voter-approval tax rate from Line 36, Line 40 or Line 44. Indicate the line number used: 44

#### SECTION 6: School District Representative Name and Signature

Enter the name of the person preparing the tax rate as authorized by the governing body of the school district. By signing below, you certify that you are the designated officer or employee of the school district and have calculated the tax rates in accordance with requirements in Tax Code and Education Code.<sup>15</sup>

**print here** KRISTIN R. BULANEK, TAX-ASSESSOR-COLLECTOR  
 Printed Name of School District Representative

**sign here** **Kristin Bulanek**  
 School District Representative

Digitally signed by Kristin Bulanek  
 Date: 2023.08.04 11:51:09 -05'00'

Date

<sup>14</sup> Tex. Tax Code §26.042(f) and Tex. Eds. Code §45.0012(i).

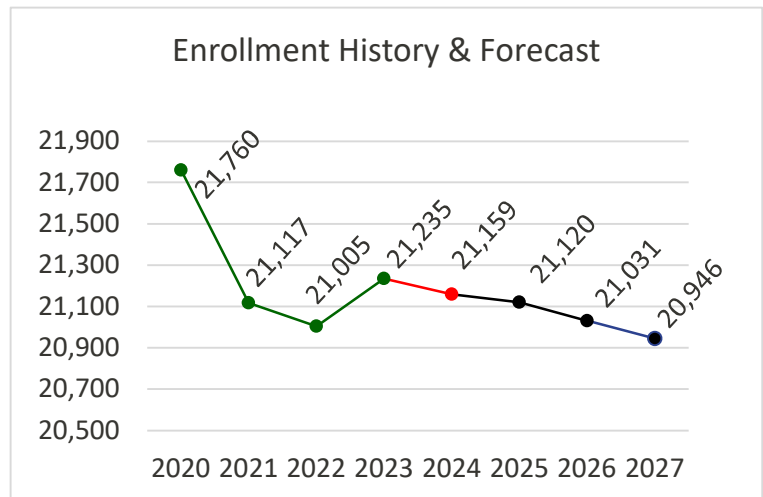
<sup>15</sup> Tex. Tax Code §26.04(c).

## DISTRICT ENROLLMENT FORECAST

Student enrollment trends are reviewed on a six-week basis. The District uses a Cohort Survival model for projecting enrollment. 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 historic cohort growth from one year to the next. 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.

The increase in enrollment during school year 2021-22 was partly due to an aging population and a decrease in students returning to school due to COVID-19. The district is projected to decrease in enrollment as large graduating Senior classes are replaced by much smaller incoming kindergarten classes.

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. As enrollment fluctuates, teaching staff FTE’s will also change to manage appropriate class sizes.



### 2023-24 Enrollment Projections and Three-Year Forecast

Grade	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Projected	2025 Projected	2026 Projected	2027 Projected
EE	127	111	89	102	102	102	102	102
PK	277	308	422	447	447	447	447	447
KG	1,378	1,203	1,210	1,221	1,221	1,221	1,221	1,221
1	1,405	1,370	1,321	1,340	1,324	1,329	1,329	1,329
2	1,521	1,397	1,403	1,397	1,389	1,379	1,384	1,384
3	1,591	1,488	1,425	1,456	1,443	1,440	1,431	1,437
4	1,616	1,547	1,501	1,500	1,485	1,478	1,476	1,468
5	1,715	1,614	1,582	1,562	1,550	1,542	1,541	1,529
6	1,733	1,732	1,660	1,661	1,625	1,615	1,605	1,603
7	1,740	1,727	1,735	1,717	1,702	1,663	1,657	1,646
8	1,717	1,727	1,729	1,790	1,751	1,738	1,698	1,695
9	1,791	1,767	1,822	1,845	1,894	1,851	1,838	1,794
10	1,743	1,735	1,734	1,811	1,795	1,841	1,799	1,786
11	1,684	1,714	1,688	1,701	1,749	1,735	1,778	1,737
12	1,722	1,677	1,684	1,685	1,682	1,739	1,725	1,768
Total	21,760	21,117	21,005	21,235	21,159	21,120	21,031	20,946

## PERSONNEL RESOURCE ALLOCATIONS (Full Time Equivalent – FTEs)

	2019	2020	2021	2022	2023
Teachers:					
Total Teaching Staff	1,307	1,299	1,318	1,301	1,283
Professional Support:					
Athletic Trainer	9	9	9	9	9
Counselor	53	51	54	53	53
Educational Diagnostician	6	9	7	7	7
Librarian	19	20	19	19	19
LSSP/Psychologist	21	17	19	16	15
Other Campus Professional	15	17	23	14	14
Other Non-Instructional	110	116	112	122	128
School Nurse	17	19	21	25	26
Speech Therapist/Pathologist	18	19	21	21	20
Truant Officer	5	5	5	5	5
Total Professional Staff	273	282	290	291	296
Administrative Staff:					
Assistant Principal	49	49	49	50	45
Asst/Assoc/Deputy Superintendent	6	6	6	6	3
Athletic Director	1	1	1	1	1
Business Manager	1	1	1	1	1
Director of Personnel/HR	1	1	1	2	2
District Inst Prog (Dir or Exec Dir)	8	7	8	9	10
Principal	23	23	23	23	23
Registrar	3	3	3	3	3
Superintendent	1	1	1	1	1
Total Administrative Staff	93	92	93	96	90
<b>Total Professional Staff</b>	<b>1,673</b>	<b>1,673</b>	<b>1,701</b>	<b>1,688</b>	<b>1,669</b>
Para-Professional Staff:					
Educational Aide	168	191	189	197	181
Total Para-Professional Staff	168	191	189	197	181
Auxiliary					
Auxiliary	714	715	691	686	679
Total Auxiliary	714	715	691	686	679
<b>Total Personnel</b>	<b>2,555</b>	<b>2,579</b>	<b>2,581</b>	<b>2,571</b>	<b>2,529</b>

Source: District Data

## 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 received ratings of A, B, C, D, or F for overall performance, as well as for performance in each domain. Pearland Independent School District received an A rating for the 2021-22 school year. Ratings for 2022-23 school year were not available at the time of this report.

