



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2021

Pearland Independent School District

Pearland, Texas





PEARLAND INDEPENDENT SCHOOL DISTRICT

1928 N. Main Street
Pearland, TX 77581

**Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2021**

Prepared by:
Pearland Independent School District
Business Office Division

PEARLAND INDEPENDENT SCHOOL DISTRICT
Table of Contents

<u>Exhibit</u>	<u>Page</u>
Introductory Section	
Letter of Transmittal	1-7
Certificate of Board.....	8
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	9
ASBO Certificate of Excellence in Financial Reporting.....	10
Board of Trustees and Administration.....	11
Financial Section	
Independent Auditor’s Report	13-15
Management’s Discussion and Analysis	17-26
Basic Financial Statements:	
A-1 Statement of Net Position	27
B-1 Statement of Activities	28
Governmental Fund Financial Statements:	
C-1 Balance Sheet	29
C-2 Reconciliation of C-1.....	30
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balances	31
C-4 Reconciliation of C-3.....	32
Proprietary Fund Financial Statements:	
D-1 Statement of Net Position	33
D-2 Statement of Revenues, Expenses and Changes in Fund Net Position	34
D-3 Statement of Cash Flow	35
Fiduciary Fund Financial Statements:	
E-1 Statement of Fiduciary Net Position	36
E-2 Statement of Changes in Fiduciary Net Position	37
Notes to the Financial Statements.....	39-75
Required Supplementary Information	
G-1 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund	77
G-2 Schedule of Proportionate Share of the Net Pension Liability and Related Ratios – Cost Sharing Employer Plan.....	78-79
G-3 Schedule of Required Retirement Contributions - Cost Sharing Employer Plan	80-81
G-4 Schedule of Proportionate Share of the Net OPEB Liability and Related Ratios – Cost Sharing Employer Plan.....	82
G-5 Schedule of Required OPEB Contributions - Cost Sharing Employer Plan.....	83

ExhibitPage**Other Supplementary Information**

Nonmajor Governmental Funds:	
H-1	Combining Balance Sheet.....86-89
H-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances90-93
Required Texas Education Agency Schedules:	
J-1	Schedule of Delinquent Taxes Receivable.....94-95
J-2	Budgetary Comparison Schedule - Food Service Fund..... 96
J-3	Budgetary Comparison Schedule - Debt Service Fund 97

TablePage**Statistical Section (Unaudited)**

Financial Trends:	
1	Net Position by Component - Last Ten Fiscal Years100-101
2	Statement of Activities - Last Ten Fiscal Years102-103
3	Fund Balances, Governmental Funds - Last Ten Fiscal Years104-105
4	Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years.....106-107
Revenue Capacity:	
5	Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years.....108-109
6	Property Tax Rates - Direct and Overlapping Governments (Per \$100 of Assessed Valuation) - Last Ten Fiscal Years110-111
7	Principal Taxpayers Current Year and Nine Years Ago112
8	Property Tax Levies & Collections - Last Ten Fiscal Years113
Debt Capacity:	
9	Outstanding Debt by Type - Last Ten Fiscal Years.....114
10	Ratios of Net General Obligation Bonded Debt Outstanding - Last Ten Fiscal Years.....115
11	Legal Debt Margin Information - Last Ten Fiscal Years116-117
12	Computation of Estimated Direct and Overlapping Debt118
Demographic and Economic Information:	
13	Demographic and Economic Information - Last Ten Fiscal Years.....119
14	Principal Employers - Current Year and Nine Years Ago120
Operating Information:	
15	Full-Time Equivalent District Employees by Type - Last Ten Fiscal Years.....121
16	Operating Statistics - Last Ten Fiscal Years.....122-123
17	Teacher Base Salaries - Last Ten Fiscal Years124
18	School Building Information - Last Ten Fiscal Years125-126

Federal Awards Section

	Independent Auditor's Report on Internal Control Over Financial Reporting and on compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	127-128
	Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	129-130
	Schedule of Findings and Questioned Costs.....	131
	Schedule of Status of Prior Findings	132
	Corrective Action Plan	133
K-1	Schedule of Expenditures of Federal Awards	134-136
	Notes on Accounting Policies for Federal Awards	137-138





Introductory Section

Avery Gilman
Dawson High School
Rodeo Art – Special Merit
“Tame & Tranquil”





November 4, 2021

Board of Trustees and Taxpayers of
Pearland Independent School District
1928 N. Main St.
Pearland, TX 77581

Dear Board of Trustees and Taxpayers:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) for the Pearland Independent School District (the "District") for the fiscal year ended June 30, 2021. The report was prepared by the District's Business Office. The basic financial statements have been audited by the independent accounting firm of KM&L, LLC, whose report is included herein. The financial data appearing in this report has been prepared in accordance with generally accepted accounting principles and reporting standards as promulgated by the Governmental Accounting Standards Board ("GASB").

Responsibility, for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material respects and is presented in a manner which daily sets forth the financial position and results of operations of the District. Furthermore, we believe that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activities have been included.

United States generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

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.

Services Provided

Through all the years of growth in Pearland, the District has consistently been the heart of the town. The first school, built in 1893, was a one-room wood structure with a wood-burning stove and 23 students taught by Miss Nannie Rogers. More than a century later, the district has 23 campuses, including 11 elementary schools serving grades Pre-K-4, four middle schools serving grades 5-6, four junior high schools serving grades 7-8, three high schools serving grades 9-12, and an alternative school of choice serving over 21,000 students. The ages and capacities of these facilities range from 8 to 69 years with an average age of 27.3 years and can be found in Table 18 of the Statistical Section.

Pearland ISD strives to offer a world-class education that develops every child's unique gifts and talents. Our diverse programs challenge and equip students for future success:

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

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

At the secondary level (grades 7-12), the pre-AP/AP programs serve as the Gift and Talented program in addition to a Gifted and Talented 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.

Enrollment

Our enrollment for school year 2020-2021 as of Fall snapshot day was 21,067 students of which 7,391 students were enrolled at the high school level, 3,336 at the junior high school level, 3,449 at the middle school level, and 6,891 at the elementary level.

Approximately 31.4% of our students are classified as economically disadvantaged, 9.7% as emergent bilingual, 10.4% as Special Education, and 11% participate in Gifted and Talented courses

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.

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 2020-2021, \$79,705 was awarded towards innovative teaching grants to enhance student learning. Additionally, \$65,376 was distributed to teachers for immediate instructional needs in response to COVID-19. The Foundation has awarded a total of \$539,207 in grants since inception 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.

Economic Condition and Outlook

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, a commercial center located 15 miles south of downtown Houston at the intersection of State Highway 35 and Farm to Market Road 518 in the northeast corner of Brazoria County, with a small portion in Harris County. Pearland is one of the fastest growing cities in Texas, positioned on a growth curve that extends well into the 21st century. Also included within the district is the Town of Brookside Village with a reported 2020 population of 1,583.

A Pearland economic and demographic profile prepared for the Pearland Economic Development Corporation shows Pearland's population growing rapidly since its incorporation, and especially since the year 2000. According to the 2020 U.S. Census, Pearland's current population is 125,828 residents.

From 2010 to 2020, according to U.S. Census population figures, Pearland was ranked as the eighth fastest growing city in the United States from 2010 to 2020 compared to other cities with a population of 100,000 or greater. From

2000 to 2010, according to U.S. Census population figures, Pearland's population grew by 142% to 91,252. This ranked Pearland as the 15th fastest growing city in the U.S. from 2000 to 2010 compared to other cities with a population of 10,000 or greater in 2000. Pearland has been the third largest and fastest growing city in the Houston MSA since 2000.

In the past ten years, more than 10,000 new single-family homes and 3,000 multi-family units have been constructed in the community. Median home values rose almost 45% from \$177,800 in 2008 to \$269,500 in 2019. The average home sale price increased at a similar rate from \$201,900 in 2008 to \$294,643 in 2020. .

Prior to the Covid-19 pandemic, the District increased a total of 1,210 students in the prior five years, representing a 5-year growth rate of 5.9%; school year 2020-2021 experienced a significant decline in enrollment due to various factors attributed to the pandemic, including homeschooling, an aging population, and higher than usual mobility due to a significant increase in home values prompting residents to sell their homes at a premium and affording newer residences outside the district boundaries. Enrollment for 2020-2021 was 21,117 students, compared to 21,760 during school year 2019-2020. Pre-pandemic average daily attendance (ADA) averaged 97.6%; ADA for 2020-2021 dropped to 96% due to Covid-19.

The District's financial position has experienced surpluses over the past years with the fund balance remaining stable as an indicator of sound financial management.

Local Economy

The Brazoria County economy is largely based upon manufacturing and construction. Brazoria County was the first capital of the Republic of Texas, which proves the county's roots run rich with Texas history. Some of Pearland's largest employers are energy service companies and include such companies as Baker-Hughes, Weatherford International and Dover Energy. Pearland is located close to the Texas Medical Center and its 50 medical institutions. Kelsey Seybold relocated its administrative headquarters to Pearland in 2013. Pearland's top taxpayer is FloWorks International, a specialty industrial supplier of pipe, valves, and fittings.

Financial Policies and Long-Term Financial Planning

On November 8, 2016, voters of the District passed a \$220 million bond election by almost a two-thirds vote majority. This is the first bond election Pearland ISD has held since 2006.

The bond package addressed facility issues identified as top priorities by the District's Long-Range Planning Community Advisory Committee, campus and district personnel, and architects and engineers. It also prepared for anticipated enrollment growth of 2,000 students in the next decade.

In addition to addressing enrollment growth issues by building additions to the high schools, building a new Career and Technology Education center and two ROTC facilities, and increasing the seating and parking at the football stadium, the bond package included safety and security needs throughout the district, technology needs, and campus renovations.

As of June 30, 2020, the District had issued all the \$220 million bonds with all projects substantially completed as of June 30, 2021. Although it was initially estimated that the impact of the bond would be a 7-cent increase to taxpayers, the tax rate is now expected to rise to a total maximum of 5 cents in succeeding years.

It is the responsibility of the Business Office Division to oversee all finance related issues, including the investment of construction funds and other funds for maximization of interest earnings, and to provide financial status reports to the Board with the objective of assisting in the accountability and decision-making process.

Accounting System

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 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 Food Service Fund.

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.

Each year, the budget process officially begins in November with the preparation of the budget calendar for the upcoming year. Demographic studies allow the District to begin looking at growth rates, trends, and economic conditions affecting the district. Enrollment projections are utilized to calculate staffing allotments and 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 for appropriated funds, including the General Fund, Food Service Fund and Debt Service Fund budgets. 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. Appropriated 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 KM&L, LLC, was selected by the District and approved by the Board. 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.

Awards

School FIRST Superior Achievement

The School FIRST (Financial Accountability Rating System of Texas) program, a financial accountability system for Texas school districts was developed by the Texas Education Agency in response to Senate Bill 218 of the 77th Texas Legislature in 2001. The TEA has awarded the District a rating of "Superior Achievement" for the year ended June 30, 2021. The District has been awarded the "A" rating for "Superior Achievement" under Texas' Schools FIRST Report continues financial accountability rating system for 18 of the 19 years since inception. The rating is based upon an analysis of student and staff data reported for the 2019-2020 school year and budgetary and actual financial data for the fiscal year ended June 30, 2020.

The primary goal of FIRST is to achieve quality performance in the management of school districts financial resources, a goal made more significant due to the complexity of accounting associated with the Texas school finance system. The "Superior Achievement" rating is the state's highest financial rating, demonstrating the quality of Pearland ISD's sound fiscal management.

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ASBO Certificate of Excellence

The District received the Association of School Business Officials' (ASBO) Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2020. This award certifies that the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020, substantially conforms to the principles and standards of financial reporting as recommended and adopted by the ASBO. We believe that our current ACFR continues to meet the Certificate of Excellence Program's requirements and we are submitting it to ASBO to determine its eligibility for another certificate.

TASBO Award of Excellence in Financial Management

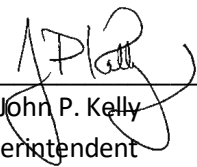
The Texas Association of School Business Officials (TASBO) Award of Excellence in Financial Management recognizes Texas school districts, open-enrollment charter schools, and education service centers that have implemented professional standards, best practices, and innovations in financial reporting. Pearland ISD was one of ten districts in the state to receive this award in 2021.

Acknowledgments

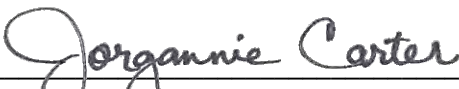
The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff in the Business Office and the leadership of the Superintendent. In addition, we would like to express our appreciation to other divisions, departments, schools, and individuals who assisted in its preparation.

We would also like to acknowledge the thorough professional and timely manner in which the audit was conducted by our independent auditors, KM&L, LLC. Furthermore, we would like to especially acknowledge the President of the Board and the Board of Trustees for supporting the school district's goals of excellence in all aspects of financial management.


Respectfully submitted,



Dr. John P. Kelly
Superintendent



Jorgannie G. Carter, CPA, RTSBA
Chief Financial Officer



Thu Pham
Director of Accounting



Yvette Rogers, RTSBA
Director of Budget and Compliance

CERTIFICATE OF BOARD

Pearland Independent School District

Name of School District

Brazoria

County

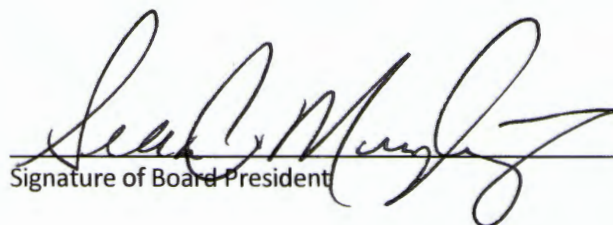
020-908

Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ___ disapproved for the year ended June 30, 2021, at a meeting of the board of trustees of such school district on the 9th day of November 2021.



Signature of Board Secretary



Signature of Board President

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are) (attach list if necessary):



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Pearland Independent School District
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Pearland Independent School District

**for its Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2020.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence.



