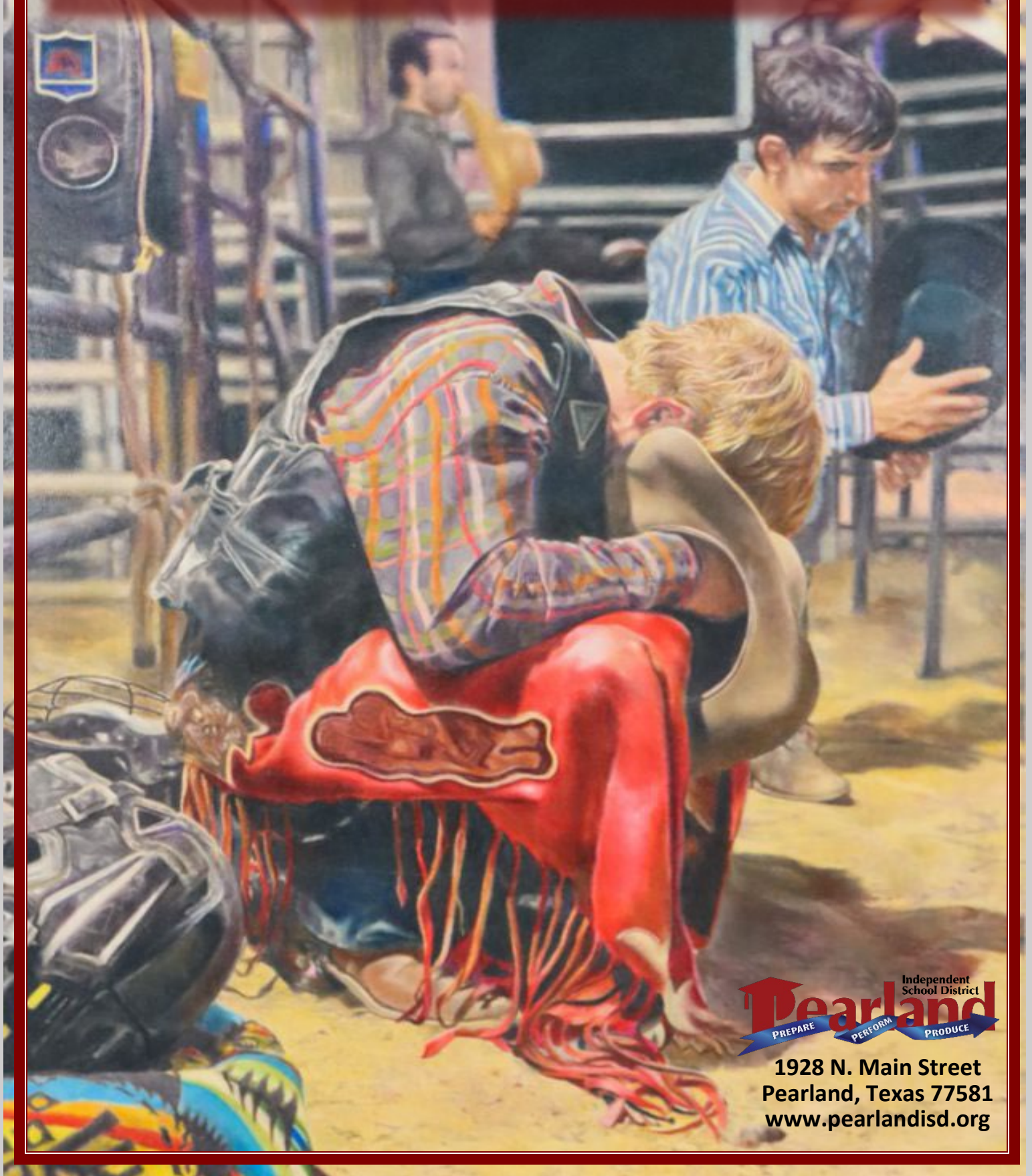


Pearland Independent School District 2022-2023 Adopted Budget



1928 N. Main Street
Pearland, Texas 77581
www.pearlandisd.org

Gracin Nquyen
Dawson High School

Rodeo Art – Best of Show
“In his hands”



Pearland Independent School District
Pearland, Texas

2022-23 Adopted Budget

For Fiscal Year
July 1, 2022 – June 30, 2023

Prepared by:
Business Services

**PEARLAND INDEPENDENT SCHOOL DISTRICT
2022-23 ADOPTED BUDGET
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ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

This Meritorious Budget Award is presented to

PEARLAND INDEPENDENT SCHOOL DISTRICT

for excellence in the preparation and issuance of its budget
for the Fiscal Year 2021–2022.

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



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal
President

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

David J. Lewis
Executive Director



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

October 27, 2021

Jorgannie Carter
CFO
Pearland Independent School District
1928 N Main St
Pearland, TX 77581-3306

Dear Ms. Carter:

Congratulations! The Association of School Business Officials International (ASBO) is pleased to inform you that Pearland Independent School District's budget has received the Meritorious Budget Award (MBA). This award reflects your District's commitment to sound fiscal management and budgetary policies. We encourage you to use the [MBA recipient's logo](#) to share your District's achievement on your website and in presentation materials.

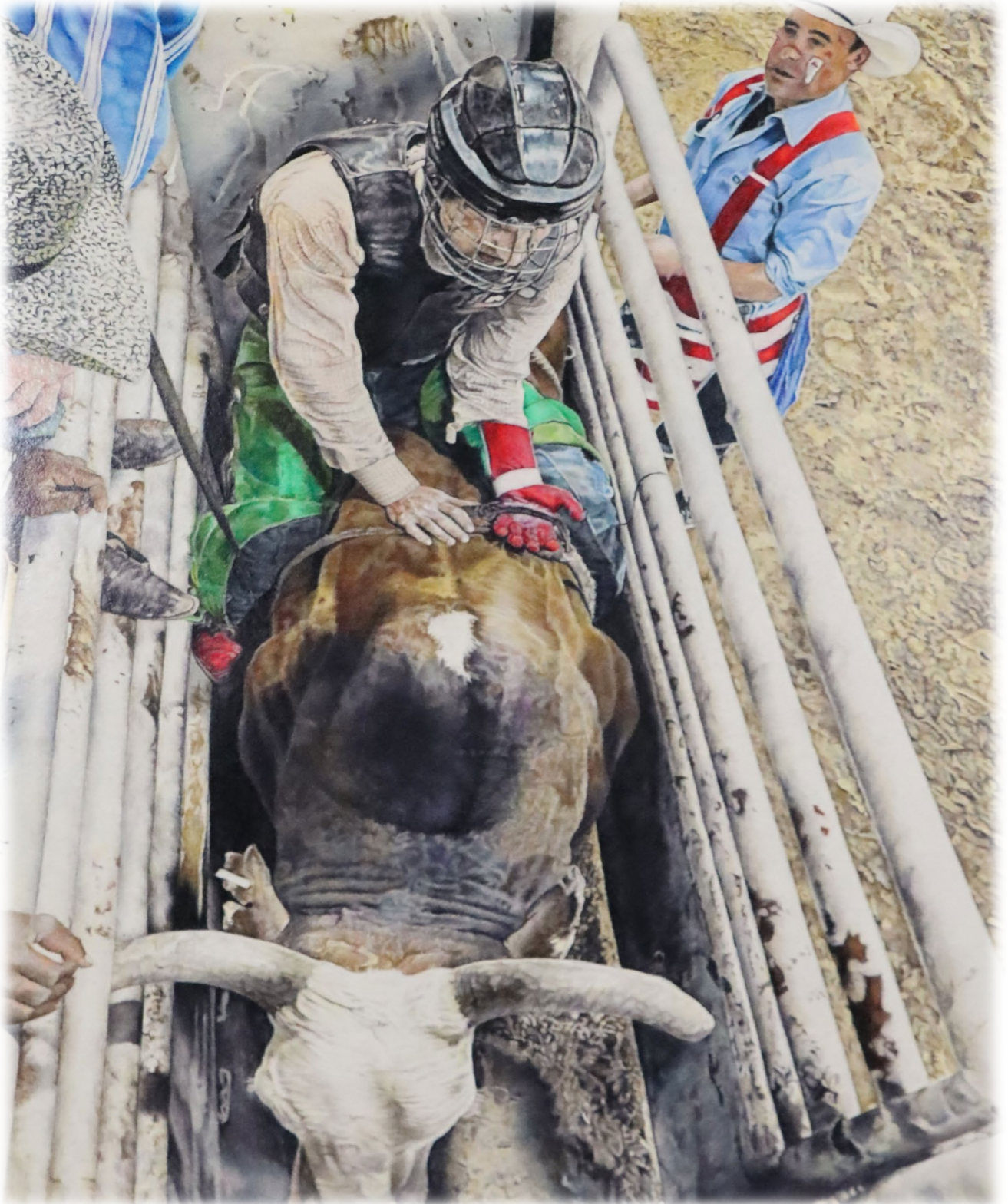
The MBA Review Team has provided comments for budget presentation improvement. You must respond to these comments in next year's MBA submission.

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

Sincerely,

David J. Lewis
Executive Director

Executive Summary



Brice Rudy
Dawson High School

Rodeo Art – Special Merit
“Deep Breath”



October 11, 2022

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

Dear Trustees:

We are pleased to present the Pearland Independent School District's fiscal year 2022-23 budget document to the Board of Trustees and the community. This budget document and the year-end Comprehensive Annual Financial Report are the primary vehicles used to present the financial plan and the results of operations of the district.

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

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

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

Sincerely,




Larry Berger
Superintendent



Jorgannie G. Carter, CPA, RTSBA
Chief Financial Officer



Monio Mark, CPA
Finance Director



Roxanne St. Amand
Business Analyst

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INTRODUCTION

This budget document represents the financial plan for Pearland Independent School District for the 2022-23 fiscal year. This budget provides the financial resources necessary to achieve the district's goals, while complying with funding mandates that have resulted from House Bill 3 (HB 3) of the 86th Legislative Session and HB 1525 of the 87th Session. The budget was adopted by the Board of Trustees on June 14, 2022, and the tax rate is scheduled to be adopted on September 13, 2022, after certified property values were released by the Brazoria County Appraisal District. The District's fiscal year began on July 1, 2022, and ends on June 30, 2023.

This budget document is organized into the following major sections:

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

The adopted budget reflects the allocation of revenues and expenditures to support the educational programs and services defined by the district's purpose, goals and strategic intent. The most important objective in the presentation of the budget data is to improve the quality of information provided about the District's financial plan for the 2022-23 fiscal year.

DISTRICT'S PURPOSE

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.

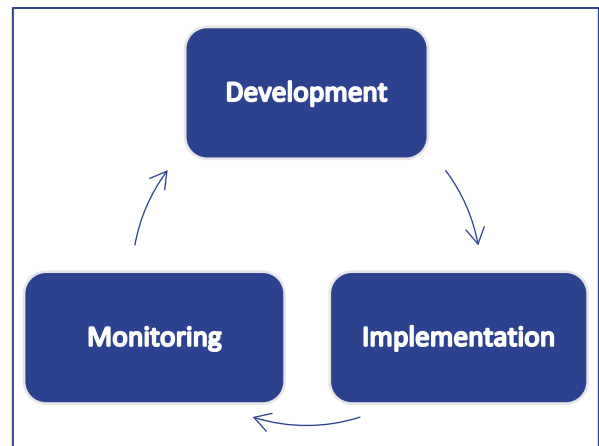
District Strategic Goals

- Pearland ISD will continue to make student academic performance its top priority, through data, technology, and differentiated instruction.
- Pearland ISD will support the physical and mental health of all students and staff.
- Pearland ISD will provide 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 greater community.
- Pearland ISD will meet all Federal and State Compliance Requirements.

BUDGET PROCESS AND TIMELINE

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

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



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

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

Following the initial budget development process and through a series of workshops with the Superintendent and Board of Trustees, the final budget proposal was approved on June 14, 2022 and implemented on July 1, 2022.

Budget Timeline

Key dates in the budget development process are as follows:

- Nov. 2021 Enrollment projections prepared and initial budget meetings with cabinet
- Jan. 2022 Budget Kick-Off Meeting with all Budget Managers and budget planning guidelines and proposed budget allocations distributed
- Feb. 2022 Budget Planning Meetings conducted with individual campuses and departments
Capital Renewal Plan presented to Board of Trustees
- Mar. 2022 Deadline for entering budget in financial system and special budget requests
- Feb-Jun 2022 Budget workshops held with Board of Trustees
- Apr. 12, 2022 Approval of 2022-23 Compensation Plan and Benefits Package
- Jun. 14, 2022 Public Hearing for the 2022-23 Budget and Proposed Tax Rate
Approval of the 2022-23 Budget
- Jul. 25, 2022 Certified property values received
- Aug. 5, 2022 Deadline for TEA to certify Maximum Compressed Rate (MCR)
- Sep. 13, 2022 Public Hearing and Adoption of Tax Rate

SIGNIFICANT CHANGES FROM PRIOR YEAR

Since March 2020, COVID-19 has significantly impacted the operations of the District. During this time, the District has spent significant dollars in developing online curriculum, teacher training, providing technology devices to our 21,000 students, and increasing cleaning and sanitation measures, to name a few. The District has relied on the availability of federal funds to cover some of the unforeseen expenditures; however, as these funds are spent down the district's general fund will need to fund those expenses.

A Voter-Approval Tax Ratification Election (VATRE) successfully passed in November 2021, increasing the district's maintenance and operations tax rate by four cents. While this increased the revenue for the district, the enrollment decline and increase in student absences has been a major contributor to a total decrease in funding. Hence, administration has been tasked with decreasing staffing levels through attrition in areas where it creates the least impact to student achievement.

COVID-19 Relief Funding

COVID-19 relief funding from the Federal government has and will play a big part of the changes in the District's budget from 2019-20 to 2023-24. Significant dollar amounts have been allocated to school districts with different requirements on how the funds must be spent.

- The District received \$1.2 million from the CARES Act Elementary and Secondary School Emergency Relief (ESSER) grant in 2019-20, which was used to fund the reduction in funding from the state for its hold harmless portion.
- The District is was allotted \$5.7 million in CRRSA ESSER II funds, most of these funds have been used to: supplant the hold harmless funding reduction from the state in fiscal year 2020-21; pay for staff leave due

to COVID through February 2022; cover extra-duty pay for custodians to increase cleaning and sanitizing measures; and for the annual lease payments for student tablets. Remaining funds will be used to pay for the remaining lease payments.

- The ARP Act ESSER III also provided funding to the District in the amount of \$12.8 million, which the District has been using to fund the continued employment of staff and address learning loss by providing electronic devices and software to students to enhance learning, providing professional development to teachers and administrators, address unique needs of students, and provide mental health support. Remaining funds will be used to cover the annual lease payment for student laptops.

BUDGET OVERVIEW & HIGHLIGHTS

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, which includes the following objectives:

- Recruit, develop, support, and retain talented staff.
- Provide instructional support and strategies through purposeful planning for all learners and all content areas.
- Meet the physical, social, and emotional needs of students.
- 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, adds positions to address the redesign of the English as a Second Language (ESL) program, 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.

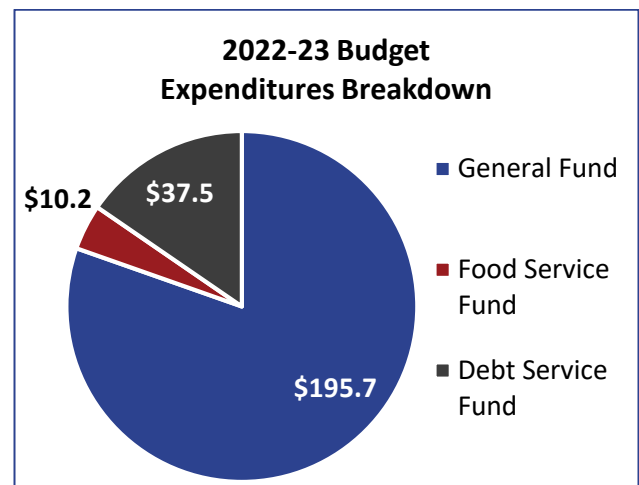
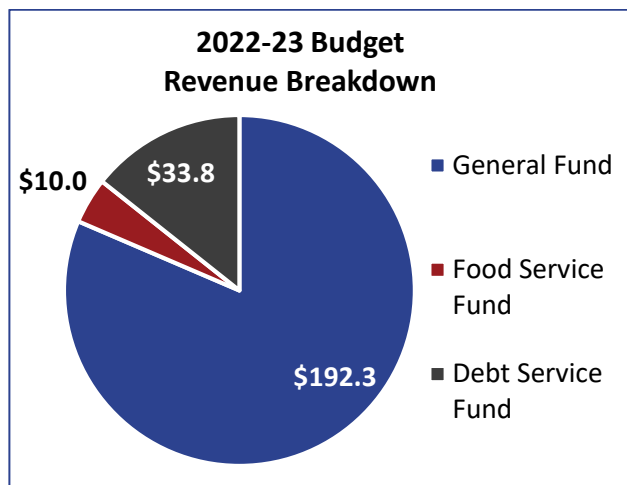
SUMMARY OF PROPOSED BUDGETS

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

The following table presents a summary of total projected revenues and other financing sources and total proposed expenditures and other financing uses for all appropriated funds for fiscal year 2022-23.

Summary of Revenues and Expenditures – Appropriated Funds

	2020-21 Actual	2021-22 Amended	2022-23 Budget
General Operating Fund			
Revenues and Other Financing Sources	\$182,712,653	\$187,166,653	\$192,275,394
Expenditures and Other Financing Uses	183,081,593	205,318,623	195,680,367
Other Resources/(Uses)	5,089,362	10,335,160	0
Excess/(Deficiency) of Rev. Over/(Under) Exp.	\$4,720,423	(\$7,816,810)	(\$3,404,973)
Food Service Fund			
Revenues and Other Financing Sources	\$6,514,251	\$13,885,294	\$9,984,325
Expenditures and Other Financing Uses	7,832,372	10,952,034	10,208,532
Other Resources/(Uses)	4,843	2,818	0
Excess/(Deficiency) of Rev. Over/(Under) Exp.	(\$1,313,278)	\$2,936,078	(\$224,207)
Debt Service Fund			
Revenues and Other Financing Sources	\$37,507,783	\$36,524,195	\$33,798,906
Expenditures and Other Financing Uses	36,373,613	40,914,189	37,539,610
Other Resources/(Uses)	(446,741)	0	0
Excess/(Deficiency) of Rev. Over/(Under) Exp.	\$687,429	(\$4,389,994)	(\$3,740,704)
Total - All Appropriated Funds			
Revenues and Other Financing Sources	\$226,734,687	\$237,576,142	\$236,058,625
Expenditures and Other Financing Uses	227,287,577	257,184,846	243,428,509
Other Resources/(Uses)	4,647,464	10,337,978	0
Excess/(Deficiency) of Rev. Over/(Under) Exp.	\$4,094,574	(\$9,270,726)	(\$7,369,884)



GENERAL OPERATING FUND

In order to prepare the annual budget, the District develops projections for enrollment, student demographics, property values, collection rates, state funding, and expenditure levels. In this summary, you will find the District's budgetary highlights which provide a general overview of the basis of our assumptions and projections for the coming 2022-23 fiscal year.

Although the District's amended budget for fiscal year 2021-22 reflects a deficit, we estimate to end the year with a surplus of \$1.5 million due to TEA's operational minute adjustment for the first four six-weeks of the 2021-22 school year which will assist in increasing our average daily attendance rate and hence, funding. In addition, we generated significant savings by closing vacant positions mid-year, using ESSER funds to pay for extra duty pay for custodial staff and COVID leave, and restricting the use of contingency funds. This 2021-22 amended budget does not reflect such surplus as this information was unavailable at the time the budget was adopted.

Fiscal year 2022-23 revenues are expected to increase 2.7% from fiscal year 2021-22 amended budget. Expenditures total \$195.7 million; a 4.7% decrease from prior year due to having implemented GASB Statement No. 87 for Leases in fiscal year 2021-22, which recognized \$10 million as an expense, offset by other financing sources. Although budgeted expenditures exceed revenues by \$3.4 million, the deficit budget is projected to balance itself as revenues are updated (after receipt of certified property values, tax rate adoption, and actual student counts) and savings are realized. The remaining fund balance provides the required two months of operations.

General Operating Fund Summary

	2020-21 Actual	2021-22 Amended	2022-23 Budget
Revenues	\$182,712,653	\$187,166,653	\$192,275,394
Expenditures	183,081,593	205,318,623	195,680,367
Revenues Over/(Under) Expenditures	(368,940)	(18,151,970)	(3,404,973)
Other Financing Sources/(Uses)	5,089,362	10,335,160	0
Net Change in Fund Balance	4,720,423	(7,816,810)	(3,404,973)
Fund Balance, Beginning	62,308,136	67,028,558	59,211,748
Fund Balance, Ending	<u>\$67,028,558</u>	<u>\$59,211,748</u>	<u>\$55,806,775</u>

Projected Fund Balance

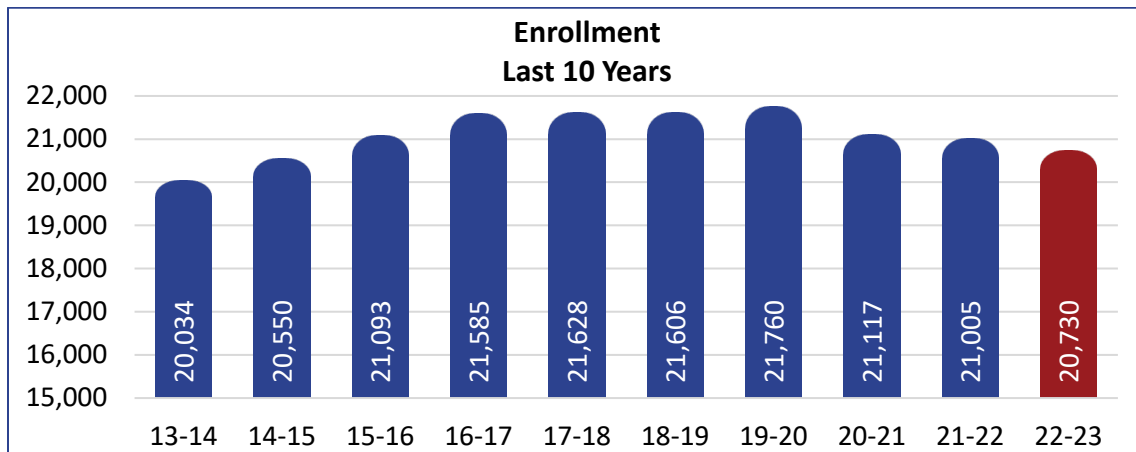
Budgets are meant to be a guide for an organization to spend within its means, not a target for actual expenditures; as such, the District generally ends the year with 2-3% of unspent budgeted expenditures. The ending fund balance for fiscal year 2022-23 is projected at \$55.8 million; a \$3.4 million or 5.7% decrease from estimated 2021-22 ending fund balance. This represents a 104-day operating reserve, which is above the 90-day operating fund balance that administration strives to maintain.

It is essential for school districts to maintain an adequate fund balance level to mitigate current and future risks, such as revenue shortfalls or unanticipated expenditures, and facilitate cash flow since most revenues are received between December and February when property taxes are collected. Maintaining a healthy fund balance will assist us to keep up with regular operating expenditures during the first half of the school year, fund other unanticipated expenditures, and address future year budget shortfall projections.

Pearland ISD's projected 2022-23 ending fund balance for the general fund includes over three months of expenditures and follows the Government Finance Officers Association recommendation.