### Niche Rating

Founded in 2002 as Collegeprowler.com, Niche has since expanded to provide insights and reviews of K-12 schools, cities and neighborhoods nationwide -- based on government/public data as well as surveys. Factors considered in district and school rankings ranged from academics, health/safety, student culture/diversity, parent/student surveys, teachers and resources/facilities to extracurricular/activities, sports/fitness and district overall experience.

Pearland Independent School District received an A rating according to Niche ratings and ranked fourth best district in the Houston metro area in the 2023 Niche ratings. Pearland ISD was also ranked best place to teach in Brazoria County.

### State Accountability Reports

Texas provides annual academic accountability ratings to its public school districts, charters and schools. The ratings are based on performance on state standardized tests; graduation rates; and college, career, and military readiness outcomes. The ratings examine student achievement, school progress, and whether districts and campuses are closing achievement gaps among various student groups. This report provides select information from the District's accountability results for 2022; districts were not rated for 2020 or 2021 due to the Declaration for State of Disaster. To learn more, visit [TXschools.gov](https://txschools.gov).

### Advanced Placement

Enrollment in Advanced Placement (AP) courses continue to be high and the number of students scoring a 3 or better on AP Exams increased from the previous year. In 2021-2022, the percentage of Pearland ISD students scoring a 3 or better on AP exams was 18.8 points above the state and 8.9 points above the world. AP Scholars are students who scored 3 or higher on 3 or more AP exams. In 2022, Pearland ISD had 799 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 2022-2023 school year, Pearland students enrolled in 3,608 dual credit courses.

## ACT/SAT

The number of students participating in the SAT as well as their scores have been stable for the past three years. Pearland students continue to score above both the state and global averages. District students scored an average of 93 points above the state average while ACT scores were 2.1 points above the Texas average.

## PERFORMANCE MEASURES

### Dropout Rates

Grade 9-12	2016	2017	2018	2019	2020	2021	2022
District	0.2%	0.2%	0.2%	0.2%	0.2%	0.3%	0.1%
Region 4	2.2%	2.3%	2.1%	2.0%	1.7%	2.4%	2.3%
State	2.0%	1.9%	1.9%	1.9%	1.6%	2.4%	2.2%

*Source: TEA Annual Dropout Data (2023 unavailable as of the date of this report)*

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

	2016	2017	2018	2019	2020	2021	2022	2023
Free	21.9%	23.5%	23.2%	27.2%	28.17%	26.62%	28.22%	31.86%
Reduced	4.7%	5.0%	3.6%	4.1%	4.85%	4.41%	4.67%	5.27%
Total	26.6%	28.5%	26.8%	31.4%	33.02%	31.03%	32.89%	37.13%
State	59.0%	59.0%	58.8%	60.6%	60.3%	60.3%	60.7%	

*Source: District PEIMS Reports; TEA Texas Academic Performance Report (State data for 2023 unavailable as of the date of this report)*



## 2022 STATE ACCOUNTABILITY RATINGS

### SCHOOL OVERVIEW 2021-22



Pearland ISD demonstrated overall improved results in the 2022 A-F state accountability ratings, with 18 of its 22 campuses receiving an A rating or improving scores. The district received an actual score of 94 for an overall “A” rating in the 2022 A-F state accountability system ratings release August 2022.

Pearland ISD receive this grade or rating based on performance in the following three areas:



93 out of 100

**Student Achievement** measures what students know and can do by the end of the year. It includes results from state assessments across all subjects for all students, on both general and alternate assessments, College, Career, and Military Readiness (CCMR) indicators, like AP and ACT results, and graduation rates.



92 out of 100

**School Progress** measures how much better students are doing on the STAAR test this year versus last year, and how much better students are doing academically relative to schools with similar percentages of economically disadvantaged students.



93 out of 100

**Closing the Gaps** looks at performance among student groups, including various racial/ethnic groups, socioeconomic backgrounds, and other factors.

### 2022 Accountability Ratings Overall Summary

	Component Score	Scaled Score	Rating
<b>Overall</b>		<b>94</b>	<b>A</b>
<b>Student Achievement</b>		<b>93</b>	<b>A</b>
STAAR Performance	65	91	
College, Career and Military Readiness	75	94	
Graduation Rate	99.8	95	
<b>School Progress</b>		<b>92</b>	<b>A</b>
Academic Growth	80	92	<b>A</b>
Relative Performance (Eco Dis: 32.9%)	70	91	<b>A</b>
<b>Closing the Gaps</b>	<b>96</b>	<b>96</b>	<b>A</b>

