

# Annual Financial Report Summary

For the Fiscal Year Ended June 30, 2021



**Pearland Independent School District**

Pearland, Texas



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**On the cover:**  
**Faith Ni**  
**Dawson High School**  
**Rodeo Art—Special Merit**  
**“Working the Clove Hitch”**

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This Annual Financial Report Summary features artwork from District students who participated in the 2021 Houston Livestock Show and Rodeo art program competition. These pieces won best of show, gold medal and special merit for their Western themed art. To view all of the participating students’ artwork visit [www.pearlandisd.org/rodeoart](http://www.pearlandisd.org/rodeoart).

# SUPERINTENDENT'S MESSAGE

To the Citizens of Pearland Independent School District:

Transparent, clear, and detailed information are among the chief attributes of our outstanding Business Office under the leadership of our Chief Financial Officer, Jorgannie Carter. One exemplary evidence is this publication, titled the Pearland ISD Annual Financial Report Summary for the fiscal year ended June 30, 2021. The document has achieved past/present state acclamation and demonstrates sound fiscal policies in the midst of extremely challenging times. We hope you find this report to be easy-to-read and informative. It helps confirm the reasons we continue to receive a Superior rating from the Texas Education Agency for our financial accountability as well as top ratings from TXSmartSchools (<https://txsmartschools.tamu.edu/Apples2Apples/chart.aspx>) for our combination of high student achievement and low expenditures.

We are collectively very thankful for our citizens, perhaps more than in any other recent year. By a strong majority, our community recently passed (November 2021) a Tax Ratification Election allowing the district to receive additional state and local revenue – and without a tax rate increase. Various factors continue to grow the population and business community in Pearland, despite the difficulties posed by the Covid pandemic. Such growth has increased the value of residential and business property – fueled in part by the attractiveness and accomplishments of our school district.

However, significant financial challenges remain. Our school district receives considerably less revenue per student than the state average - partly because of state and federal funding formulas, partly because of student demographics and partly because of the very low Maintenance and Operations Tax rate maintained for decades in our community. If we want to keep and recruit the outstanding faculty/staff, we must find ways to make every dollar stretch so that Pearland ISD can continue to shine among the 1,000 plus school systems in our state.

May God continue to bless Pearland ISD!



**Dr. John P. Kelly**  
Superintendent

A handwritten signature in black ink, appearing to read 'Sophia Phu'.

Sophia Phu  
Dawson High School  
Rodeo Art—Best of Show  
“A Moment in Time”



# ABOUT THE DISTRICT

**PEARLAND ISD** is one of eight public school districts located in Brazoria County.

In addition to the regular educational program from pre-kindergarten to grade twelve, the District offers programs in areas such as vocational education, special education, bilingual/dual language, gifted and talented, and compensatory education.

All of the District's schools are fully accredited by the TEA and the Southern Association of Colleges and Schools.