STUDENT ENROLLMENT

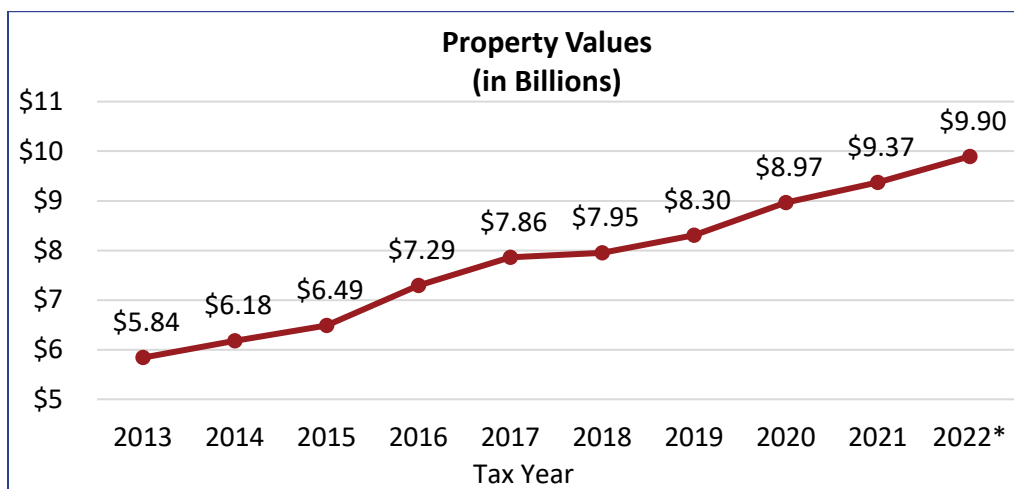
Student enrollment projections influence state revenue estimates, staffing decisions, per-pupil allocations, facility needs, debt issuance requirements and many other budgetary decisions. Enrollment had remained relatively flat since 2017, fluctuating +/- 0.25% each year; the District experienced a 3% decrease in 2020-21 partly due to an aging population as well as the Covid-19 pandemic. For 2022-23, the District projects to experience a decrease in enrollment of 1.3%, due to our district's aging population. The graph below presents the enrollment history for the last 10 years.



* School Year 2022-23 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 2022-23 proposed budget (2022 tax year) is based off an estimated 5.58% increase from the 2021 Tax Year for a total of \$9.9 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 2022 Estimated

Significant Changes Since Budget Adoption

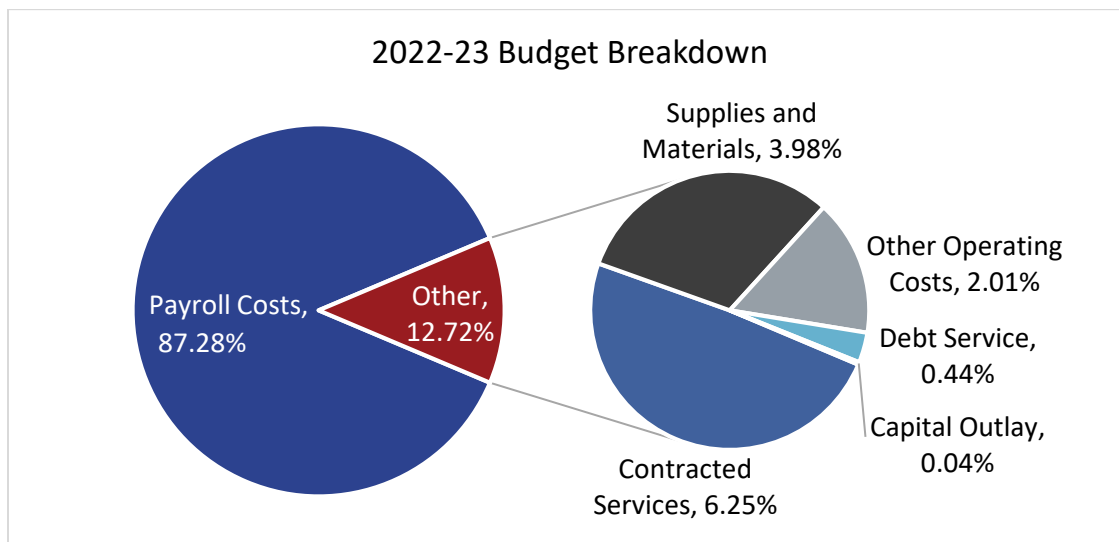
Significant budget changes are presented to the Board in the fall, for approval at the October board meeting. This allows the district to receive the certified property values from the county and compressed tax rates from TEA, adopt the tax rate, and consider other adjustments such as actual student 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 14, 2022. 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 website.

GENERAL OPERATING FUND EXPENDITURES

The proposed expenditures budget for fiscal year 2022-23 is \$195.7 million; 87.28% of the budget is for salary and benefits while the remaining 12.72% is budgeted for contracted services, supplies and materials, capital outlay and other operating costs.

The following list describes each expenditure object category, followed by a graph with a breakdown of costs:

- Payroll Costs (87.28%) 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 (6.25%) consist of utilities (electricity, gas, water, telephone, etc.), school resource officers, copier leases, audit and legal services, etc.
- Supplies & Materials (3.98%) includes general instructional supplies and resources, technology equipment (computers, servers, laptops, printers, carts, etc.), janitorial supplies, software licensing, fuel, etc.
- Other Operating Costs (2.01%) include property and casualty insurance, flood insurance, automobile insurance, liability insurance, employee and student travel, and other operating costs.
- Debt Services (0.44%) includes principal and interest payments for leased equipment.
- Capital Outlay (0.04%) includes the cost to replace vehicles, equipment, furniture, and other capital items with a unit value at or above \$5,000.



Payroll Costs

Payroll costs for fiscal year 2022-23 comprise 87.28% of the general fund proposed budget. Total payroll is \$171.9 million; an increase of 0.7% over the fiscal year 2021-22 amended payroll budget.

The adopted budget includes a midpoint salary increase of 2% for all staff and the minimum salary for beginner teachers was increased from \$59,000 to \$59,600 for fiscal year 2022-23. In addition, the District provided targeted and market adjustments to transportation and manual trade salary schedules.

Employee Classification	Amount
Teachers & Librarians	\$1,702,376
Professional Support (Campus/ESC Admin, Counselors, Nurses, Special Programs, etc.)	416,805
Paraprofessionals (Maintenance, Operations, Bus Drivers, Food Service, and Clerical Staff)	591,113
Total	\$2,710,314

Although the salary increases cost \$2.7 million plus related benefit costs (e.g. Medicare, local portion of TRS, etc.), the total increase in payroll costs to the district is \$1.2 million due to an offset from the reduction of vacant personnel units that will no longer be necessary to fill because of lower enrollment projections (net of additional personnel for the redesign of the ESL program and to provide support for student ratios).

Changes in Personnel

The budget includes the addition of six Language Proficiency Assessment Committee (LPAC) facilitators and 6.5 teacher aides to assist with the redesign of the ESL program. In addition, positions funded from ESSER III funds in 2021-22 will revert to the general fund; these include two outreach case managers and 5.5 dyslexia teacher FTEs.

Furthermore, the district considered the enrollment decrease sustained during the last two years and the projected decrease for the next year in assessing staffing needs; hence, vacant positions closed during fiscal year 2021-22 were not included in the fiscal year 2022-23 budget (these include 23 teachers, three teacher aides, five bus drivers, one cabinet level position, and four central administrative positions). Pending actual enrollment, the need to fill positions that become vacant will be assessed on a case by case basis to determine the need to fill with the objective of reducing the projected budget deficit in future budget years.

Other Costs

Non-payroll expenditures comprise 12.72% of the total budget and are projected to decrease from \$35.7 million in fiscal year 2021-22 to \$24.9 million for fiscal year 2022-23. In 2021-22 the District implemented Governmental Accounting Standards Board (GASB) Pronouncement No. 87 for Capital Leases, recognizing \$10.3 million of remaining lease payments as an expense in the current year but also recognized it as a proceed; hence, the decrease in budgeted expenditures for fiscal year 2022-23. The remaining \$0.4 million decrease is due to a reduction in contingency funds.

Fiscal year 2022-23 campus and department budget allocations remain unchanged from fiscal year 2021-22. Campus allocations are based on enrollment projections on a per-student basis as follows:

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

Matrix of Projected Expenditures by Function and Object

The District's projected budget is geared toward ensuring the continued success of our students and meeting the goals established by our Board of Trustees and Superintendent. The following matrix summarizes the fiscal year 2022-23 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 63.4% 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	108,271,417	221,421	2,229,631	344,207	-	-	111,066,676	56.76%
12	Instructional Res. & Media Svcs.	1,758,619	725	222,764	3,450	-	-	1,985,558	1.01%
13	Curriculum & Staff Development	5,322,561	77,800	87,459	124,532	-	-	5,612,352	2.87%
21	Instructional Leadership	2,347,127	29,430	195,837	56,975	-	-	2,629,369	1.34%
23	School Leadership	12,581,660	21,060	192,039	121,042	-	-	12,915,801	6.60%
31	Guidance & Counseling	8,224,936	27,800	145,739	22,404	-	-	8,420,879	4.30%
32	Social Work Services	611,148	189,258	14,438	3,750	-	-	818,594	0.42%
33	Health Services	2,168,785	35,922	54,026	18,444	-	-	2,277,177	1.16%
34	Student Transportation	6,371,217	243,430	965,250	252,918	-	-	7,832,815	4.00%
36	Extra-Curricular Activities	3,392,398	386,068	420,484	530,091	-	-	4,729,041	2.42%
41	General Administration	4,705,287	434,342	150,635	327,485	-	-	5,617,749	2.87%
51	Plant Maintenance & Operations	11,924,369	7,902,300	1,464,468	1,978,700	-	65,000	23,334,837	11.92%
52	Security & Monitoring Services	379,165	1,419,310	84,100	44,600	-	6,420	1,933,595	0.99%
53	Data Processing Services	2,721,452	416,653	1,564,094	108,486	-	-	4,810,685	2.46%
61	Community Service	7,439	-	-	-	-	-	7,439	0.00%
71	Debt Service	-	-	-	-	870,672	-	870,672	0.44%
95	Payment to JJAEP	-	80,000	-	-	-	-	80,000	0.04%
99	Other Intergovernmental Charges	-	737,128	-	-	-	-	737,128	0.38%
	Object Total	170,787,580	12,222,647	7,790,964	3,937,084	870,672	71,420	195,680,367	100%
	Percent of Total	87.28%	6.25%	3.98%	2.01%	0.44%	0.04%	100%	

GENERAL OPERATING FUND REVENUES

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 \$192.3 million for the 2022-23 fiscal year. State revenue represents 46.1% of all available sources of funding and an additional 5.5% of TRS On-Behalf flow-thru, local sources total 47.3%, and federal sources 1.1%. The 2022-23 budget revenues represent an increase of \$5.1 million or 2.7% from fiscal year 2021-22 amended revenue levels.

The following table provides a comparison of revenues by source for the 2020-21 actual, 2021-22 amended and the 2022-23 adopted budget years.

Revenues	2020-21 Actual	2021-22 Amended	2022-23 Budget	Percent Variance
Local Sources	\$78,641,203	\$84,207,620	\$90,885,187	7.9%
State Sources	100,696,157	100,594,638	99,219,763	-1.4%
Federal Sources	3,375,293	2,364,395	2,170,444	-8.2%
Total	<u>\$182,712,653</u>	<u>\$187,166,653</u>	<u>\$192,275,394</u>	<u>2.7%</u>

LOCAL REVENUES

Total revenues from local sources are projected to increase by 7.9%. Most local revenues are generated from current year tax collections, which are expected to increase by 8.4% from an estimated \$81.6 million for fiscal year 2021-22 to a projected \$88.4 million for fiscal year 2022-23 due to an estimated 5.54% growth in property values. Tax collections are estimated based on a \$0.9450 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 \$432,000.

Other local sources of revenues are estimated at \$1.3 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 provide funds to meet district obligations while keeping in mind the ability of local taxpayers to pay their taxes.

Property values in 2022 are estimated to increase by approximately 5.58%, pending receipt of the Brazoria and Harris County Appraisal Districts' 2022 certified tax roll in late July. These certified values are typically lower than the certified estimates provided in April (an increase of 12.93%) 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 by state law to reduce the portion of our 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 tax rate has been reduced by 11.5 cents. The actual compressed rate will be determined and provided by the state late in the Summer and the tax rate will be adopted in September.

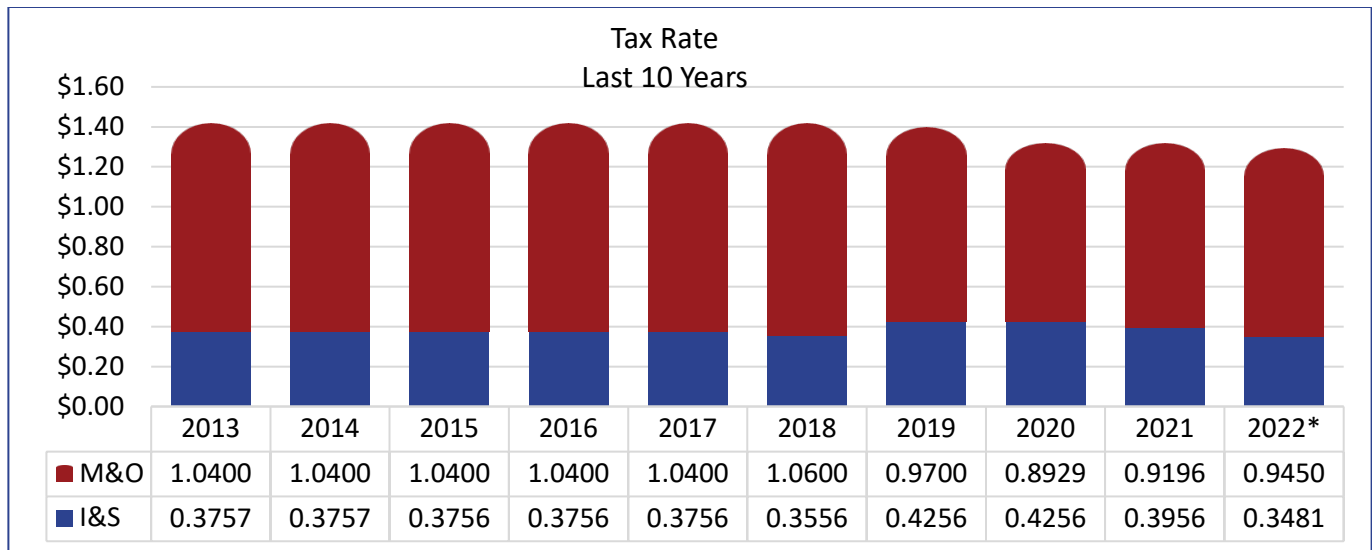
The District prepared the 2022-23 budget with a proposed tax year 2022 tax rate of \$1.2931 per \$100 property valuation which represents a decrease of 2.21 cents or approximately 1.7% from prior year. The General Fund (M&O) rate is estimated to be \$0.9450 (after calculating a tax compression of 2.46 cents due to higher growth than the statewide average of 4.36%, and an increase of five cents as allowed during the aftermath of a disaster declaration); the Debt Service (I&S) rate will decrease 4.75 cents to \$0.3481.

The 2016 bond election, initially called for a 7-cent increase to the I&S rate; as of now, all projects have been substantially completed, under budget, and with a new estimated 5-cent maximum tax rate impact. In addition, the District had a cash defeasance during fiscal year 2021-22, which coupled with an increase in property values and a proposed cash defeasance in fiscal year 2022-23, will result in a 4.75 cent tax rate decrease.

The District has placed great efforts in maintaining one of the lowest tax rates amongst Region 4 districts. For fiscal year 2022-23, the District's tax rate is calculated as a total reduction of 2.21 cents from the current year.

The table and graph below illustrate a history of the District's tax rate:

	Tax Year/Fiscal Year			Variance
	2020 2020-21	2021 2021-22	2022 2022-23	
M&O	\$0.8929	\$0.9196	\$0.9450	\$0.0254
I&S	0.4256	0.3956	0.3481	-0.0475
Total Tax Rate	\$1.3185	\$1.3152	\$1.2931	-\$0.0221



* The 2022 Tax Rate is Estimated – Tax rate adoption takes place post budget adoption.

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 19,840 students. The District projects to receive a total of \$88 million in State funds; which is comprised of \$75 million from Tier I Basic Allotment funds and \$13 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.

The operations funding component of the FSP assists school districts in financing their maintenance and operations (M&O) the following formulas:

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 2022-23 is \$153.3 million using estimated 2022 State Certified Property Values (District Property Values or "DPV") of \$9.5 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 \$77.8 million (CTR/100 * DPV), with the remaining \$66.6 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. The table below compares the State and Local share of Tier I funds.

Tax Year Fiscal Year	Actual 2020 2020-21	Amended 2021 2021-22	Budget 2022 2022-23
District Property Values	\$8,731,690,671	\$9,036,411,007	\$9,540,748,466
Total Cost of Tier I	\$155,132,923	\$153,597,773	\$153,254,678
Less: Local Share of Tier I	74,472,590	75,869,707	77,757,100
State Share of Tier I	<u>\$70,602,480</u>	<u>\$69,683,059</u>	<u>\$66,574,887</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 2021-22 and estimated to remain unchanged for fiscal year 2022-23.

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 \$49.28; these nine cents are also referred to as “copper pennies”.

The budget was adopted using an estimated M&O rate for tax year 2022 of \$0.9450, which is 13 cents (or eight “golden” and five “copper”) above the District’s compressed rate of \$0.8150. This is an increase of five cents from tax year 2021; these five copper pennies are good for one year only, due to the Winter Storm Uri disaster declaration. Each golden and copper penny is projected to generate approximately \$1.5 million in state aid and \$257,000, respectively; the total Tier II State Aid for fiscal year 2022-23 is projected at \$13 million.

Formula Transition Grant (i.e. “Hold Harmless”) - The Formula Transition Grant (FTG) was created by the legislature to make sure school districts do not lose money from switching the calculation of State funds from prior year to current year property values. The District was eligible for \$2.2 million in fiscal year 2020-21 but does not expect FTG funding in future years.

State Funding Summary

State aid for fiscal year 2022-23 is projected to decrease \$1.5 million from fiscal year 2021-22 due to an increase in the local share of Tier I funding as a result of property value growth. State funding is summarized as follows:

	2020-21 Actual	2021-22 Estimated	2022-23 Budget
Tier I Share of State Funding	\$80,660,333	\$77,827,844	\$75,497,578
Tier II State Aid	6,264,622	12,166,294	12,950,261
Formula Transition Grant	2,194,459	0	0
Total State Aid	<u>\$89,119,414</u>	<u>\$89,994,138</u>	<u>\$88,447,839</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 2022-23, the projected amount is \$11.1 million (offset by expenditures).

State Funding Lag

The Financial Integrity Rating System of Texas (Schools FIRST) requires to discuss the state funding lag during the budget process; although this requirement is no longer applicable since districts are now required to use current year property values on their state aid calculations. In short, prior to HB 3, prior year property values were used in the formulas to calculate State revenues, causing a one-year funding lag; hence, if the local revenue decreased in the year of the property value decline, the State did not recognize that decline until the subsequent year.

Federal Revenues

The District projects federal revenues for fiscal year 2022-23 of \$2.2 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.

FOOD SERVICE FUND

During fiscal year 2021-22 the District received a waiver from the US Department of Agriculture intended to aid COVID-19 recovery efforts; the waiver allowed the district to provide free meals to all students regardless of income status. In addition, USDA increased the reimbursement rate of meals served. Although expenditures increased, the aforementioned will result in a favorable ending fund balance.

The fiscal year 2022-23 Food Service Fund budget is based on a return to normal operations, with reimbursement for students qualifying to receive free and reduced-price meals from National School Lunch and Breakfast Programs, and all other students paying for breakfast, lunch a la carte meals and snacks at approved rates. Budgeted revenues total \$10 million and expenditures \$10.2 million; the projected deficit will be covered with fund balance

The 2022-23 food service budget is as follows:

	2020-21 Actual	2021-22 Amended	2022-23 Budget
Revenues	\$6,514,251	\$13,885,294	\$9,984,325
Expenditures	7,832,372	10,952,034	10,208,532
Revenues Over/(Under) Expenditures	(1,318,121)	2,933,260	(224,207)
Other Financing Sources/(Uses)	4,843	2,818	0
Net Change in Fund Balance	(1,313,278)	2,936,078	(224,207)
Fund Balance, Beginning	2,287,293	974,016	3,910,094
Fund Balance, Ending	<u>\$974,016</u>	<u>\$3,910,094</u>	<u>\$3,685,887</u>

DEBT SERVICE FUND

Fiscal year 2022-23 Debt Service Fund revenues are projected at nearly \$33.8 million, a \$2.7 million decrease from estimated 2021-22 revenues due to a reduction of 4.5 cents in the I&S tax rate. 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 2022-23 to be funded with a portion of fund balance.

The 2022-23 debt service budget is as follows:

	2020-21 Actual	2021-22 Amended	2022-23 Budget
Revenues	\$37,507,783	\$36,524,195	\$33,798,906
Expenditures	36,373,613	40,914,189	37,539,610
Revenues Over/(Under) Expenditures	1,134,170	(4,389,994)	(3,740,704)
Other Financing Sources/(Uses)	(446,741)	0	0
Net Change in Fund Balance	687,429	(4,389,994)	(3,740,704)
Fund Balance, Beginning	24,836,124	25,523,553	21,133,559
Fund Balance, Ending	<u>\$25,523,553</u>	<u>\$21,133,559</u>	<u>\$17,392,855</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.

A \$220 million bond referendum was passed in November 2016, which addressed (1) safety and security needs, (2) technology needs, (3) campus additions, new CTE and ROTC facilities and stadium needs, and (4) renovation of aging facilities. All bonds have been issued and all projects have been substantially completed, significantly under budget and with a lower than estimated tax rate impact.

LONG-RANGE FINANCIAL FORECAST

The following chart is a summary of the three-year forecasts. In summary, the General Fund assumes a 3% increase in property values, steady enrollment, and a 2% increase in salaries; in addition, the general fund forecast absorbs certain expenditures currently funded by ESSER funds in fiscal year 2023-24. The conservative forecast results in a deficit budget year after year; hence, the District is reviewing all programs and services for possible budget cuts, considering a voter-approval tax rate election to increase the maintenance and operations tax rate in order to maximize state funding, and monitoring legislative decisions.

	2022-23 Budget	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
GENERAL FUND				
Revenues and Other Financing Sources	\$192,275,394	\$186,663,624	\$186,668,458	\$186,846,433
Expenditures and Other Financing Uses	195,680,367	201,035,336	203,067,600	206,620,340
Excess/Def. of Rev. Over/(Under) Exp.	<u>(\$3,404,973)</u>	<u>(\$14,371,712)</u>	<u>(\$16,399,142)</u>	<u>(\$19,773,907)</u>
FOOD SERVICE FUND				
Revenues and Other Financing Sources	\$9,984,325	\$10,168,212	\$10,355,776	\$10,547,091
Expenditures and Other Financing Uses	10,208,532	10,370,319	10,576,141	10,786,080
Excess/Def. of Rev. Over/(Under) Exp.	<u>(\$224,207)</u>	<u>(\$202,107)</u>	<u>(\$220,365)</u>	<u>(\$238,989)</u>
DEBT SERVICE FUND				
Revenues and Other Financing Sources	\$33,798,906	\$34,813,026	\$35,873,935	\$36,929,379
Expenditures and Other Financing Uses	37,539,610	35,358,363	36,263,763	37,175,363
Excess/Def. of Rev. Over/(Under) Exp.	<u>(\$3,740,704)</u>	<u>(\$545,337)</u>	<u>(\$389,828)</u>	<u>(\$245,984)</u>
TOTAL - ALL APPROPRIATED FUNDS				
Revenues and Other Financing Sources	\$236,058,625	\$231,644,862	\$232,898,169	\$234,322,903
Expenditures and Other Financing Uses	243,428,509	246,764,018	249,907,504	254,581,783
Excess/Def. of Rev. Over/(Under) Exp.	<u>(\$7,369,884)</u>	<u>(\$15,119,156)</u>	<u>(\$17,009,336)</u>	<u>(\$20,258,879)</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.

LEGISLATIVE ISSUES

The Texas Legislature meets once every two years and is scheduled to meet for their 88th session beginning January 2023. Texas Lieutenant Governor Dan Patrick has set a list of legislative priorities for the State Senate in advance of the 88th legislative session and includes the following for the Education Committee (see the detailed list at <https://www.ltgov.texas.gov/wp-content/uploads/2022/04/2022-Interim-Charges.pdf>):

- Parent empowerment
- COVID-19 pandemic impact on educator talent pipeline
- Student discipline
- School library advisory council review
- Vaping in schools
- Bond efficiency
- Local government exclusion
- Homestead exemption
- Monitoring the impact of bills passed in the 86th and 87th legislative sessions

In regards to prior legislative sessions, the primary focus of the 86th Texas Legislature in 2019 was House Bill 3, which transformed school finance. Amongst the most important changes, the bill provides taxpayer relief, supports teachers, rewards teacher excellence, increases state funding, and focuses on learning and improving student outcome. The bill impacted many different aspects of education in the state, from Pre-K funding to Special

Education to Bilingual Education and transportation. Furthermore, during the 87th Legislature in 2021, lawmakers passed HB 1525, also known as the “HB 3 cleanup bill”, which adjusted some allotments in the new funding formulas and cleaned up some unintended consequences from the original bill. The District once again did not experience a major benefit from the updated funding, other than a slight increase in revenue for the re-establishment of the gifted and talented allotment.