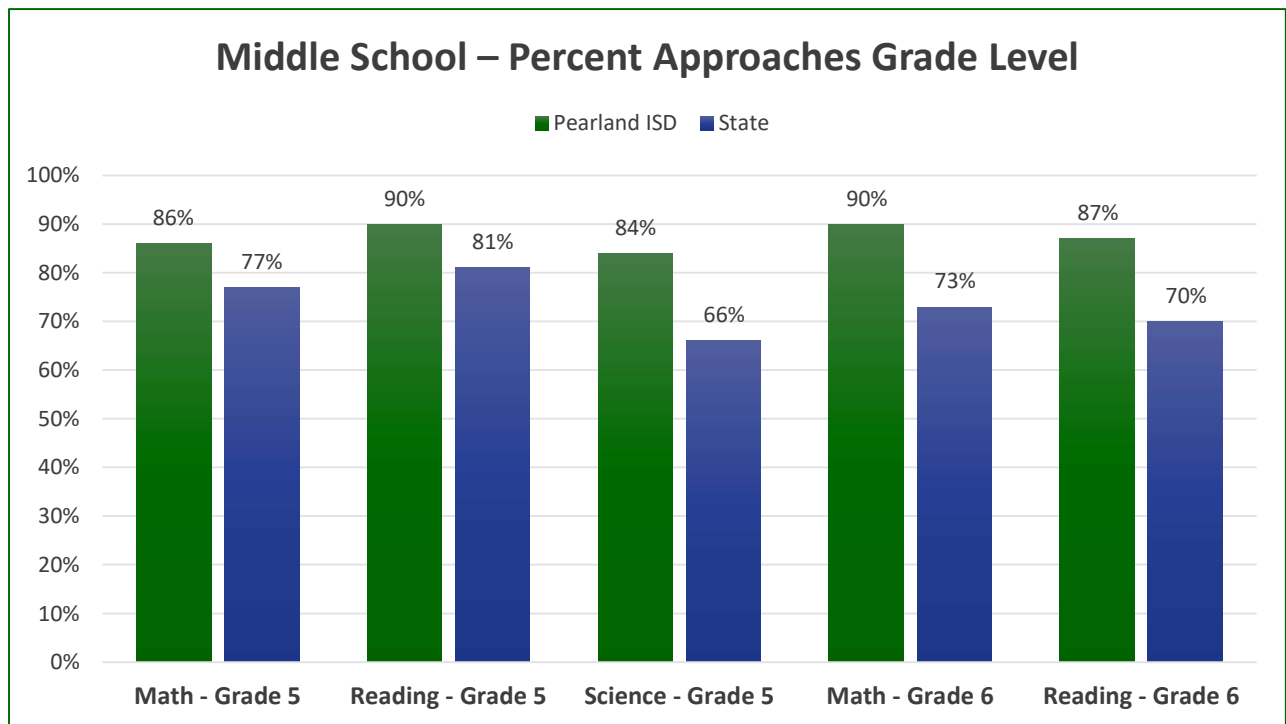
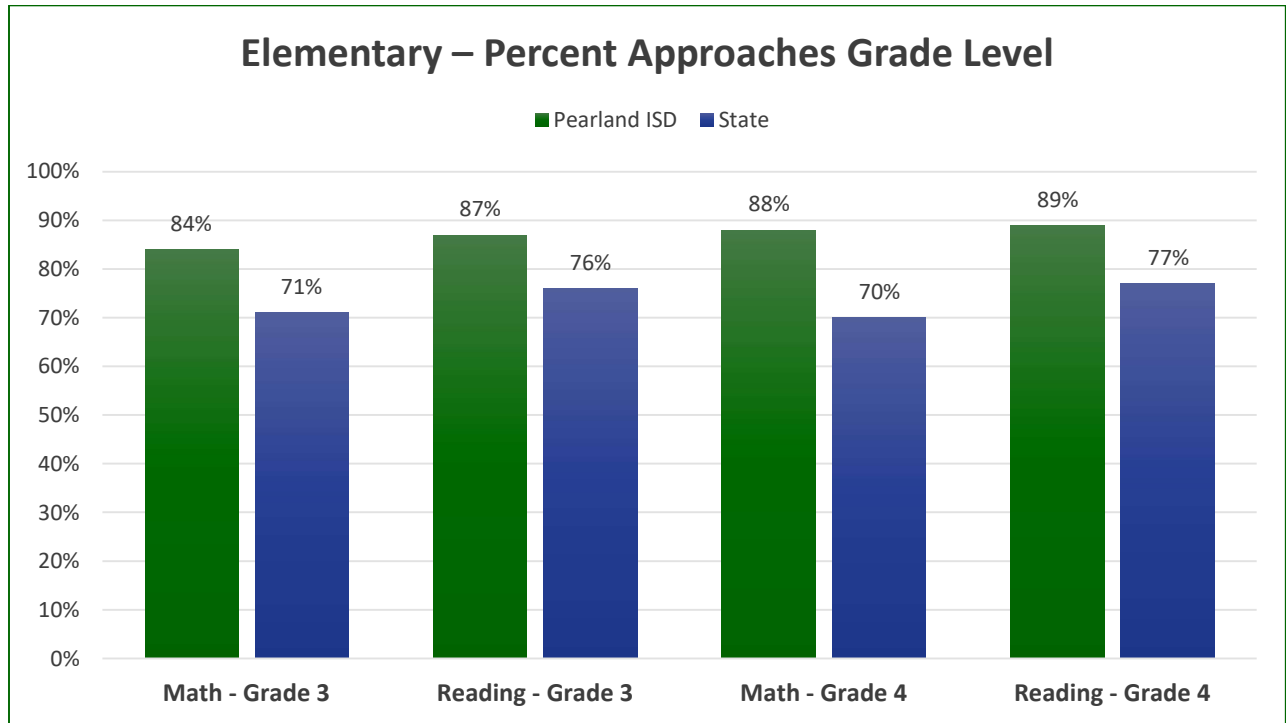
Source: TEA Texas Academic Performance Report (data for 2023 unavailable as of the date of this report)

## 2020 & 2021 STATE ACCOUNTABILITY RATINGS

\*All Districts and Schools Were **Not Rated** in 2020 & 2021 Due to COVID – 19\*