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

**PEARLAND INDEPENDENT SCHOOL DISTRICT
PRINCIPAL OFFICIALS & ADVISORS**

BOARD OF TRUSTEES

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

Jeff Barry, Vice President
President of Barry Insurance Group

Rebecca Decker, Secretary
Chief Operating Officer for Communities in Schools of Brazoria County

Toni Carter, Member
Stay-at-Home Mother

Dr. Kristofer Schoeffler, Member
Owner of Pearland Animal Hospital

Crystal Carbone, Member
Stay-at-Home Mother

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

ADMINISTRATION

Dr. John Kelly, Superintendent of Schools

David Moody, Deputy Superintendent

Jorgannie Carter, CPA, Chief Financial Officer

Dr. Nyla Watson, Chief Academic Officer

Dr. Brenda Waters, Senior Assistant Superintendent for Elementary Education

Larry Berger, Assistant Superintendent for Support Services

Dr. Lisa Nixon, Assistant Superintendent for Special Programs

Dr. Sundie Dahlkamp, Executive Director of Human Resource Services

Lakesha Henson-Vaughn, Executive Director Intermediate Education

Kim Hocott, Executive Director of Communications

Kelly Holt, Executive Director of High Schools

Tanya Dawson, General Counsel

John-Paul Estes, Chief Technology Officer

CONSULTANTS & ADVISORS

KM&L, LLC

Lake Jackson, Texas – Independent Auditors

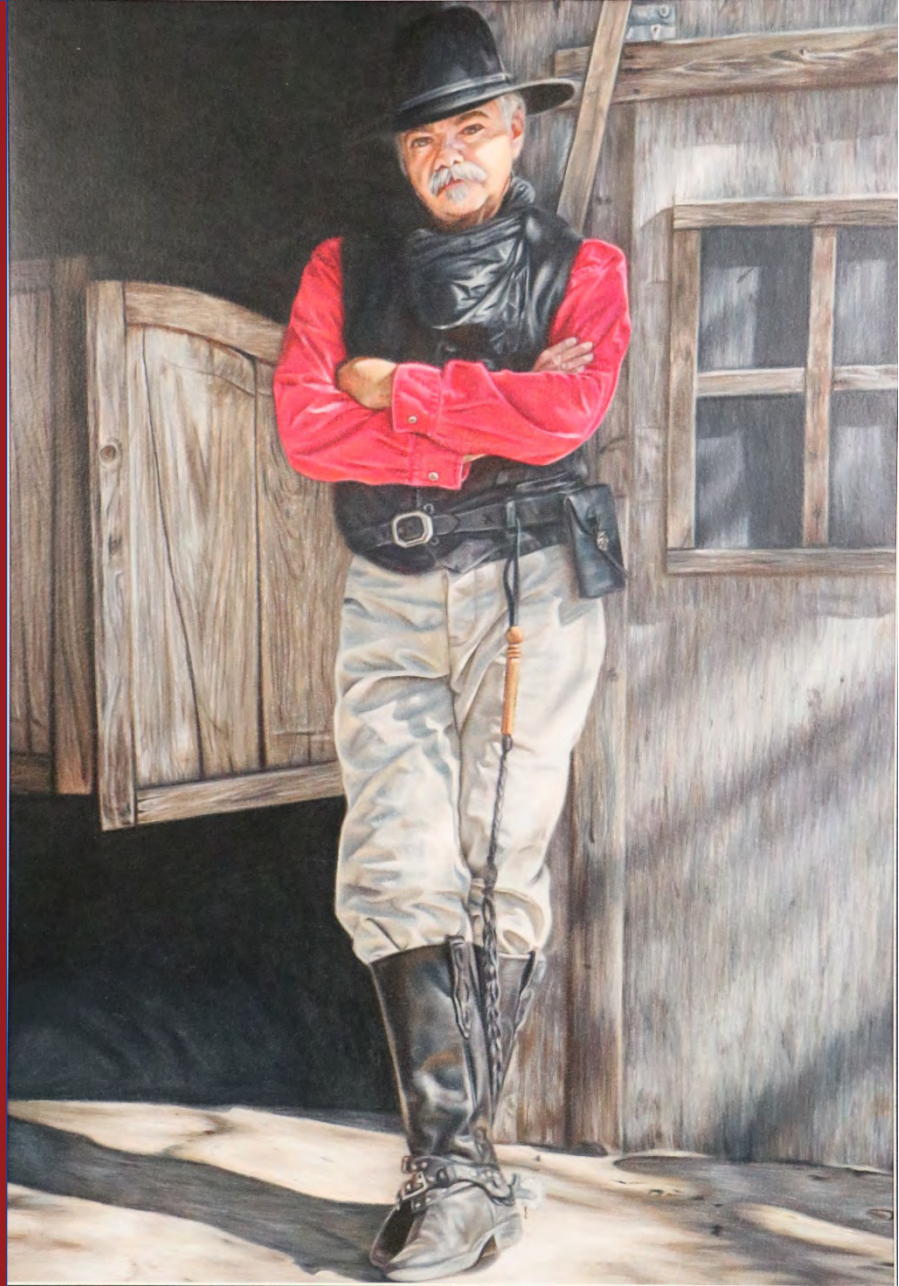
Winstead PC

Houston, Texas – Bond Counsel

BOK Financial Securities

Houston, Texas – Financial Advisor





Financial Information

Wendy Xie
Dawson High School
Rodeo Art – Special Merit
“Afternoon Draw”





Independent Auditor's Report

To the Board of Trustees
Pearland Independent School District
Pearland, Texas 77588

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pearland Independent School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Lake Jackson
8 W Way Ct.
Lake Jackson, TX 77566
979-297-4075

El Campo
201 W. Webb St.
El Campo, TX 77437
979-543-6836

Angleton
2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, required pension schedules and required OPEB schedules on pages 17 through 26 and pages 77 through 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Information - Continued

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KM&L, LLC

Lake Jackson, Texas
November 4, 2021



**PEARLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

As management of the Pearland Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent period by \$3,363,248 (*deficit net position*). Of this amount, unrestricted net position is a deficit of \$87,659,401.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$115,066,185. Approximately 29.6% of this total amount, \$34,038,911, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$34,038,911, or 18.6% of the total general fund expenditures.
- The District reported net pension liability of \$55,844,370 and a net OPEB liability of \$53,845,313, as of June 30, 2021. With the addition of these non-current liabilities on an accrual basis, the District reported a deficit unrestricted position in the amount of \$87,659,401.

Overview of the Financial Statements

This management discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no *business-type activities* and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 27 through 28 of this report.

PEARLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, government fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains 29 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and the capital projects fund, each of which are considered to be major funds. Data from the other 25 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general fund, food service fund, and debt service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 29 through 32 of this report.

Proprietary funds. *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. As mentioned above in the government-wide definition, the District has no *business-type activities* or *enterprise funds*. *Internal service funds*, which are an accounting device used to accumulate and allocate costs internally among the various functions; the District uses the *internal service fund* to report activities for its self-funded workers' compensation insurance program.

The basic proprietary fund financial statements can be found on pages 33 through 35 of this report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District's fiduciary activities can be found on pages 36-37. These activities are excluded

PEARLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 through 75 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 77 through 83 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages 85 through 93 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$3,363,248 as of June 30, 2021. Deficit net position of the District's governmental activities increased from \$3,112,423 to \$3,363,248.

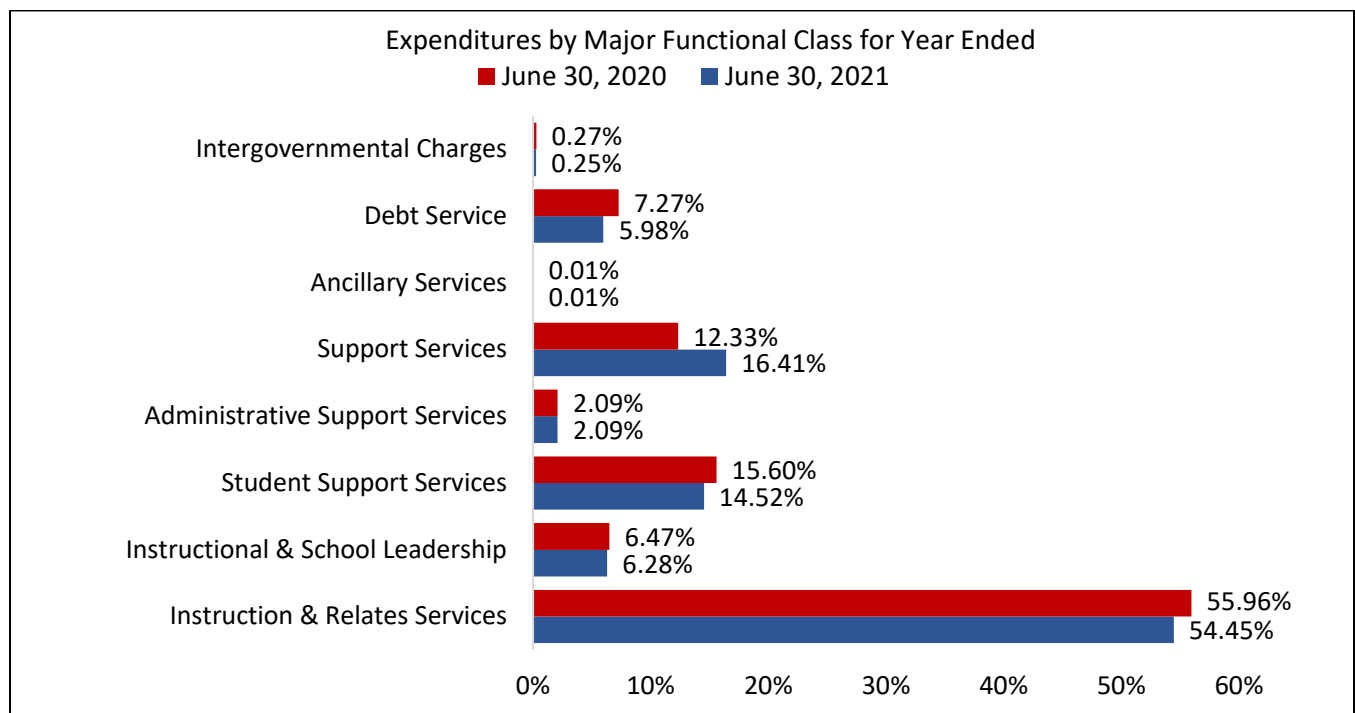
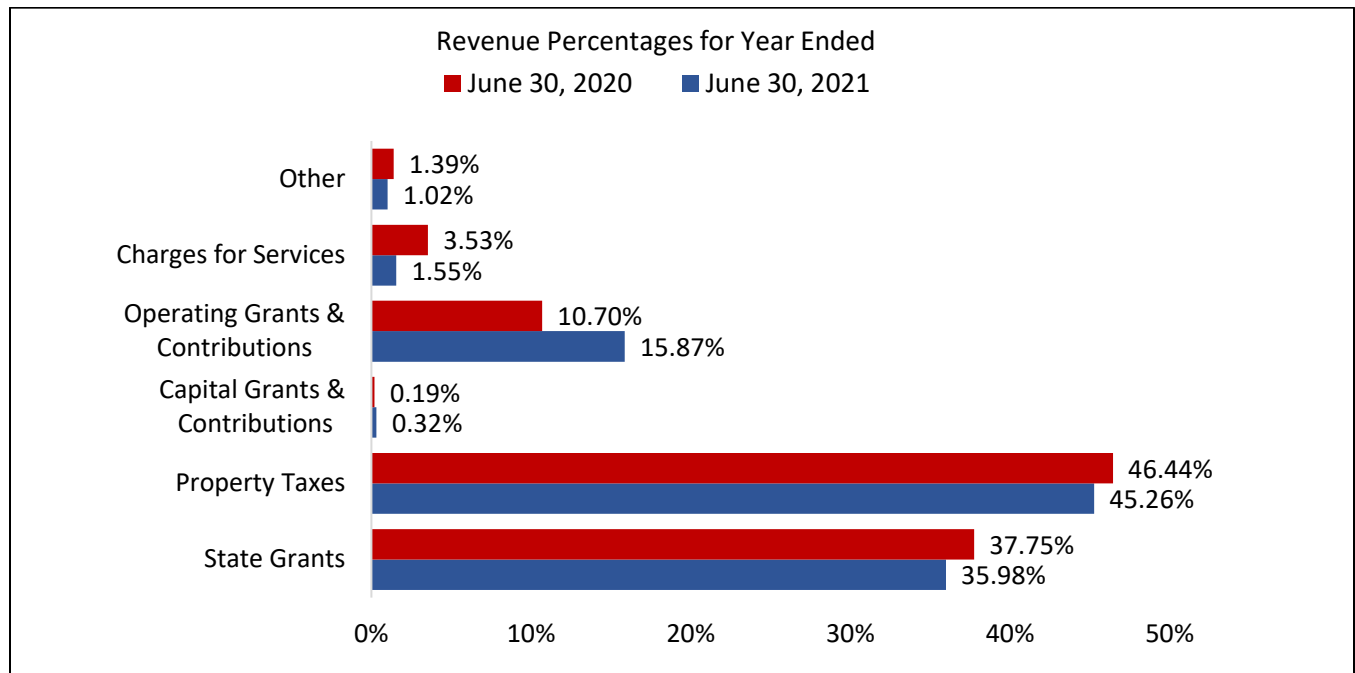
The District's Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Current and other assets	\$149,856,505	\$154,170,320
Capital assets	<u>471,529,195</u>	<u>484,832,544</u>
Total assets	621,385,700	639,002,864
Deferred outflows of resources	35,293,998	47,764,400
Long-term liabilities outstanding	566,494,719	610,984,102
Other liabilities	<u>39,589,230</u>	<u>38,305,166</u>
Total liabilities	606,083,949	649,289,268
Deferred inflows of resources	53,958,997	40,590,419
Net Position:		
Net investment in capital assets	48,991,188	58,123,658
Restricted	35,304,965	32,299,308
Unrestricted	<u>(87,659,401)</u>	<u>(93,535,389)</u>
Total net position	<u><u>(\$3,363,248)</u></u>	<u><u>(\$3,112,423)</u></u>

Investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress) less any related debt used to acquire those assets that is still outstanding is \$48,991,188. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position represents resources that are subject to external restrictions on how they may be used amounted to \$35,304,965. The remaining balance is a deficit of \$87,659,401, which represents unrestricted net position. This deficit 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 liability and net OPEB liability, that are more than currently available resources.

PEARLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Governmental activities. The District's total net position decreased by \$250,825. The total cost of all *governmental activities* this year was \$253,687,771. The amount that our taxpayers paid for these activities through property taxes was \$114,707,917 or 45.22% of total cost. The amount of costs that were paid by those who directly benefited from the programs was \$3,927,212 or 1.55%. The costs that were paid by other governments and organizations that subsidized certain programs with grants and contributions or by State equalization funding were \$40,219,103 or 15.87% and \$91,190,682 or 35.98%, respectively.



PEARLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Changes in the District's Net Position

	Year Ended June 30, 2021	Year Ended June 30, 2020
Revenues:		
Program Revenues:		
Charges for services	\$ 3,927,212	\$ 8,498,302
Operating grants and contributions	40,219,103	25,783,688
Capital grants and contributions	809,601	462,194
General Revenues:		
Property taxes	114,707,917	111,889,877
State grants	91,190,682	90,951,732
Other	2,582,431	3,360,282
Total revenues	<u>253,436,946</u>	<u>240,946,075</u>
Expenses:		
Instruction	130,143,737	126,833,821
Instructional resources and media services	2,217,516	2,217,336
Curriculum and instructional staff development	5,768,622	5,943,688
Instructional leadership	3,307,322	2,925,918
School leadership	12,630,949	12,681,811
Guidance, counseling & evaluation services	8,662,901	8,599,077
Social work services	828,742	802,305
Health services	2,393,940	1,965,143
Student transportation	7,730,530	7,193,612
Food service	8,487,067	9,264,759
Extracurricular activities	8,739,562	9,820,049
General administration	5,300,054	5,034,601
Facilities maintenance and operations	22,206,616	21,169,918
Security and monitoring services	2,090,426	2,523,273
Data processing services	17,336,261	6,070,429
Community services	27,802	15,821
Debt service	15,164,922	17,543,127
Payments to juvenile justice alternative education program	7,500	43,100
Other intergovernmental charges	643,302	652,926
Total expenses	<u>253,687,771</u>	<u>241,300,714</u>
Change in net position	(250,825)	(354,639)
Net position, beginning	<u>(3,112,423)</u>	<u>(2,757,784)</u>
Net position, ending	<u><u>\$ (3,363,248)</u></u>	<u><u>\$ (3,112,423)</u></u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$115,066,185, a decrease of \$6,413,029 from prior year. Approximately 29.6% of this total amount, \$34,038,911 constitutes *unassigned fund balance*. The remainder of fund balance is *nonspendable, restricted, committed, or assigned* to indicate that it is not available for new spending because it has already been committed (1) for inventories \$544,179, (2) for prepaid items \$1,994,528, (3) restricted for grant funds \$879,240, (4) restricted for capital acquisitions and contractual obligations \$6,299,694, (5) restricted for debt service \$25,523,554, (6) restricted for other purposes \$3,569,591, (7) committed \$17,000,000, and (8) assigned \$25,216,488.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$34,038,911, while the total fund balance was \$67,028,559. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 18.59% of the total general fund expenditures, while total fund balance represents 36.61% of that same amount.