FINAL COMMENTS

Budget Overview

The preparation of the District’s 2022-23 budget is a coordination of many efforts from campuses, departments, administration, and the Business Office. This process began in November 2021 by studying trends and projecting enrollment as it is the main driving force of our budget. On January 2022, the Business Office kicked off the site-based decision budget process at a meeting held with all campus and department administrators in which they received budget direction and individual allocations. Individual meetings were held with every single campus and department to assist them in reviewing their individual programs, budgets, requests for additional funds and expenditure trends.

Although fiscal year 2022-23 is projected to end with a healthy fund balance, the District continues to face enrollment declines and without positive changes to state funding formulas and appropriations, the decrease in enrollment will result in less funding to the district. We are taking proactive measures for facing budget deficits by closely analyzing and reviewing programs and staffing, and monitoring enrollment fluctuations to adjust our revenue and expenditure estimates accordingly and minimize deficit budgets. The federal aid has helped the district to maintain healthy fund balances to allow the district to use attrition methods for reducing staff levels and eliminating and/or reducing programs that have minimal impact on student achievement.

Finance Awards and Recognition

The Association of School Business Officials International (ASBO) awarded Pearland Independent School District’s Fiscal Year 2021-22 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 2022-23 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.
- One of 13 school districts in the state to receive the Texas Association of School Business Officials (TASBO) Award of Excellence in Financial Management

To learn more about the District’s finance operations, visit www.pearlandisd.org/transparency.

Closing Remarks

We thank our Board of Trustees for engaging in constructive dialogue and providing clear guidance during the budget workshops. The fiscal year 2022-23 proposed budget ensures alignment to the goals and objectives of the Board of Trustees and the Superintendent, as well as the 2020 Strategic Plan. Resources were allocated to meet these goals to continue performing amongst the best school districts in Texas. We are proud of our District and ready to adapt to the challenges of the upcoming fiscal year. We commend our school board for their commitment in maintaining our mission of preparing students to perform at their highest potential and produce global citizens of tomorrow while ensuring a safe and secure environment for all students and staff. Our District continues to receive statewide acclaim for its combination of high student achievement and low per student costs.

We also thank the Human Resources, Communications, Food Service, Testing and Accountability, Advanced Academics, and the Technology departments for assisting us in gathering the information and reports necessary to prepare this budget book. Our Budget Team is to be commended for preparing the wealth of information provided during budget workshops and in this report, which seeks to increase our financial transparency approach to budgeting.

**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

Lance Botkin, Secretary
Outside sales and part owner of Floyd's on the Water Seafood Restaurant

Toni Carter, Member
Stay-at-Home Mother

Dr. Kristofer Schoeffler, Member
Owner of Pearland Animal Hospital

Amanda Kuhn, Member
Co-Owner of Pat Griffin Realty

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

ADMINISTRATION

Larry Berger, Superintendent of Schools

David Moody, Deputy Superintendent

Jorgannie Carter, CPA, Chief Financial Officer

Dr. Nyla Watson, Chief Academic Officer

John-Paul Estes, Chief Technology Officer

Dr. Lisa Nixon, Assistant Superintendent of Educational Services

Tanya Dawson, General Counsel

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

Marlo Keller, Executive Director of Elementary Instruction

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

Kelly Holt, Executive Director of High Schools

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Organizational Section



Ziyuan Lu
Dawson High School
"Future Ride"

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 518 students from 2017 to 2021, representing a 4-year decline rate of 2.4%. Enrollment during the 2021-2022 school year was 21,007 students resulting in a loss of 60 students from the prior 2020-2021 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 Pilot 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

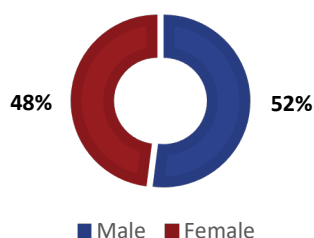
The comprehensive academic program in grades K-12 provides students the opportunity to reach their full potential. Special Programs, bilingual/ESL, Gifted and Talented and pre-K services are offered to students who qualify.

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.

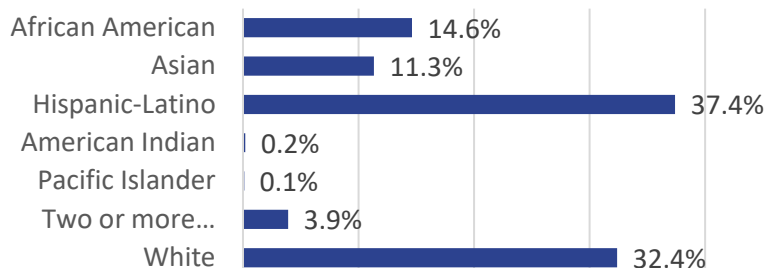
Our Enrollment

Our enrollment for school year 2021-2022 as of Fall snapshot day was 21,007 students of which 6,929 students were enrolled at the high school level, 3,464 at the junior high school level, 3,242 at the middle school level, and 7,372 at the elementary level.

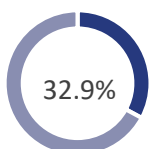
Student Enrollment by Gender



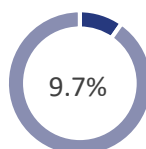
Student Enrollment by Race/Ethnicity



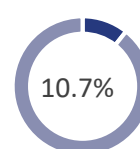
Economically Disadvantaged



Limited Language Proficiency



Special Education Services



Our Education Foundation

The Pearland ISD Education Foundation has been created to support the educational programs for both the students and staff of Pearland ISD. The foundation will provide funds for educational programs and activities that either have not been funded or have been under-funded by the normal operating budget. These funds will be used to facilitate student achievement and skill development, to recognize and encourage staff excellence and to expand community involvement from individuals, businesses and civic organizations. Grant awards of up to \$5,000 are awarded for teacher or classroom projects.

During 2021-22, 37 grants were awarded totaling \$72,018 to improve services to students. The Foundation has awarded over \$610,000 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.

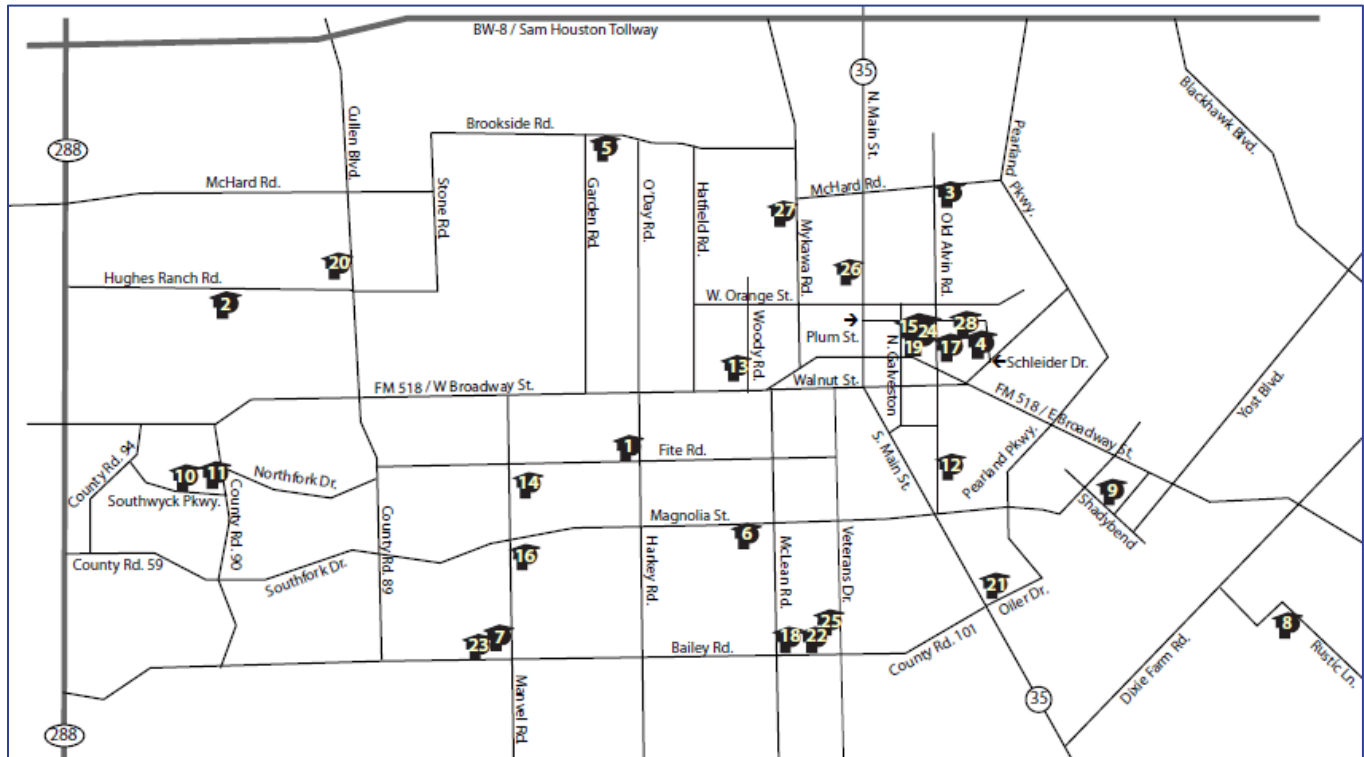
- Collaborate with families to provide high-quality services needed to partner in the education of their children.
- Utilize a variety of reliable digital and traditional marketing and communication channels to foster positive relationships effectively and interactively among all stakeholders.
- Engage 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.

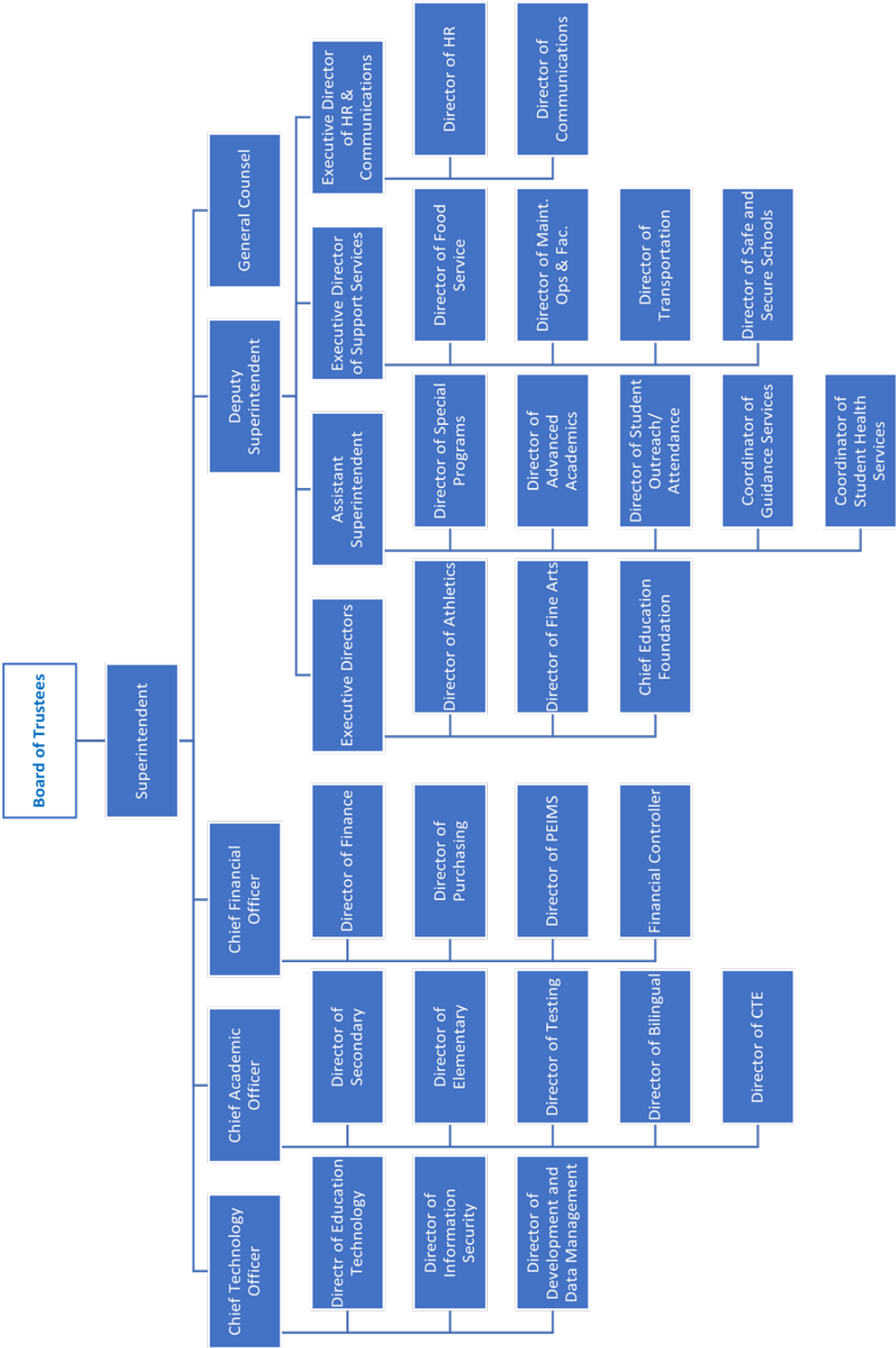
27-Maintenance

1702 Mykawa

28-Transportation

3202 Plum St.

DISTRICT ORGANIZATIONAL CHART



BOARD OF TRUSTEES & SUPERINTENDENT

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



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.



Lance Botkin - Secretary

TASB Master Trustee

Term Ends: 2025

Year First Elected: 2013

Position 6

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



Toni Carter

Term Ends: 2023

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.



Dr. Kristofer Schoeffler

Term Ends: 2023

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."



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

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



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 to be the new 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."

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.

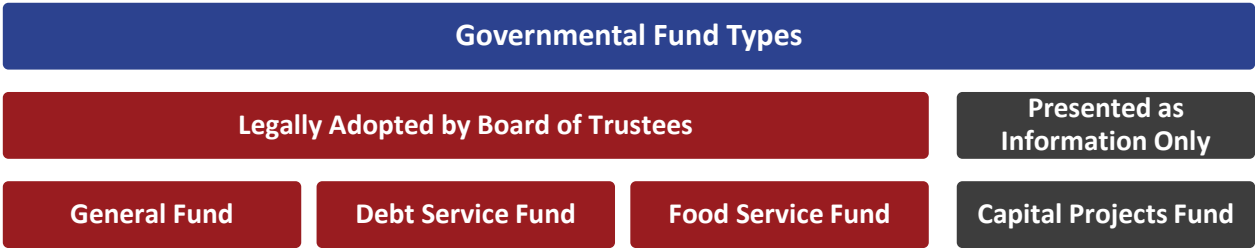
Independent Audit

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

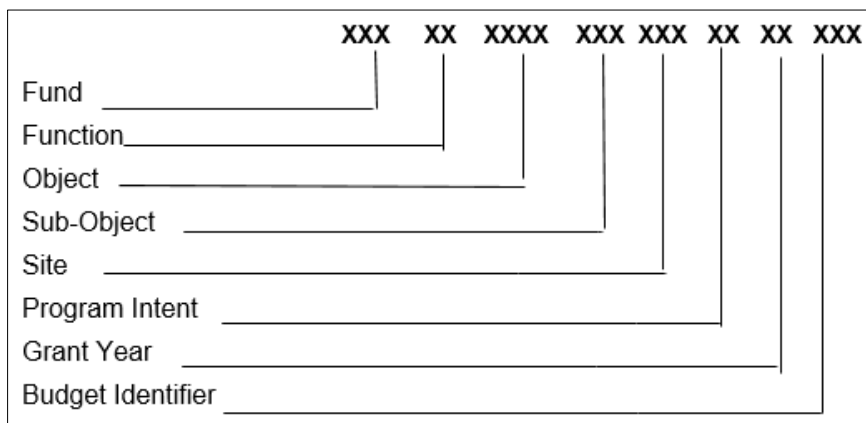
Section 44.007 of the Texas Education Code (Code or TEC) requires that a standard school district fiscal accounting system be adopted by each school district. The system must meet at least the minimum requirements prescribed by the State Board of Education and also be subject to review and comment by 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.
- 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 15th and August 15th of each year. On February 1st 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. Lastly, in 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.

BUDGET POLICIES AND DEVELOPMENT PROCEDURES

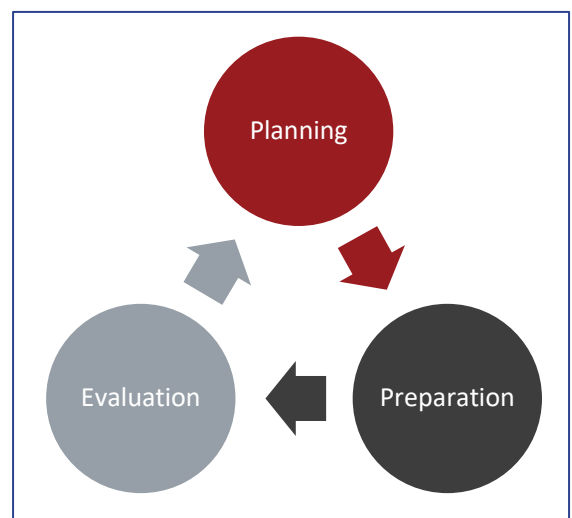
Sections 44.002 through 44.006 of the Texas Education Code establish the legal basis for budget development in school districts. The following six items summarize the legal requirements from the code:

- 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 1st. 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/departments 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.

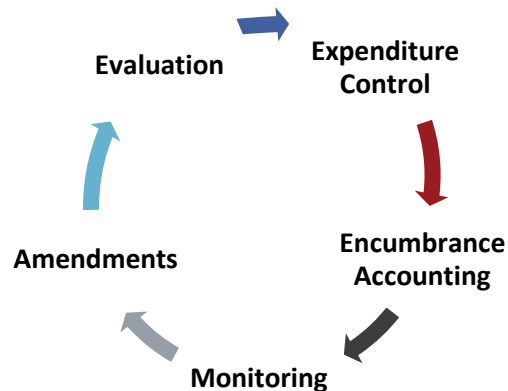
The Capital Project Fund allocation is re-appropriated in each year's budget as a multi-year budget until all available funds for acquisition and construction of facilities related to the bond ordinances are utilized or amended. The status of project commitments is evaluated each year as it impacts the 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 2022-23 BUDGET AND TAX CALENDAR

Nov. 2021	<ul style="list-style-type: none"> • Budget Calendar Development • School Year 2022-23 Enrollment projections prepared
Dec. 2021	<ul style="list-style-type: none"> • Initial Budget Planning meetings with Cabinet
Jan. 12	<ul style="list-style-type: none"> • Budget Kick-Off Meeting • Budget materials distributed • MUNIS system available for budget entry
Jan. 13-28	<ul style="list-style-type: none"> • Meetings to discuss Capital needs
Jan. 31 – Feb. 25	<ul style="list-style-type: none"> • Budget meetings scheduled with individual campuses/departments
Jan. – Jun.	<ul style="list-style-type: none"> • Budget Workshops conducted with Board of Trustees; to include discussion on enrollment, staffing, revenue projections, tax rate, salaries and benefits, etc.
Feb. 8	<ul style="list-style-type: none"> • BOT discussion of Capital Renewal Plan and approval of capital projects
Mar. 4	<ul style="list-style-type: none"> • Deadline for budget entry in MUNIS • Deadline to submit Requests for Additional Funds • Deadline to submit Fixed Asset Justification Requests
Mar. 7- 11	<ul style="list-style-type: none"> • Budget meetings scheduled with Asst. Superintendents and Executive Directors to review campus/department budgets and requests for additional funds
Apr. 25	<ul style="list-style-type: none"> • Certified Estimated Property Tax Values received
Jun. 14	<ul style="list-style-type: none"> • Public Hearing to Discuss Proposed Budget and Tax Rate
Jun. 30	<ul style="list-style-type: none"> • Deadline to adopt the FY 2022-23 Budget
Jul. 25	<ul style="list-style-type: none"> • Certified Property Tax Values received
Sept. 13	<ul style="list-style-type: none"> • 2022 Tax Rate Adoption

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 76 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



Cole Maclan
Pearland High School

“My Sekape Memories”

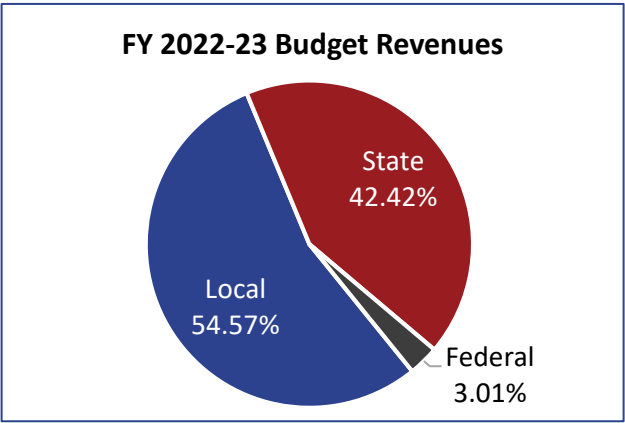
FINANCIAL OVERVIEW

The annually adopted budget includes the General, Food Service and Debt Service funds. The schedules on pages 57-59 show the combined budgeted revenues and expenditures of these three funds. Specific assumptions, trends and any challenges that affect revenues, expenditures and fund balance for these funds are discussed in the major fund sections of this document on pages 61, 75 and 79.

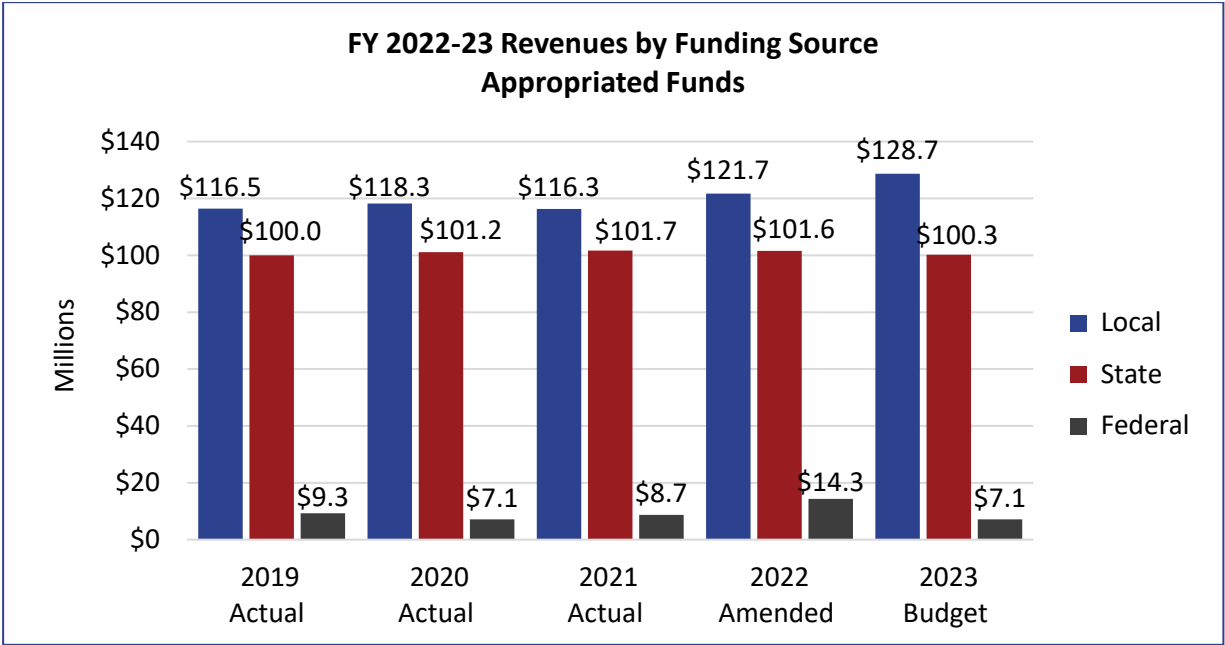
In addition to these funds, Capital Projects Funds is included for informational purposes only on pages 85-89. The budget process for the Capital Projects Fund is established when the Board of Trustees approves the sale of authorized bonds for specific projects. Capital project budgets are typically 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 54.57% of all funding sources.