**MISSION** 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 .

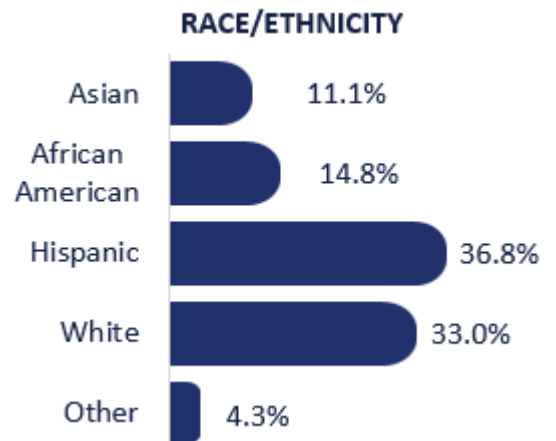
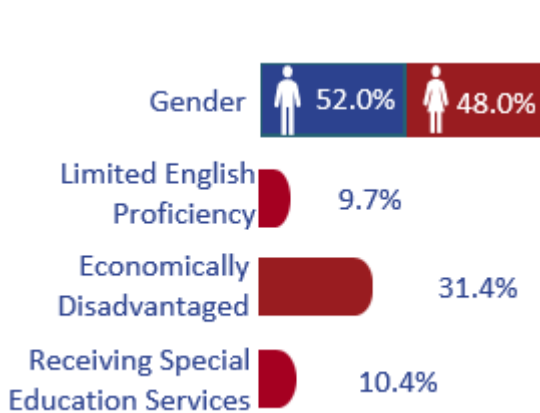
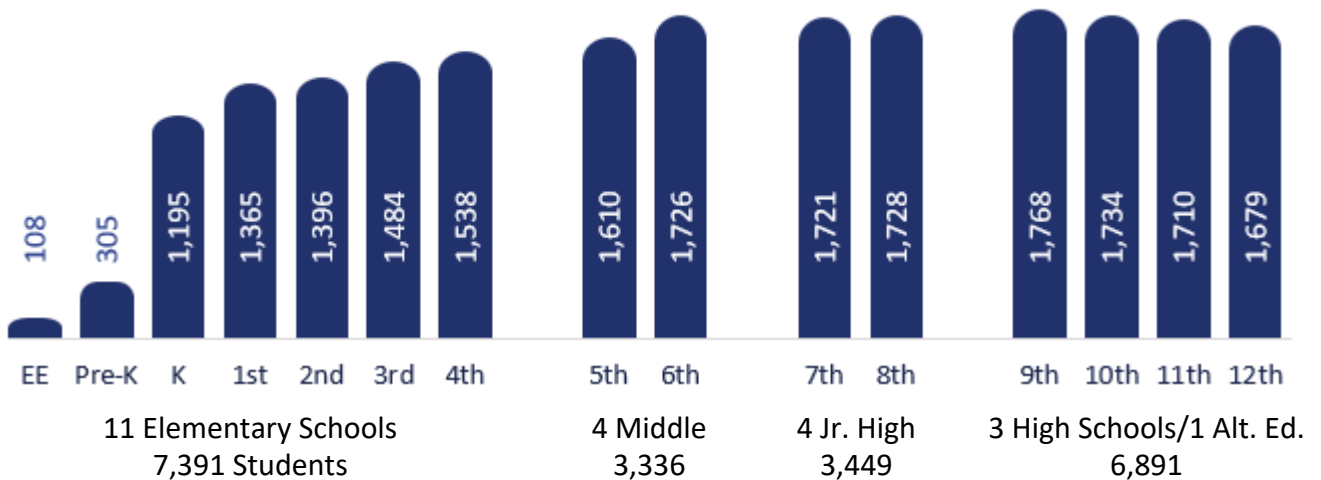
**BELIEFS** We believe:

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

## ENROLLMENT DEMOGRAPHICS

2020-2021 Enrollment by Grade Level

Total 21,067 Students



# BOARD OF TRUSTEES



**Jeff Barry**  
Vice President



**Sean Murphy**  
President



**Rebecca Decker**  
Secretary



**Toni Carter**



**Kristofer Schoeffler**



**Crystal Carbone**



**Lance Botkin**

## ADMINISTRATION

<b>Dr. John P. Kelly</b> .....	Superintendent
<b>David Moody</b> .....	Deputy Superintendent
<b>Jorgannie Carter, CPA, RTSBA</b> .....	Chief Financial Officer
<b>Dr. Nyla Watson</b> .....	Chief Academic Officer
<b>Dr. Brenda Waters</b> .....	Sr. Asst. Superintendent for Elementary Education
<b>Larry Berger</b> .....	Asst. Superintendent for Support Services
<b>Dr. Lisa Nixon</b> .....	Asst. Superintendent for Special Programs
<b>Dr. Sundie Dahlkamp</b> .....	Executive Director for Human Resource Services
<b>Dr. LaKesha Henson-Vaughn</b> .....	Executive Director of Intermediate Schools
<b>Kim Hocott</b> .....	Executive Director of Communications
<b>Kelly Holt</b> .....	Executive Director of High Schools
<b>Tanya Dawson</b> .....	General Counsel
<b>Jon-Paul Estes</b> .....	Chief Technology Officer

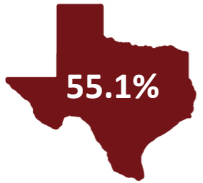
**72.3%**

**OF DISTRICT REVENUES ARE ACCOUNTED FOR IN THE GENERAL OPERATING FUND**



**LOCAL**

Local revenues generated \$78.6 million or 43% of all general fund revenues. Most local revenues are comprised of property tax collections and decreased by 1.8% from the prior fiscal year, mostly due to the State's property value tax compression for maintenance and operations (M&O).