The fund balance of the District's general fund increased by \$4.7 million during the current fiscal year, primarily due to:

- A \$3 million net reimbursement of fiscal year 2019-2020 and 2020-2021 expenditures eligible to be funded by the Elementary and Secondary School Emergency Relief (ESSER) I and II funds under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) and the American Rescue Plan (ARP) acts.
- A \$2.5 million Harvey Restart Grant for eligible expenditures incurred due to Hurricane Harvey
- A \$1 million transfer out to the Capital Projects Fund to support the District's Capital Renewal Plan.

The debt service fund has a total fund balance of \$25,523,554, all of which is restricted for the payment of debt service. The net increase in fund balance during the period in the debt service fund was \$687,430 from last year's balance of \$24,836,124.

The capital projects fund has a total fund balance of \$17,951,941, of which \$6,299,694 is considered restricted for capital acquisitions and contractual obligations and \$11,652,247 which is assigned for the District's capital renewal plan. The net decrease in fund balance during the period in the capital projects fund was \$10,576,998 from last year's balance of \$28,528,939. The net decrease in fund balance during the current year was primarily due to the expenditures related to ongoing capital projects.

Proprietary funds. As mentioned earlier, the District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position on June 30, 2021 amounted to \$395,645. The increase in net position was \$15,660 from last year's balance of \$379,985.

PEARLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

General Fund Budgetary Highlights

Over the course of the year, the District recommended, and the Board approved several revisions to the budgeted revenue and appropriations. Differences between the original and final amended budget of the general fund can be summarized as follows:

Revenues	
	Net increase in local/state funding after adoption of tax rate, effect of certified values, decrease in formula transition grant, and decrease in projected ADA due to lower enrollment
\$ 2,360,920	
(150,000)	Decrease in projected interest earning due to lower rates
(200,000)	Decrease in gate receipts due to lower events attendance
(806,600)	Projected reduction in SHARS reimbursements
(4,485,897)	Reduction in local/state funding due to non-passage of the voter-approval tax rate election
250,000	TRS On-Behalf calculation adjustment (offset by increase in expenditures)
<u>(\$ 3,031,577)</u>	Total Estimated Revenue Increase
Appropriations	
\$ 3,243,294	Lease/Purchase of technology devices, licenses, and supplies
639,041	COVID-19 Pandemic-Related Costs (One nurse FTE, personal protective equipment, cleaning supplies, and other related costs)
300,000	Health, administrative, and technology-related costs necessary to respond to the COVID-19 pandemic
2,012,542	Mid-Year supplemental pay
399,125	Advanced a lease payment for technology devices
(1,172,501)	Technology devices/ionization units paid by the CRF subgrantee award through the City of Pearland (reclassified to another fund)
394,000	Increase in graduating costs to meet social distancing, temporary staff, classroom device charging stations, and other miscellaneous costs related to the COVID-19 pandemic
250,000	TRS On-Behalf calculation adjustment (offset by increase in revenue)
<u>\$ 6,065,501</u>	Total Estimated Appropriation Increase

After revenues and appropriations were amended as described above, actual revenues were \$2.9 million below final budgeted amounts due to the net of \$4.2 million in hold harmless funds received through the Coronavirus Response and Relief Supplemental Appropriation (CRRSA) ESSER II and an increase of \$1.3 million in indirect costs charged to federal funds. Actual expenditures were \$12.9 million below final budget amounts due to eligible expenditures reimbursed through the City of Pearland Coronavirus Relief Fund (CRF) subgrantee award, ESSER funds, and the Prior Purchase Reimbursement Program (PPRP) for eligible devices.

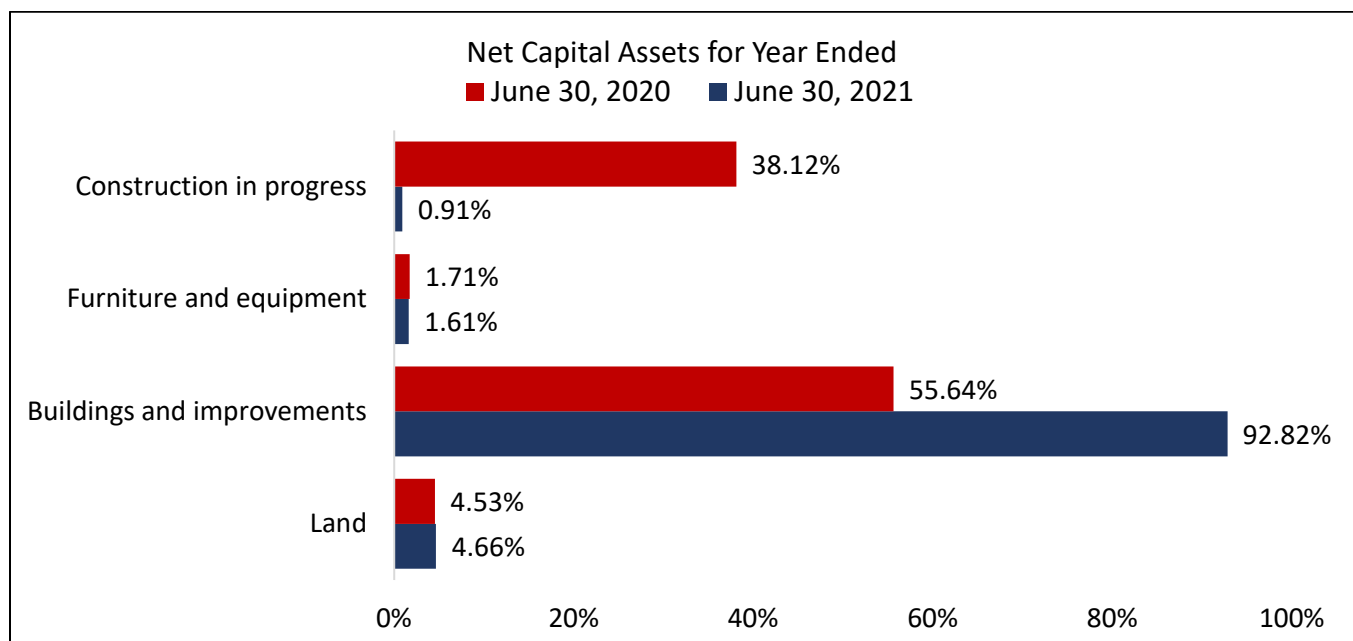
PEARLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$471,529,195 (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, furniture and equipment, and construction in progress.

As of June 30, 2021, most bond projects have been substantially completed; hence, the majority of construction in progress was transferred to building and improvements.

District's Capital Assets (net of depreciation)

	June 30, 2021	June 30, 2020
Land	\$ 21,980,888	\$ 21,980,888
Buildings and improvements	437,687,085	269,745,568
Furniture and equipment	7,585,334	8,267,095
Construction in progress	4,275,888	184,838,993
Total at historical cost	<u>\$ 471,529,195</u>	<u>\$ 484,832,544</u>



Additional information on the District's capital assets can be found in Note 5 on pages 57 through 58 of this report.

PEARLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Long-term debt. At June 30, 2021, the District had total long-term debt outstanding of \$566.5 million, a decrease of \$44.5 million from the previous year.

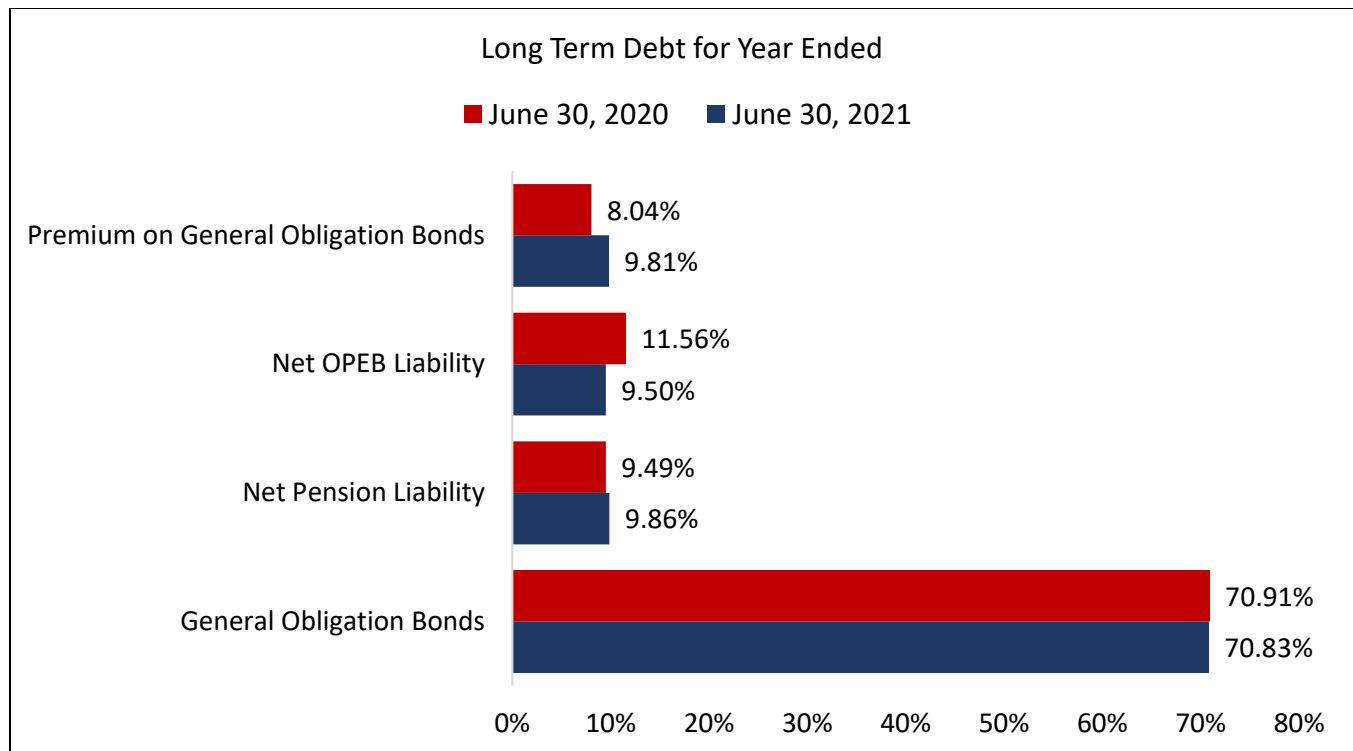
During fiscal year 2020-2021, the District defeased \$2,240,000 Unlimited Tax Schoolhouse Bonds, Series 2014, with a maturity of February 15, 2038, resulting in debt service savings of \$1.7 million. In addition, the District refunded \$78,675,000 to take advantage of low interest rates resulting in \$15.2 million in post-refunding savings.

The District experienced a \$2.1 million decrease in its proportional share of the TRS net pension liability and a \$16.8 million decrease in its proportional share of the TRS-Care post-employment benefit liability at year end.

Additional information on the District's long-term debt can be found in Note 6 on pages 59 through 60 of this report.

District's Long-Term Debt

	June 30, 2021	June 30, 2020
General Obligation Bonds	\$ 401,235,000	\$ 433,230,000
Net Pension Liability	55,844,370	57,992,918
Net OPEB Liability	53,845,313	70,636,735
Premium on General Obligation Bonds	55,570,036	49,124,449
Total Long-Term Debt	<u>\$ 566,494,719</u>	<u>\$ 610,984,102</u>



PEARLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

Economic Factors and Next Year's Budgets and Rates

As part of the budget development process, the District's management considers various factors that drive school district's budgets; these include enrollment trends, property values, state funding, facility needs, and the economy.

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 did not experience a major benefit from the updated funding elements, other than a slight increase in revenue for the re-establishment of the gifted and talented allotment.

At the time the District's 2021-2022 fiscal year budget was adopted, the ESSER grant entitlements were just being released. Now that the District has taken the steps required to apply for these funds, the District is reclassifying eligible expenses out of the general fund; these include the addition of half a dyslexia teacher FTE to elementary campuses, the salaries of two outreach case managers, the lease payment on the student devices and licenses, funding for reading academies, and social-emotional learning curriculum. The budget will continue to be amended throughout the year to direct resources where appropriate to respond to the COVID-19 pandemic.

For fiscal year 2021-2022, Districts will no longer be held harmless for ADA shifts caused by the pandemic. Fiscal year 2020-2021 is closing with a healthy fund balance to sustain the 2021-2022 budget deficit.

The 2021-2022 fiscal year budget has been based on the following significant assumptions:

- A 0.27% enrollment decrease (57 students) as a result of the COVID-19 pandemic.
- An increase of 5.01% in District's taxable values.
- A 4.04 cent tax rate decrease; the District adopted a tax rate of \$1.2781 per \$100 of assessed value for the 2021-2022 fiscal year. The tax rate reflects a maintenance and operations tax rate of \$0.8825 and an interest and sinking fund tax rate of \$0.3956.
- General fund revenues of \$180.8 million and expenditures of \$199.3 million for a total budget deficit of \$18.5 million to be covered with ESSER funds and fund balance accumulated in prior years.
- The expenditures budget includes a 2% general pay increase for all staff as well as targeted and market adjustments to professional and paraprofessional salary schedules.

As of October 12, 2021, the District had amended its 2021-2022 fiscal year budget to reflect the following changes:

- Certified property value increase of 4.10%.
- Adopted M&O tax rate of \$0.9196, which includes a four-cent increase above the compressed tax rate triggering a Voter-Approval Tax Rate Election (VATRE) that passed on November 2, 2021 (the VATRE is for three cents only as the board unanimously approved the increase of one cent as allowed by law).
- Amended general fund revenues of \$188.6 million (accounts for an increase in revenue due to the adopted tax rate and indirect costs charged to Federal funds) and expenditures of \$205.8 million (accounts for GASB Statement No. 87 for leases in the amount of \$9.9 million, which is netted with a transfer-in for the same amount, as well as a decrease in expenditures of \$3.5 million due to staffing reductions and expenses eligible to be funded with ESSER grants). The total budget deficit is reduced to \$7.4 million to be covered with fund balance accumulated in prior years.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Chief Financial Officer, Pearland Independent School District, 1928 N. Main, Pearland, Texas 77581.

PEARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT A-1

<u>Data Control Codes</u>		<u>Governmental Activities</u>
	ASSETS:	
1110	Cash and cash equivalents	\$ 103,305,724
1220	Taxes receivable	3,443,668
1230	Allowance for uncollectible taxes	(1,040,102)
1240	Due from other governments	40,760,021
1290	Other receivables, net	848,487
1300	Inventories	544,179
1410	Prepaid items	1,994,528
	Capital Assets:	
1510	Land	21,980,888
1520	Buildings and improvements, net	437,687,085
1530	Furniture and equipment, net	7,585,334
1580	Construction in progress	4,275,888
1000	Total assets	<u>621,385,700</u>
	DEFERRED OUTFLOWS OF RESOURCES:	
1700	Deferred outflows of resources	35,293,998
	Total deferred outflows of resources	<u>35,293,998</u>
	LIABILITIES:	
2110	Accounts payable	2,557,058
2140	Interest payable	6,949,914
2150	Payroll deductions and withholdings	1,749,249
2165	Accrued liabilities	20,547,277
2180	Due to state and others	490
2200	Accrued expenses	809,515
2300	Unearned revenue	6,975,727
	Non-current liabilities:	
2501	Due within one year	20,174,998
	Due in more than one year:	
2502	Bonds payable and other	436,630,038
2540	Net pension liability	55,844,370
2545	Net OPEB liability	53,845,313
2000	Total liabilities	<u>606,083,949</u>
	DEFERRED INFLOWS OF RESOURCES:	
	Deferred inflows of resources	53,958,997
2600	Total deferred inflows of resources	<u>53,958,997</u>
	NET POSITION:	
3200	Net investment in capital assets	48,991,188
	Restricted for:	
3820	Federal and state programs	8,994
3840	Food service	974,015
3850	Debt service	19,090,587
3860	Capital projects	11,652,247
3890	Campus activities	3,579,122
3900	Unrestricted	(87,659,401)
3000	Total net position	<u>\$ (3,363,248)</u>

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT

EXHIBIT B-1

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

			Program Revenues			Net (Expenses)
Data				Operating	Capital	Revenue and
Control			Charges for	Grants and	Grants and	Changes in
Codes	Function/Programs	Expenses	Services	Contributions	Contributions	Net Position
	GOVERNMENTAL ACTIVITIES:					
0011	Instruction	\$ 130,143,737	\$ 346,969	\$ 22,545,279	\$ -	\$ (107,251,489)
0012	Instructional resources and media svcs.	2,217,516	-	206,806	-	(2,010,710)
0013	Curriculum and staff development	5,768,622	-	1,190,813	-	(4,577,809)
0021	Instructional leadership	3,307,322	-	712,304	-	(2,595,018)
0023	School leadership	12,630,949	-	1,633,448	-	(10,997,501)
0031	Guidance, counseling and eval. services	8,662,901	-	1,652,968	-	(7,009,933)
0032	Social work services	828,742	-	1,553,326	-	724,584
0033	Health services	2,393,940	-	316,008	-	(2,077,932)
0034	Student (pupil) transportation	7,730,530	-	1,100,721	344,964	(6,284,845)
0035	Food services	8,487,067	892,496	5,604,746	278,716	(1,711,109)
0036	Cocurricular/extracurricular activities	8,739,562	2,661,171	410,561	-	(5,667,830)
0041	General administration	5,300,054	26,576	849,049	-	(4,424,429)
0051	Facility maintenance and operations	22,206,616	-	1,815,453	185,921	(20,205,242)
0052	Security and monitoring services	2,090,426	-	149,827	-	(1,940,599)
0053	Data processing services	17,336,261	-	456,777	-	(16,879,484)
0061	Community services	27,802	-	21,017	-	(6,785)
0071	Debt service	15,164,922	-	-	-	(15,164,922)
0095	Pymts. To Juvenile Justice Alt. Ed. Prog.	7,500	-	-	-	(7,500)
0099	Other intergovernmental charges	643,302	-	-	-	(643,302)
TG	Total governmental activities	<u>\$ 253,687,771</u>	<u>\$ 3,927,212</u>	<u>\$ 40,219,103</u>	<u>\$ 809,601</u>	<u>(208,731,855)</u>
	General revenues:					
	Taxes:					
MT	Levied for General Purposes					77,761,672
DT	Levied for Debt Service					36,946,245
SF	State Aid - formula grants					91,190,682
GC	Grants and contributions not restricted to specific programs					1,726,998
IE	Investment earnings					169,135
MI	Miscellaneous					567,033
S1	Special items					119,265
TR	Total general revenues and special items					<u>208,481,030</u>
CN	Change in net position					(250,825)
NB	Net Position - beginning					(3,112,423)
NE	Net Position - ending					<u>\$ (3,363,248)</u>

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-1

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2021

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:						
1100	Cash and cash equivalents	\$ 55,131,044	\$ 24,883,558	\$ 18,599,477	\$ 4,267,383	\$ 102,881,462
1220	Taxes receivable	2,459,197	984,471	-	-	3,443,668
1230	Allowance for uncollectible taxes(credi	(778,507)	(261,595)	-	-	(1,040,102)
1240	Due from other governments	26,738,813	190,697	-	13,830,511	40,760,021
1260	Due from other funds	12,529,599	34,316	1,028,466	542,881	14,135,262
1290	Other receivables	633,255	209,054	-	6,178	848,487
1300	Inventories	449,707	-	-	94,472	544,179
1410	Prepaid items	1,975,700	-	-	18,828	1,994,528
1000A	Total Assets	<u>\$ 99,138,808</u>	<u>\$ 26,040,501</u>	<u>\$ 19,627,943</u>	<u>\$ 18,760,253</u>	<u>\$ 163,567,505</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:						
Liabilities:						
2110	Accounts payable	\$ 976,470	\$ -	\$ 1,471,094	\$ 109,494	\$ 2,557,058
2150	Payroll deductions and withholdings	1,500,746	-	-	248,503	1,749,249
2160	Accrued wages payable	19,366,865	-	-	1,180,412	20,547,277
2170	Due to other funds	1,577,201	-	-	12,558,061	14,135,262
2180	Due to other governments	-	-	-	490	490
2200	Accrued expenditures	557,651	-	204,908	18,339	780,898
2300	Unearned revenue	6,892,904	-	-	82,823	6,975,727
2000	Total Liabilities	<u>30,871,837</u>	<u>-</u>	<u>1,676,002</u>	<u>14,198,122</u>	<u>46,745,961</u>
Deferred Inflow of Resources:						
2600	Deferred inflow of resources	<u>1,238,412</u>	<u>516,947</u>	<u>-</u>	<u>-</u>	<u>1,755,359</u>
	Total Deferred Inflows of Resources	<u>1,238,412</u>	<u>516,947</u>	<u>-</u>	<u>-</u>	<u>1,755,359</u>
Fund Balance:						
3410	Non-spendable - inventories	449,707	-	-	94,472	544,179
3430	Non-spendable - prepaid items	1,975,700	-	-	18,828	1,994,528
3450	Restricted - grant funds	-	-	-	879,240	879,240
3470	Restricted - capital acquisition and contractual obligations	-	-	6,299,694	-	6,299,694
3480	Restricted - debt service	-	25,523,554	-	-	25,523,554
3490	Restricted - other	-	-	-	3,569,591	3,569,591
3545	Committed - other	17,000,000	-	-	-	17,000,000
3590	Assigned - other	13,564,241	-	11,652,247	-	25,216,488
3600	Unassigned	34,038,911	-	-	-	34,038,911
3000	Total Fund Balances	<u>67,028,559</u>	<u>25,523,554</u>	<u>17,951,941</u>	<u>4,562,131</u>	<u>115,066,185</u>
4000	Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 99,138,808</u>	<u>\$ 26,040,501</u>	<u>\$ 19,627,943</u>	<u>\$ 18,760,253</u>	<u>\$ 163,567,505</u>

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION
JUNE 30, 2021

EXHIBIT C-2

Total fund balances - governmental funds balance sheet (C-1)	\$ 115,066,185
Amounts reported for governmental activities in the statement of net position (A-1) are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements but are reported in the governmental activities statement of net position. Capital assets include \$656,326,564 in assets less \$184,797,369 in accumulated depreciation.	471,529,195
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds. Deferred property tax revenues for the general fund and the debt service fund amounted to \$1,238,412 and \$516,947, respectively.	1,755,359
The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.	395,645
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. This is the bond refunding costs which are amortized over the life of the refunding bonds or the refunded bonds, whichever is shorter. This amount is bond refunding costs of \$13,657,749 less accumulated costs of \$9,309,942, and is reported as a deferred outflow of resources.	4,347,807
Pension and OPEB deferred outflows of resources of \$30,946,191 less deferred inflows of resources of \$53,958,997.	(23,012,806)
Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds increase long-term liabilities in the statement of net position. This amount is amortized over the life of the bonds. Net premium on the issuance of bonds were \$55,570,036 (premium on sale of bonds of \$84,055,598 less amortization costs of \$28,485,562).	(55,570,036)
Net pension liability	(55,844,370)
Net OPEB liability	(53,845,313)
Payables for bond principal are not reported in the funds.	(401,235,000)
Payables for bond interest are not reported in the funds.	<u>(6,949,915)</u>
Net position of governmental activities - statement of net position (A-1)	<u><u>\$ (3,363,248)</u></u>

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes	Functions/Programs	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
5700	Local and intermediate sources	\$ 78,641,203	\$ 36,813,888	\$ 27,822	\$ 3,489,104	\$ 118,972,017
5800	State program revenues	100,696,157	693,895	7,458	2,469,423	103,866,933
5900	Federal program revenues	3,375,293	-	-	26,583,868	29,959,161
5020	Total revenues	<u>182,712,653</u>	<u>37,507,783</u>	<u>35,280</u>	<u>32,542,395</u>	<u>252,798,111</u>
EXPENDITURES:						
Current:						
0011	Instruction	108,722,819	-	480,172	10,976,883	120,179,874
0012	Instructional resources and media services	1,775,924	-	-	74,056	1,849,980
0013	Curriculum and staff development	4,917,101	-	-	764,813	5,681,914
0021	Instructional leadership	2,654,679	-	-	521,131	3,175,810
0023	School leadership	11,677,502	-	-	745,239	12,422,741
0031	Guidance, counseling and evaluation svcs.	7,439,426	-	-	1,077,123	8,516,549
0032	Social work services	779,019	-	-	24,389	803,408
0033	Health services	2,188,370	-	-	160,219	2,348,589
0034	Student transportation	6,208,460	-	295,336	1,053,688	7,557,484
0035	Food services	-	-	11,385	7,560,060	7,571,445
0036	Extracurricular activities	4,557,541	-	56,467	2,512,523	7,126,531
0041	General administration	4,771,348	-	-	230,645	5,001,993
0051	Facilities maintenance and ops.	20,641,027	-	180,668	1,269,101	22,090,796
0052	Security and monitoring services	1,900,192	-	91,408	77,933	2,069,533
0053	Data processing services	4,189,698	-	1,642,944	303,124	6,135,767
0061	Community services	7,684	-	-	20,021	27,705
Debt Service:						
0071	Debt service - principal	-	16,940,000	-	-	16,940,000
0072	Debt service - interest and fees	-	19,433,612	-	-	19,433,612
Capital Outlay:						
0081	Facilities acquisition and construction	-	-	8,853,897	446,733	9,300,630
Intergovernmental Charges:						
0095	Pymts. to Juvenile Justice Alt. Ed. Program	7,500	-	-	-	7,500
0099	Other intergovernmental charges	643,303	-	-	-	643,303
6030	Total expenditures	<u>183,081,593</u>	<u>36,373,612</u>	<u>11,612,277</u>	<u>27,817,682</u>	<u>258,885,164</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(368,940)</u>	<u>1,134,171</u>	<u>(11,576,998)</u>	<u>4,724,714</u>	<u>(6,087,053)</u>
OTHER FINANCING SOURCES (USES):						
7911	Proceeds from sales of bonds	-	78,675,000	-	-	78,675,000
7912	Sale of real and personal property	1,500	-	-	-	1,500
7915	Transfer in	5,973,441	-	1,000,000	-	6,973,441
7916	Premium on issuance of bonds	-	17,675,251	-	-	17,675,251
7918	Special items	114,422	-	-	4,843	119,265
8911	Transfers out	(1,000,000)	-	-	(5,973,441)	(6,973,441)
8949	Payment to refunded bond escrow agent	-	(96,796,992)	-	-	(96,796,992)
7080	Total other financing sources (uses)	<u>5,089,363</u>	<u>(446,741)</u>	<u>1,000,000</u>	<u>(5,968,598)</u>	<u>(325,976)</u>
1200	Net change in fund balances	4,720,423	687,430	(10,576,998)	(1,243,884)	(6,413,029)
0100	Fund balances - beginning	62,308,136	24,836,124	28,528,939	5,806,015	121,479,214
3000	Fund balances - ending	<u>\$ 67,028,559</u>	<u>\$ 25,523,554</u>	<u>\$ 17,951,941</u>	<u>\$ 4,562,131</u>	<u>\$ 115,066,185</u>

The notes to the financial statements are an integral part of this statement

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND

BALANCES OF GOVERNMENTAL FUNDS TO GOVERNMENTAL ACTIVITIES STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds (from C-3) \$ (6,413,029)

Amounts reported for governmental activities in the statement of activities (B-1) are different because:

Governmental funds report capital outlay as expenditures. However, in the governmental activities statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay \$10,643,735 was less than depreciation of \$13,474,644 in the current period. (2,830,909)

Property tax revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenues in the funds. Deferred property tax revenues increased for the general fund and debt service fund by \$336,481 and \$156,240, respectively. 492,721

Premium on the issuance of bonds provide current financial resources to governmental funds but the proceeds decrease long-term assets in the statement of net position. This amount is amortized over the life of the bonds. Net premium on the issuance of bonds were \$12,911,389 (premium on the sale of bonds of \$17,675,251 less amortization of \$4,763,862). (12,911,389)

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the governmental activities statement of net position. Long-term proceeds in the governmental fund were \$78,675,000. (78,675,000)

Payment to escrow agent to refund bonds reduces long-term liabilities. 96,796,992

Deferred refunding cost is another use in the governmental funds, but the costs increase long-term assets in the statement of net position. This amount is amortized over the life of the refunding bonds or the refunded bonds, whichever is shorter. The current year amortization of refunded bond costs was \$801,941. (801,941)

Governmental funds report pension and OPEB payments as expenditures. However, in the governmental activities statement of activities, the pension cost is calculated actuarially and involves multiple factors. The amount of pension and OPEB expense reported was \$2,698,259 more than the amount reported in the funds. (2,698,259)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the governmental activities statement of net position. This amount was for general obligation bonded debt \$16,940,000. 16,940,000

Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the amount of accrued interest on long-term debt of \$306,769. 306,769

Some expenses reported in the governmental activities statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the basis in assets retired in the amount of \$10,472,440 (\$20,758,010 in asset cost less accumulated depreciation of \$10,285,570). (10,472,440)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications to individual funds. The net revenue of the internal service funds is reported in the governmental activities statement of activities (see D-2). 15,660

Change in net position of governmental activities (see B-1) \$ (250,825)

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-1

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2021

Data Control Codes		Governmental Activities Internal Service Fund - Workers' Compensation
	ASSETS:	
	Current Assets:	
1110	Cash and cash equivalents	\$ 424,262
	Total Assets	\$ 424,262
	LIABILITIES:	
	Current Liabilities:	
2210	Accrued expenses payable	\$ 28,617
	Total Liabilities	28,617
	NET POSITION:	
3900	Unrestricted net position	395,645
	Total net position	395,645
	Total liabilities and net position	\$ 424,262

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

EXHIBIT D-2

<u>Data Control Codes</u>		Governmental Activities Internal Service Fund - Workers' Compensation
	Operating Revenues:	
5700	Charges for services	\$ 26,576
	Total operating revenues	<u>26,576</u>
	Operating Expenses:	
6200	Insurance claims and expenses	<u>11,191</u>
	Total operating expenses	<u>11,191</u>
	Operating income	<u>15,385</u>
	Nonoperating Revenues:	
5700	Investment earnings	<u>275</u>
	Total nonoperating revenues	<u>275</u>
	Changes in net position	15,660
	Net position - beginning	<u>379,985</u>
	Net position - ending	<u>\$ 395,645</u>

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT

EXHIBIT D-3

STATEMENT OF CASH FLOW

PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2021

	Governmental Activities Internal Service Fund - Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from insurance	\$ 26,576
Claims paid	(33,759)
Net cash used by operating activities	<u>(7,183)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earnings	<u>275</u>
Net cash provided by investing activities	<u>275</u>
Net decrease in cash and cash equivalents	(6,908)
Cash and cash equivalents at beginning of the year	<u>431,170</u>
Cash and cash equivalents at end of the year	<u><u>\$ 424,262</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating income	\$ 15,385
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:	
Changes in assets and liabilities:	
Accrued expenses payable	<u>(22,568)</u>
Net cash used by operating activities	<u><u>\$ (7,183)</u></u>

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT E-1

<u>Data Control Codes</u>		<u>Custodial Fund</u>
	ASSETS:	
1100	Cash and cash equivalents	\$ 648,247
	Receivables:	
1290	Other receivables	8,322
1410	Prepaid items	4,411
	Total assets	<u>\$ 660,980</u>
	LIABILITIES:	
2110	Accounts payables	\$ 15,447
2200	Accrued expenses	6,823
	Total Liabilities	<u>\$ 22,270</u>
	NET POSITION:	
3000	Restricted for students and other activities	<u>\$ 638,710</u>
	Total Net Position	<u>\$ 638,710</u>

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT E-2

	<u>Custodial Fund</u>
CONTRIBUTIONS:	
Gifts and contributions	\$ 122,049
Revenues from student activities	<u>745,271</u>
Total contributions	<u>867,320</u>
Total additions	<u>867,320</u>
DEDUCTIONS:	
Scholarship awards	36,323
Payments for student activities	<u>680,994</u>
Total deductions	<u>717,317</u>
Changes in net position	150,003
Net position - beginning	-
Prior period adjustment	<u>488,707</u>
Net position - ending	<u><u>\$ 638,710</u></u>

The notes to the financial statements are an integral part of this statement.



PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note		Page
1.	Summary of Significant Accounting Policies.....	40
2.	Deposits, Investments and Derivatives	50
3.	Receivables, Uncollectible Accounts, Deferred Outflows and Inflows of Resources, and Unearned Revenues	55
4.	Interfund Receivables, Payables and Transfers.....	56
5.	Capital Assets.....	57
6.	Long-Term Debt.....	59
7.	Leases.....	60
8.	Defined Benefit Pension Plans	61
9.	Defined Other Post-Employment Benefit Plans	66
10.	General Fund Federal Source Revenues.....	72
11.	Local and Intermediate Revenues	73
12.	Risk Management.....	73
13.	Self-Insured Workers' Compensation.....	73
14.	Litigation and Contingencies.....	74
15.	Joint Ventures-Shared Service Arrangements.....	74
16.	Prior Period Adjustment – New Accounting Pronouncement.....	75
17.	Evaluation of Subsequent Events	75

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pearland Independent School District (the "District") is an independent public educational agency operating under applicable laws and regulations of the State of Texas. The District is autonomously governed by a seven-member Board of Trustees elected by the District's residents.

The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources; and it complies with the requirements of the appropriate version of Texas Education Agency's (the "TEA") *Financial Accountability System Resource Guide* (the "Resource Guide" or "FASRG") and the requirements of contracts and grants of agencies from which it receives funds.

Reporting Entity

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the District's financial reporting entity. Based on these considerations, the District's basic financial statements do not include any other entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Board of Trustees (the "Board") is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in its GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14. and No. 34". The District receives support from various PTO, booster clubs and foundation organizations. None of these organizations meet the criteria specified by GASB 61 to be included in the District's financial statements. Therefore, there are no component units included within the reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities in net position) report financial information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The *governmental activities* are supported by tax revenues and intergovernmental revenues. The District has no *business-type activities* that rely, to a significant extent, on fees and charges for support.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Interfund activities between individual governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenses and Changes in Net Position. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide financial statements. The District has no interfund services provided and used between functions that would be program revenue which would not be eliminated in the process of consolidation.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (the statement of net position and the statement of activities) are prepared using the economic resources measurement focus and the accrual basis of accounting and the information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Texas are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Revenue from investments, including governmental external investment pools, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

Grant funds are considered earned to the extent of the expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until the related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The proprietary fund types and the fiduciary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The net position is segregated into restricted net position and unrestricted net position. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and the unrestricted resources as needed.

The District reports the following major governmental funds:

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.

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

The **capital projects fund** accounts for the resources accumulated and made for Board authorized acquisition, construction, or renovation, as well as, furnishing and equipping of major capital facilities.

The District reports the following proprietary funds:

The **internal service fund** accounts for the District's self-funded workers' compensation program. The revenues of this fund are received from the general funds, and the expenses are comprised of claims paid on behalf of the District. The general fund is contingently liable for liabilities of this fund. See Note 13 for additional discussion of the District's self-insurance workers' compensation plan.

The District reports the following fiduciary funds:

The **custodial funds** account for resources held in a custodial capacity by the District and consists of funds that are the property of students or others.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as "due to/from other funds". The District had no advances between funds. See Note 4 for additional discussion of interfund receivables and payables.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business property located in the district in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The appraisal and recording of all property within the District is the responsibility of the Brazoria County Appraisal District (BCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. BCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years.

Under certain circumstances taxpayers and taxing units, including the District, may challenge orders of the BCAD Review Board through various appeals and, if necessary, legal action.

The assessed value of the property tax roll on August 1, 2020, upon which the levy for the 2020-21 fiscal year was based, was \$8,501,502,251. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2021, to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$0.8929 and \$0.4256 per \$100 valuation, respectively, for a total of \$1.3185 per \$100 valuation.

Current tax collections for the year ended June 30, 2021 were 98.81% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2021, property taxes receivable, net of estimated uncollectible taxes, totaled \$1,680,690 and \$722,876 for the general and debt service funds, respectively.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

The consumption method is used to account for inventories (food products, school supplies and athletic equipment) of governmental funds. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. Governmental fund inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their market value is recorded as inventory and deferred revenue when received in the governmental funds. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

Capital Assets and Depreciation

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Buildings and building improvements, and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5-50
Furniture and equipment	5-10

Deferred Outflows and Inflows of Resources

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, "Items Previously Reported as Assets and Liabilities", had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Compensated absences are absences for which employees will be paid. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

In the governmental funds, compensated absences are reported only if they have matured. The remainder of the compensated absences liability is reported in long-term liabilities on the statement of net position.

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying basic financial statements. The District's sick leave policy allows employees to carryover unused sick days to subsequent years. Any employee who retires from the District through the Teacher Retirement System of Texas shall at the end of the last year of employment receive a lump-sum payment of unused sick leave up to a maximum of 100 days determined by formula (number of unused local sick leave multiplied by final year contract salary divided by twice the number of days on contract multiplied by number of years in district divided by 20). If the calculated lump-sum payment is less than \$100, no payment will be made.

A summary of changes in the accumulated sick leave liability follows:

	2021	2020
Balance, July 1,	\$ 1,338,373	\$ 1,258,586
Additions - net unused	162,921	171,532
Deductions - payments	(182,744)	(91,745)
Balance, June 30,	\$ 1,318,550	\$ 1,338,373

The amounts attributable to the liabilities for compensated absences are pending payouts of unused leave owed to employees who qualified for retirement as of June 30, 2021. As such, the entire amount of the liability is accounted for in the general fund in the amount of \$1,253,515 and the Food Service Fund in the amount of \$65,035.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are unearned and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as or expenses in the current period. Net pension and OPEB liabilities are reported as long-term liabilities and pension and OPEB expenses, based upon actuarial data, is reported as expenses within functional categories.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt is reported as other financing resources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Net pension and OPEB costs are reported, based upon required contributions for the current period, are reported within functional categories as expenditures.

Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

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

Budgetary Data

Formal budgetary accounting is employed for all required governmental funds, as outlined in TEA's FASRG, 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.

The official school budget is prepared for adoption for required governmental funds prior to June 20 of the preceding fiscal year for the subsequent fiscal year beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund and the food service fund.

The remaining special revenue funds and the capital projects fund (if utilized) adopt project-length budgets, which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. The budget was properly amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Data (Continued)

The Official Budget was prepared for adoption for the general fund, food service fund and debt service fund prior to June 30, 2020. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within fund groups at the function code level and revenue object code level.

The Budget is formally adopted by the Board of Trustees at a duly advertised public meeting in accordance with law prior to the expenditure of funds. The approved budget is filed with the Texas Education Agency (TEA) through the Public Education Information Management System. Should any change in the approved budget be required, budget amendment requests are presented to the Board of Trustees for consideration. Amendments are made before the fact and once approved are reflected in the official minutes. During the year, the budget was properly amended in accordance with the above procedures.

Encumbrance Accounting

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed (executor contracts) and are used to control expenditures for the period and to enhance cash management. A school 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 prepared, 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 and expenditure for the period, only a commitment to expend resources.

Prior to the end of the current period, every effort should be made to liquidate outstanding encumbrances. When encumbrances are outstanding at the current period end, the school district likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, as noted earlier, outstanding encumbrances are not considered expenditures for the current period. If the school district allows encumbrances to lapse, even though it plans to honor the encumbrances, the appropriations authority expires, and the items represented by the encumbrances are usually re-appropriated in the following year's budget. Open encumbrances at current period-end are included in restricted, committed or assigned fund balance, as appropriate.

At June 30, 2021, encumbrances expected to be honored upon performance by vendors in the next year were as follows:

<u>Fund</u>	<u>Total</u>
General Fund	\$ 233,710
Capital Projects Fund	5,990,262
Other Governmental Funds	280,121
Total	<u>\$ 6,504,093</u>

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

The District has 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:

Nonspendable 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, which must be approved by formal action of the Board of Trustees.

Assigned Fund Balance - Amounts the District intends to use for a specific purpose. The Board of Trustees delegates the Superintendent or Chief Financial Officer the authority to assign fund balance.

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.

As of June 30, 2021, nonspendable fund balances include \$449,707 for inventories and \$1,975,700 for prepaid items in the General Fund. The Food Service Fund nonspendable fund balance includes \$94,472 for inventories. The Campus Activity Funds nonspendable fund balance includes \$13,433 for prepaid items.

Restricted fund balances included \$6,299,694 for capital acquisitions and contractual obligations in the Capital Projects Fund, \$25,523,554 for debt service in the Debt Service Fund, \$879,543 for the Food Service Fund (special revenue fund), \$8,994 for Advanced Placement Incentives (special revenue fund), and \$3,565,689 for Campus Activity Funds (special revenue fund).

Committed fund balance includes \$17,000,000 for other purposes in the General Fund.

Assigned fund balance includes \$13,564,241 for other purposes in the General Fund and \$11,652,247 for the capital renewal plan in the Capital Projects Fund.

Unassigned fund balance includes \$34,038,911 in the General Fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Data Control Codes

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

Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reporting amounts of assets and deferred outflows of resources, and, liabilities and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

New Pronouncements

GASB issues statements on a routine basis with the intent to provide authoritative guidance on the preparation of financial statements and to improve governmental accounting and financial reporting of governmental entities. Management reviews these statements to ensure that preparation of its financial statements are in conformity with generally accepted accounting principles and to anticipate changes in those requirements. The following recent GASB Statements reflect the action and consideration of management regarding these requirements:

GASB No. 83 "Certain Asset Retirement Obligations" was issued in November 2016. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this Statement are effective for periods beginning after June 15, 2019.

GASB No. 84 "Fiduciary Activities" was issued in January 2017. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this Statement are effective for periods beginning after December 15, 2019.

GASB No. 87 "Leases" was issued in June 2017. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this Statement are effective for periods beginning after June 15, 2021.

GASB No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements" was issued in April 2018. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

GASB No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period" was issued in June 2018. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

GASB No. 90 "Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61" was issued in August 2018. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Pronouncements (Continued)

GASB No. 91 "Conduit Debt Obligations" was issued in May 2019. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

GASB No. 92 "Omnibus 2020" was issued in January 2020. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 93 "Replacement of Interbank Offered Rates" was issued in March 2020. The management of the District does not expect the implementation of this standard to have a material effect on the financial statement of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 94 "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" was issued in March 2020. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance" was issued in May 2020. The statement was implemented and did not have a material effect on the financial statements of the District. The requirements of this statement are effective immediately.

GASB No. 96 "Subscription-Based Information Technology Arrangements" was issued in May 2020. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 97 "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" was issued in June 2020. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

NOTE 2. DEPOSITS, INVESTMENTS AND DERIVATIVES

The District classifies deposits and investments for financial statement purposes as cash and cash equivalents, current investments, and non-current investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose an investment is considered a cash equivalent if when purchased it has a maturity of three months or less. Investments are classified as either current investments or non-current investments. Current investments have maturities of one year or less and non-current investments are those that have a maturity of a year or more.

See Note 1 for additional Governmental Accounting Standards Board Statement No. 31 disclosures.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2. DEPOSITS, INVESTMENTS AND DERIVATIVES (continued)

Cash and cash equivalents as reported on the statement of net position at June 30, 2021, are as follows:

	Governmental Funds	Proprietary (Internal Service Funds)	Fiduciary Funds	Total
Cash and Cash Equivalents:				
Cash (petty cash accounts)	\$ 24,925	\$ -	\$ -	\$ 24,925
Financial Institution Deposits:				
Demand deposits	28,193,559	113,340	648,247	28,955,146
Local Government Investment Pools:				
TexPool	28,072,856	310,923	-	28,383,779
TexPool Prime	20,664,859	-	-	20,664,859
Texas CLASS	15,903,781	-	-	15,903,781
Texas CLASS Government	7,517,123	-	-	7,517,123
Texas DAILY	2,504,358	-	-	2,504,358
Total	<u>\$ 102,881,461</u>	<u>\$ 424,263</u>	<u>\$ 648,247</u>	<u>\$ 103,953,971</u>

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to them. The District requires that all deposits with financial institutions be collateralized in an amount equal to 100% of uninsured balances.

Under Texas state law, a bank serving as the school depository must have a bond or in lieu thereof, deposited or pledged securities with the District or an independent third party agent, an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

At June 30, 2021, in addition to petty cash of \$24,925, the carrying amount of the District's cash, savings, and time deposits was \$28,955,146. The financial institutions balances were \$29,475,583 at June 30, 2021. Bank balances of \$750,000 were covered by federal depository insurance, and \$28,725,583 was covered by collateral pledged in the District's name. The collateral was held in safekeeping departments of unrelated banks, which act as the pledging bank's agent.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

Depository:

- Name of bank: Wells Fargo Bank, Pearland, Texas.
- Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$45,029,429.
- Largest cash, savings and time deposit combined account balance amounted to \$39,280,390 and occurred on January 13, 2021.
- Total amount of FDIC coverage at the time of the largest combined balance was \$750,000.

NOTE 2. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the District to invest its funds under written investment policy (the “investment policy”) that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The District’s deposits and investments are invested pursuant to the investment policy, which is approved by the Board of Trustees. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition, it includes an “Investment Strategy Statement” that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification, and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the District will deposit funds is addressed. The District’s investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The District’s management believes it complied with the requirements of the PFIA and the District’s investment policy.

The District’s Investment Officer submits an investment report each quarter to the Board of Trustees. The report details the investment positions of the District and the compliance of the investment portfolio’s as they relate to both the adopted investment strategy statements and Texas State law.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009;
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010;
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011;
4. Banker’s acceptances as permitted by Government Code 2256.012;
5. Commercial paper as permitted by Government Code 2256.013;
6. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014;
7. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015; and
8. Public funds investment pools as permitted by Government Code 2256.016.

The District invests in TexPool, TexPool Prime, Texas CLASS, Texas CLASS Government and Texas DAILY to provide its liquidity needs. TexPool and TexPool Prime is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool and TexPool Prime is a 2(a)7 like fund, meaning that it is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. TexPool and TexPool Prime are rated AAAM and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

Investments (Continued)

Texas CLASS and Texas CLASS Government is a local government investment pool pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. Per State Code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds and maximize yield. The Texas CLASS and Texas CLASS Government agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. Texas CLASS and Texas CLASS Government seeks to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. Texas CLASS and Texas CLASS Government is rated AAAM and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

Texas DAILY is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. Texas DAILY is a 2(a)7 like fund, meaning that it is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of \$1.00, although this cannot be fully guaranteed. Texas DAILY is rated AAAM from Standard and Poor's, and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

The District considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

All of the District's investments are insured, registered, or the District's agent holds the securities in the District's name; therefore, the District is not exposed to custodial credit risk.

The following table includes the portfolio balances of all investment types of the District at June 30, 2021.