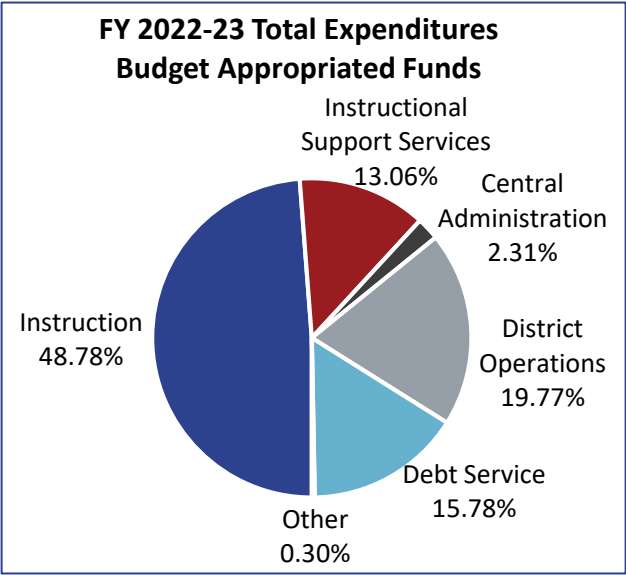


As shown on the chart below, local revenues (mostly from local property taxes) make up most of the District’s funding for all appropriated funds combined.



Expenditures

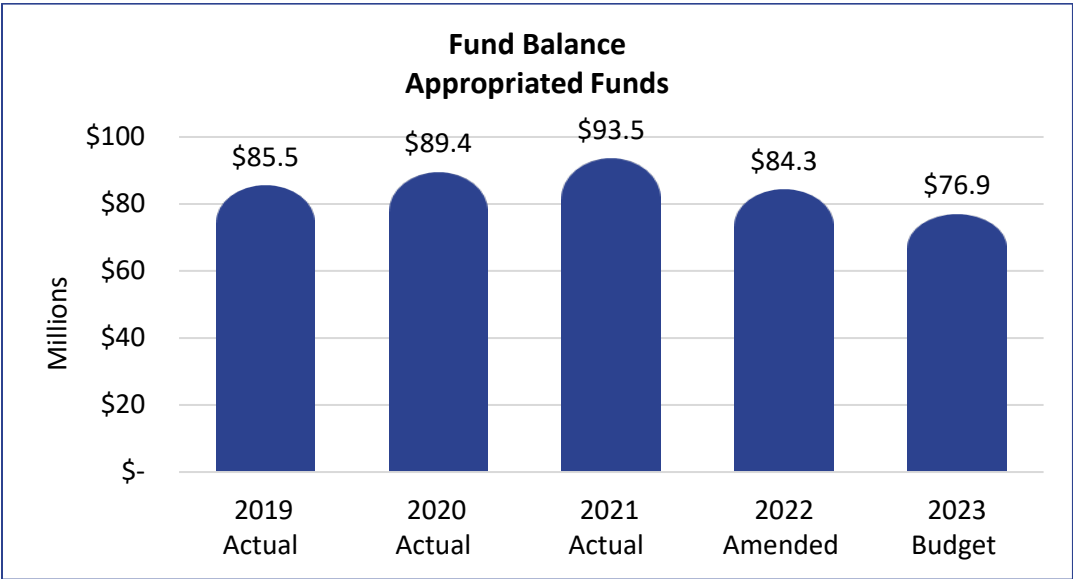
Expenditure budgets are legally adopted at the functional level. Instructional related expenditures account for 48.78% of the District’s combined budgeted expenditures and account for teachers, librarians, and all other direct instruction costs. Student instruction could not exist without campus leadership, counselors, nurses, and extracurricular activities which make up instructional support services at 13.06% of the total budget. District operations account for 19.77% of all expenditures, including transportation, food service, security, maintenance and operations, utilities, and technology. Debt service is \$38.4 million, or 15.78% of the combined budgeted expenditures. Lastly, central administration makes up 2.31%, while other expenditures (mostly fees to the Brazoria tax office) are 0.30%.



Fund Balance

The District’s ending fund balance is projected at \$76.9 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, including those resulting from the COVID-19 pandemic, such as additional costs for cleaning and sanitizing facilities, personal protective equipment, purchase of technology devices, etc.

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



Long-Range Financial Forecasts

This budget document presents a three-year financial forecast for the combined appropriated funds 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 2022-23 is likely to change and will require budget amendments throughout the fiscal year; hence, the next three-year projections may also substantially change.

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

Funding Elements	Budget 2022-23	Estimate 2023-24	Estimate 2024-25	Estimate 2025-26
Students				
Refined Average Daily Attendance (ADA)	19,840.000	19,840.000	19,840.000	19,840.000
% Increase from Prior Year	0.07%	0.00%	0.00%	0.00%
Salary				
Salary Increases	2.00%	2.00%	2.00%	2.00%
Property Values				
Taxable Values (for State funding)	\$9,540,748,466	\$9,826,970,920	\$10,121,780,048	\$10,425,433,449
% Increase from Prior Year	5.62%	3.00%	3.00%	3.00%
Tax Rates and Collections				
M&O Tax Rate	\$0.94500	\$0.89010	\$0.88530	\$0.88050
I&S Tax Rate	\$0.34810	\$0.34810	\$0.34810	\$0.34810
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, 2021, the District reported a liability of \$55,844,370 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	\$55,844,370
State’s proportionate share that is associated with the District	<u>98,580,573</u>
Total	<u>\$154,424,943</u>

Pearland Independent School District
Combined Budget Summary for Fiscal Year 2022-23
General Fund, Food Service Fund, and Debt Service Fund

		<u>General Fund</u>	<u>Food Service</u>	<u>Debt Service</u>	<u>Total</u>
Revenues					
5710	Tax Collections	\$ 89,608,187	\$ -	\$ 33,014,233	\$ 122,622,420
5742	Investment Earnings	200,000	-	45,000	245,000
5700	Miscellaneous Local Revenue	1,077,000	-	-	1,077,000
5751	Food Services - Meals	-	4,759,875	-	4,759,875
	Total Local Revenues	90,885,187	4,759,875	33,059,233	128,704,295
5810	Foundation School Program	88,469,263	-	-	88,469,263
5829	Miscellaneous State Revenue	200,000	40,000	739,673	979,673
5831	TRS On-Behalf	10,550,500	260,000	-	10,810,500
	Total State Revenues	99,219,763	300,000	739,673	100,259,436
5900	Miscellaneous Federal Revenue	1,935,444	-	-	1,935,444
5921/22	School Breakfast/Lunch Program	235,000	4,174,450	-	4,409,450
5923	USDA Commodities	-	750,000	-	750,000
	Total Federal Revenues	2,170,444	5,674,450	-	7,094,894
	Total Revenues	192,275,394	10,734,325	33,798,906	236,058,625
Expenditures by Function					
11	Instruction	111,066,676	-	-	111,066,676
12	Instructional Resources & Media	1,985,558	-	-	1,985,558
13	Curriculum & Staff Development	5,612,352	-	-	5,612,352
21	Instructional Leadership	2,629,369	-	-	2,629,369
23	School Leadership	12,915,801	-	-	12,915,801
31	Guidance, Counseling & Evaluation	8,420,879	-	-	8,420,879
32	Social Work Services	818,594	-	-	818,594
33	Health Services	2,277,177	-	-	2,277,177
34	Student Transportation	7,832,815	-	-	7,832,815
35	Food Services	-	10,204,532	-	10,204,532
36	Cocurricular/Extracurricular	4,729,041	-	-	4,729,041
41	General Administration	5,617,749	-	-	5,617,749
51	Plant Maintenance & Operations	23,334,837	-	-	23,334,837
52	Security & Monitoring Services	1,933,595	-	-	1,933,595
53	Data Processing Services	4,810,685	-	-	4,810,685
61	Community Service	7,439	-	-	7,439
71	Debt Service	870,672	4,000	37,539,610	38,414,282
95	Payments to JJAEP	80,000	-	-	80,000
99	Other Governmental Charges	737,128	-	-	737,128
	Total Expenditures	195,680,367	10,208,532	37,539,610	243,428,509
Excess of Revenues Over/(Under) Expenditures		(3,404,973)	525,793	(3,740,704)	(7,369,884)
Other Resources/(Uses)		-	-	-	-
Fund Balance -Beginning-Projected		59,211,749	5,598,554	21,133,560	85,943,863
Fund Balance-Ending-Projected		\$ 55,806,776	\$ 6,124,347	\$ 17,392,856	\$ 78,573,979
Expenditures by Object					
6100	Payroll Costs	170,787,580	4,571,132	-	175,358,712
6200	Contracted Services	12,222,647	65,000	-	12,287,647
6300	Supplies and Materials	7,790,964	5,518,200	-	13,309,164
6400	Other Operating Costs	3,937,084	10,200	-	3,947,284
6500	Debt Service	870,672	4,000	37,539,610	38,414,282
6600	Capital Outlay	71,420	40,000	-	111,420
	Total Expenditures	195,680,367	10,208,532	37,539,610	243,428,509

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

		2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended	2022-23 Budget
Revenues						
5710	Tax Collections	\$ 108,353,889	\$ 111,932,496	\$ 114,215,196	\$ 118,690,027	\$ 122,622,420
5742	Investment Earnings	1,834,519	1,443,015	141,038	155,000	245,000
5700	Miscellaneous Local Revenue	1,415,398	1,125,951	1,098,857	1,179,000	1,077,000
5751	Food Services - Meals	4,863,382	3,769,232	892,496	1,642,759	4,759,875
	Total Local Revenues	116,467,189	118,270,694	116,347,587	121,666,786	128,704,295
5810	Foundation School Program	90,201,977	90,137,655	90,496,787	90,394,138	88,469,263
5829	Miscellaneous State Revenue	976,787	864,117	964,363	747,788	979,673
5831	TRS On-Behalf	8,827,797	10,149,361	10,211,788	10,460,500	10,810,500
	Total State Revenues	100,006,561	101,151,133	101,672,938	101,602,426	100,259,436
5900	Miscellaneous Federal Revenue	4,904,023	3,228,488	3,511,948	2,204,395	1,935,444
5921/22	School Breakfast/Lunch Program	3,729,202	3,412,844	4,837,703	11,415,535	4,409,450
5923	USDA Commodities	634,177	446,728	364,510	687,000	750,000
	Total Federal Revenues	9,267,402	7,088,060	8,714,162	14,306,930	7,094,894
	Total Revenues	225,741,153	226,509,887	226,734,687	237,576,142	236,058,625
Expenditures by Function						
11	Instruction	100,542,435	103,040,138	108,722,819	119,663,454	111,066,676
12	Instructional Resources & Media	1,763,132	1,837,341	1,775,924	1,983,078	1,985,558
13	Curriculum & Staff Development	5,158,796	5,162,170	4,917,101	5,725,323	5,612,352
21	Instructional Leadership	2,309,478	2,233,065	2,654,679	3,101,453	2,629,369
23	School Leadership	11,490,314	11,660,964	11,677,502	12,827,817	12,915,801
31	Guidance, Counseling & Evaluation	6,666,329	7,269,276	7,439,426	7,918,995	8,420,879
32	Social Work Services	627,549	639,339	779,019	697,351	818,594
33	Health Services	1,680,191	1,823,801	2,188,370	2,457,896	2,277,177
34	Student Transportation	6,747,608	6,076,780	6,208,460	7,886,901	7,832,815
35	Food Services	9,074,753	8,612,588	7,560,060	10,950,045	10,204,532
36	Cocurricular/Extracurricular	4,168,496	4,322,898	4,557,541	4,753,759	4,729,041
41	General Administration	4,575,629	4,340,898	4,771,348	5,877,671	5,617,749
51	Plant Maintenance & Operations	20,201,580	20,081,221	20,641,026	23,223,024	23,334,837
52	Security & Monitoring Services	1,747,827	2,329,077	1,900,192	2,424,350	1,933,595
53	Data Processing Services	3,767,168	4,255,252	4,189,698	5,045,065	4,810,685
61	Community Service	8,024	3,585	7,684	10,669	7,439
71	Debt Service	31,053,575	34,269,888	36,373,613	41,870,867	38,414,282
81	Facilities Acquisition & Construction	-	531,340	272,312	-	-
95	Payments to JJAEP	83,400	43,100	7,500	80,000	80,000
99	Other Governmental Charges	655,335	652,926	643,302	687,128	737,128
	Total Expenditures	212,321,620	219,185,647	227,287,577	257,184,846	243,428,509
Excess of Revenues Over/(Under) Expenditures		13,419,533	7,324,240	(552,890)	(19,608,704)	(7,369,884)
Other Resources/(Uses)		(5,103,654)	(3,390,201)	4,647,464	10,337,978	-
Fund Balance -Beginning-Projected		77,181,636	85,497,515	89,431,554	93,526,128	84,255,402
Fund Balance-Ending-Projected		\$ 85,497,515	\$ 89,431,554	\$ 93,526,128	\$ 84,255,402	\$ 76,885,518
Expenditures by Object						
6100	Payroll Costs	154,515,781	158,821,988	163,660,304	174,521,792	175,358,712
6200	Contracted Services	12,121,966	11,496,141	12,710,492	12,356,715	12,287,647
6300	Supplies and Materials	11,204,658	10,954,191	11,186,538	13,923,121	13,309,164
6400	Other Operating Costs	3,129,837	2,656,939	2,949,987	4,022,620	3,947,284
6500	Debt Service	31,053,575	34,269,888	36,373,613	41,792,967	38,414,282
6600	Capital Outlay	295,803	986,499	406,644	10,567,631	111,420
	Total Expenditures	212,321,620	219,185,647	227,287,577	257,184,846	243,428,509

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

		2022-23 Budget	2023-24 Forecast	2024-25 Forecast	2025-26 Forecast
Revenues					
5710	Tax Collections	\$ 122,622,420	\$ 120,268,292	\$ 119,130,661	\$ 117,921,027
5742	Investment Earnings	245,000	115,000	115,000	115,000
5700	Miscellaneous Local Revenue	1,077,000	700,000	700,000	700,000
5751	Food Services - Meals	4,759,875	4,855,073	4,952,174	5,051,217
	Total Local Revenues	128,704,295	125,938,365	124,897,835	123,787,244
5810	Foundation School Program	88,469,263	86,588,525	88,877,813	91,121,847
5829	Miscellaneous State Revenue	979,673	957,879	936,735	916,219
5831	TRS On-Behalf	10,810,500	11,026,710	11,247,244	11,472,189
	Total State Revenues	100,259,436	98,573,114	101,061,792	103,510,255
5900	Miscellaneous Federal Revenue	2,170,444	2,125,444	1,845,444	1,845,444
5921/22	School Breakfast/Lunch Program	4,174,450	4,257,939	4,343,098	4,429,960
5923	USDA Commodities	750,000	750,000	750,000	750,000
	Total Federal Revenues	7,094,894	7,133,383	6,938,542	7,025,404
	Total Revenues	236,058,625	231,644,862	232,898,169	234,322,903
Expenditures					
6100	Payroll Costs	175,358,712	178,816,445	182,392,774	186,040,629
6200	Contracted Services	12,287,647	12,687,647	12,687,647	12,687,647
6300	Supplies and Materials	13,309,164	13,419,528	13,532,099	13,646,922
6400	Other Operating Costs	3,947,284	3,947,284	3,947,284	3,947,284
6500	Debt Service	38,414,282	37,821,694	37,276,281	38,187,881
6600	Capital Outlay	111,420	71,420	71,420	71,420
	Total Expenditures	243,428,509	246,764,018	249,907,504	254,581,783
	Excess of Revenues Over/(Under) Expenditures	(7,369,884)	(15,119,156)	(17,009,336)	(20,258,879)
	Other Resources/(Uses)	-	-	-	-
	Fund Balance -Beginning-Projected	84,255,402	76,885,518	61,766,362	44,757,027
	Fund Balance-Ending-Projected	\$ 76,885,518	\$ 61,766,362	\$ 44,757,027	\$ 24,498,147

Note: Financial assumptions are located on page 55.

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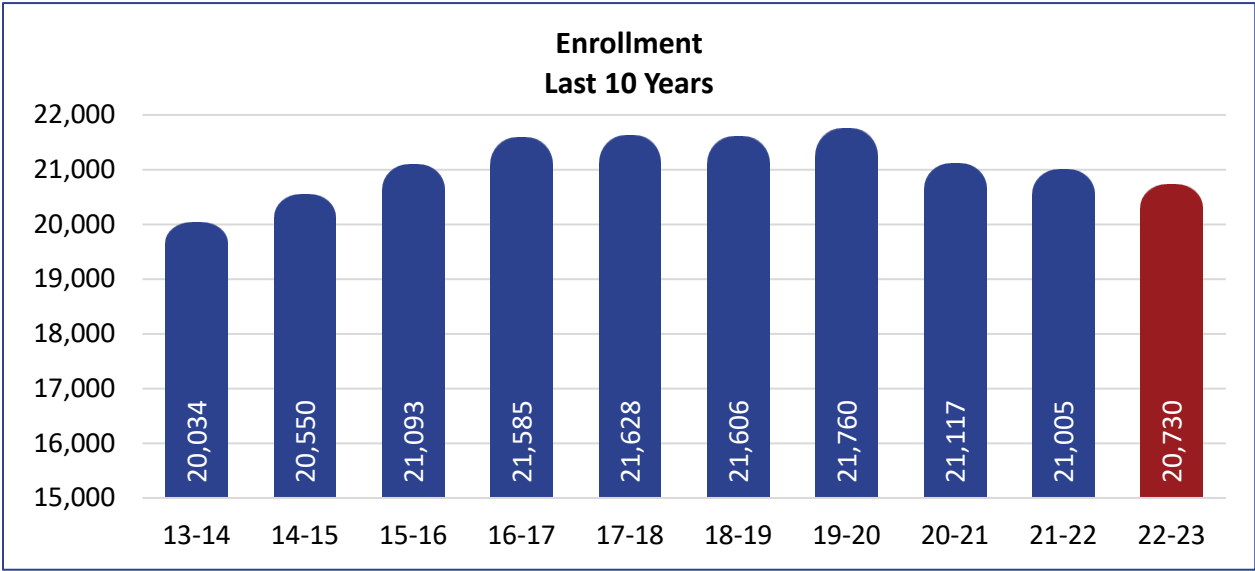
GENERAL FUND OVERVIEW

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

Enrollment Trend

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

Enrollment had remained relatively flat since 2017, fluctuating +/- 0.25% 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 2022-23, the District projects to experience a decrease in enrollment of 1.3%, due to our district’s aging population. The graph below presents the enrollment history for the last 10 years.

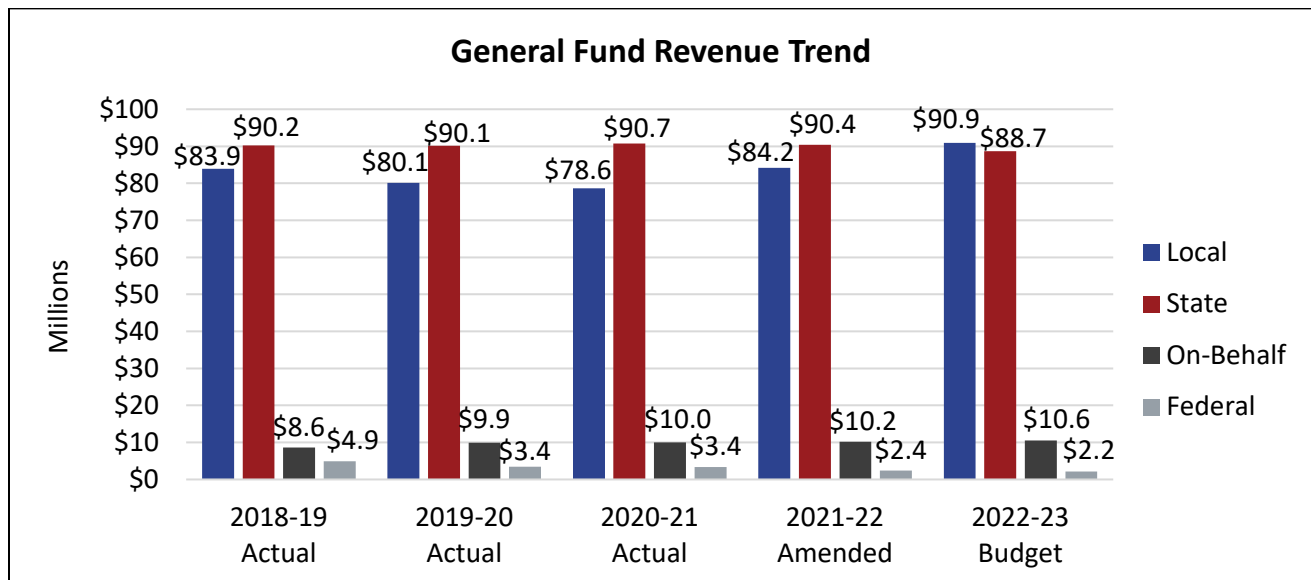


District administration monitors enrollment on a regular basis to implement adjustments due to possible fluctuations. Future enrollment is projected to vary by +/- 0.25% each year. These enrollment fluctuations are attributable to large graduating classes and smaller incoming kindergarten class sizes. There are a few new neighborhoods being developed throughout the district; however, residential space is limited and the district’s boundaries are nearing build-out. This coupled with a high cost of residences and aging families will continue to result on a steady or slightly declining enrollment.

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 \$192.3 million for the 2022-23 fiscal year. State revenue represents 46.1% of all available sources of funding and an additional 5.5% of TRS On-Behalf flow-thru, local sources total 47.3%, and federal sources 1.1%. The 2022-23 budget revenues represent an increase of \$5.1 million or 2.7% from fiscal year 2021-22 amended revenue levels.



Local Revenue

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

Total revenues from local sources are projected to increase by 7.9% from estimated actuals. Most local revenues are generated from current year tax collections, which are expected to increase by 8.4% from an estimated \$81.6 million for fiscal year 2021-22 to a projected \$88.4 million for fiscal year 2022-23 due to an estimated 5.54% growth in property values. Tax collections are estimated based on a \$0.9450 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 \$432,000.

Other local sources of revenues are estimated at \$1,277,000, 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 provide funds to meet district obligations while keeping in mind the ability of local taxpayers to pay their taxes.

Property values in 2022 are estimated to increase by approximately 5.58%, pending receipt of the Brazoria and Harris County Appraisal Districts' 2022 certified tax roll in late July. These certified values are typically lower than the certified estimates provided in April (an increase of 12.93%) 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 by state law to reduce the portion of our 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 tax rate has been reduced by 11.5 cents. The actual compressed rate will be determined and provided by the state late in the Summer and the tax rate will be adopted in September.

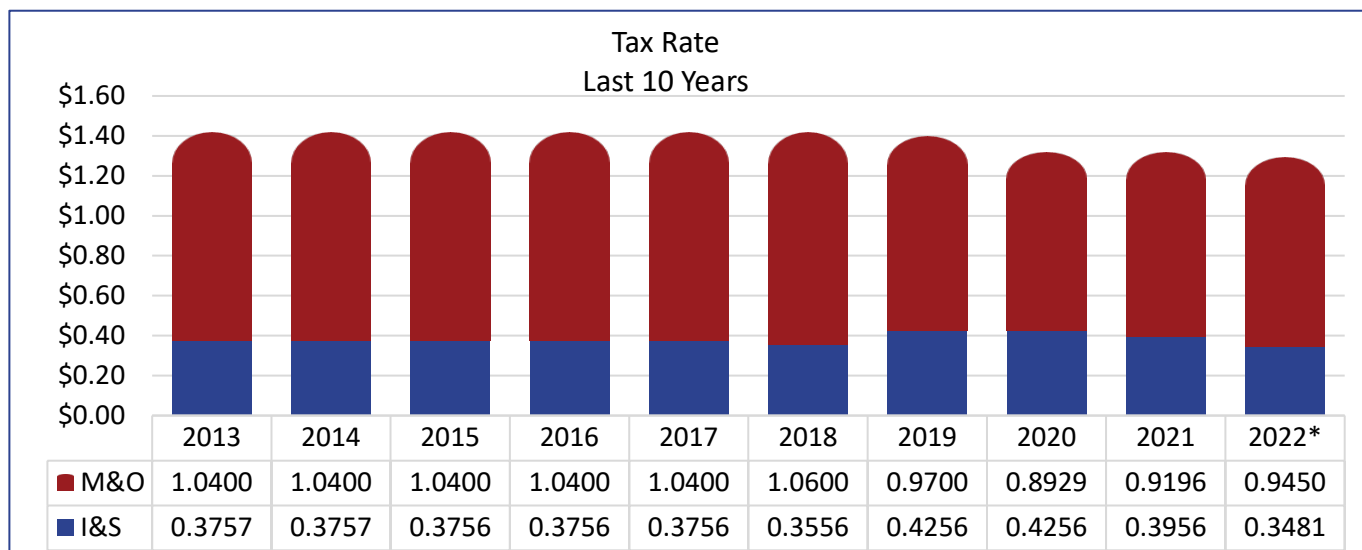
The District prepared the 2022-23 budget with a proposed tax year 2022 tax rate of \$1.2931 per \$100 property valuation which represents a decrease of 2.21 cents or approximately 1.7% from prior year. The General Fund (M&O) rate is estimated to be \$0.9450 (after calculating a tax compression of 2.46 cents due to higher growth than the statewide average of 4.36%, and an increase of five cents as allowed during the aftermath of a disaster declaration); the Debt Service (I&S) rate will decrease 4.75 cents to \$0.3481.