**STATE**

The district received \$100.7 million in State revenues; an increase of 0.7% from prior year, due to the property tax compression shifting funding from local property tax revenues to the State.

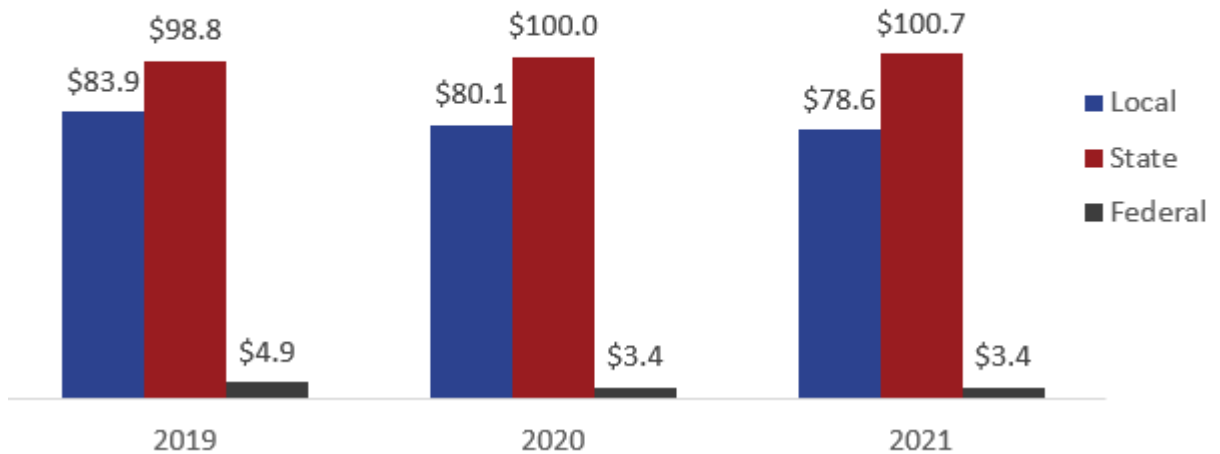


**FEDERAL**

Revenues received from federal sources account for \$3.4 million or 1.9% of total revenues. Most federal revenues come from reimbursements through Medicaid for providing School Health and Related Services (SHARS) and indirect costs charged to grants.

**\$182.7 MILLION**  
**TOTAL GENERAL FUND REVENUES**

**General Fund Revenue Sources**  
(Fiscal Years Ended June 30 | in Millions)



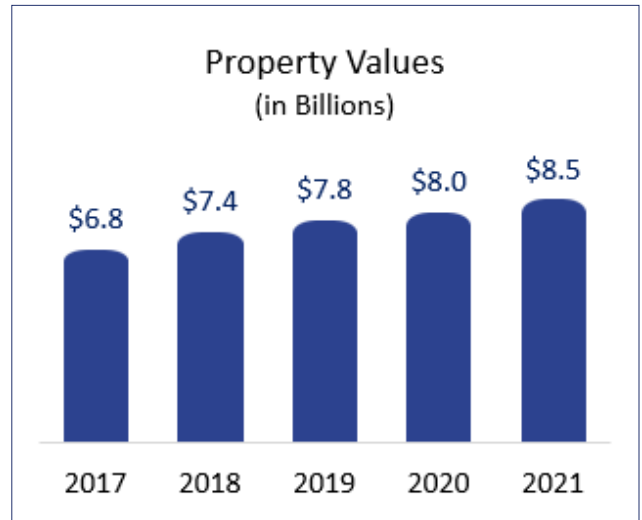
# PROPERTY VALUES & TAX RATES

Property taxes (also called ad valorem taxes) are locally assessed taxes. The Brazoria County Appraisal District (BCAD) appraises property located in the Pearland ISD boundaries and collects property taxes based on the tax rates that are set by the District.

**Property Values** — Property values for fiscal year 2020-21 increased by \$453 million or 5.6% from 2019-20.

**Tax Rate** — The tax rate adopted is the lowest in over four decades. The 2020 Maintenance and Operations (M&O) tax rate was compressed by 7.71 cents from \$0.97 in 2019 to \$0.8929 in 2020. The debt service (I&S) tax rate remained unchanged to meet the District’s debt obligations for 2020-21.