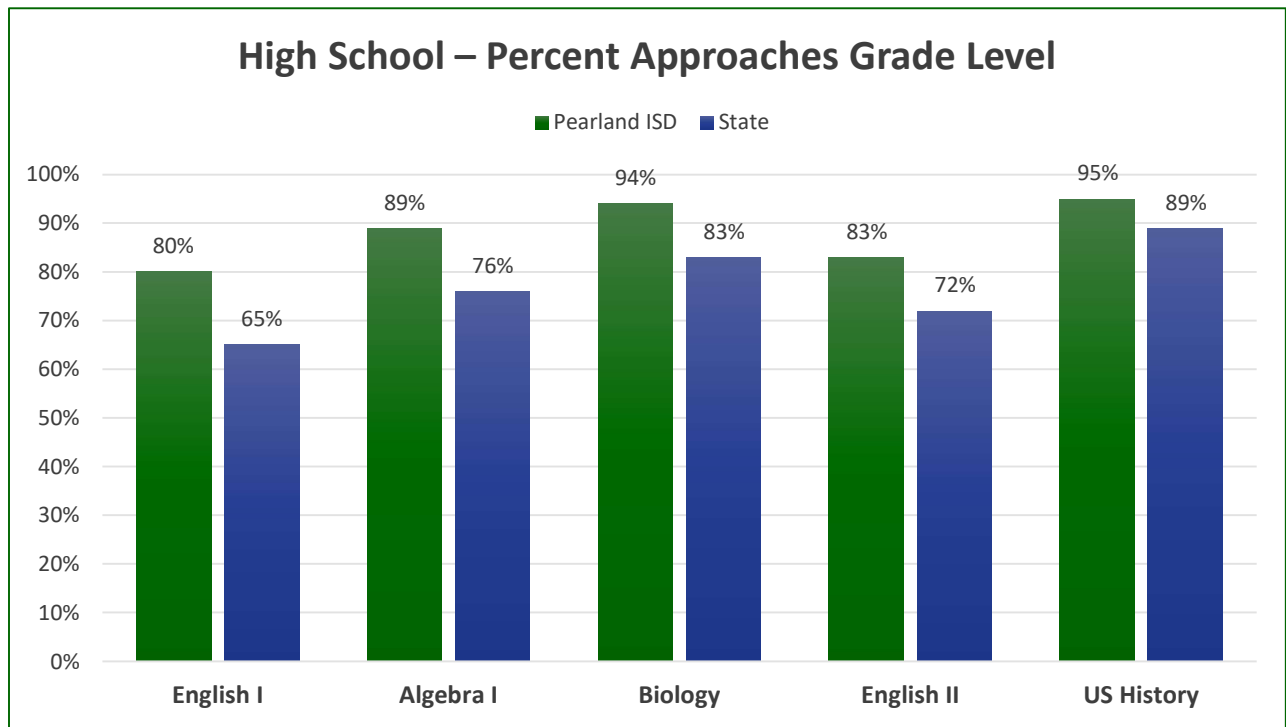
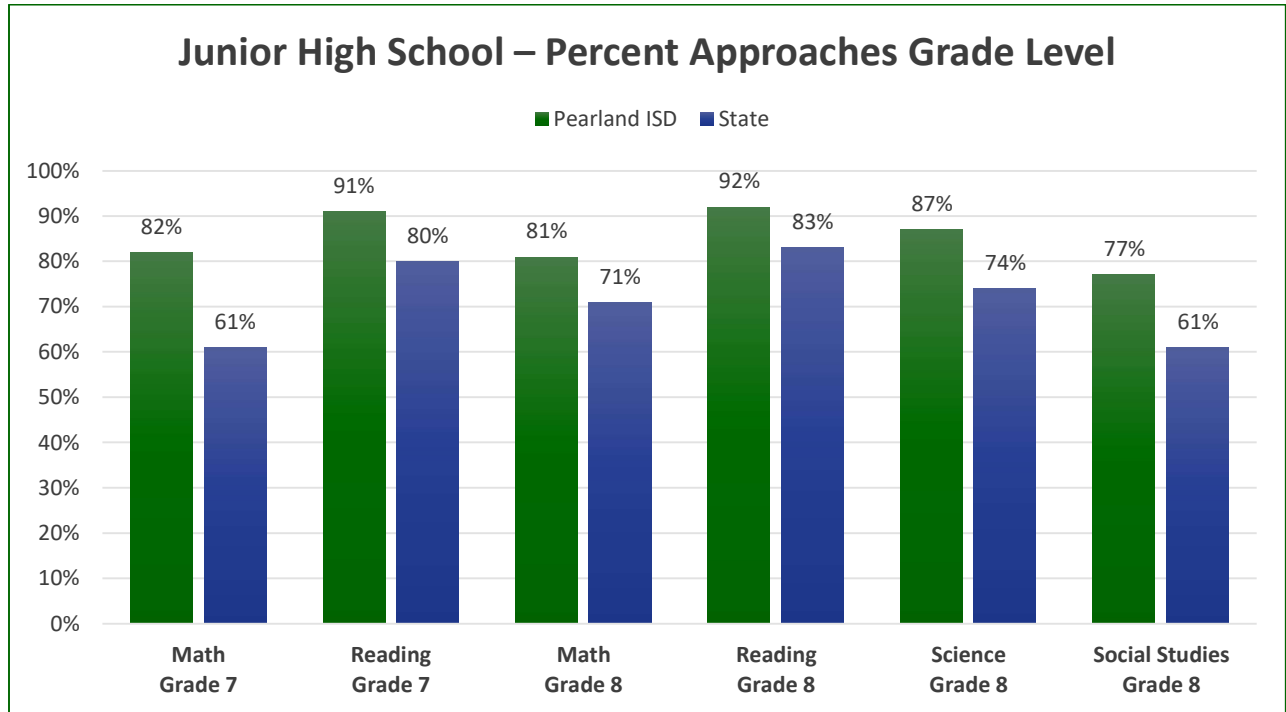
Given the continued impact of COVID-19 pandemic, all districts and schools received a label of Not Rated: Declared State of Disaster for their 2021 accountability ratings. This is the second year in a row Texas districts have received this label. Fiscal year 2019-2020 assessment testing was not administered due to the suspension of annual academic assessment requirements authorized by Texas Governor Greg Abbott. For fiscal year 2020-2021, the U.S. Department of Education approved a request from the Texas Commissioner of Education to waive the accountability, school identification, and related reporting requirements for the 2020-2021 school year pursuant to the authority in Section 8401 of the Elementary and Secondary Education Act of 1965 (ESEA). As a result, the State of Texas Assessments of Academic Readiness (STAAR®) were administered, however not rated for the 2020-2021 school year.

## 2022 State of Texas Assessments of Academic Readiness (STAAR) Results



Source: TEA Texas Academic Performance Report

## 2022 State of Texas Assessments of Academic Readiness (STAAR) Results (continued)



*Source: TEA Texas Academic Performance Report*

## 2020-21 Comparison to State Averages

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

#### PERCENTAGE OF STUDENTS WHO MASTERED GRADE LEVEL

Subject	Pearland ISD	State
Reading	41%	25%
Math	37%	20%
Science	42%	21%
Social Studies	45%	30%

#### PERCENTAGE OF STUDENTS WHO MET GRADE LEVEL

Subject	Pearland ISD	State
Reading	71%	53%
Math	63%	42%
Science	68%	47%
Social Studies	65%	50%

#### PERCENTAGE OF STUDENTS WHO APPROACHED GRADE LEVEL

Subject	Pearland ISD	State
Reading	87%	75%
Math	87%	72%
Science	89%	76%
Social Studies	86%	75%