The 2016 bond election, initially called for a 7-cent increase to the I&S rate; as of now, all projects have been substantially completed, under budget, and with a new estimated 5-cent maximum tax rate impact. In addition, the District had a cash defeasance during fiscal year 2021-22, which coupled with an increase in property values and a proposed cash defeasance in fiscal year 2022-23, will result in a 4.75 cent tax rate decrease.

The District has placed great efforts in maintaining one of the lowest tax rates amongst Region 4 districts. For fiscal year 2022-23, the District's tax rate is calculated as a total reduction of 2.21 cents from the current year.

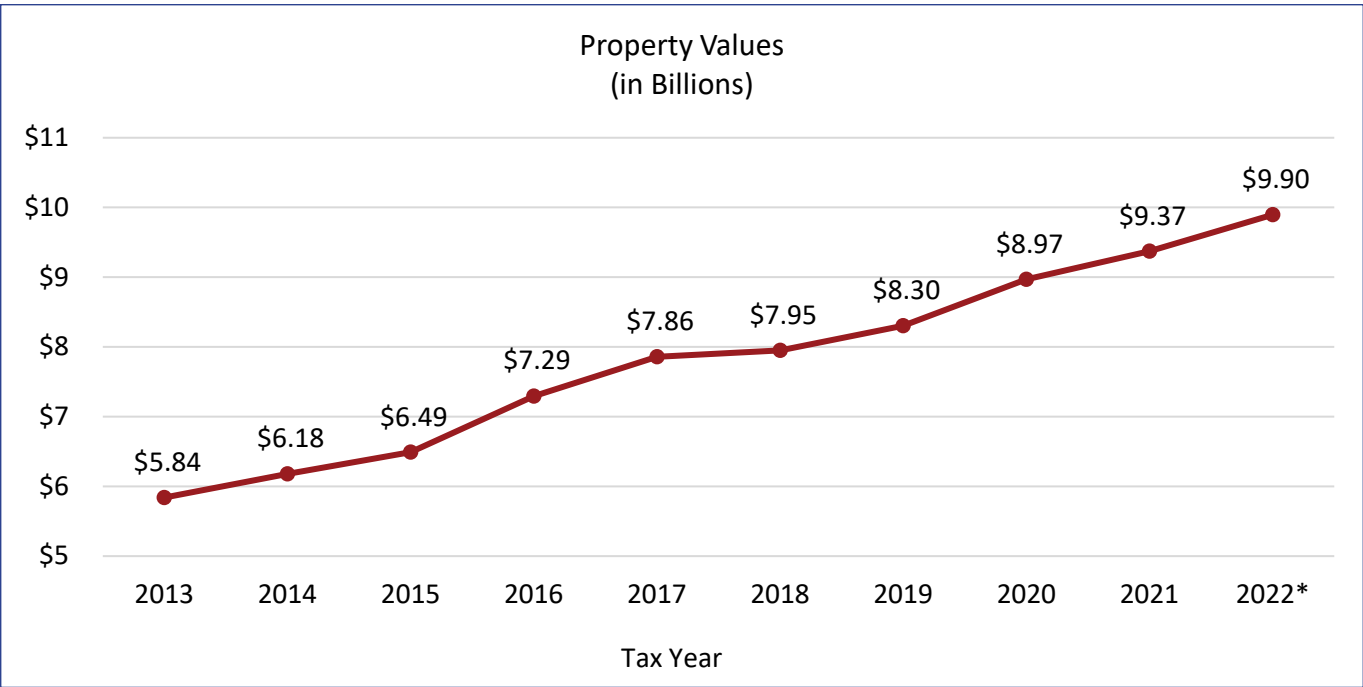
The table and graph below illustrate a history of the District's tax rate:

Tax Rate	Tax Year/Fiscal Year			Variance
	2020 2020-21	2021 2021-22	2022 2022-23	
M&O	\$0.8929	\$0.9196	\$0.9450	\$0.0254
I&S	0.4256	0.3956	0.3481	-0.0475
Total Tax Rate	<u>\$1.3185</u>	<u>\$1.3152</u>	<u>\$1.2931</u>	<u>-\$0.0221</u>



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 2022-23 proposed budget (2022 tax year) is based off an estimated 5.58% increase from the 2021 Tax Year for a total of \$9.9 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 2022 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 19,840 students. The District projects to receive a total of \$88 million in State funds; which is comprised of \$75 million from Tier I Basic Allotment funds and \$13 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.

The operations funding component of the FSP assists school districts in financing their maintenance and operations (M&O) the following formulas:

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 2022-23 is \$153.3 million using estimated 2022 State Certified Property Values (District Property Values or "DPV") of \$9.5 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 \$77.8 million (CTR/100 * DPV), with the remaining \$66.6 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. The table below compares the State and Local share of Tier I funds.

Tax Year Fiscal Year	2020 2020-21	2021 2021-22	2022 2022-23
District Property Values	\$8,731,690,671	\$9,036,411,007	\$9,540,748,466
Total Cost of Tier I	\$155,132,923	\$153,597,773	\$153,254,678
Less: Local Share of Tier I	74,472,590	75,869,707	77,757,100
State Share of Tier I	<u>\$70,602,480</u>	<u>\$69,683,059</u>	<u>\$66,574,887</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 2021-22 and estimated to remain unchanged for fiscal year 2022-23.

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 \$49.28; these nine cents are also referred to as "copper pennies".

The budget was adopted using an estimated M&O rate for tax year 2022 of \$0.9450, which is 13 cents (or eight "golden" and five "copper") above the District's compressed rate of \$0.8150. This is an increase of five cents from tax year 2021; these five copper pennies are good for one year only, due to the Winter Storm Uri disaster declaration. Each golden and copper penny is projected to generate approximately \$1.5 million in state aid and \$257,000, respectively; the total Tier II State Aid for fiscal year 2022-23 is projected at \$13 million.

Formula Transition Grant (i.e. "Hold Harmless") - The Formula Transition Grant (FTG) was created by the legislature to make sure school districts do not lose money from switching the calculation of State funds from prior year to current year property values. The District was eligible for \$2.2 million in fiscal year 2020-21 but does not expect FTG funding in future years.

State Funding Summary

State aid for fiscal year 2022-23 is projected to decrease \$1.5 million from fiscal year 2021-22 due to an increase in the local share of Tier I funding as a result of property value growth. State funding is summarized as follows:

	2020-21 Actual	2021-22 Estimated	2022-23 Budget
Tier I Share of State Funding	\$80,660,333	\$77,827,844	\$75,497,578
Tier II State Aid	6,264,622	12,166,294	12,950,261
Formula Transition Grant	2,194,459	0	0
Total State Aid	<u>\$89,119,414</u>	<u>\$89,994,138</u>	<u>\$88,447,839</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 2022-23, the projected amount is \$11.1 million (offset by expenditures).

State Funding Lag

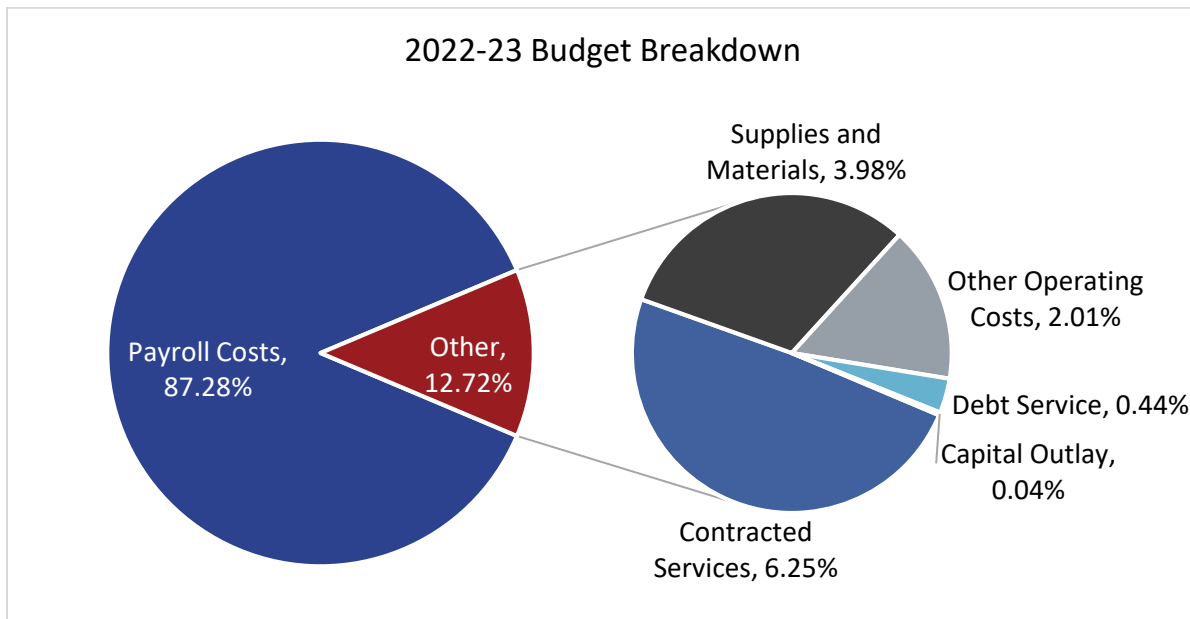
The Financial Integrity Rating System of Texas (Schools FIRST) requires to discuss the state funding lag during the budget process; although this requirement is no longer applicable since districts are now required to use current year property values on their state aid calculations. In short, prior to HB 3, prior year property values were used in the formulas to calculate State revenues, causing a one-year funding lag; hence, if the local revenue decreased in the year of the property value decline, the State did not recognize that decline until the subsequent year.

Federal Revenues

The District projects federal revenues for fiscal year 2022-23 of \$2.2 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 proposed expenditures budget for fiscal year 2022-23 is \$195.7 million; 87.28% of the budget is for salary and benefits while the remaining 12.72% 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 2022-23 comprise 87.28% of the general fund proposed budget. Total payroll is \$171.9 million; an increase of 0.7% over the fiscal year 2021-22 amended payroll budget.

The adopted budget includes a midpoint salary increase of 2% for all staff and the minimum salary for beginner teachers was increased from \$59,000 to \$59,600 for fiscal year 2022-23. In addition, the District provided targeted and market adjustments to transportation and manual trade salary schedules.

Employee Classification	Amount
Teachers & Librarians	\$1,702,376
Professional Support (Campus/ESC Admin, Counselors, Nurses, Special Programs, etc.)	416,805
Paraprofessionals (Maintenance, Operations, Bus Drivers, Food Service, and Clerical Staff)	591,113
Total	\$2,710,314

Although the salary increases cost \$2.7 million plus related benefit costs (e.g. Medicare, local portion of TRS, etc.), the total increase in payroll costs to the district is \$1.2 million due to an offset from the reduction of vacant personnel units that will no longer be necessary to fill because of lower enrollment projections (net of additional personnel for the redesign of the ESL program and to provide support for student ratios).

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.

Changes in Personnel

The budget includes the addition of six Language Proficiency Assessment Committee (LPAC) facilitators and 6.5 teacher aides to assist with the redesign of the ESL program. In addition, positions funded from ESSER III funds in 2021-22 will revert to the general fund; these include two outreach case managers and 5.5 dyslexia teacher FTEs.

Furthermore, the district considered the enrollment decrease sustained during the last two years and the projected decrease for the next year in assessing staffing needs; hence, vacant positions closed during fiscal year 2021-22 were not included in the fiscal year 2022-23 budget (these include 23 teachers, three teacher aides, five bus drivers, one cabinet level position, and four central administrative positions). Pending actual enrollment, the need to fill positions that become vacant will be assessed on a case by case basis to determine the need to fill with the objective of reducing the projected budget deficit in future budget years.

Non-Payroll Expenditures

Non-payroll expenditures comprise 12.7% of the total budget and are projected to decrease from \$35.7 million in fiscal year 2021-22 to \$24.9 million for fiscal year 2022-23. In 2021-22 the District implemented Governmental Accounting Standards Board (GASB) Pronouncement No. 87 for Capital Leases, recognizing \$10.3 million of remaining lease payments as an expense in the current year but also recognized it as a proceed; hence, the decrease in budgeted expenditures for fiscal year 2022-23. The remaining \$0.4 million decrease is due to a reduction in contingency funds.

Fiscal year 2022-23 campus and department budget allocations remain unchanged from fiscal year 2021-22. Campus allocations are based on enrollment projections on a per-student 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 Impact

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 ending fund balance for fiscal year 2022-23 is projected at \$55.8 million; a \$3.4 million or 5.7% decrease from estimated 2021-22 ending fund balance. This represents a 104-day operating reserve, which is above the 90-day operating fund balance that administration strives to maintain.

It is essential for school districts to maintain an adequate fund balance level to mitigate current and future risks, such as revenue shortfalls or unanticipated expenditures, and facilitate cash flow since most revenues are received between December and February when property taxes are collected. Maintaining a healthy fund balance will assist us to keep up with regular operating expenditures during the first half of the school year, fund other unanticipated expenditures, and address future year budget shortfall projections.

Pearland ISD's projected 2022-23 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

		2018-19	2019-20	2020-21	2021-22	2022-23
		Actual	Actual	Actual	Amended	Budget
Revenues						
5711	Tax Collections	\$ 79,731,883	\$ 76,411,616	\$ 76,058,844	\$ 81,551,620	\$ 88,376,187
5712-19	Taxes-Delinquent, P&I	1,410,616	1,462,657	1,366,347	1,337,000	1,232,000
5742	Investment Earnings	1,342,358	1,118,323	117,155	140,000	200,000
5700	Miscellaneous Local Revenue	1,409,236	1,125,401	1,098,857	1,179,000	1,077,000
	Total Local Revenues	83,894,093	80,117,997	78,641,203	84,207,620	90,885,187
5810	Foundation School Program	90,201,977	90,142,733	90,496,787	90,394,138	88,469,263
5829	Miscellaneous State Revenue	-	-	226,819	-	200,000
5831	TRS On-Behalf	8,612,476	9,898,475	9,972,551	10,200,500	10,550,500
	Total State Revenues	98,814,453	100,041,208	100,696,157	100,594,638	99,219,763
5900	Miscellaneous Federal Revenue	4,912,633	3,432,456	3,375,293	2,364,395	2,170,444
	Total Federal Revenues	4,912,633	3,432,456	3,375,293	2,364,395	2,170,444
	Total Revenues	187,621,180	183,591,661	182,712,653	187,166,653	192,275,394
Expenditures by Function						
11	Instruction	100,542,435	103,040,138	108,722,819	119,663,454	111,066,676
12	Instructional Resources & Media	1,763,132	1,837,341	1,775,924	1,983,078	1,985,558
13	Curriculum & Staff Development	5,158,796	5,162,170	4,917,101	5,725,323	5,612,352
21	Instructional Leadership	2,309,478	2,233,065	2,654,679	3,101,453	2,629,369
23	School Leadership	11,490,314	11,660,964	11,677,502	12,827,817	12,915,801
31	Guidance, Counseling & Evaluation	6,666,329	7,269,276	7,439,426	7,918,995	8,420,879
32	Social Work Services	627,549	639,339	779,019	697,351	818,594
33	Health Services	1,680,191	1,823,801	2,188,370	2,457,896	2,277,177
34	Student Transportation	6,747,608	6,076,780	6,208,460	7,886,901	7,832,815
36	Cocurricular/Extracurricular	4,168,496	4,322,898	4,557,541	4,753,759	4,729,041
41	General Administration	4,575,629	4,340,898	4,771,348	5,877,671	5,617,749
51	Plant Maintenance & Operations	20,201,580	20,081,221	20,641,026	23,223,024	23,334,837
52	Security & Monitoring Services	1,747,827	2,329,077	1,900,192	2,424,350	1,933,595
53	Data Processing Services	3,767,168	4,255,252	4,189,698	5,045,065	4,810,685
61	Community Service	8,024	3,585	7,684	10,669	7,439
71	Debt Service	-	-	-	954,689	870,672
81	Facilities Acquisition & Construction	-	531,340	-	-	-
93	Payments to Fiscal Agent	-	-	-	-	-
95	Payments to JJAEP	83,400	43,100	7,500	80,000	80,000
99	Other Governmental Charges	655,335	652,926	643,302	687,128	737,128
	Total Expenditures	172,193,292	176,303,170	183,081,593	205,318,623	195,680,367
Excess of Revenues Over/(Under) Expenditures		15,427,888	7,288,491	(368,940)	(18,151,970)	(3,404,973)
Other Resources/(Uses)		(8,862,286)	(3,615,134)	5,089,362	10,335,160	-
Fund Balance -Beginning-Projected		52,069,177	58,634,779	62,308,136	67,028,559	59,211,749
Fund Balance-Ending-Projected		\$ 58,634,779	\$ 62,308,136	\$ 67,028,559	\$ 59,211,749	\$ 55,806,776
Expenditures by Object						
6100	Payroll Costs	150,690,156	154,794,455	159,514,874	169,591,018	170,787,580
6200	Contracted Services	12,043,995	11,428,602	12,658,682	12,287,810	12,222,647
6300	Supplies and Materials	6,179,517	6,733,025	7,836,237	8,037,709	7,790,964
6400	Other Operating Costs	3,117,857	2,647,899	2,943,871	4,009,729	3,937,084
6500	Debt Service	-	-	-	876,789	870,672
6600	Capital Outlay	161,767	699,189	127,928	10,515,568	71,420
	Total Expenditures	172,193,292	176,303,170	183,081,593	205,318,623	195,680,367

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

	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended	2022-23 Budget
11 - Instruction					
6100 Payroll Costs	\$ 97,703,370	\$ 104,905,388	\$ 104,905,388	\$ 107,525,890	\$ 108,271,417
6200 Contracted Services	583,438	1,094,964	1,094,964	307,842	221,421
6300 Supplies & Materials	1,825,342	2,392,407	2,392,407	2,178,958	2,229,631
6400 Other Operating Expenditures	369,212	271,381	271,381	383,314	344,207
6600 Capital Outlay	61,073	58,679	58,679	9,267,450	-
Instruction Total	100,542,435	103,040,138	108,722,819	119,663,454	111,066,676
12 - Instructional Resources & Media					
6100 Payroll Costs	1,511,480	1,594,833	1,559,492	1,735,704	1,758,619
6200 Contracted Services	28,371	26,752	339	825	725
6300 Supplies & Materials	220,694	213,738	215,009	242,674	222,764
6400 Other Operating Expenditures	2,586	2,018	1,084	3,875	3,450
Instructional Resources & Media Total	1,763,132	1,837,341	1,775,924	1,983,078	1,985,558
13 - Curriculum & Staff Development					
6100 Payroll Costs	4,884,220	4,872,138	4,668,884	5,370,251	5,322,561
6200 Contracted Services	52,985	64,217	75,389	79,544	77,800
6300 Supplies & Materials	93,427	107,292	83,569	111,734	87,459
6400 Other Operating Expenditures	128,164	118,523	89,260	150,042	124,532
Curriculum & Staff Development Total	5,158,796	5,162,170	4,917,101	5,725,323	5,612,352
21 - Instructional Leadership					
6100 Payroll Costs	2,093,195	2,023,753	2,371,272	2,748,965	2,347,127
6200 Contracted Services	21,640	18,680	18,217	33,059	29,430
6300 Supplies & Materials	150,648	155,487	245,254	244,250	195,837
6400 Other Operating Expenditures	43,996	35,145	19,937	53,575	56,975
6600 Capital Outlay	-	-	-	21,604	-
Instructional Leadership Total	2,309,478	2,233,065	2,654,679	3,101,453	2,629,369
23 - School Leadership					
6100 Payroll Costs	11,180,582	11,339,454	11,348,760	12,476,859	12,581,660
6200 Contracted Services	29,061	27,301	22,134	21,861	21,060
6300 Supplies & Materials	202,959	193,408	225,496	192,207	192,039
6400 Other Operating Expenditures	77,713	100,801	81,112	129,635	121,042
6600 Capital Outlay	-	-	-	7,255	-
School Leadership Total	11,490,314	11,660,964	11,677,502	12,827,817	12,915,801
31 - Guidance, Counseling & Evaluation					
6100 Payroll Costs	6,528,609	7,113,812	7,257,937	7,746,018	8,224,936
6200 Contracted Services	8,372	13,105	59,135	20,480	27,800
6300 Supplies & Materials	111,772	126,239	118,074	135,317	145,739
6400 Other Operating Expenditures	17,576	16,120	4,281	17,180	22,404
Guidance, Counseling & Evaluation Total	6,666,329	7,269,276	7,439,426	7,918,995	8,420,879
32 - Social Work Services					
6100 Payroll Costs	459,379	456,808	595,207	496,905	611,148
6200 Contracted Services	154,938	174,455	175,788	181,608	189,258
6300 Supplies & Materials	1,870	5,897	6,503	12,692	14,438
6400 Other Operating Expenditures	11,361	2,178	1,521	6,146	3,750
6600 Capital Outlay	-	-	-	-	-
Social Work Services Total	627,549	639,339	779,019	697,351	818,594

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

	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended	2022-23 Budget
33 - Health Services					
6100 Payroll Costs	1,610,186	1,720,469	1,821,083	2,335,638	2,168,785
6200 Contracted Services	29,339	31,083	34,937	35,681	35,922
6300 Supplies & Materials	30,260	50,696	320,839	65,328	54,026
6400 Other Operating Expenditures	10,406	9,584	11,511	18,394	18,444
6600 Capital Outlay	-	11,970	-	2,855	-
Health Services Total	1,680,191	1,823,801	2,188,370	2,457,896	2,277,177
34 - Student Transportation					
6100 Payroll Costs	5,483,503	5,069,626	4,990,050	6,086,589	6,371,217
6200 Contracted Services	209,528	146,364	232,490	238,019	243,430
6300 Supplies & Materials	787,540	688,661	833,780	1,285,248	965,250
6400 Other Operating Expenditures	267,037	172,129	152,140	252,918	252,918
6600 Capital Outlay	-	-	-	24,127	-
Student Transportation Total	6,747,608	6,076,780	6,208,460	7,886,901	7,832,815
36 - Cocurricular/Extracurricular					
6100 Payroll Costs	2,866,513	3,159,951	3,264,225	3,339,672	3,392,398
6200 Contracted Services	309,087	369,725	346,756	437,969	386,068
6300 Supplies & Materials	369,166	414,567	654,903	412,095	420,484
6400 Other Operating Expenditures	623,729	337,403	291,657	541,476	530,091
6600 Capital Outlay	-	41,252	-	22,547	-
Cocurricular/Extracurricular Total	4,168,496	4,322,898	4,557,541	4,753,759	4,729,041
41 - General Administration					
6100 Payroll Costs	3,745,706	3,760,712	3,939,997	4,662,979	4,705,287
6200 Contracted Services	512,121	311,897	420,802	545,992	434,342
6300 Supplies & Materials	83,742	113,522	101,254	114,429	150,635
6400 Other Operating Expenditures	234,060	154,767	309,295	442,935	327,485
General Administration Total	4,575,629	4,340,898	4,771,348	5,877,671	5,617,749
51 - Plant Maintenance & Operations					
6100 Payroll Costs	10,146,394	10,415,687	10,073,411	11,952,427	11,924,369
6200 Contracted Services	7,407,030	7,081,012	7,434,123	7,805,700	7,902,300
6300 Supplies & Materials	1,335,103	1,234,794	1,378,053	1,420,185	1,464,468
6400 Other Operating Expenditures	1,236,909	1,334,849	1,686,192	1,858,300	1,978,700
6600 Capital Outlay	76,144	14,878	69,249	186,412	65,000
Plant Maintenance & Operations Total	20,201,580	20,081,221	20,641,026	23,223,024	23,334,837
52 - Security & Monitoring Services					
6100 Payroll Costs	305,939	822,739	345,169	408,157	379,165
6200 Contracted Services	1,374,047	1,384,675	1,464,591	1,380,003	1,419,310
6300 Supplies & Materials	53,948	84,353	74,688	107,130	84,100
6400 Other Operating Expenditures	13,893	16,127	15,743	44,100	44,600
6600 Capital Outlay	-	21,182	-	484,960	6,420
Security & Monitoring Services Total	1,747,827	2,329,077	1,900,192	2,424,350	1,933,595