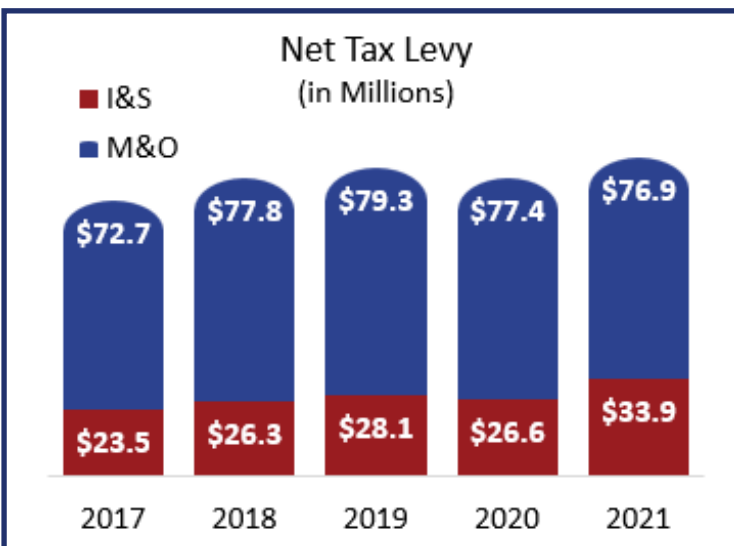
**Tax Collections**— The District collected 98.8% of assessed taxes during the year.



Gracin Nguyen  
Dawson High School  
Rodeo Art—Gold Medal  
“Heavy is the Hand that Carries the Badge”

TAX RATE HISTORY			
	2018-19	2019-20	2020-21
<b>M&amp;O</b>	\$1.0600	\$0.9700	\$0.8929
<b>I&amp;S</b>	0.3556	0.4256	0.4256
<b>Total</b>	\$1.4156	\$1.3956	\$1.3185

Tax rates are per \$100 of assessed value.



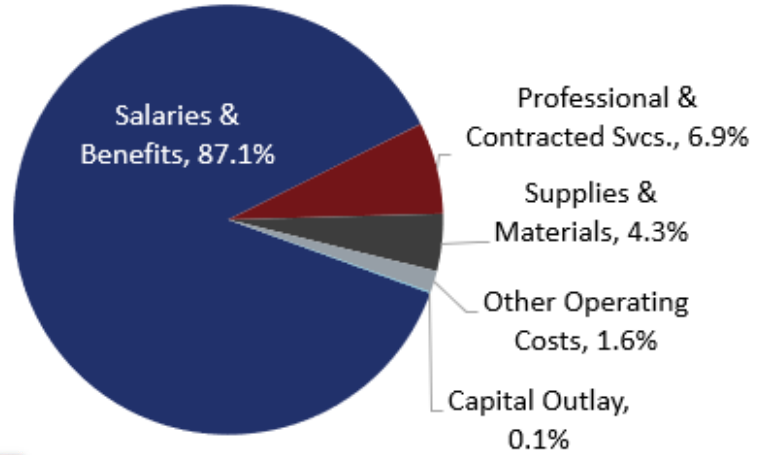
# \$183.1 MILLION

## TOTAL GENERAL FUND EXPENDITURES

Pearland ISD had \$183.1 million in general fund expenditures during fiscal year 2021; an increase of \$6.8 million or 3.8% from prior year. The increase in expenditures was mostly due to a general pay increase of 4% for all employees.

The primary use of funds in the general fund is for instruction and instructional related services encompassing 63% of total expenditures; spending its funds where it matters most...in the classroom.

Expenditures by Object



Kinsleigh Miller  
CJ Harris Elementary  
Rodeo Art—Gold Medal  
"Off to the Rodeo"

### DETAIL OF EXPENDITURES BY FUNCTION

**Instruction (59.4%)** - Direct costs related to the interaction between teachers and students.

**Instructional Resources & Media Services (1.0%)** - Costs to operate campus libraries.

**Curriculum & Staff Development (2.7%)** - Costs to aid instructional staff in planning, developing and evaluating the process of providing learning experiences for students.

**Instructional Leadership (1.4%)** - Costs for managing, directing, supervising and providing leadership to campus staff.