### Graduation Rate

2021 GRADUATION RATE	Pearland ISD	State
Four-Year Graduation Rate	97.3%	90.0%
Dropout Rate (Gr 9-12)	0.1%	2.4%

Source: TEA Texas Academic Performance Report, 2020-21 was the latest available at the time of this report

## College, Career, and Military Readiness (CCMR)

### Academic Year 2020-21

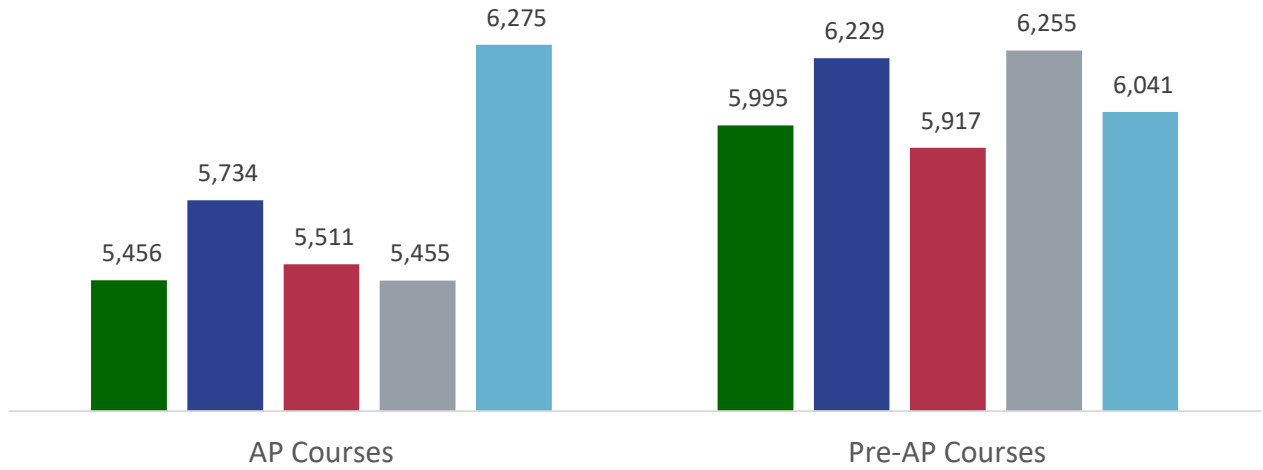
<b>COLLEGE, CAREER, AND MILITARY READINESS</b>	<b>Pearland ISD</b>	<b>State</b>
Met TSI Criteria in both ELA/Reading and Mathematics	51%	40%
Scored High Enough to Earn College Credit on AP/IB Exams	37%	21 %
Completed a College-Level Dual Credit Course	28%	26%
Earned an Industry-Based Certification	19%	18%
Earned an associate Degree	7%	3%
Graduated with Completed Individual Education Program (IEP) and Workforce Readiness	3%	2%
Career or Military Ready	24%	24%
Completed an OnRamps Dual Enrollment Course and Received College Credit	0%	4%
Student identified as receiving special education services and earned an advanced degree	4%	4%
Earned a Level I or Level II Certificate	0%	1%

*Source: TEA Texas Academic Performance Report, 2020-21 was the latest available at the time of this report*