	<u>Fair Value</u>	<u>Weighted Average Maturity (in Days)</u>
Local Government Investment Pool:		
Texpool:		
TexPool	\$ 28,383,779	30
TexPool Prime	20,664,859	45
Texas CLASS:		
Texas CLASS	15,903,781	81
Texas CLASS Government	7,517,123	52
Texas Term:		
Texas DAILY	2,504,358	50
Total local government investment pool	<u>\$ 74,973,900</u>	<u>48</u>

Credit Risk - As of June 30, 2021, the local government investment pool (which represents 100% of the unrestricted portfolio) are rated AAAM by Standard and Poor's and AAAM by Fitch.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2. DEPOSITS, INVESTMENTS AND DERIVATIVES (Continued)

Investments (Continued)

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the lesser of a dollar weighted average maturity of 365 days or the anticipated cash flow requirements of the funds. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the District's cash flow requirements.

Fair Value - The District categorizes its fair value measurements within the fair value hierarchy established by GASB No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2021, the District had no assets or liabilities within the fair value hierarchy established by GASB No. 72.

NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES, AND UNEARNED REVENUES

Receivables and Allowances

Receivables as of June 30, 2021, for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 2,459,197	\$ 984,471	\$ -	\$ -	\$ 3,443,668
Other governments	26,738,813	190,697	-	13,830,511	40,760,021
Other receivables	<u>633,255</u>	<u>209,054</u>	<u>-</u>	<u>6,178</u>	<u>848,487</u>
Gross receivables	29,831,265	1,384,222	-	13,836,689	45,052,176
Less: allowance for uncollectibles	<u>778,507</u>	<u>261,595</u>	<u>-</u>	<u>-</u>	<u>1,040,102</u>
Net receivables	<u>\$ 29,052,758</u>	<u>\$ 1,122,627</u>	<u>\$ -</u>	<u>\$ 13,836,689</u>	<u>\$ 44,012,074</u>

Receivables from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to, partially or fully, finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. All federal grants shown below are passed through the TEA or other state agency and are reported on the combined financial statements as either Receivable from or Due to Other Governments, as applicable.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES, AND UNEARNED REVENUES (Continued)

Receivables from Other Governments (continued)

Amounts due from federal, state, and local governments as of June 30, 2021:

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>State Grants and Other</u>	<u>Total</u>
Major Governmental Funds:				
General fund	\$ 25,489,798	\$ 1,249,015	\$ -	\$ 26,738,813
Debt service fund	190,697	-	-	190,697
Other governmental funds	-	13,799,601	30,910	13,830,511
Total	<u>\$ 25,680,495</u>	<u>\$ 15,048,616</u>	<u>\$ 30,910</u>	<u>\$ 40,760,021</u>

Deferred Outflows and Inflows of Resources/Unearned Revenue

Governmental Funds

Governmental funds defer the recognition of revenue in connection with receivables that are considered to be unavailable to liquidate liabilities of the current period and report these amounts as deferred inflows of resources. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of June 30, 2021, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
Delinquent property taxes receivable:		
General Fund	\$ 1,238,412	\$ -
Debt Service Fund	516,947	-
Advance Funding:		
Federal grants	-	14,152
State entitlements	-	6,892,904
State grants	-	62,185
Local grants	-	6,486
Total deferred/unearned revenue from governmental funds	<u>\$ 1,755,359</u>	<u>\$ 6,975,727</u>

Governmental Activities

Governmental activities defer the recognition of pension and OPEB expense for contributions made subsequent to the measurement date to the current year-end of June 30, 2021 and report these as deferred outflows of resources. Governmental activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES, AND UNEARNED REVENUES (Continued)

Deferred Outflows and Inflows of Resources/Unearned Revenue (Continued)

As of June 30, 2021, the various components of deferred inflows and outflows of resources and unearned revenue reported in the governmental activities were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Unearned Revenue
TRS pension deferred outflows and inflows	\$ 16,944,867	\$ 10,213,130	\$ -
TRS pension contributions subsequent to the measurement date	3,983,940	-	-
TRS-Care OPEB deferred outflows and inflows	9,063,450	43,745,867	-
TRS-Care OPEB contributions subsequent to the measurement date	953,934	-	-
Bond refunding costs net of amortization	4,347,807	-	-
Advance Funding:			
Federal grants	-	-	14,152
State entitlements	-	-	6,892,904
State grants	-	-	62,185
Local grants	-	-	6,486
Total	<u>\$ 35,293,998</u>	<u>\$ 53,958,997</u>	<u>\$ 6,975,727</u>

NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables and Payables

Interfund balances at June 30, 2021, consisted of the following:

Receivable Fund	Payable Fund	June 30, 2021
General Fund	Other Governmental Funds	\$ 12,529,599
Debt Service Fund	General Fund	34,316
Capital Projects Fund	General Fund	1,000,005
Capital Projects Fund	Other Governmental Funds	28,462
Other Governmental Funds	General Fund	542,880
		<u>\$ 14,135,262</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund Transfers

AS of the year ended June 30, 2021, the Capital Projects Fund received \$1,000,000 from the General Fund for locally funded projects. The General Fund received \$5,973,441 from Special Revenue Funds related to reimbursements the District received for natural disasters and for certain emergency measures taken in response to the COVID-19 pandemic.

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 1,000,000
Other Governmental Funds	General Fund	5,973,441
		<u>\$ 6,973,441</u>

NOTE 5. CAPITAL ASSETS

Changes in Capital Assets and Accumulated Depreciation

The following provides a summary of changes in capital assets and accumulated depreciation for the year ended June 30, 2021:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2021</u>
Non-Depreciated Capital Assets					
Land	\$ 21,980,888	\$ -	\$ -	\$ -	\$ 21,980,888
Construction in progress	184,838,993	9,369,709	-	(189,932,814)	4,275,888
Total non-depreciated	<u>206,819,881</u>	<u>9,369,709</u>	<u>-</u>	<u>(189,932,814)</u>	<u>26,256,776</u>
Depreciated Capital Assets:					
Buildings and improvements	426,131,898		20,372,014	189,932,814	595,692,698
Furniture and equipment	33,489,060	1,274,026	385,997		34,377,089
Total depreciated	<u>459,620,958</u>	<u>1,274,026</u>	<u>20,758,011</u>	<u>189,932,814</u>	<u>630,069,787</u>
Total additions/transfers and retirements		<u>\$ 10,643,735</u>	<u>\$ 20,758,011</u>	<u>\$ -</u>	
Accumulated Depreciation:					
Buildings and improvements	156,386,330	\$ 11,524,857	\$ 9,905,574	\$ -	158,005,613
Furniture and equipment	25,221,965	1,949,787	379,997	-	26,791,755
Total accumulated depreciation	<u>181,608,295</u>	<u>\$ 13,474,644</u>	<u>\$ 10,285,571</u>	<u>\$ -</u>	<u>184,797,368</u>
Net depreciated assets	<u>278,012,663</u>				<u>445,272,419</u>
Net capital assets	<u>\$ 484,832,544</u>				<u>\$ 471,529,195</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 5. CAPITAL ASSETS (Continued)

Depreciation Expense

In accordance with requirements of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments*, depreciation expense of the governmental activities was charged to functions as follows:

Data Control Code	Function	Amount
0011	Instruction	\$ 8,449,043
0012	Instructional resources and media services	341,065
0021	Instructional leadership	85,502
0023	School leadership	14,306
0031	Guidance, counseling, and evaluation services	14,662
0032	Social work services	16,001
0033	Health services	14,742
0034	Student transportation	730,560
0035	Food service	842,765
0036	Extracurricular activities	1,628,439
0041	General administration	91,238
0051	Facilities maintenance and operations	265,406
0052	Security and monitoring services	6,972
0053	Data processing services	973,943
	Total depreciation expense	<u>\$ 13,474,644</u>

Construction Commitments

As of June 30, 2021, no further financing was required on the construction commitments. Construction commitments as of June 30, 2021 are as follows:

	Projects Authorized	Expended To Date	Commitment
Pearland HS/Searcy Roofing	\$ 2,419,935	\$ 290,603	\$ 2,129,332
Pearland HS/Searcy Sound System	80,829	-	80,829
Turner HS Roof Replacement	3,382,235	2,762,714	619,521
Rogers MS PA System	76,540	72,100	4,440
Carleston Roof and PA System	96,595	44,585	52,010
PACE PA System	60,243	56,690	3,553
Transportation Fuel Tank Replacement	577,262	236,083	341,179
Pearland HS Stadium Turf	762,200	621,318	140,882
Pearland HS Searcy Gym Floor	198,064	26,338	171,726
Berry Miller JH & Rogers Field Restroom	170,126	155,714	14,412
Silverlake Marque	45,973	10,770	35,203
Total governmental activities	<u>\$ 7,870,002</u>	<u>\$ 4,276,915</u>	<u>\$ 3,593,087</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6. LONG-TERM DEBT

Loans

Short-term debts are accounted for through the appropriate fund and consist of notes made in accordance with the provisions of the Texas Education Code. The District was not a party to any loan transactions during the year ended June 30, 2021.

General Obligation Bonds

Long-term debt includes par bonds, capital appreciation (deep discount) serial bonds, contractual obligations, and loans. Contractual obligations are issued at parity with general obligation bonds, but carry a secondary revenue stream pledge; however, all certificates of obligation are tax, not revenue, supported. This debt, unlike other tax-supported debt, can be issued without a vote of the citizens. Bond premiums and discounts, and gains and losses on refunding are amortized using the straight-line method.

The following is a summary of the District's general obligation bonded debt as of June 30, 2021:

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	2029	2023	2.000 - 5.000	2,790,000
2014	30,540,000	2029	2024	2.000 - 5.000	23,485,000
2014B	28,655,000	2039	2024	2.000 - 5.000	17,655,000
2016	41,335,000	2032	2026	5.000 - 5.250	41,335,000
2016A	42,200,000	2032	2026	2.000 - 5.000	26,220,000
2017	105,510,000	2042	2026	3.000 - 5.000	105,080,000
2019	75,155,000	2042	2029	3.000 - 5.000	75,155,000
2019A	18,305,000	2042	2029	3.000 - 5.000	18,015,000
2020	78,675,000	2029	N/A	5.000	78,675,000
Total	<u>\$ 474,020,000</u>				<u>\$ 401,235,000</u>

Presented below is a summary of general obligation bond requirements to maturity:

Year Ended June 30,	Principal	Interest	Requirement
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	15,166,863	37,491,863
2027-2031	133,350,000	58,276,363	191,626,363
2032-2036	82,215,000	30,386,113	112,601,113
2037-2041	74,545,000	15,226,100	89,771,100
2042	17,680,000	867,700	18,547,700
Total	<u>\$ 401,235,000</u>	<u>\$ 189,668,891</u>	<u>\$ 590,903,891</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6. LONG-TERM DEBT (Continued)

General Obligation Bonds (Continued)

Bond indebtedness of the District is recorded in the governmental activities statement of net position, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Proceeds of long-term issues are reflected as "Other Resources" in the operating statement of the recipient fund.

There are limitations and restrictions contained in the general obligation bond indentures. The District is in compliance with all significant limitations and restrictions at June 30, 2021.

Changes in Long-Term Liabilities

During fiscal year 2020-2021, the District defeased \$2,240,000 Unlimited Tax Schoolhouse Bonds, Series 2014, with a maturity of February 15, 2038, resulting in debt service savings of \$1.7 million. In addition, the District issued \$78,675,000 in Unlimited Tax Refunding Bonds, Series 2020. The proceeds from the sale of the Bonds were used to retire \$22,500,000 in Series 2001B Unlimited Tax Schoolhouse Bonds, \$7,020,000 in Series 2011 Unlimited Tax Refunding Bonds, \$46,540,000 in Series 2012 Unlimited Tax Refunding Bonds, and \$17,670,000 in Series 2013B Unlimited Tax Refunding Bonds for a total of \$93,730,000. The Series 2020 bonds were issued at a premium of \$17,675,251 with issuance costs of \$694,054 and a District contribution of \$1,140,795. The premium is being amortized over the life of the bonds in the government-wide financial statements. The refunding reduced the District's future debt service payments of \$15,186,909 and resulted in an economic gain of \$14,769,693 (difference between the present value of the debt service payments on the old debt and the new debt). The net proceeds of the refunding bonds were placed in an irrevocable trust with the paying agent to be utilized for the redemption of the refunded bonds on the redemption date of November 17, 2020. As a result, the refunded bonds are considered to be defeased and the liability for such bonds has been removed from the District's financial statements. At June 30, 2021, the District had no authorized but unissued bonds.

Long-term liability activity for the governmental activities for the year ended June 30, 2021, was as follows:

Long-Term Debt:	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021	Due Within One Year
General obligation bonds	\$433,230,000	\$78,675,000	\$110,670,000	\$401,235,000	\$15,235,000
Net pension liability	57,992,918	5,357,324	7,505,872	\$55,844,370	
Net OPEB liability	70,636,735	2,406,915	19,198,337	\$53,845,313	
Premium on bonds	49,124,449	17,675,251	11,229,664	55,570,036	4,939,998
Total	<u>\$ 610,984,102</u>	<u>\$ 104,114,490</u>	<u>\$ 148,603,873</u>	<u>\$ 566,494,719</u>	<u>\$20,174,998</u>

The General Fund has been used to liquidate the net pension liability and net OPEB liability.

NOTE 7. LEASES

Operating Leases

Commitments under operating lease (non-capital) agreements for copier equipment, telephone equipment, security systems, postage machines and student devices provide for minimum future rental payments as of June 30, 2021 as follows:

Year Ended June 30,	Amount
2022	\$ 3,265,004
2023	3,547,874
2024	3,118,336
2025	11,633
Total minimum rentals	<u>\$ 9,942,847</u>

Rental expenditures on the above-mentioned equipment for the year ended June 30, 2021 were \$4,246,402.

NOTE 8. DEFINED BENEFIT PENSION PLANS

Plan Description

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

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

Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. Visit https://www.trs.texas.gov/Pages/about_publications.aspx to obtain the report, or by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Benefits Provided

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

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the system's actuary.

In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. This action causing the pension fund to be actuarially sound, allowed the legislature to approve funding for a 13th check in September 2019. All eligible members retired as of December 31, 2018 received an extra annuity check in either the matching amount of their monthly annuity or \$2,000, whichever was less.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 thru 2025.

<u>Contribution Rates</u>	<u>2020</u>	<u>2021</u>
Member	7.70%	7.70%
Non-Employer Contributing Entity (State)	6.80%	7.50%
Employers	6.80%	7.50%
District 2021 Employer Contributions		\$4,714,732
District 2021 Member Contributions		\$11,013,971
District 2021 NECE On-behalf Contributions		\$7,594,492
District 2021 Medicare Part D Contributions		\$709,364

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

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

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.5% of the member's salary beginning in fiscal year 2020, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability in the August 31, 2019, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019, rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return	7.25%
Municipal Bond Rate as of August 2020	2.33% - Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 Years)	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad-hoc post-employment benefit changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019. For a full description of these assumptions please see the actuarial valuation report dated November 14, 2019.

Discount Rate

A single discount rate of 7.25 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.25 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50 percent of payroll in fiscal year 2020 gradually increasing to 9.55 percent of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2020, are summarized below:

Asset Class	Target Allocation ¹ %	Long-term Expected Arithmetic Real Rate of Return ²	Expected Contribution to Long Term Portfolio Returns
Global Equity:			
USA	18%	3.90%	0.99%
Non-U.S. Developed	13%	5.10%	0.92%
Emerging Markets	9%	5.60%	0.83%
Private Equity	14%	6.70%	1.41%
Stable Value:			
Government Bonds	16%	-0.70%	-0.05%
Stable Value Hedge Funds	5%	1.90%	0.11%
Real Return:			
Real Estate	15%	4.60%	1.01%
Energy, Natural Resources, and Infrastructure	6%	6.00%	0.42%
Parity:			
Risk Parity	8%	3.00%	0.30%
Leverage:			
Cash	2%	-1.50%	-0.03%
Asset Allocation Leverage	-6%	-1.30%	0.08%
Inflation Expectation			2.00%
Volatility Drag ³			-0.67%
Total	100%		7.33%

¹ Target allocations are based on the FY 2020 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of 08/31/2020).