**School Leadership (6.4%)** - Costs for directing, managing, and supervising campus operations.

**Guidance & Counseling Services (4.1%)** - Costs of psychological services, student evaluation, testing, and educational and occupational counseling.

**Health Services (1.2%)** - Costs for physical health services such as appropriate medical, dental, and nursing services to students.



EXPENDITURES BY FUNCTION	FY 2019	FY 2020	FY 2021
11 Instruction	\$ 100,542,435	\$ 103,040,138	\$ 108,722,819
12 Instructional Res. and Media Services	1,763,132	1,837,341	1,775,924
13 Curriculum and Staff Development	5,158,795	5,162,170	4,917,101
21 Instructional Leadership	2,309,478	2,233,065	2,654,679
23 School Leadership	11,490,315	11,660,964	11,677,502
31 Guidance and Counseling Services	6,666,330	7,269,276	7,439,426
32 Social Work Services	627,549	639,339	779,019
33 Health Services	1,680,191	1,823,801	2,188,370
34 Student (Pupil) Transportation	6,747,608	6,076,780	6,208,460
36 Co-curricular Activities	4,168,496	4,322,898	4,557,541
41 General Administration	4,575,629	4,340,898	4,771,348
51 Plant Maintenance and Operations	20,201,580	20,081,221	20,641,027
52 Security and Monitoring Services	1,747,827	2,329,077	1,900,192
53 Data Processing Services	3,767,168	4,255,251	4,189,698
61 Community Services	8,024	3,585	7,684
81 Facilities Acquisition and Construction	-	531,340	-
95 Alternative Education - JJAEP	83,400	43,100	7,500
99 Other Intergovernmental Charges	655,335	652,926	643,303
<b>Total Expenditures</b>	<b>\$ 172,193,292</b>	<b>\$ 176,303,170</b>	<b>\$ 183,081,593</b>

**General Administration (2.6%)** - Costs associated with the overall general administrative support services of the district.

**Student Transportation (3.4%)** - Costs for transporting students to and from school.

**Co-curricular Activities (2.5%)** - Costs of school-sponsored activities outside of the school day, which provide students with experiences in either a competitive or non-competitive setting.

**Plant Maintenance and Operations (11.3%)** - Costs to keep facilities and grounds in effective working condition and state of repair.

**Security & Monitoring Services (1.0%)** - Costs to keep students and staff surroundings safe.

**Data Processing Services (2.3%)** - Costs related to technology and data services.

**Other Expenditures (0.7%)** - Costs for social work services, community services, acquisition/construction of facilities, and payments made to other governmental entities.

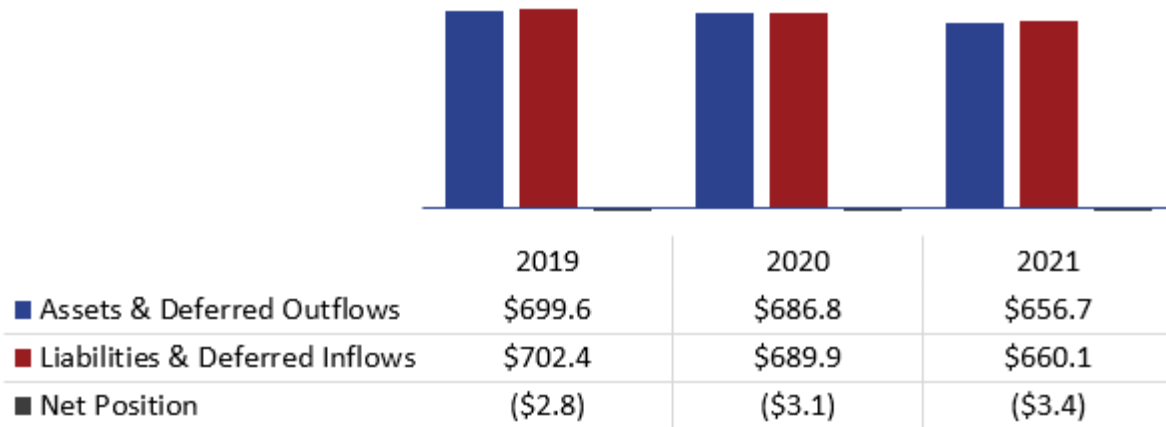
# NET POSITION

The Statement of Net Position provides information on all of the District’s assets (what we own) and liabilities (what we owe), with the difference between the two reported as net position or “net worth”. Changes in net position serves as a useful indicator of whether the financial position of the District is improving or declining.