## ADVANCED ACADEMICS

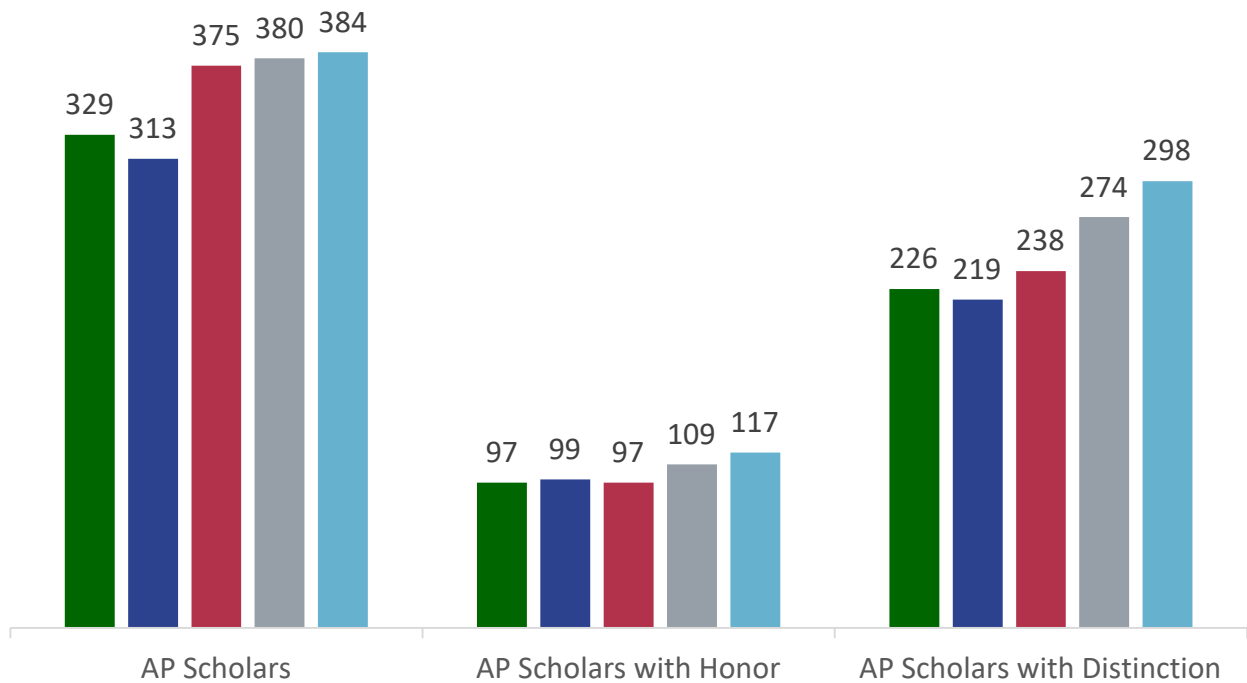
### Student Enrollment - 5 Year History

■ 2019-20 ■ 2020-21 ■ 2021-22 ■ 2022-23 ■ 2023-2024

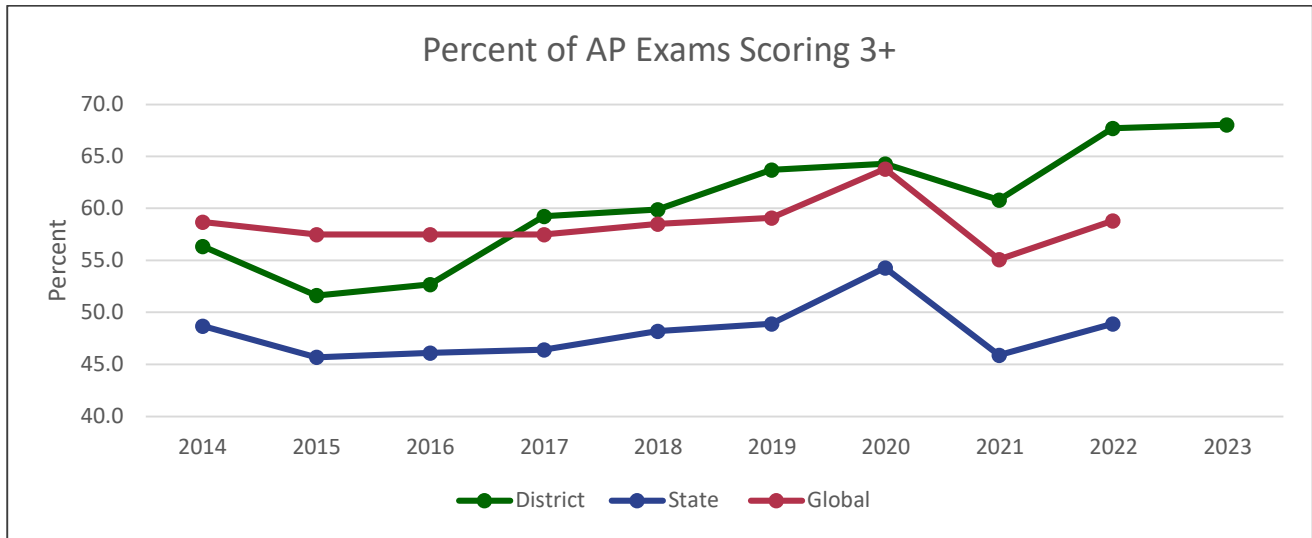


### AP Scholars

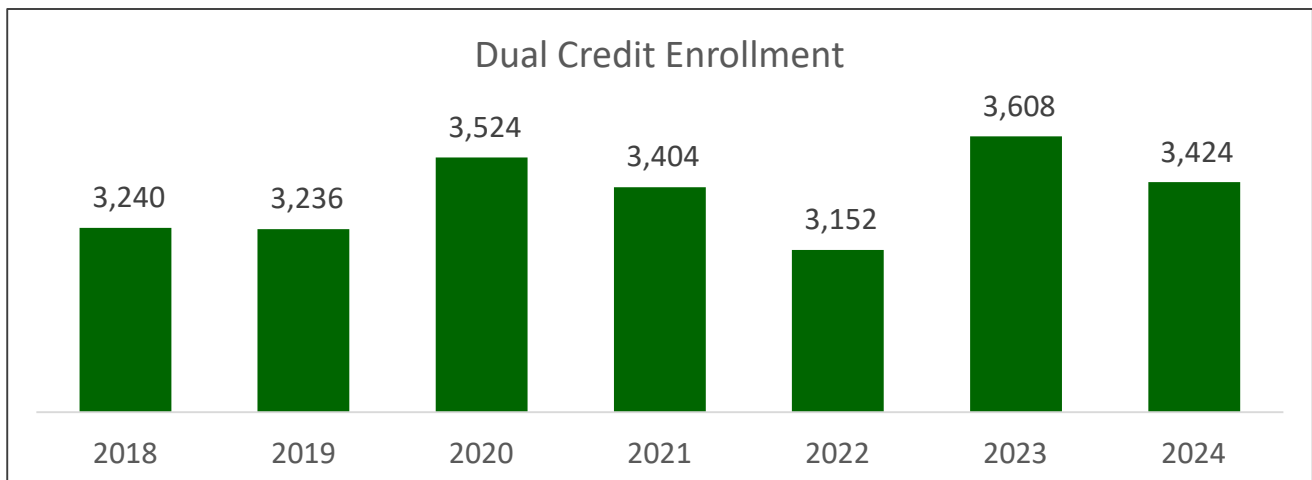
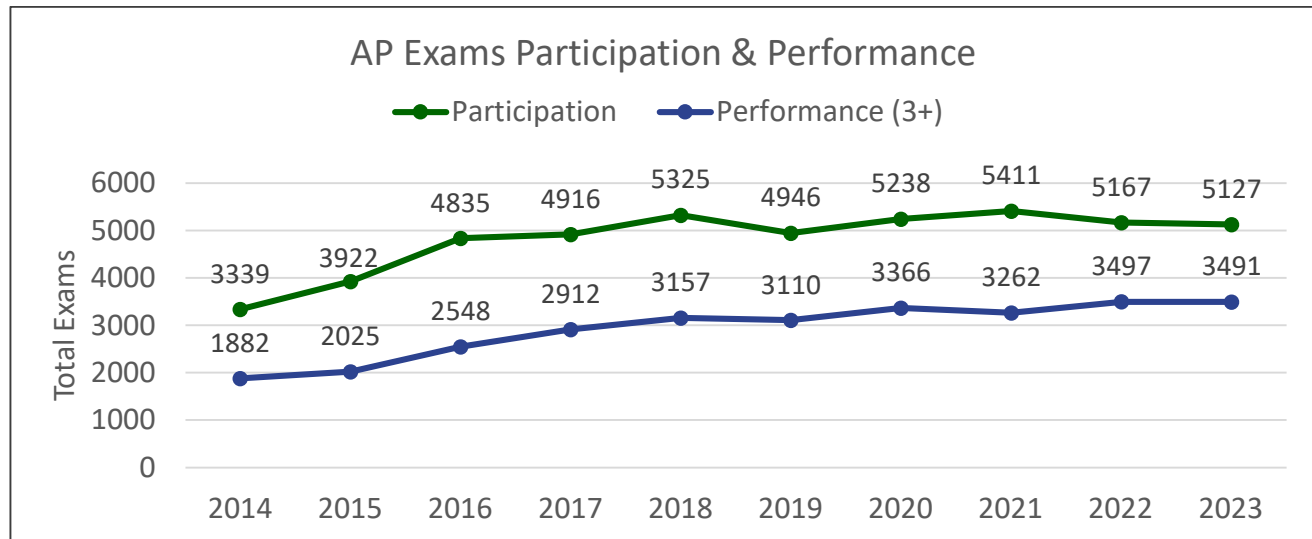
■ 2019 ■ 2020 ■ 2021 ■ 2022 ■ 2023