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

	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Amended	2022-23 Budget
53 - Data Processing Services					
6100 Payroll Costs	2,163,057	2,401,389	2,366,316	2,695,718	2,721,452
6200 Contracted Services	585,305	491,656	628,216	432,099	416,653
6300 Supplies & Materials	913,043	1,288,254	1,186,408	1,436,139	1,564,094
6400 Other Operating Expenditures	81,214	31,982	8,758	107,839	108,486
6600 Capital Outlay	24,550	41,971	-	373,270	-
Data Processing Services Total	3,767,168	4,255,252	4,189,698	5,045,065	4,810,685
61 - Community Service					
6100 Payroll Costs	8,024	3,585	7,684	9,246	7,439
6200 Contracted Services	-	-	-	-	-
6300 Supplies & Materials	-	-	-	1,423	-
Community Service Total	8,024	3,585	7,684	10,669	7,439
71 - Debt Service					
6500 Debt Service	-	-	-	954,689	870,672
Community Service Total	8,024	3,585	-	954,689	870,672
81 - Facilities Acquisition & Construction					
6600 Capital Outlay	-	531,340	-	-	-
Facilities Acquisition & Construction Total		531,340	-	-	-
95 - Payments to JJAEP					
6200 Contracted Services	83,400	43,100	7,500	80,000	80,000
Payments to JJAEP Total	83,400	43,100	7,500	80,000	80,000
99 - Other Governmental Charges					
6200 Contracted Services	655,335	652,926	643,302	687,128	737,128
Other Governmental Charges Total	655,335	652,926	643,302	687,128	737,128
Total Expenditures	\$ 172,193,292	\$ 176,303,170	\$ 183,081,593	\$ 205,318,623	\$ 195,680,367

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

		2022-23	2023-24	2024-25	2025-26
		Budget	Forecast	Forecast	Forecast
Revenues					
5711	Tax Collections	\$ 88,376,187	\$ 84,986,145	\$ 82,766,461	\$ 80,480,867
5712-19	Taxes-Delinquent, P&I	1,232,000	1,232,000	1,232,000	1,232,000
5742	Investment Earnings	200,000	70,000	70,000	70,000
5700	Miscellaneous Local Revenue	1,077,000	700,000	700,000	700,000
	Total Local Revenues	90,885,187	86,988,145	84,768,461	82,482,867
5810	Foundation School Program	88,469,263	86,588,525	88,877,813	91,121,847
5829	Miscellaneous State Revenue	200,000	200,000	200,000	200,000
5831	TRS On-Behalf	10,550,500	10,761,510	10,976,740	11,196,275
	Total State Revenues	99,219,763	97,550,035	100,054,553	102,518,122
5919	Miscellaneous Federal Revenue	2,170,444	2,125,444	1,845,444	1,845,444
	Total Federal Revenues	2,170,444	2,125,444	1,845,444	1,845,444
	Total Revenues	192,275,394	186,663,624	186,668,458	186,846,433
Expenditures					
6100	Payroll Costs	170,787,580	174,153,890	177,636,968	181,189,707
6200	Contracted Services	12,222,647	12,622,647	12,622,647	12,622,647
6300	Supplies and Materials	7,790,964	7,790,964	7,790,964	7,790,964
6400	Other Operating Costs	3,937,084	3,937,084	3,937,084	3,937,084
6500	Debt Service	870,672	2,459,331	1,008,518	1,008,518
6600	Capital Outlay	71,420	71,420	71,420	71,420
	Total Expenditures	195,680,367	201,035,336	203,067,600	206,620,340
Excess of Revenues Over/(Under) Expenditures		(3,404,973)	(14,371,712)	(16,399,142)	(19,773,907)
Other Resources/(Uses)		-	-	-	-
Fund Balance -Beginning-Projected		59,211,749	55,806,776	41,435,064	25,035,922
Fund Balance-Ending-Projected		\$ 55,806,776	\$ 41,435,064	\$ 25,035,922	\$ 5,262,015

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 47.7% of all food service fund revenues. Federal sources of revenue account for 49.3% 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 2022-23, approximately 33% of students will receive either free or reduced-price lunch.

Expenditures – Food Service expenditures consist primarily of payroll (44.8%) and supplies and materials (54.1%). 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 2022-23 is approximately \$3.7 million, which is above the recommended amount. If 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.

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

		2018-19	2019-20	2020-21	2021-22	2022-23
		Actual	Actual	Actual	Amended	Budget
Revenues						
5700	Miscellaneous Local Revenue	\$ 10,011	\$ -	\$ -	\$ -	\$ -
5751	Food Services - Meals	4,863,382	3,769,232	892,496	1,642,759	4,759,875
	Total Local Revenues	4,873,394	3,769,232	892,496	1,642,759	4,759,875
5829	Miscellaneous State Revenue	48,599	44,512	43,650	40,000	40,000
5831	TRS On-Behalf	215,321	250,886	239,236	260,000	260,000
	Total State Revenues	263,920	295,398	282,886	300,000	300,000
5921	School Breakfast Program	729,306	736,669	701,074	1,404,727	814,100
5922	School Lunch Program	2,991,286	2,472,207	3,912,954	9,850,808	3,360,350
5923	USDA Commodities	634,177	446,728	364,510	687,000	750,000
5939	Other Federal Revenues	-	-	360,331	-	-
	Total Federal Revenues	4,354,769	3,655,604	5,338,869	11,942,535	4,924,450
	Total Revenues	9,492,083	7,720,235	6,514,251	13,885,294	9,984,325
Expenditures by Function						
35	Food Services	9,074,753	8,612,588	7,560,060	10,950,045	10,204,532
71	Debt Service	-	-	-	1,989	4,000
81	Facilities Acquisition & Construction	-	-	272,312	-	-
	Total Expenditures	9,074,753	8,612,588	7,832,372	10,952,034	10,208,532
Excess of Revenues Over/(Under) Expenditures		417,330	(892,354)	(1,318,121)	2,933,260	(224,207)
Other Resources/(Uses)		-	-	4,843	2,818	-
Fund Balance -Beginning-Projected		4,450,777	4,868,108	3,975,754	2,662,476	5,598,554
Fund Balance-Ending-Projected		\$ 4,868,108	\$ 3,975,754	\$ 2,662,476	\$ 5,598,554	\$ 5,374,347
Expenditures by Object						
6100	Payroll Costs	3,825,625	4,027,533	4,145,429	4,930,774	4,571,132
6200	Contracted Services	77,971	67,539	51,810	68,905	65,000
6300	Supplies and Materials	5,025,141	4,221,166	3,350,300	5,885,412	5,518,200
6400	Other Operating Costs	11,980	9,040	6,116	12,891	10,200
6600	Capital Outlay	134,036	287,310	278,716	52,063	40,000
	Total Expenditures	9,074,753	8,612,588	7,832,372	10,952,034	10,208,532

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

		2022-23	2023-24	2024-25	2025-26
		Budget	Forecast	Forecast	Forecast
Revenues					
5751	Food Services - Meals	\$ 4,759,875	\$ 4,855,073	\$ 4,952,174	\$ 5,051,217
	Total Local Revenues	4,759,875	4,855,073	4,952,174	5,051,217
5829	Miscellaneous State Revenue	40,000	40,000	40,000	40,000
5831	TRS On-Behalf	260,000	265,200	270,504	275,914
	Total State Revenues	300,000	305,200	310,504	315,914
5921	School Breakfast Program	814,100	830,382	846,990	863,929
5922	School Lunch Program	3,360,350	3,427,557	3,496,108	3,566,030
5923	USDA Commodities	750,000	750,000	750,000	750,000
	Total Federal Revenues	4,924,450	5,007,939	5,093,098	5,179,960
	Total Revenues	9,984,325	10,168,212	10,355,776	10,547,091
Expenditures					
6100	Payroll Costs	4,571,132	4,662,555	4,755,806	4,850,922
6200	Contracted Services	65,000	65,000	65,000	65,000
6300	Supplies and Materials	5,518,200	5,628,564	5,741,135	5,855,958
6400	Other Operating Costs	10,200	10,200	10,200	10,200
6500	Debt Service	4,000	4,000	4,000	4,000
6600	Capital Outlay	40,000	-	-	-
	Total Expenditures	10,208,532	10,370,319	10,576,141	10,786,080
Excess of Revenues Over/(Under) Expenditures		(224,207)	(202,107)	(220,365)	(238,989)
Other Resources/(Uses)		-	-	-	-
Fund Balance -Beginning-Projected		3,910,094	3,685,887	3,483,780	3,263,414
Fund Balance-Ending-Projected		\$ 3,685,887	\$ 3,483,780	\$ 3,263,414	\$ 3,024,426

Note: Financial Projection Assumptions are located on page 55.

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DEBT SERVICE FUND OVERVIEW

The Debt Service Fund accounts for payments of principal, interest and related fees on the district's general obligation bonds. Under Texas Law, only these debt service payments can be charged to this fund. Local revenues (mostly from property taxes) constitute 97.8% of funding, with the remaining 2.2% come from the State under the Existing Debt Allotment (EDA) program. With the recent increase to the Homestead Exemption going from \$25k to \$40k, this will result in a change to the District's property tax collections.

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		\$9,465,098,393
Debt Limit (Percentage of 2021-22 Assessed Value)		10.00%
Maximum Legal Debt		\$946,509,839
Debt Applicable to Debt Limitation:		
Total Bonded Debt	\$379,670,000	
Less: Amount set aside for repayment of bonds	<u>21,133,560</u>	
Total Amount of Debt Applicable to Debt Limit		<u>358,536,440</u>
Legal Debt Margin		<u><u>\$587,973,399</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. For example, tax base growth, opportunities for refunding, will 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 2022-23 expenditure budget consists of the following amounts: \$19.7 million for bond principal and sinking fund payments and \$17.8 million for bond interest payments. Detailed debt service requirements are included on the next page. These expenditure estimates are straightforward since they are primarily based on debt that has already been issued.

The following is a summary of the District's general obligation bonded debt as of June 30, 2022:

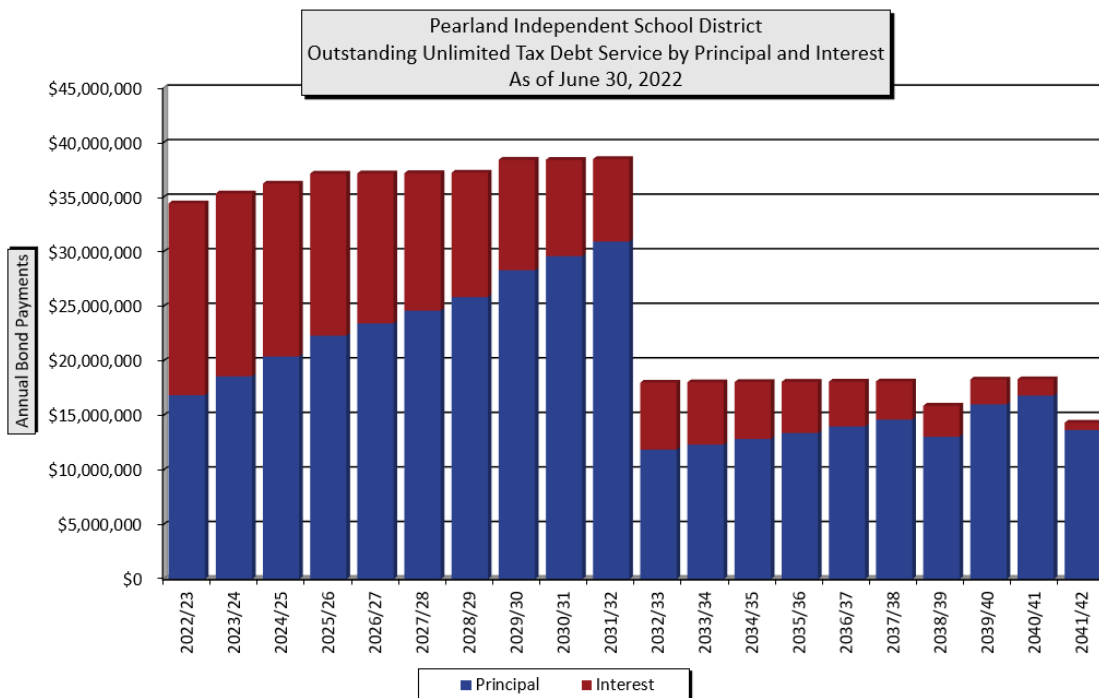
Date of Issue	Original Issue	Final Maturity	Date Callable	% Rates	Outstanding Balance
2013A	\$ 15,490,000	2029	2023	3.000 - 5.000	\$ 12,825,000
2013B	38,155,000	2023	2023	2.000 - 5.000	405,000
2014	30,540,000	2029	2024	2.000 - 5.000	15,880,000
2014B	28,655,000	2038	2024	2.000 - 5.000	20,185,000
2016	41,335,000	2032	2026	5.000 - 5.250	41,335,000
2016A	42,200,000	2032	2026	2.000 - 5.000	23,075,000
2017	105,510,000	2042	2026	3.000 - 5.000	99,400,000
2019	75,155,000	2042	2029	3.000 - 5.000	75,155,000
2019A	18,305,000	2042	2029	3.000 - 5.000	17,715,000
2020	78,675,000	2029	N/A	5.000	73,695,000
Total	<u>\$ 474,020,000</u>				<u>\$ 379,670,000</u>

Tax Rate and Fund Balance Impact

The estimated budgetary fund balance on June 30, 2022 is approximately \$12.3 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, 2022

Year	Principal	Interest	Annual Debt Service
2022/23	\$ 16,870,000	\$ 17,577,013	\$ 34,447,013
2023/24	18,600,000	16,758,363	35,358,363
2024/25	20,415,000	15,848,763	36,263,763
2025/26	22,325,000	14,850,363	37,175,363
2026/27	23,450,000	13,743,513	37,193,513
2027/28	24,615,000	12,607,013	37,222,013
2028/29	25,850,000	11,412,863	37,262,863
2029/30	28,315,000	10,133,663	38,448,663
2030/31	29,605,000	8,833,813	38,438,813
2031/32	30,945,000	7,567,113	38,512,113
2032/33	11,870,000	6,143,500	18,013,500
2033/34	12,335,000	5,719,400	18,054,400
2034/35	12,850,000	5,220,700	18,070,700
2035/36	13,400,000	4,694,650	18,094,650
2036/37	14,000,000	4,106,400	18,106,400
2037/38	14,630,000	3,498,050	18,128,050
2038/39	13,055,000	2,847,950	15,902,950
2039/40	16,025,000	2,279,950	18,304,950
2040/41	16,835,000	1,493,750	18,328,750
2041/42	<u>13,680,000</u>	<u>667,700</u>	<u>14,347,700</u>
Total	<u>\$ 379,670,000</u>	<u>\$ 166,004,525</u>	<u>\$ 545,674,525</u>



Unlimited Tax Debt Service by Series as of June 30, 2022

Year	U/L Tax Refunding Bonds, Series 2013A	U/L Tax Refunding Bonds, Taxable Series 2013B	U/L Tax Schoolhouse Bonds, Series 2014	U/L Tax Refunding Bonds, Series 2014	U/L Tax Refunding Bonds, Series 2016	U/L Tax Refunding Bonds, Series 2016A
2022/23	\$ 641,250	\$ 417,150	\$ 1,991,500	\$ 4,811,000	\$ 2,102,963	\$ 2,340,550
2023/24	641,250	-	2,029,700	5,118,000	2,102,963	2,454,550
2024/25	641,250	-	2,048,450	5,419,500	2,102,963	2,571,150
2025/26	641,250	-	2,053,450	534,500	2,102,963	600,350
2026/27	641,250	-	2,035,200	540,400	2,102,963	600,350
2027/28	641,250	-	1,990,900	560,700	2,102,963	600,350
2028/29	13,466,250	-	2,251,750	684,950	2,102,963	600,350
2029/30	-	-	566,500	-	15,192,963	6,395,350
2030/31	-	-	566,500	-	15,208,463	6,396,500
2031/32	-	-	566,500	-	15,245,463	6,432,400
2032/33	-	-	2,226,500	-	-	-
2033/34	-	-	2,228,500	-	-	-
2034/35	-	-	2,231,250	-	-	-
2035/36	-	-	2,234,500	-	-	-
2036/37	-	-	2,238,000	-	-	-
2037/38	-	-	2,236,500	-	-	-
2038/39	-	-	-	-	-	-
2039/40	-	-	-	-	-	-
2040/41	-	-	-	-	-	-
2041/42	-	-	-	-	-	-
Total	\$ 17,313,750	\$ 417,150	\$ 29,495,700	\$ 17,669,050	\$ 60,367,625	\$ 28,991,900

Year	U/L Tax School Building Bonds, Series 2017	U/L Tax School Building Bonds, Series 2019	U/L Tax School Building Bonds, Series 2019A	U/L Tax Refunding Bonds, Series 2020	Annual Debt Service
2022/23	\$ 6,834,100	\$ 3,264,550	\$ 999,200	\$ 11,044,750	\$ 34,447,013
2023/24	7,715,850	3,264,550	1,004,750	11,026,750	35,358,363
2024/25	8,603,100	3,264,550	1,001,550	10,611,250	36,263,763
2025/26	9,578,100	3,264,550	997,950	17,402,250	37,175,363
2026/27	9,588,850	3,264,550	1,000,450	17,419,500	37,193,513
2027/28	9,605,600	3,264,550	1,006,950	17,448,750	37,222,013
2028/29	9,637,350	3,264,550	1,002,200	4,252,500	37,262,863
2029/30	12,027,600	3,264,550	1,001,700	-	38,448,663
2030/31	11,992,600	3,264,550	1,010,200	-	38,438,813
2031/32	12,001,000	3,264,550	1,002,200	-	38,512,113
2032/33	5,289,000	8,814,550	1,683,450	-	18,013,500
2033/34	5,294,800	8,848,050	1,683,050	-	18,054,400
2034/35	5,294,800	8,853,050	1,691,600	-	18,070,700
2035/36	5,319,000	8,853,650	1,687,500	-	18,094,650
2036/37	5,321,750	8,864,650	1,682,000	-	18,106,400
2037/38	5,329,500	8,870,250	1,691,800	-	18,128,050
2038/39	5,331,500	8,875,250	1,696,200	-	15,902,950
2039/40	5,102,500	11,509,250	1,693,200	-	18,304,950
2040/41	5,103,500	11,527,250	1,698,000	-	18,328,750
2041/42	1,113,000	11,539,500	1,695,200	-	14,347,700
Total	\$ 146,083,500	\$ 129,200,950	\$ 26,929,150	\$ 89,205,750	\$ 545,674,525

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

		2018-19	2019-20	2020-21	2021-22	2022-23
		Actual	Actual	Actual	Amended	Budget
Revenues						
5711	Tax Collections	\$ 26,739,374	\$ 33,561,557	\$ 36,268,347	\$ 35,331,407	\$ 32,514,233
5712-19	Taxes-Delinquent, P&I	472,016	496,666	521,658	470,000	500,000
5742	Investment Earnings	488,312	324,691	23,883	15,000	45,000
	Total Local Revenues	27,699,702	34,382,914	36,813,888	35,816,407	33,059,233
5829	Miscellaneous State Revenue	928,188	815,077	693,895	707,788	739,673
	Total State Revenues	928,188	815,077	693,895	707,788	739,673
	Total Revenues	28,627,890	35,197,991	37,507,783	36,524,195	33,798,906
Expenditures by Function						
71	Debt Service	31,053,575	34,269,888	36,373,613	40,914,189	37,539,610
	Total Expenditures	31,053,575	34,269,888	36,373,613	40,914,189	37,539,610
Excess of Revenues Over/(Under) Expenditures		(2,425,686)	928,103	1,134,170	(4,389,994)	(3,740,704)
Other Resources/(Uses)		3,758,632	224,933	(446,741)	-	-
Fund Balance -Beginning-Projected		22,350,143	23,683,089	24,836,125	25,523,554	21,133,560
Fund Balance-Ending-Projected		\$ 23,683,089	\$ 24,836,125	\$ 25,523,554	\$ 21,133,560	\$ 17,392,856
Expenditures by Object						
6500	Debt Service	31,053,575	34,269,888	36,373,613	40,914,189	37,539,610
	Total Expenditures	31,053,575	34,269,888	36,373,613	40,914,189	37,539,610

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

		2022-23	2023-24	2024-25	2025-26
		Budget	Forecast	Forecast	Forecast
Revenues					
5711	Tax Collections	\$ 32,514,233	\$ 33,550,147	\$ 34,632,200	\$ 35,708,160
5712-19	Taxes-Delinquent, P&I	500,000	500,000	500,000	500,000
5742	Investment Earnings	45,000	45,000	45,000	45,000
	Total Local Revenues	33,059,233	34,095,147	35,177,200	36,253,160
5829	Miscellaneous State Revenue	739,673	717,879	696,735	676,219
	Total State Revenues	739,673	717,879	696,735	676,219
	Total Revenues	33,798,906	34,813,026	35,873,935	36,929,379
Expenditures					
6500	Debt Service	37,539,610	35,358,363	36,263,763	37,175,363
	Total Expenditures	37,539,610	35,358,363	36,263,763	37,175,363
Excess of Revenues Over/(Under) Expenditures		(3,740,704)	(545,337)	(389,828)	(245,984)
Other Resources/(Uses)		-	-	-	-
Fund Balance -Beginning-Projected		21,133,560	17,392,856	16,847,519	16,457,691
Fund Balance-Ending-Projected		\$ 17,392,856	\$ 16,847,519	\$ 16,457,691	\$ 16,211,707

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. These funds were used to fund the following needs:

 <p>SAFETY + SECURITY</p> <ul style="list-style-type: none"> ▪ Additional Fencing at Elementary & Middle Schools ▪ Add & Upgrade Security Cameras ▪ Security Door Controls ▪ New Security Entrances 	 <p>TECHNOLOGY</p> <ul style="list-style-type: none"> ▪ At Least One Set of Laptops per Grade Level ▪ Replace Obsolete Equipment ▪ Laptop/Tablet Access for Students ▪ Strengthen Wi-Fi Access Points 	 <p>GROWTH</p> <ul style="list-style-type: none"> ▪ DHS & PHS Additions ▪ TCCHS New CTE Facility ▪ DHS & PHS ROTC Facilities ▪ Additional Space/Classrooms ▪ Additional Rig Seating & Parking 	 <p>AGING FACILITIES</p> <ul style="list-style-type: none"> ▪ PHS, TCCHS & DHS Renovations ▪ PJH East Renovations ▪ PJH West Renovations ▪ Jamison MS Renovations ▪ Sablatura MS Renovations ▪ Elementary Renovations
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As of June 30, 2022, expenditures totaled \$219.6 million with most projects completed and under budget. The remaining balance in the fund 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.

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 2022, \$5.6 million in projects were approved to be funded from the capital projects fund.