The District adopted a new governmental accounting standard (GASBS No. 68) in 2015 which required the District to calculate and report its proportionate share of the costs and obligations associated with pensions. Also, the District adopted GASBS No. 75 in fiscal year 2017, requiring the District to report a liability for other postemployment benefits (OPEB), such as retirees’ health insurance. These implementations include recognizing for the first time a large pension liability on the statement of net position, thus significantly reducing our net position in 2017.

During fiscal year 2020-21, the District’s liabilities increased more than its assets resulting in an overall decrease of \$0.3 million in total net position. The fiscal year-end deficit of \$3.4 million is not an indication that the District does not have significant resources available to meet financial obligations next year, but rather, the result of having long-term commitments, specifically the net pension and OPEB liabilities that are more than currently available resources.

District Net Position  
(As of June 30 | in Millions)



Jake Gangloff  
Shadycrest Elementary  
Rodeo Art—Best of Show  
“Cow-n-Barn”

# DEBT SERVICE (PAYMENT OF DEBT)

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, renovation 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.

The District received revenues of \$37.5 million in fiscal year 2020-21; \$36.8 million and \$0.7 million, in local and state revenues, respectively. Principal and interest paid was \$17.0 million and \$19.4 million, respectively, for a total of \$36.4 million. As of fiscal year ended June 30, 2021, the District had a balance of \$401.2 million in general obligation bonds outstanding.

GENERAL OBLIGATION AND REFUNDING BONDS OUTSTANDING AT JUNE 30, 2021				
Date of Issue	Original Issue	Final Maturity	Interest Rates (%)	Outstanding Balance
2013A	\$ 15,490,000	2029	3.00 - 5.00	\$ 12,825,000
2013B	38,155,000	2023	2.00 - 5.00	2,790,000
2014	30,540,000	2029	2.00 - 5.00	17,655,000
2014B	28,655,000	2038	2.00 - 5.00	23,485,000
2016	41,335,000	2032	5.00 - 5.25	41,335,000
2016A	42,200,000	2032	2.00 - 5.00	26,220,000
2017	105,510,000	2042	3.00 - 5.00	105,080,000
2019	75,155,000	2042	3.00 - 5.00	75,155,000
2019A	18,305,000	2042	3.00 - 5.00	18,015,000
2020	78,675,000	2029	5.00	78,675,000
Total	\$ 474,020,000			\$ 401,235,000

## SCHEDULE OF PAYMENT OBLIGATIONS FOR CURRENT OUTSTANDING BOND BALANCES

Year Ending June 30,	Principal	Interest	Total
2022	\$ 15,235,000	\$ 18,612,113	\$ 33,847,113
2023	16,870,000	17,893,513	34,763,513
2024	18,600,000	17,074,863	35,674,863
2025	20,415,000	16,165,263	36,580,263
2026	22,325,000	15,166,862	37,491,862
2027-2031	133,350,000	58,276,362	191,626,362
2032-2036	82,215,000	30,386,112	112,601,112
2037-2041	74,545,000	15,226,100	89,771,100
2042	17,680,000	867,700	18,547,700
Total	\$ 401,235,000	\$ 189,668,888	\$ 590,903,888

# SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. During fiscal year 2020-21 the District spent \$27.8 million and received \$32.5 million in special revenues from local, state, and federal sources.

Federal revenues received were \$26.6 million or 81.7%. Of these revenues, the District received 47.5% or \$12.6 million from COVID-19 Pandemic-related grants and 20% or \$5.3 million to fund the Nutritional School Breakfast and Lunch Program.

Local and state revenues received were \$3.5 million and \$2.5 million, respectively. School fundraising activities accounted for 71% or \$2.5 million of local revenues.

# CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account 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.

A \$220 million bond referendum passed on November 2016 to fund the projects listed on the chart below; all bonds had been issued as of the end of June 30, 2020, and all projects substantially completed as of June 30, 2021. Expenditures from the sale of these bonds aggregate to \$216.7 million.