## AP TEST PARTICIPATION RATES AND PERFORMANCE

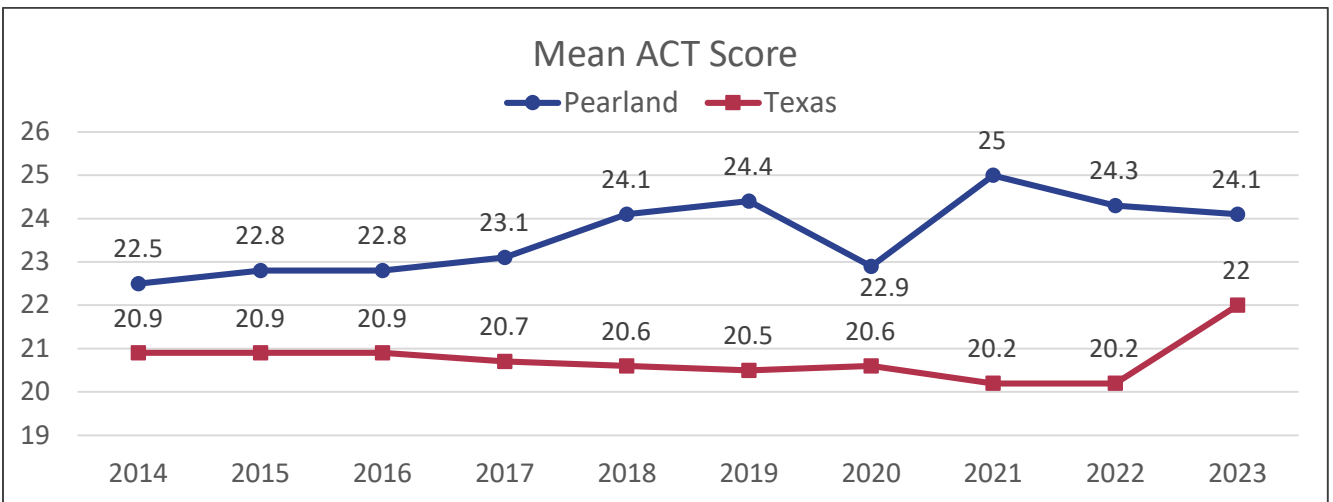
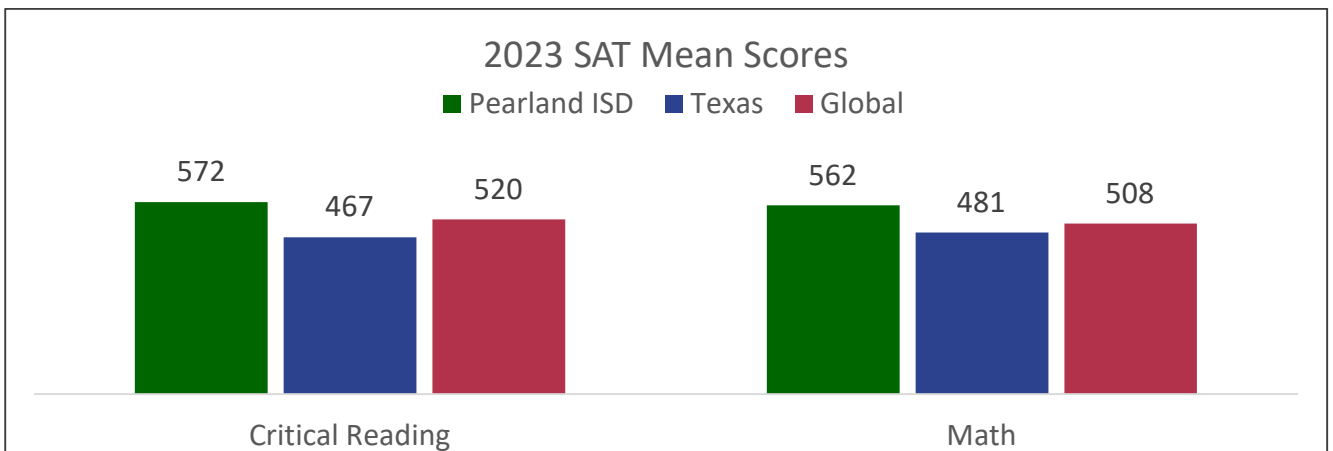
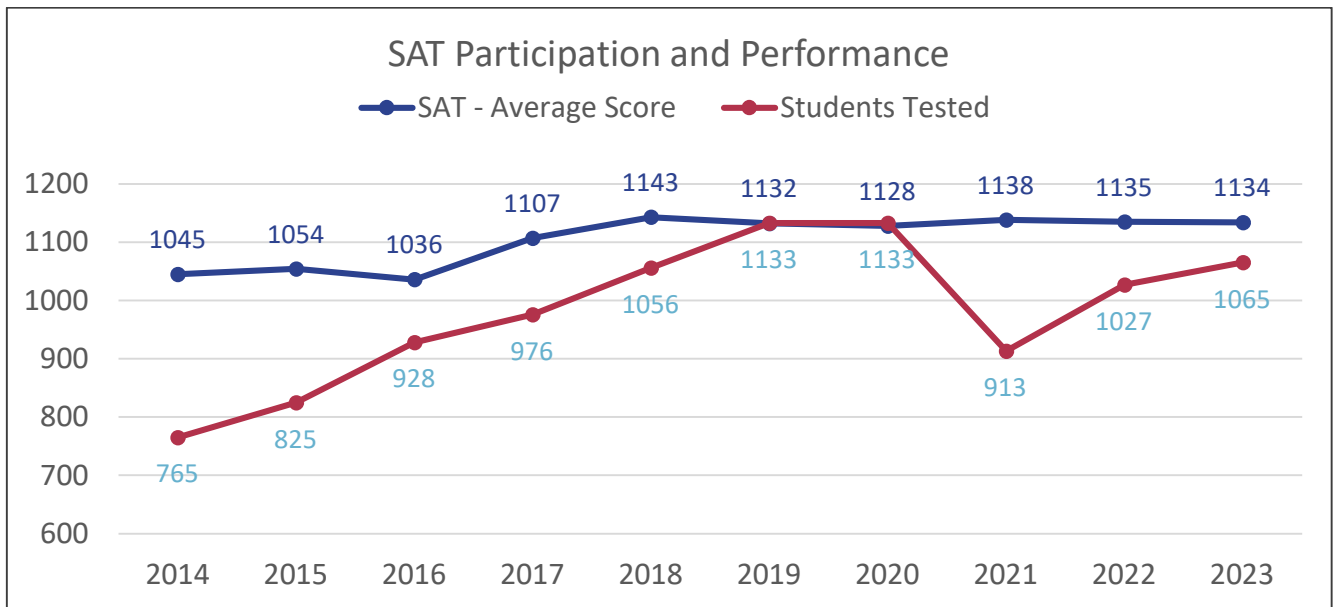