Pearland Independent School District
Capital Renewal Projects Approved as of February 2022

Year	Project/Equipment	Location/ Equipment Type	Funding Source	Actual Expenditure	Committed	Total Cost	Cost Estimate
FACILITIES							
2020	PA System	Turner High School	2016 Bond	151,634		151,634	
	Roof	Turner High School	2016 Bond	3,184,085	153,924	3,338,009	
	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	
				4,392,198	153,924	4,546,122	
2021	ESC - Parking lot (spot maintenance)	ESC	C/P Funds	67,432		67,432	
	HVAC (1 Boiler)	DHS	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	165,196	3,234	168,430	
	Gym Floor Replacement	Searcy Gym	C/P Funds	162,628	1,115	163,743	
	Roof Replacement	PHS (Searcy Campus)	2016 Bond	2,073,222	347,713	2,420,935	
	Roof Replacement (C Wing)	Carleston Elementary	2016 Bond				350,000
	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	
				2,981,242	352,063	3,683,305	350,000
2022	PA System (Carehawk)	Dawson High School	2016 Bond				375,000
	PA System (Carehawk)	Berry Miller JH	2016 Bond				130,000
	Roof	Silvercrest Elementary	2016 Bond				956,593
	Roof	Silverlake Elementary	C/P Funds				854,568
	HVAC (1 Boiler)	Dawson High School	C/P Funds				65,000
	HVAC (One 190 Ton Chiller)	Magnolia Elementary	C/P Funds				200,000
	ALA Avadek	PACE	C/P Funds				20,000
							2,601,161
TOTAL				\$7,373,440	\$505,987	\$8,229,427	\$2,951,161
ATHLETICS							
2020	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	
				543,900		543,900	
2021	PA System Replacement at Gym	PHS (Searcy)	2016 Bond	80,829		80,829	
	Turf Replacement	Pearland Stadium	C/P Funds	767,287	561	767,848	
	Athletic Fields - LED Lighting	DHS	C/P Funds	654,168	8,476	662,644	
				1,502,284	9,037	1,511,321	
2022	Turf Replacement	Dawson High School	C/P Funds				800,000
							800,000
	TOTAL			\$2,046,184	\$9,037	\$2,055,221	\$800,000

Pearland Independent School District
Capital Renewal Projects Approved as of February 2022 (Continued)

Year	Project/Equipment	Location/ Equipment Type	Funding Source	Actual Expenditure	Committed	Total Cost	Cost Estimate
MAINTENANCE & OPERATIONS							
2020	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	
				610,649		610,649	
2021	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	
				204,195		204,195	
2022	Burnishers/Buffers/Carts/Ride-Along	Operations Equipment	C/P Funds				60,000
	Truck (1)	Maint. & Operations	C/P Funds				60,000
							120,000
TOTAL				\$814,844		\$814,844	\$120,000
TRANSPORTATION							
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	
				640,301		640,301	
2021	Above Ground Fuel Tank	Equipment	2016 Bond	494,334	76,986	571,320	
	(5) 71-Passenger (5 Units)	Buses	C/P Funds	536,125	800	536,925	
	(1) 54-Passenger (1 Unit)	Buses	C/P Funds	108,250		108,250	
				1,138,709	77,786	1,216,495	
2022	Mobile Wash Units (East & West)	Equipment	C/P Funds				41,000
	71-Passenger (6 Units)	Buses	C/P Funds				746,850
	54-Passenger (2 Units)	Buses	C/P Funds				222,550
							1,010,400
TOTAL				\$1,779,010	\$77,786	\$1,856,796	\$1,010,400
TECHNOLOGY							
2020	Vans (2)	Vehicles	C/P Funds	69,454		69,454	
	400 Student Computers	Equipment	C/P Funds	203,140		203,140	
				272,594		272,594	
2021	Network Hardware (DHS, South, Silvercrest)	Classroom Systems	2016 Bond	369,264		369,264	
				369,264		369,264	
2022	Production Servers	District-Wide	2016 Bond				140,000
	Network Updates	District-Wide	2016 Bond				90,000
	Board Room Tech	District-Wide	C/P Funds				76,000
							306,000
TOTAL				\$641,858		\$641,858	\$306,000

**Pearland Independent School District
Capital Renewal Projects Approved as of February 2022 (Continued)**

Year	Project/Equipment	Location/ Equipment Type	Funding Source	Actual Expenditure	Committed	Total Cost	Cost Estimate
CAREER & TECHNICAL EDUCATION							
2020	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	
				133,783		133,783	
2021	(1) A/V Computer Lab	PHS	2016 Bond	32,407		32,407	
	(1) Animation Computer Lab	PHS	2016 Bond	32,407		32,407	
	(1) Upgraded Computer Lab	PHS	2016 Bond	32,407		32,407	
	(1) Basic Computer Lab (30 Desk Computers)	PHS	2016 Bond	16,617		16,617	
	(1) IT Computer Lab (22 Desk Computers)	THS	2016 Bond	27,778		27,778	
	(1) Alignment Lift	PHS	2016 Bond	34,300		34,300	
	(1) Forklift	THS	2016 Bond	29,586		29,586	
				205,503		205,503	
2022	(1) Animation Computer Lab	Dawson High School	2016 Bond				56,700
	(2) Engineering Computer Lab	Turner High School	2016 Bond				113,400
	HS Series Router 48x48 (Construction Lab)	Pearland High School	C/P Funds				22,000
	Tire Balancer	Pearland High School	C/P Funds				20,000
	Tire Changer	Pearland High School	C/P Funds				34,000
							246,100
TOTAL				\$339,286		\$339,286	\$246,100
FINE ARTS							
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	
				338,386		338,386	
2021	Auditorium Light System	DHS	2016 Bond		125,420	125,420	
	Acoustic Shells	PJH South	C/P Funds		38,670	38,670	
	Stage Fly System	DHS	C/P Funds	16,169		16,169	
	Instruments (15-20+ Years Old)	Fine Arts	C/P Funds	251,583	28,415	279,998	
				267,752	192,505	460,257	
2022	Acoustic Shells	Dawson High School	C/P Funds				38,463
	Instruments (15-20+ Years Old)	Fine Arts	C/P Funds				80,000
							118,463
TOTAL				\$606,138	\$192,505	\$798,643	\$118,463
OTHER							
2020	Cafeteria Table & Chair replacements	Silverlake	C/P Funds	11,385		11,385	
				11,385		11,385	
2021	Trailer for Reunification	ESC	C/P Funds	7,715		7,715	
				7,715		7,715	
TOTAL				\$19,100		\$19,100	
ANNUAL TOTALS							
2020				\$6,943,197	\$153,924	\$7,097,121	-
2021				6,676,664	631,391	7,658,055	350,000
2022				-	-	-	5,202,124
TOTAL - ALL YEARS				\$13,619,861	\$785,315	\$14,755,176	\$5,552,124

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Informational Section



Sophia Fu
Dawson High School

“Always Ready”

TAX OVERVIEW

The District used April certified estimated values for the 2022 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 \$9.9 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 2022-23 fiscal year budget at the June 14, 2022 board meeting based on a tax rate of \$1.2931, which is the sum of a Maintenance & Operations (M&O) tax rate of \$0.9450 and an Interest and Sinking (I&S) or debt service tax rate of \$0.3481.

The District does not receive any 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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
I&S	0.3757	0.3757	0.3756	0.3756	0.3756	0.3556	0.4256	0.4256	0.3956	0.3481
M&O	1.0400	1.0400	1.0400	1.0400	1.0400	1.0600	0.9700	0.8929	0.9196	0.9450
Total	1.4157	1.4157	1.4156	1.4156	1.4156	1.4156	1.3956	1.3185	1.3152	1.2931

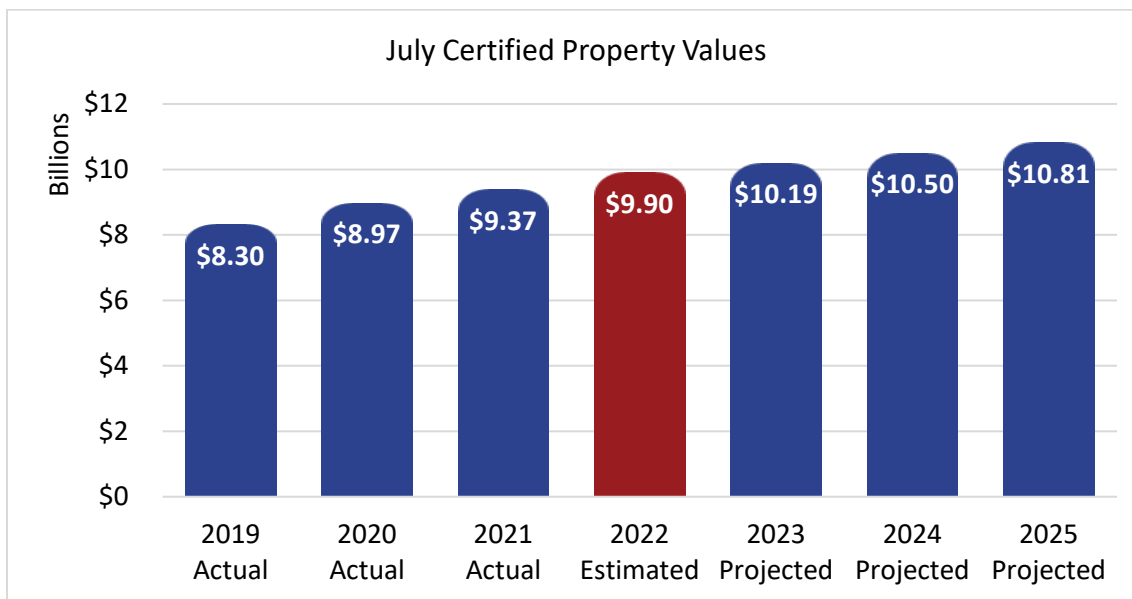
* It is important to note, that as of the date of budget adoption, the Board of Trustees had not adopted the official tax rate. The Board of Trustees will adopt the 2021 tax rate at the August board meeting; our district's transparency page will detail the official approved tax rate and budget amendments. The adopted M&O tax rate will be dependent on TEA's calculated maximum compressed tax rate and whether the Board of Trustees adopt a tax rate that exceeds its voter-approval tax rate. This document and associated financial statements are based on the adopted budget with an M&O tax rate of \$0.8825 and do not reflect amendments that may be made post-rate adoption, shall the Board adopt a higher tax rate.

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 2022 BCAD/HCAD Certificate of Estimated Values were used to calculate and project 2022-23 tax collections. For fiscal year 2023-24 and beyond, the District estimated those values to increase 3% 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 the county's certified estimates show approximately 12.93% in property value growth for tax year 2022, the district opted to use a 5.58% growth for budget purposes and forecasts a 3% 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
2023 Estimated	122,731,391	120,890,420	98.50%			0.00%
2022	118,140,994	116,602,129	98.70%		116,602,129	98.70%
2021	113,625,074	112,272,579	98.81%	957,761	113,230,340	99.65%
2020	111,311,371	109,895,091	98.73%	993,544	110,888,635	99.62%
2019	105,921,921	104,610,322	98.76%	1,097,732	105,708,054	99.80%
2018	105,893,344	104,494,272	98.68%	1,267,551	105,761,823	99.88%

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.

The example below shows the taxes rate's effect on the average taxpayer, without a homestead exemption, per \$100 residence value:

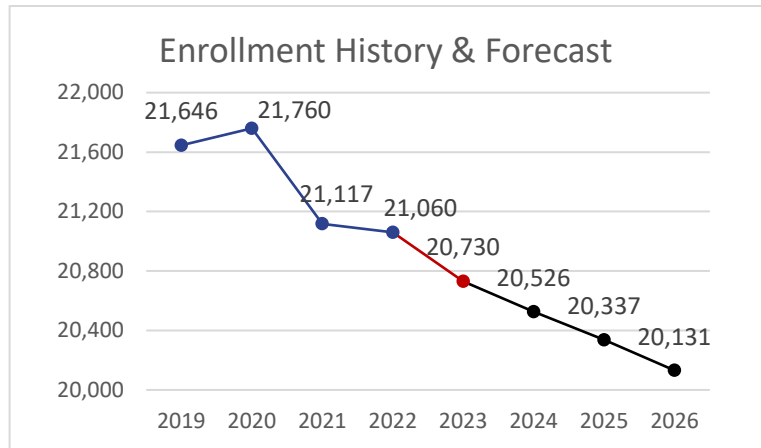
Fiscal Year	2018-19	2019-20	2020-21	2021-22	2022-23
Tax Year	2018	2019	2020	2021	2022
Average Market Value of Residence	\$263,087	\$284,416	\$291,952	\$307,157	\$365,159
Average Taxable Value of Residence	\$238,087	\$259,416	\$257,742	\$272,650	\$287,385
Tax Rate	\$1.4156	\$1.3956	\$1.3185	\$1.3152	\$1.3027
Taxes Due on Average Residence	<u>\$3,370.36</u>	<u>\$3,620.41</u>	<u>\$3,398.33</u>	<u>\$3,585.89</u>	<u>\$3,743.76</u>

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.



2022-23 Enrollment Projections and Three-Year Forecast

GRADE	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Projected	2024 Projected	2025 Projected	2026 Projected
EE	106	127	111	111	89	89	89	89
PK	312	277	308	317	422	447	473	500
KG	1,303	1,378	1,203	1,270	1,210	1,210	1,210	1,210
1	1,479	1,405	1,370	1,279	1,284	1,296	1,296	1,296
2	1,527	1,521	1,397	1,411	1,342	1,321	1,342	1,342
3	1,589	1,591	1,488	1,433	1,421	1,371	1,360	1,393
4	1,625	1,616	1,547	1,509	1,430	1,431	1,380	1,369
5	1,699	1,715	1,614	1,590	1,547	1,465	1,475	1,426
6	1,688	1,733	1,732	1,665	1,626	1,590	1,506	1,515
7	1,697	1,740	1,727	1,767	1,676	1,646	1,610	1,524
8	1,700	1,717	1,727	1,753	1,746	1,683	1,655	1,618
9	1,810	1,791	1,767	1,814	1,810	1,823	1,758	1,727
10	1,738	1,743	1,735	1,717	1,765	1,749	1,764	1,703
11	1,716	1,684	1,714	1,709	1,695	1,722	1,707	1,722
12	1,657	1,722	1,677	1,715	1,667	1,683	1,712	1,697
Total	21,646	21,760	21,117	21,060	20,730	20,526	20,337	20,131

PERSONNEL RESOURCE ALLOCATIONS (In Full Time Equivalent - FTEs)

	2019	2020	2021	2022	2023
Teachers:					
Total Teaching Staff	1,307	1,299	1,318	1,301	1,278
Professional Support:					
Athletic Trainer	9	9	9	9	9
Counselor	53	51	54	53	53
Educational Diagnostician	6	9	7	7	13
Librarian	19	20	19	19	19
LSSP/Psychologist	21	17	19	16	16
Other Campus Professional	15	17	23	14	11
Other Non-Instructional	110	116	112	122	121
School Nurse	17	19	21	25	25
Speech Therapist/Pathologist	18	19	21	21	21
Truant Officer	5	5	5	5	5
Total Professional Staff	273	282	290	291	293
Administrative Staff:					
Assistant Principal	49	49	49	50	48
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	96
Total Professional Staff	1,673	1,673	1,701	1,688	1,663
Para-Professional Staff:					
Educational Aide	168	191	189	197	201
Total Para-Professional Staff	168	191	189	197	201
Auxiliary					
Auxiliary	714	715	691	686	679
Total Auxiliary	714	715	691	686	679
Total Personnel	2,555	2,579	2,581	2,571	2,543

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.

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 in the Houston metro area for excellent academics and student culture in the 2022 Niche ratings. Pearland ISD was also ranked best school district 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 2020-2021, the percentage of Pearland ISD students scoring a 3 or better on AP exams was 14.9 points above the state and 5.7 points above the world. AP Scholars are students who scored 3 or higher on 3 or more AP exams. In 2022, Pearland ISD had 763 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 2021-2022 school year, Pearland students enrolled in 3,152 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 66 points above the state average while ACT scores were an impressive 4.1 points above the Texas average.

PERFORMANCE MEASURES

Dropout Rates

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

Source: TEA Annual Dropout Data (2022 unavailable as of the date of this report)

Percentage of Students with Free or Reduced-Price Meals

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

Source: District PEIMS Reports; TEA Texas Academic Performance Report (State data for 2022 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
Overall		94	A
Student Achievement		93	A
STAAR Performance	65	91	
College, Career and Military Readiness	75	94	
Graduation Rate	99.8	95	
School Progress		92	A
Academic Growth	80	92	A
Relative Performance (Eco Dis: 32.9%)	70	91	A
Closing the Gaps	96	96	A

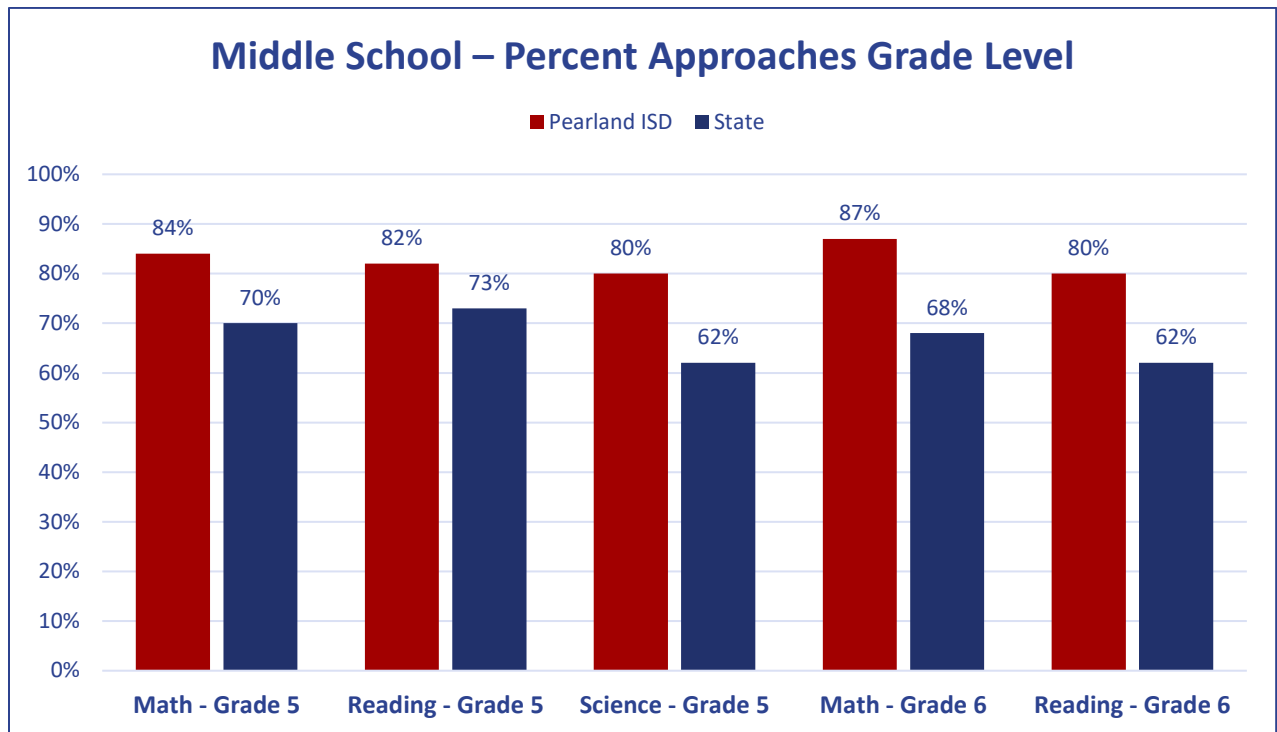
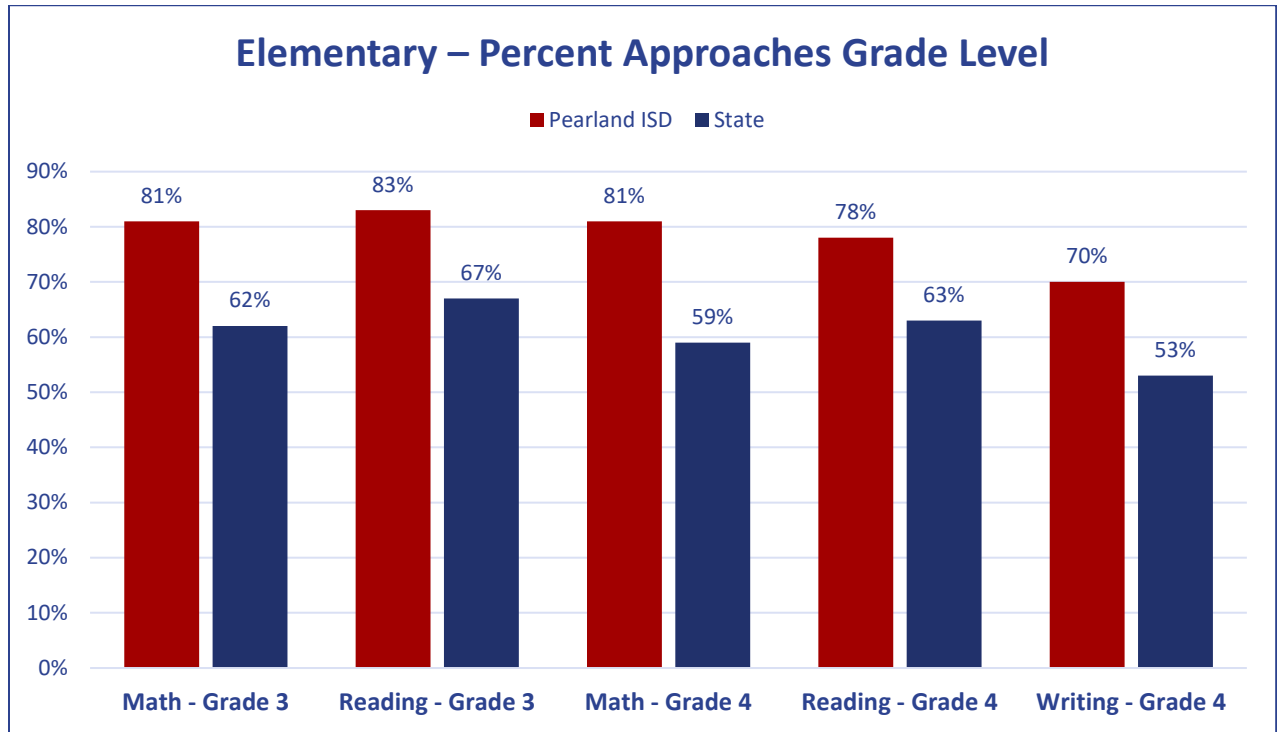
Source: TEA Texas Academic Performance Report

2020 & 2021 STATE ACCOUNTABILITY RATINGS

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

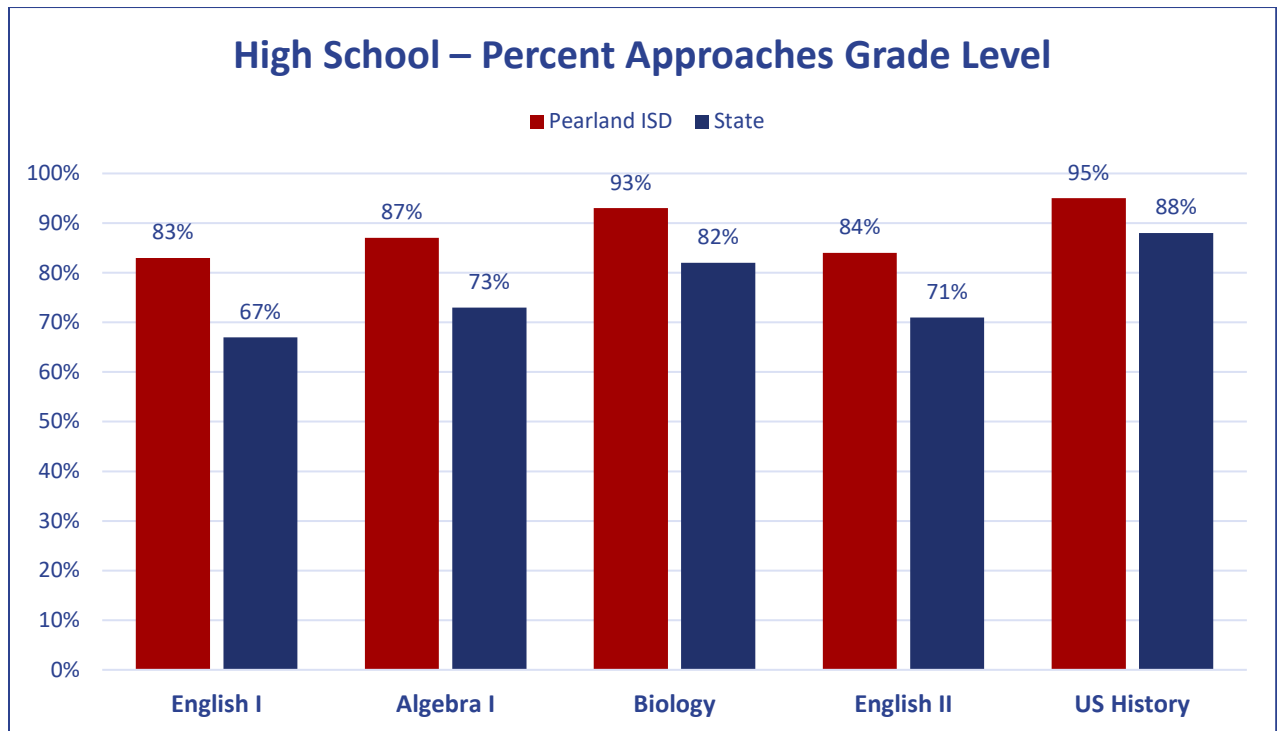
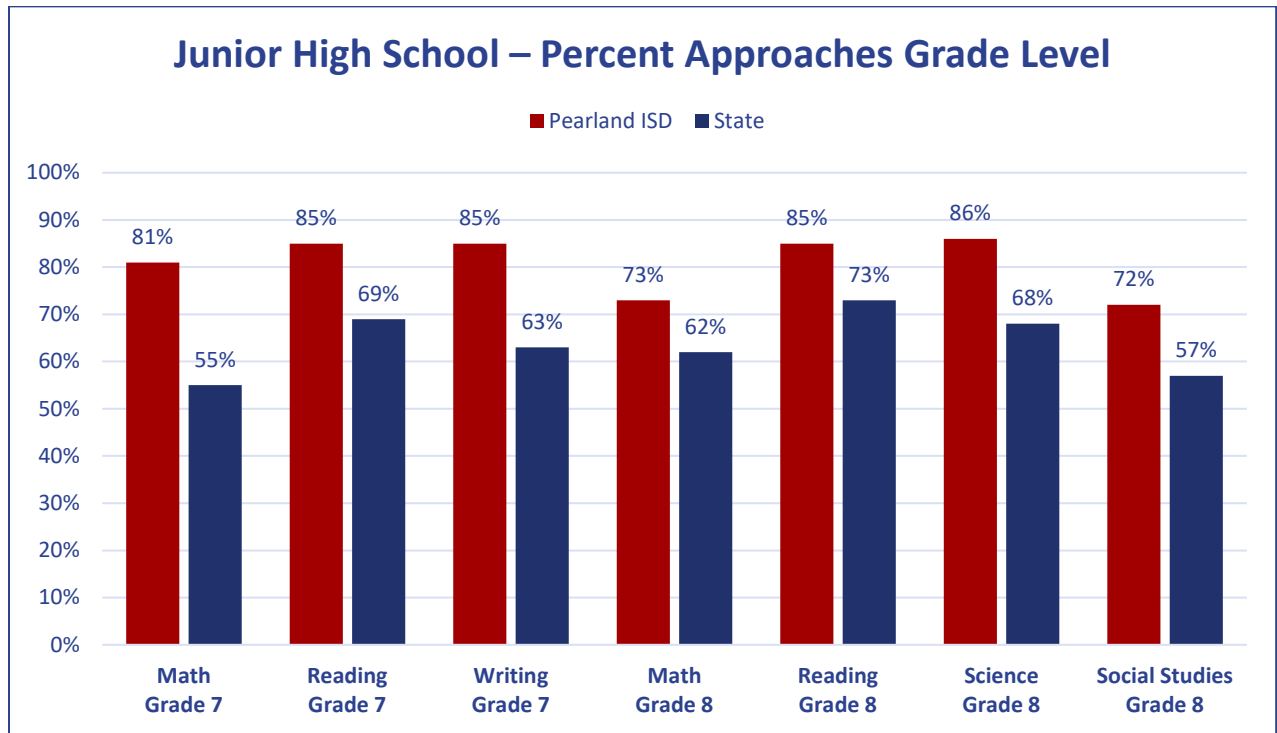
Given the continued impact of COVID-19 pandemic, all districts and schools received a label of Not Rated: Declared State of Disaster for their 2021 accountability ratings. This is the second year in a row Texas districts have received this label. Fiscal year 2019-2020 assessment testing was not administered 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.