³ The volatility drag result from the conversion between arithmetic and geometric mean returns.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.25%, and what the net pension liability would be if it were to be calculated using a discount rate that is 1% point lower (6.25%) or 1% point higher (8.25%) than the current rate.

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
District's proportionate share of the Net pension liability	<u>\$ 86,111,019</u>	<u>\$ 55,844,370</u>	<u>\$ 31,253,381</u>

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

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 pension 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>

The net pension liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2019, thru August 31, 2020.

At August 31, 2020, the employer's proportion of the collective net pension liability was 0.1042690382% which was a decrease of 0.0072920059% from its proportion measured as of August 31, 2019.

Changes since the prior Actuarial Valuation

There were no changes in assumptions since the prior measurement date.

For the year ended June 30, 2021, the District recognized pension expense of \$5,357,324 and revenue of \$11,857,054 representing pension expense for support provided by the State.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

Changes since the prior Actuarial Valuation (continued)

At June 30, 2021, the District reported its proportionate share of TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 101,967	\$ 1,558,468
Changes in actuarial assumptions	12,957,881	5,509,600
Difference between projected and actual investment earnings	1,130,521	-
Changes in proportion and difference between the employers' contributions and the proportionate share of contributions	2,754,498	3,145,062
Contributions paid to TRS subsequent to the measurement date	3,983,940	-
Total	<u>\$ 20,928,807</u>	<u>\$ 10,213,130</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended August 31,	Pension Expense Amount
2021	\$2,737,932
2022	\$2,770,127
2023	\$2,180,106
2024	\$290,201
2025	(\$1,083,800)
Thereafter	(\$162,829)

NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in a separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. The report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes, including automatic COLAs.

The premium rates for retirees are reflected in the following table.

TRS-Care Monthly Premium Rates

	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$135	\$200
Retiree and Spouse	\$529	\$689
Retiree or Surviving Spouse and Children	\$468	\$408
Retiree and Family	\$1,020	\$999

Contributions

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

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates	
	2021	2020
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/Private Funding Remitted by Employers	1.25%	1.25%

NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

Contributions (Continued)

The contribution amounts for the District fiscal year 2021 are as follows:

District 2021 Employer Contributions	\$1,137,374
District 2021 Member Contributions	\$929,757
District 2021 NECE On-behalf Contributions	\$1,446,664

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

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$230.8 million in fiscal year 2020 to maintain premiums and benefit levels in the 2020-2021 biennium.

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2020.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. All the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation and salary increases, used in the OPEB valuation were identical to those used in the respective TRS pension valuation. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2019, TRS pension actuarial valuation that was rolled forward to August 31, 2020:

- Rates of Mortality
- General Inflation
- Rates of Retirement
- Wage Inflation
- Rates of Termination
- Salary Increases
- Rates of Disability

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

Actuarial Assumptions (Continued)

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Salary Increases	3.05% to 9.05% including inflation
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

Discount Rate

A single discount rate of 2.33% was used to measure the Total OPEB Liability. There was a decrease of .30 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non- employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2020 using the fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the Net OPEB Liability.

	1% Decrease in Discount Rate (1.33%)	Current Single Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
District’s proportionate share of the Net OPEB liability	<u>\$ 64,614,252</u>	<u>\$ 53,845,313</u>	<u>\$ 45,339,396</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At August 31, 2021, the District reported a liability of \$53,845,313 for its proportionate share of TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$ 53,845,313
State's proportionate share that is associated with the District	<u>72,355,193</u>
Total	<u><u>\$ 126,200,506</u></u>

The Net OPEB Liability was measured as of August 31, 2019 and rolled forward to August 31, 2020 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The employer's proportion of the Net OPEB Liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2019 thru August 31, 2020.

At August 31, 2020 (reporting year 2021), the employer's proportion of the collective net OPEB liability was 0.1416440833%, compared to 0.1493654165% as of August 31, 2019 (reporting year 2020).

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the assumed healthcare cost trend rate:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Current Single Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
District's proportionate share of the Net OPEB liability	<u>\$ 43,984,722</u>	<u>\$ 53,845,313</u>	<u>\$ 66,978,226</u>

Changes since the prior Actual Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB liability (TOL) since the prior measurement period:

- The discount rate changed from 2.63 percent as of August 31, 2019 to 2.33 percent as of August 31, 2020. This change increased the Total OPEB Liability.
- The participation rate for post-65 retirees was lowered from 50 percent to 40 percent. This change lowered the Total OPEB Liability.
- The ultimate health care trend assumption was lowered from 4.50 percent to 4.25 percent as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the Total OPEB Liability.

Change of Benefit Terms Since the Prior Measurement Date – There were no changes in benefit terms since the prior measurement date.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS (Continued)

Changes since the prior Actual Valuation (continued)

At June 30, 2021, the District reported its proportionate share of TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 2,819,319	\$ 24,642,368
Changes in actuarial assumptions	3,321,136	14,786,201
Net difference between projected and actual investment earnings	17,497	-
Changes in proportion and difference between the employers' contributions and the proportionate share of contributions	2,905,498	4,317,298
Contributions paid to TRS subsequent to the measurement date	953,934	-
Total	<u>\$ 10,017,384</u>	<u>\$ 43,745,867</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Year Ended August 31,	OPEB Expense Amount	Balance of Deferred Outflows (Deferred Inflows)
2021	(\$5,600,808)	(\$29,081,609)
2022	(\$5,603,147)	(\$23,478,462)
2023	(\$5,604,485)	(\$17,873,977)
2024	(\$5,604,118)	(\$12,269,859)
2025	(\$4,165,888)	(\$8,103,971)
Thereafter	(\$8,103,971)	\$0

For the year ended June 30, 2021, the District recognized an OPEB expense credit of \$812,698 and an OPEB revenue debit of \$502,407 representing OPEB expense for support provided by the State.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10. GENERAL FUND FEDERAL SOURCE REVENUES

The following is a schedule of federal source revenue recorded in the General Fund:

Program or Source	CFDA #	Total
Direct Costs:		
School Health and Related Services (SHARS)		\$ 1,487,062
E-rate		73,738
JROTC		171,833
Total direct		<u>1,732,633</u>
Indirect Costs:		
School Breakfast Program	10.553	33,986
National School Lunch Program	10.555	189,690
Texas Education for Homeless Children & Youth	84.196A	1,143
ESSA, Title I, Part A, Improving Basic Programs	84.010A	59,213
IDEA, Part B, Formula	84.027A	156,406
IDEA, Part B, Preschool	84.173A	2,380
Career and Technical Education, Basic Grant	84.048A	7,903
ESSA, Title II, Part A - Supporting Effective Instruction	84.367A	15,654
Title III, Part A - Language Education Program	84.365A	7,318
Title VI, Part A, Subpart 1 - Improving Academic	84.424A	2,164
CARES Act, ESSER Grant	84.425D	6,649
CRRSA, ESSER II Grant	84.425D	450,167
ARP ESSER III Grant	84.425U	631,125
Restart Hurricane Harvey, Cycle 2	84.938A	78,832
Texas Hurricane for Homeless Youth	84.938B	28
Total indirect		<u>1,642,658</u>
Total		<u>\$ 3,375,291</u>

The School Health and Related Services (SHARS), E-rate, and JROTC funds are not considered federal financial assistance for inclusion in the Schedule of Federal Financial Assistance.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 11. LOCAL AND INTERMEDIATE REVENUES

During the year ended June 30, 2021, local and intermediate revenues for governmental funds consisted of the following:

	Major Funds				
	General Fund	Debt Service Fund	Capital Projects Funds	Other Governmental Funds	Total
Property Taxes	\$ 77,425,191	\$ 36,790,005	\$ -	\$ -	\$ 114,215,196
Food sales	-	-	-	892,496	892,496
Investment income	117,154	23,883	27,822	-	168,859
Other tuition and fees from patrons	358,198	-	-	-	358,198
Co-curricular income	222,776	-	-	2,476,317	2,699,093
Rent	65,123	-	-	-	65,123
Other	452,762	-	-	120,291	573,053
Total	<u>\$ 78,641,203</u>	<u>\$ 36,813,888</u>	<u>\$ 27,822</u>	<u>\$ 3,489,104</u>	<u>\$ 118,972,017</u>

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2021, the district purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

NOTE 13. SELF-INSURED WORKERS' COMPENSATION

Beginning September 1, 1991, the District established its self-funding Workers' Compensation program. The accrued liability for the Workers' Compensation self-insurance program is projected to be \$28,617 as of June 30, 2021. The District claim history does not allow for a credible projection of loss adjustment expenses (LAE), data from other self-insured and insurance entities suggests costs for these items may be in the neighborhood of 5% of the liability for losses. As of September 1, 2012, the District chose to switch to a fully insured workers' compensation program with Texas Mutual Insurance Company. The above liability is from claims before July 1, 2014 from the self-insured program which have not been closed out as of June 30, 2021.

This liability reported in the fund at June 30, 2021, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 13. SELF-INSURED WORKERS' COMPENSATION (Continued)

Changes in the workers' compensation claim liability amounts in fiscal years 2019-2020 and 2020-2021 are represented below:

	Beginning of Fiscal Period Liability	Current Period Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Period- End
2019-2020 Year Ended Workers' Compensation	\$106,602	\$10,243	\$65,660	\$51,185
2020-2021 Year Ended Workers' Compensation	\$51,185	\$11,191	\$33,759	\$28,617

NOTE 14. LITIGATION AND CONTINGENCIES

The District participates in numerous state and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collect ability of any related receivable at June 30, 2021 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 15. JOINT VENTURES-SHARED SERVICE ARRANGEMENTS

The District participates in a shared services arrangement for Brazoria County Juvenile Justice Alternative Education Program with six other school districts. Although a percentage of the activity of the shared services arrangement is attributable to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent, Brazoria County, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. The expenditures attributable to the District's participation totaled \$7,500 and were coded to 6223 Student tuition - other than to public schools.

The District has a partnership agreement with Communities in Schools (CIS) of Brazoria County. The intent of both parties is to bring the resources of CIS after school Centers on Education (CIS-ACE) to facilitate the academic achievement and personal success of students by providing the full range of CIS-ACE services to those students and their families by creating seven CIS traditional program sites (at Carleston Elementary, Cockrell Elementary, Jamison Middle, Lawhon Elementary, Pearland Junior High South, Pearland Junior High West and Sablatura Middle Schools) at a cost of \$18,000 per site and three 21st Century ACE program sites (at Magnolia Elementary, Pearland Junior High South, and Lawhon Elementary Schools) at a cost of \$15,000 per site. The expenditures attributable to the District's participation totaled \$171,000 and were coded to 6299 Miscellaneous Contract Services in Function 32 Social Work Services.

NOTE 16. PRIOR PERIOD ADJUSTMENT – NEW ACCOUNTING PRONOUNCEMENT

During the current fiscal year, the District implemented GASB Statement No. 84, Fiduciary Activities. As a result, the beginning net position of the District’s custodial funds has been restated as follows:

	<u>Custodial Fund</u>
Beginning restricted net position, as originally presented	\$ -
Reclassification of due to student groups to restricted net position for students and other activities	<u>488,707</u>
Beginning restricted net position, as restated	<u>\$ 488,707</u>

NOTE 17. EVALUATION OF SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 4, 2021, the date which the financial statements were available to be issued.

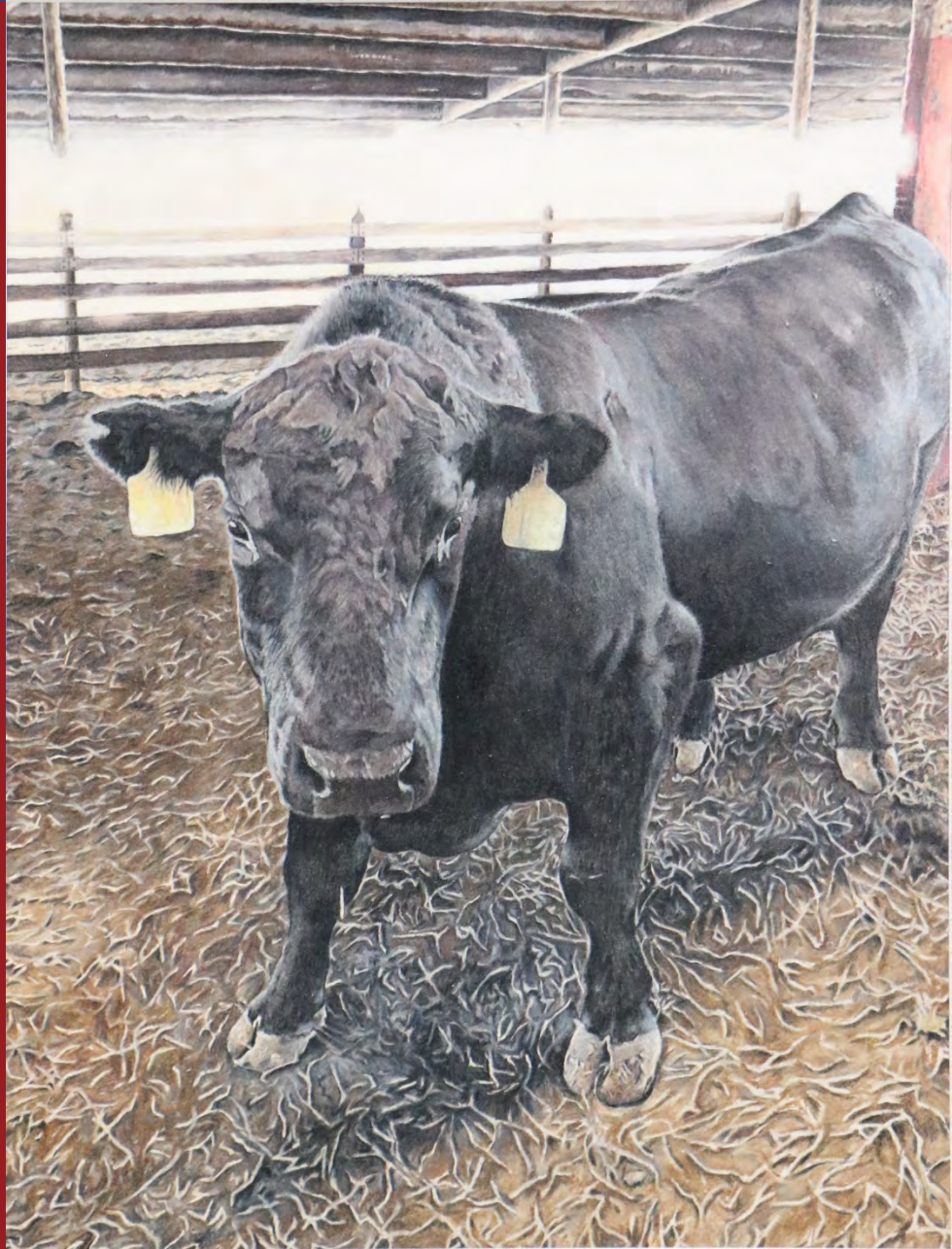
Voter Approved Tax Rate Election

On November 2, 2021, Pearland Independent School District (the “District”) held an election to approve an increase in the District’s maintenance and operations voter-approval tax rate (VATR). Maintenance and Operations (M&O) taxes are for the operation of public schools. The tax ratification election was successfully passed with a 61.7% approval rate.