*Note: State and Global Percent of AP Exams and Performance was not available for FY23*





## SAT/ACT



## COMMONLY USED ACRONYMS

ACT - American College Test	JJAEF – Juvenile Justice Alternative Education Program
ADA - Average Daily Attendance	JROTC - Junior Reserve Officers' Training Corps
AEIS - Academic Excellence Indicator System	LEA - Local Educational Agencies
AEP - Alternative Education Program	LEP - Limited English Proficiency
AFR – Annual Financial Report	LFA - Local Fund Assignment
AP - Advanced Placement	M&O - Maintenance and Operations
ARD - Admission, Review and Dismissal	MOE - Maintenance of Effort
ASATR - Additional State Aid for Tax Reduction	NCLB - No Child Left Behind
ASBO - Association of School Business Officials	OEYP - Optional Extended Year Program
ASF - Available School Fund	PBMAS – Performance-Based Monitoring Analysis System
BCAD – Brazoria County Appraisal District	PISD – Pearland Independent School District
CCMR – College, Career and Military Readiness	PEIMS - Public Education Information Management System
COVID-19 – Coronavirus Disease 2019	PSF - Permanent School Fund
CPA – Certified Public Accountant	SAT - Standardized Aptitude Test
CTE - Career and Technology Education	SCE - State Compensatory Education
DAEP - Disciplinary Alternative Education Program	SHARS - School Health and Related Services
DTR - District Tax Rate	STAAR - State of Texas Assessments of Academic Readiness
EB – Emergent Bilingual	TAAS - Texas Assessment of Academic Skills
EDA - Existing Debt Allotment	TAKS - Texas Assessment of Knowledge & Skills
ELA - English Language Arts	TDEM – Texas Department of Emergency Management
ELL - English Language Learner	TEA - Texas Education Agency
ESEA - Elementary and Secondary Education Act	TEC – Texas Education Code
ESL - English as a Second Language	TEKS - Texas Essential Knowledge and Skills
ESSER – Elementary and Secondary School Emergency Relief Fund	TELPAS - Texas English Language Proficiency Assessment System
FASRG - Financial Accountability System Resource Guide	TRS - Teacher Retirement System
FAST - Financial Allocation Study for Texas	UIL - University Interscholastic League
FEMA – Federal Emergency Management Agency	USDA – United States Department of Agriculture
FIRST - Financial Integrity Rating System of Texas	VATR – Voter-Approval Tax Rate
FSP - Foundation School Program	VATRE – Voter-Approval Tax Rate Election
FTE - Full Time Equivalent	WADA - Weighted Average Daily Attendance
HB – House Bill	
GAAP - Generally Accepted Accounting Principles	
GASB - Governmental Accounting Standards Board	
GFOA - Government Finance Officers Association	
GT – Gifted and Talented	
HCAD – Harris County Appraisal District	
I&S - Interest and Sinking	
IB - International Baccalaureate	
IDEA - Individuals with Disabilities Education Act	
IFA - Instructional Facilities Allotment	
ISD - Independent School District	

## GLOSSARY OF TERMS

**Annual Financial Report (AFR):** A financial report that encompasses all funds and component units of the government. The AFR 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 AFR 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.

**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 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.

**Coronavirus Virus Disease (COVID-19):** Formally referred to as '2019 novel coronavirus' or '2019-nCoV', this disease is a new virus linked to the same family of viruses as Severe Acute Respiratory Syndrome (SARS) and some types of cold. 'CO' stands for corona, 'VI' for virus, and 'D' for disease.

**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.

**Elementary and Secondary School Emergency Relief Fund (ESSER):** Emergency funding set aside by Congress allotted to the Education Stabilization Fund through the Coronavirus Aid Relief, and Economic Security (CARES) Act to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the Nation.

**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, considering 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.

**Federal Emergency Management Agency (FEMA):** A Federal agency designed to strengthen the Nation's ability to address disasters emergencies, and terrorist events. FEMA works to prepare, protect against, respond to, recover from, and mitigate all hazards.

**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 un-matured 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.

**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 Department of Emergency Management (TDEM):** TDEM serves the State of Texas by managing the all-hazards emergency management plan for the state. TDEM works closely with local jurisdictions, state agencies, and federal partners in ensuring Texas becomes more resilient for future disasters.

**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.

**Voter-Approval Tax Rate (VATR):** The sum of the district's MCR for the current year; the greater of the district's enrichment tax rate (tier two pennies) for the preceding year or \$0.05; and the district's current debt rate.

**Voter-Approval Tax Rate Election (VATRE):** If a school board adopts a tax rate that exceeds its VATR, it must hold a VATRE for the voters of the district to approve that rate.

**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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