2021 State of Texas Assessments of Academic Readiness (STAAR) Results



Source: TEA Texas Academic Performance Report

2021 State of Texas Assessments of Academic Readiness (STAAR) Results (continued)



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	31%	18%
Math	35%	18%
Science	43%	20%
Social Studies	41%	29%
Writing	21%	9%

PERCENTAGE OF STUDENTS WHO MET GRADE LEVEL

Subject	Pearland ISD	State
Reading	61%	45%
Math	59%	37%
Science	69%	44%
Social Studies	63%	49%
Writing	52%	30%

PERCENTAGE OF STUDENTS WHO APPROACHED GRADE LEVEL

Subject	Pearland ISD	State
Reading	83%	68%
Math	83%	66%
Science	87%	71%
Social Studies	84%	73%
Writing	77%	58%

Graduation Rate

2020 GRADUATION RATE	Pearland ISD	State
Four-Year Graduation Rate	98.9%	90.3%
Dropout Rate	0.1%	5.4%

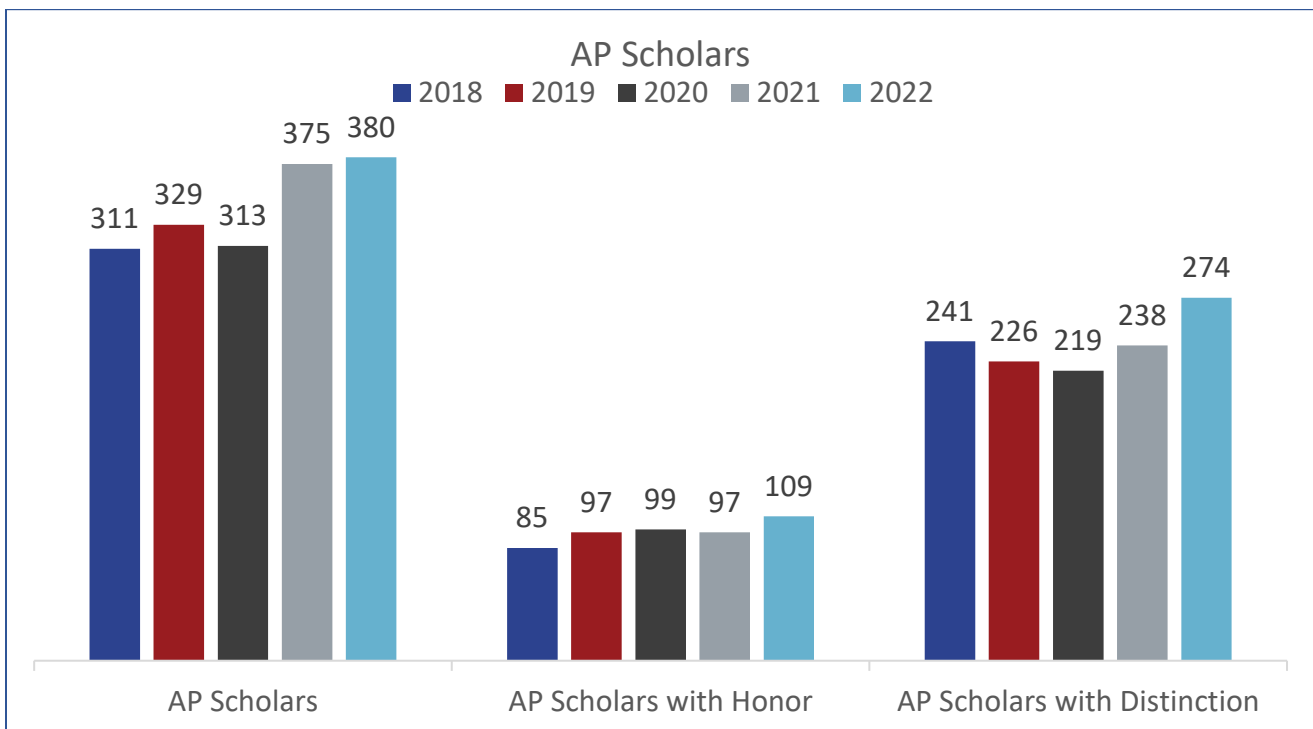
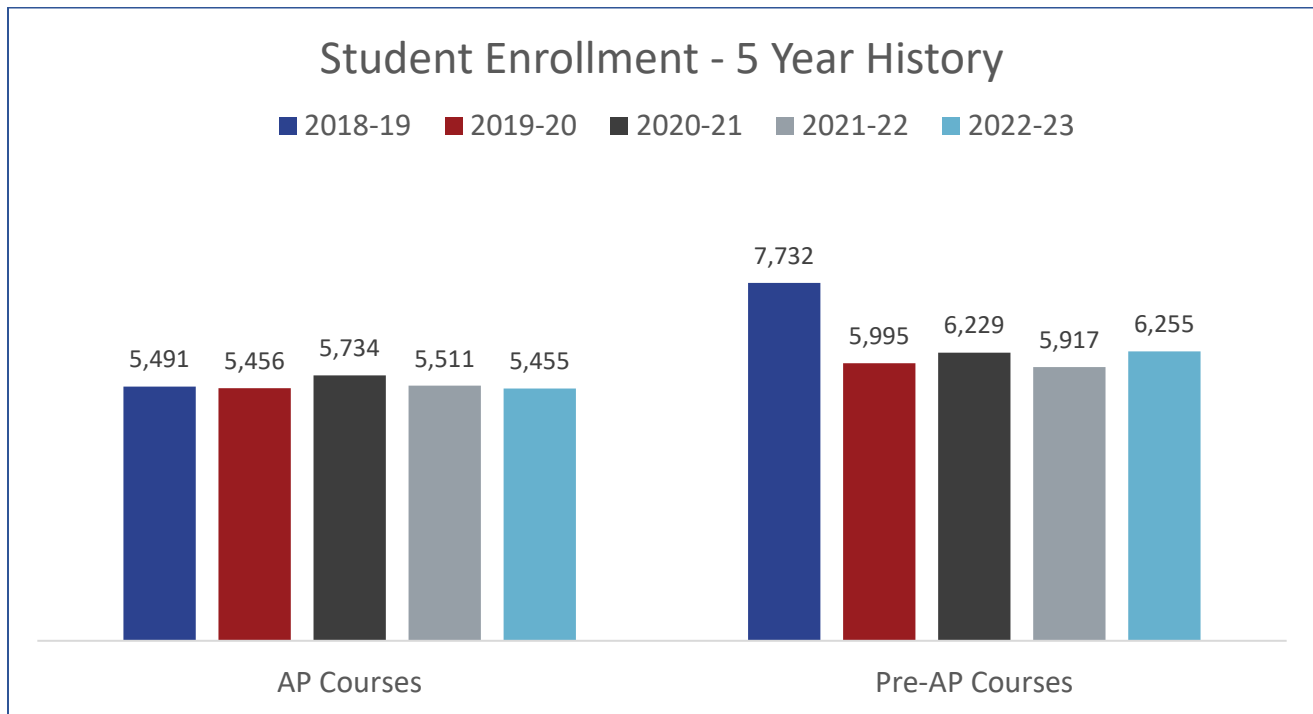
Source: TEA Texas Academic Performance Report

College, Career, and Military Readiness (CCMR)

COLLEGE, CAREER, AND MILITARY READINESS	Pearland ISD	State
Met TSI Criteria in both ELA/Reading and Mathematics	51%	41%
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%	19%
Earned an associate Degree	7%	3%
Graduated with Completed Individual Education Program (IEP) and Workforce Readiness	3%	2%
Enlisted in the Armed Forces	N/A	N/A
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%

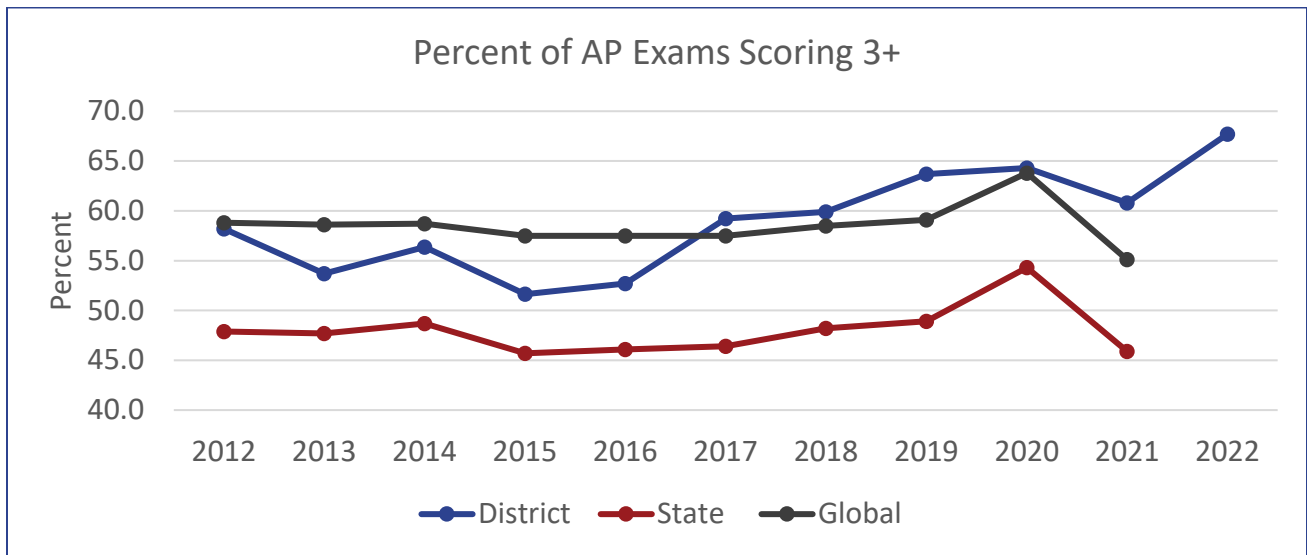
Source: TEA Texas Academic Performance Report

ADVANCED ACADEMICS

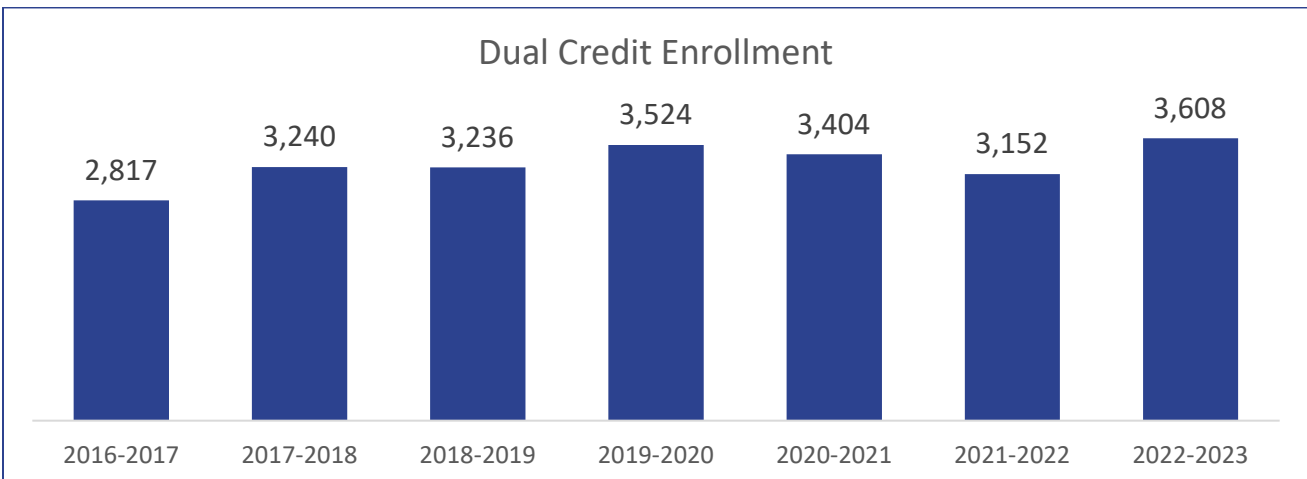
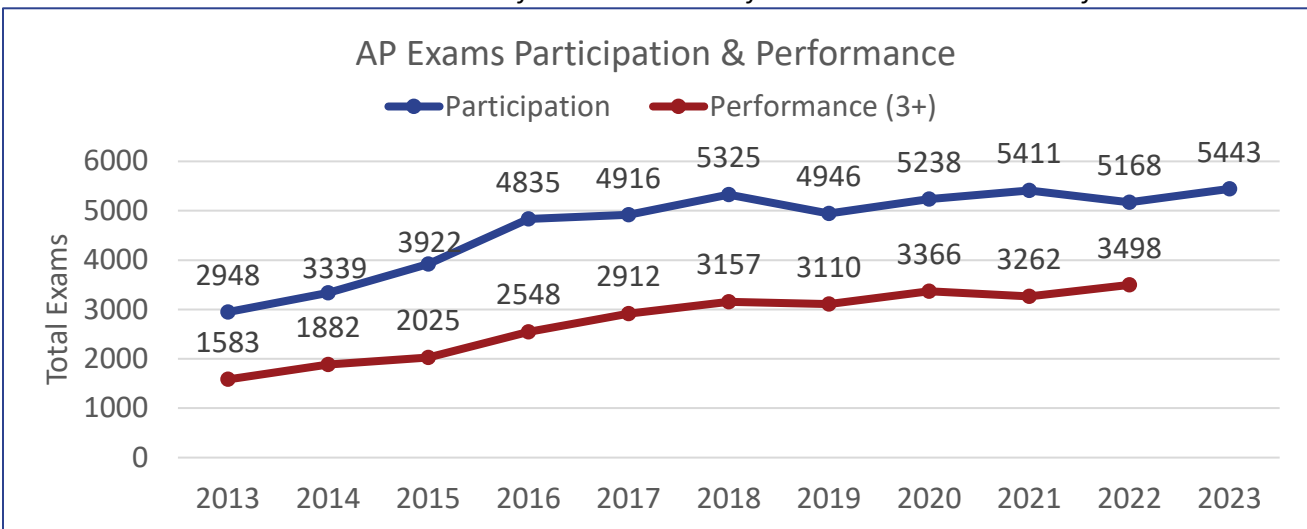


Note: AP National Scholars were discontinued by College Board for FY2021

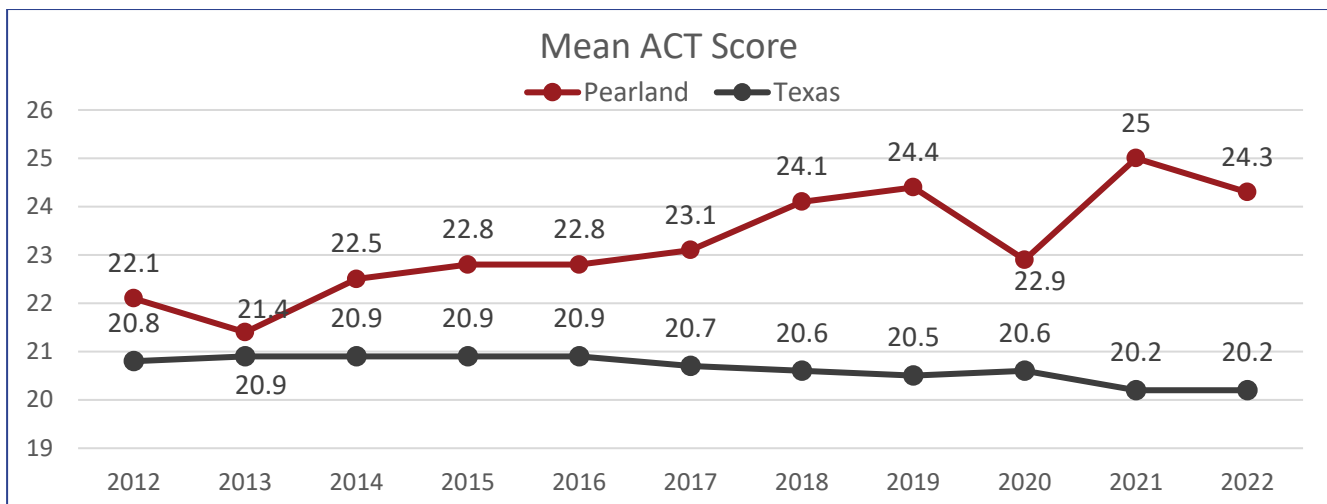
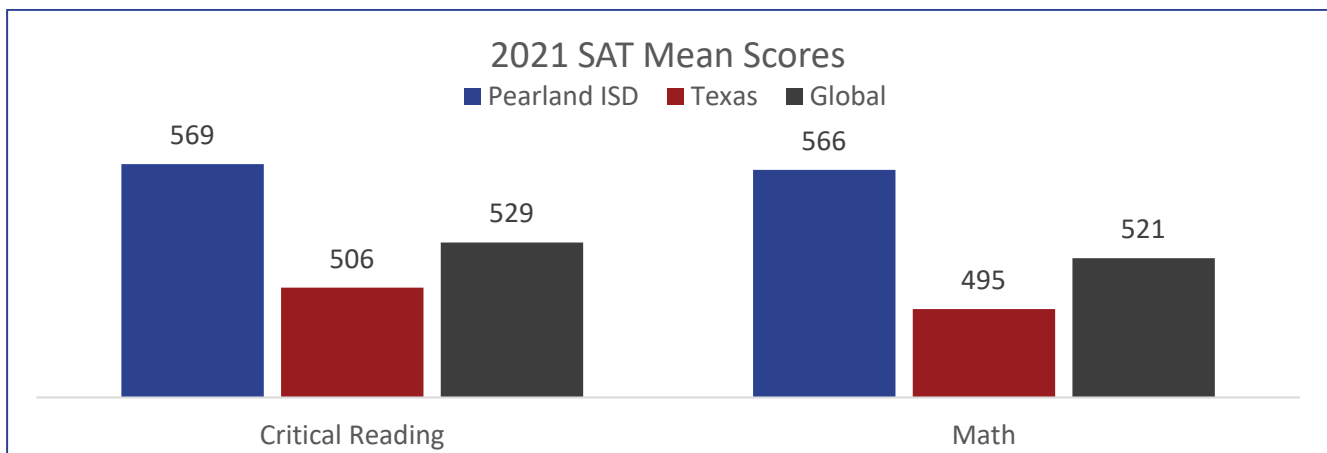
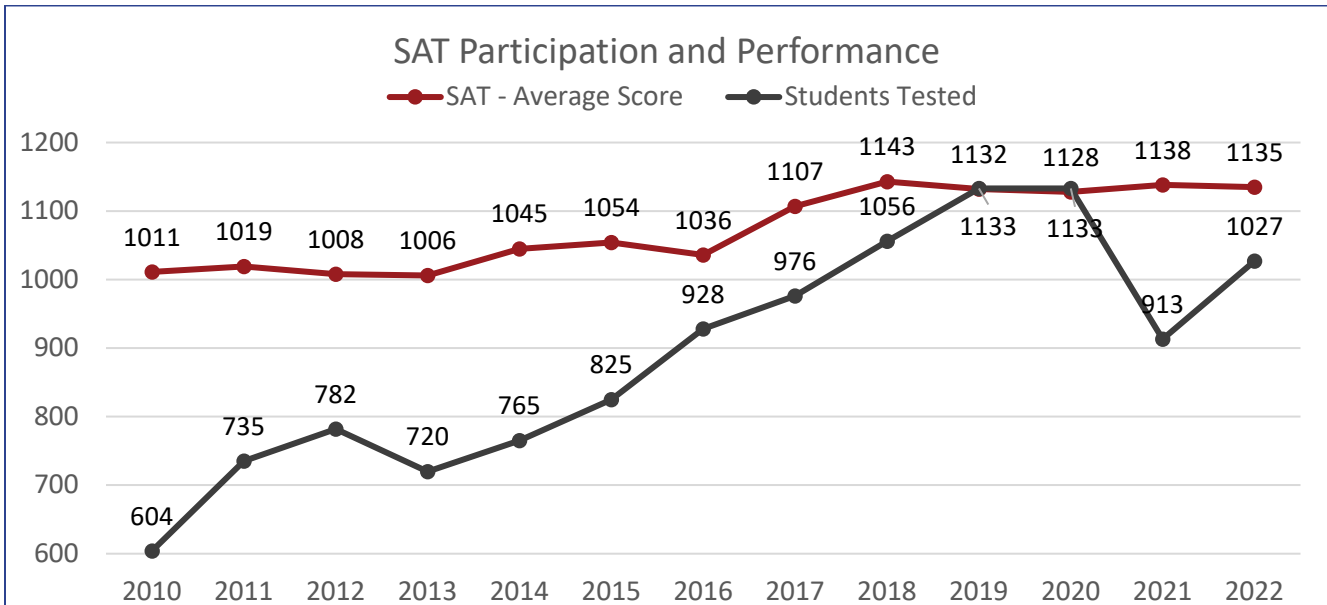
AP TEST PARTICIPATION RATES AND PERFORMANCE



Note: State and Global Percent of AP Exams and Performance was not available for FY22



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	PSD – 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 3 – House Bill 3	
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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