## BOND PROJECTS



### SAFETY + SECURITY

- Additional fencing at elementary & middle schools
- Add & upgrade security cameras
- Security door controls
- New security entrances



### TECHNOLOGY

- At least one set of laptops per grade level
- Replace obsolete equipment
- Laptop/tablet access for students
- Strengthen Wi-Fi access points



### GROWTH

- DHS & PHS additions
- TCCHS new CTE facility
- DHS & PHS ROTC facilities
- Additional space/classrooms
- Additional stadium seating & parking



### AGING FACILITIES

- PHS, TCCHS & DHS renovations
- PJH East & PJH West renovations
- Jamison & Sablatura MS renovations
- Elementary renovations

# CHIEF FINANCIAL OFFICER'S MESSAGE

The Pearland ISD Business Office Division is charged with the maximization of fiscal resources and utilization of sound financial management. One way in which we support our District and our community is by providing transparency, an ongoing goal of Pearland ISD.

I'm proud of our Business Office Division staff, our shared vision for continuously improving our processes and our grit in striving for financial excellence. We are honored to have received GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for our Annual Financial Report Summary for the last four years. In addition to this award, other financial accolades the District received throughout the year include:

- GFOA's Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International (ASBO) Certificate of Excellence in Financial Reporting award for its Fiscal Year 2020 Annual Comprehensive Financial Report
- No findings of questioned costs in the annual audit of fiscal operations
- ASBO's Meritorious Budget Award for the fiscal year 2021-22 Budget
- The Texas Comptroller's Transparency Star Awards for Traditional Finances and Debt Obligations
- The Texas Association of School Business Officials (TASBO) Award of Merit for Purchasing Operations and Award of Excellence in Financial Management
- The highest rating of Superior under the Schools Financial Integrity Rating System of Texas (FIRST) for the 2019-20 school year
- Consistently earned four or five stars in the Five-Star Rating from TXSmartSchools.org for high academic achievement with cost effective operations
- High credit ratings from Fitch and Moody's

Thank you for reading our 2020-21 AFR Summary. If you have any questions, comments or suggestions regarding this report or any other financial matters, please contact us at 281-485-3203.

Respectfully submitted,

*Jorgannie Carter*

Katherine Xie  
Berry Miller Junior High  
Rodeo Art—Gold Medal  
"Life on the Farm"



**Jorgannie Carter, CPA**  
**Chief Financial Officer**

# OUTSTANDING ACHIEVEMENT AWARD



Government Finance Officers Association

## Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**Pearland Independent School District**  
**Texas**

For its Annual Financial Report  
for the Fiscal Year Ended

2020

*Christopher P. Morrill*

Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Pearland Independent School District for its Annual Financial Report Summary for the fiscal year ended June 30, 2020. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. This is the first time that Pearland ISD has received a Popular Award. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, as we prepare for its submission to GFOA.

Marissa Devivar  
Dawson High School  
Rodeo Art—Gold Medal  
"8 Seconds of Fame"



# ABOUT THE ANNUAL FINANCIAL REPORT SUMMARY

The District’s Annual Financial Report Summary (“AFR Summary”) for the year ended June 30, 2021, is designed to give residents a snapshot of Pearland ISD finances for the prior year, as well as general information that highlights student achievement.

This report summarizes the financial activities and operating results of the District and was gathered from the financial information reported in our audited 2021 Annual Comprehensive Financial Report (ACFR). The ACFR is prepared in conformance with Generally Acceptable Accounting Principles (GAAP) and was audited by KM&L, LLC, receiving a “not modified” (the highest) opinion. However, the AFR Summary is unaudited and presented on a GAAP basis. While the underlying accounting methods are similar to the CAFR, the AFR Summary simplifies reporting by not including all segregated funds, required presentations, and full disclosure of all material financial and non-financial events in the notes to the financial statements.

The District’s administration and school board firmly believe in public scrutiny and transparency of the district finances. Citizens desiring to review full disclosure financial statements may obtain a copy of the ACFR from the Business Office or may view it online at [www.pearlandisd.org/transparency](http://www.pearlandisd.org/transparency).



Jamie Lincoln  
Dawson High School  
Rodeo Art—Special Merit  
“Final Push”



Sion Joo  
Berry Miller Junior High  
Rodeo Art—Best of Show  
“The Texas Grin of Gold”