Although the District’s total adopted tax rate is decreasing by \$0.0033 (from \$1.3185 to \$1.3152), the M&O rate exceeds the VATR of \$0.8896 by three cents for a total of \$0.9196, which triggered a Voter-Approval Tax Rate Election (VATRE). The incremental tax revenue estimated to be generated in the first school year is approximately \$7.4 million, which is 3.8% of the District’s current adopted operating budget. If the District’s M&O VATRE is successful, the estimated savings in property taxes paid by the owner of a single-family residential property per \$100,000 of property value will be \$3.30 each year.

The District intends to use the additional tax revenue to continue the recruitment and retention of highly qualified teachers and staff, continue to provide enhance learning programs, and fund the District’s Connect:ED 1:1 device initiative, unfunded mandates, and facilities maintenance and repairs.





Required Supplementary Information

Brice Rudis
Dawson High School
Rodeo Art – Special Merit
“Blackjack”



PEARLAND INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
REVENUES:					
5700	Local and intermediate sources	\$ 80,670,411	\$ 78,648,047	\$ 78,641,203	\$ (6,844)
5800	State program revenues	105,193,369	104,990,756	100,696,157	(4,294,599)
5900	Federal program revenues	2,785,000	1,978,400	3,375,293	1,396,893
5020	Total Revenues	188,648,780	185,617,203	182,712,653	(2,904,550)
EXPENDITURES:					
Current:					
0011	Instruction	109,967,131	113,213,626	108,722,819	4,490,807
0012	Instructional resources and media svcs.	1,911,250	1,932,048	1,775,924	156,124
0013	Curriculum and staff development	5,579,866	5,628,265	4,917,101	711,164
0021	Instructional leadership	2,557,411	2,891,063	2,654,679	236,384
0023	School leadership	12,405,053	12,606,982	11,677,502	929,480
0031	Guidance, counseling and evaluation svcs.	7,700,362	7,883,223	7,439,426	443,797
0032	Social work services	765,261	869,091	779,019	90,072
0033	Health services	1,913,867	2,359,229	2,188,370	170,859
0034	Student (pupil) transportation	7,424,353	7,272,191	6,208,460	1,063,731
0036	Cocurricular/extracurricular activities	5,198,253	4,936,370	4,557,541	378,829
0041	General administration	5,138,545	5,478,155	4,771,348	706,807
0051	Facility maintenance and operations	21,543,782	23,106,150	20,641,027	2,465,123
0052	Security and monitoring services	2,396,935	2,040,689	1,900,192	140,497
0053	Data processing services	4,560,755	4,961,243	4,189,698	771,545
0061	Community services	11,187	11,187	7,684	3,503
Intergovernmental:					
0095	Pymts. to Juvenile Justice Alt. Ed. Prog.	80,000	30,000	7,500	22,500
0099	Other intergovernmental charges	727,128	727,128	643,303	83,825
6030	Total Expenditures	189,881,139	195,946,640	183,081,593	12,865,047
Excess (Deficiency) of Revenues Over Expenditures					
		(1,232,359)	(10,329,437)	(368,940)	9,960,497
OTHER FINANCING SOURCES (USES):					
7912	Sale of property	-	-	1,500	1,500
7915	Transfers in	-	-	5,973,441	5,973,441
7918	Special items	-	-	114,422	114,422
8911	Transfers out	-	-	(1,000,000)	(1,000,000)
	Total Other Financing Sources (Uses)	-	-	5,089,363	5,089,363
1200	Net Change in Fund Balance	(1,232,359)	(10,329,437)	4,720,423	15,049,860
0100	Fund Balance - Beginning	62,308,136	62,308,136	62,308,136	-
3000	Fund Balance - Ending	\$ 61,075,777	\$ 51,978,699	\$ 67,028,559	\$ 15,049,860

PEARLAND INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS -****COST SHARING EMPLOYER PLAN**

FOR THE LAST FOUR MEASUREMENT YEARS ENDED AUGUST 31, (1)

	<u>2014</u>	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.0608658%	0.1064410%	0.1126804%
District's proportionate share of the net pension liability	\$ 16,258,097	\$ 37,625,477	\$ 42,580,241
State's proportionate share of the net pension liability associated with the District	<u>58,488,930</u>	<u>70,122,200</u>	<u>73,093,014</u>
Total	<u>\$ 74,747,027</u>	<u>\$ 107,747,677</u>	<u>\$ 115,673,255</u>
District's covered payroll (for measurement year)	\$103,284,170	\$111,507,045	\$113,654,057
District's proportionate share of the net pension liability as a percentage of it's covered payroll	15.74%	33.74%	37.46%
Plan fiduciary net position as a percentage of the total pension liability	83.25%	78.43%	78.00%

Note:

(1) Ten years of data should be presented with this schedule but data is unavailable prior to 2014.

Net pension liability and related ratios will be presented prospectively as data becomes available.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
0.1133576%	0.1132894%	0.1115610%	0.1042690%
\$ 36,245,657	\$ 62,357,231	\$ 57,992,918	\$ 55,844,370
<u>62,366,406</u>	<u>105,316,625</u>	<u>98,154,117</u>	<u>98,580,573</u>
<u>\$ 98,612,063</u>	<u>\$ 167,673,856</u>	<u>\$ 156,147,035</u>	<u>\$ 154,424,943</u>
\$126,681,823	\$130,171,373	\$134,140,118	\$137,470,077
28.61%	47.90%	43.23%	40.62%
82.17%	73.74%	75.24%	75.54%

PEARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30, (1)

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contributions	\$ 1,543,117	\$ 3,151,764	\$ 3,662,404
Contributions in relation to the contractually required contributions	<u>1,543,117</u>	<u>3,151,764</u>	<u>3,662,404</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 District's covered payroll	 \$110,772,783	 \$111,507,045	 \$125,800,864
Contributions as a Percentage of Covered Payroll	1.39%	2.83%	2.91%

Note:

(1) The first TRS actuarial report was completed for the year ended August 31, 2014 (measurement date); therefore, only six years of required supplementary information is available.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 3,859,394	\$ 3,943,079	\$ 4,182,913	\$ 4,714,732
<u>3,859,394</u>	<u>3,943,079</u>	<u>4,182,913</u>	<u>4,714,732</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 \$129,610,826	 \$133,520,841	 \$136,980,416	 \$143,038,521
2.98%	2.95%	3.05%	3.30%

PEARLAND INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-4

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND RELATED RATIOS -
 COST SHARING EMPLOYER PLAN
 FOR THE LAST TEN MEASUREMENT YEARS ENDED AUGUST 31, (1)

	2017	2018	2019	2020
District's proportion of the net OPEB liability	0.1423825%	0.1489414%	0.1493654%	0.1416441%
District's proportionate share of the net OPEB liability	\$ 61,916,791	\$ 74,367,821	\$ 70,636,735	\$ 53,845,313
State's proportionate share of the net OPEB liability associated with the District	102,878,600	115,097,505	93,860,421	72,355,193
Total	<u>\$164,795,391</u>	<u>\$189,465,326</u>	<u>\$164,497,156</u>	<u>\$126,200,506</u>
District's covered payroll (for measurement year)	\$126,681,823	\$126,681,823	\$126,681,823	\$137,470,077
District's proportionate share of the net OPEB liability as a percentage of it's covered payroll	48.88%	58.70%	55.76%	39.17%
Plan fiduciary net position as a percentage of the total OPEB liability *	0.91%	1.57%	2.66%	4.99%

Note:

(1) Ten years of data should be presented with this schedule but data is unavailable prior to 2017.

Net OPEB liability and related ratios will be presented prospectively as data becomes available.

PEARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
TEACHERS RETIREMENT SYSTEM OF TEXAS
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30, (1)

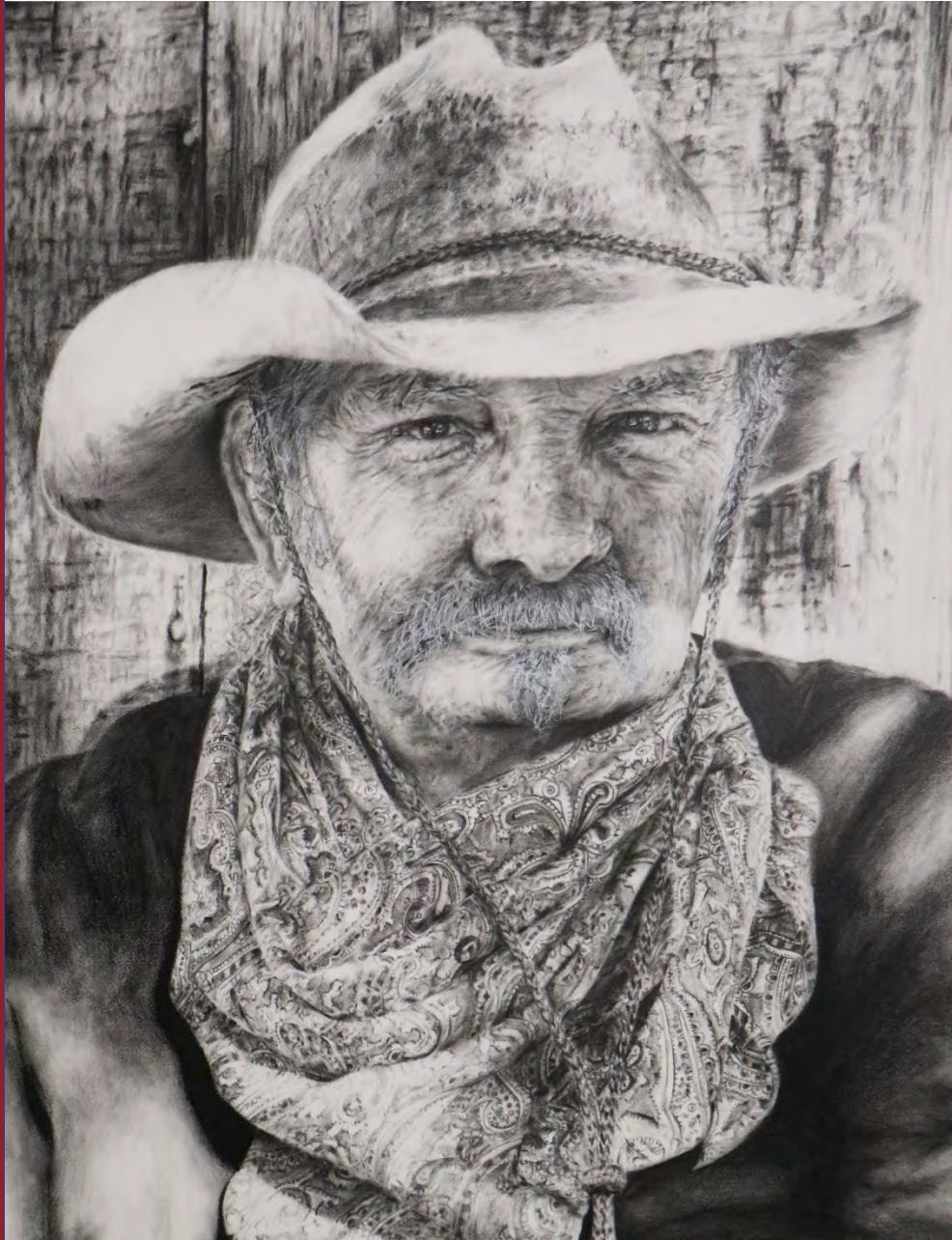
EXHIBIT G-5

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contributions	\$ 981,381	\$ 1,476,499	\$ 1,398,022	\$ 1,137,374
Contributions in relation to the contractual required contributions	<u>981,381</u>	<u>1,476,499</u>	<u>1,398,022</u>	<u>1,137,374</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$129,610,826	\$133,520,841	\$136,980,416	\$143,038,521
Contributions as a percentage of covered payroll	0.76%	0.79%	0.78%	0.80%

Note:

(1) This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.





Other Supplementary Information

Yuan Jia Wang
Dawson High School
Rodeo Art – Special Merit
“Piercing Wisdom”



OTHER GOVERNMENTAL FUNDS

Other governmental funds are special revenue funds used to account for all federal, state and locally funded grants. They are non-major governmental funds that were awarded to the District with the purpose of accomplishing specific educational goals.

Grants included in special revenue funds are activity funds, food service, and other federal, state and locally funded programs. They are used to account for transactions of school sponsor activities benefiting students and staff, food service operations, to provide opportunities for children to acquire the knowledge and skills to meet the state performance standards, operate education programs for children with disabilities, develop new and/or improved career technical education, support effective instructions, support critical disaster recovery initiatives, and other educational goals not specified above. In addition, these include grants awarded in response to the COVID-19 pandemic.

PEARLAND INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

<u>Data Control Codes</u>		<u>ESSA Title X, Part C - Education for the Homeless Children and Youth</u>	<u>ESSA, Title I Part A Improving Basic Programs</u>	<u>IDEA - Part B Formula</u>	<u>IDEA - Part B Preschool</u>	<u>IDEA - Part B High Cost Fund</u>
ASSETS						
1110	Cash	\$ -	\$ -	\$ -	\$ -	\$ -
1240	Due from governmental agencies	11,667	389,369	562,190	16,237	288,353
1260	Interfund receivables	-	-	-	-	-
1290	Other receivables	-	-	-	-	-
1310	Inventories, at cost	-	-	-	-	-
1410	Prepaid items	-	-	4,577	-	-
1000	Total Assets	<u>\$ 11,667</u>	<u>\$ 389,369</u>	<u>\$ 566,767</u>	<u>\$ 16,237</u>	<u>\$ 288,353</u>
LIABILITIES						
2110	Accounts payable	\$ -	\$ -	\$ 22,524	\$ -	\$ -
2150	Payroll deductions and withholdings	-	-	-	-	-
2160	Accrued salaries and expenditures	-	176,608	325,269	7,693	-
2170	Interfund payables	9,987	212,008	213,009	8,544	288,353
2180	Due to other governments	-	-	-	-	-
2200	Accrued expenditures	1,680	753	4,327	-	-
2300	Unearned revenue	-	-	1,637	-	-
2000	Total Liabilities	<u>11,667</u>	<u>389,369</u>	<u>566,767</u>	<u>16,237</u>	<u>288,353</u>
FUND BALANCE						
3410	Non-spendable - inventories	-	-	-	-	-
3430	Non-spendable - prepaid items	-	-	4,577	-	-
3450	Restricted - food service	-	-	-	-	-
3490	Restricted - other	-	-	(4,577)	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,667</u>	<u>\$ 389,369</u>	<u>\$ 566,767</u>	<u>\$ 16,237</u>	<u>\$ 288,353</u>

Food Service Fund	Career and Technical Education - Basic Grant	ESSA Title II, Part A Supporting Effective Instruction	Title III, Part A English Language Acquisition & Learning Enhancement Program	Elementary and Secondary School Emergency Relief ESSER (CARES Act)	Improving Academic Achievement	Medicaid Administrative Claiming Program	Coronavirus Relief Fund, CARES Act
\$ 551,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
371,317	35,908	118,533	51,376	53,436	5,092	9,154	-
466,898	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
94,472	-	-	-	-	-	-	-
303	515	-	-	-	-	-	-
<u>\$ 1,484,330</u>	<u>\$ 36,423</u>	<u>\$ 118,533</u>	<u>\$ 51,376</u>	<u>\$ 53,436</u>	<u>\$ 5,092</u>	<u>\$ 9,154</u>	<u>\$ -</u>
\$ 7,489	\$ -	\$ 450	\$ 4,889	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
498,301	-	85,570	17,002	-	-	-	-
-	36,423	32,013	29,485	53,436	2,427	9,154	-
-	-	-	-	-	-	-	-
4,525	-	-	-	-	-	-	-
-	-	500	-	-	2,665	-	-
<u>510,315</u>	<u>36,423</u>	<u>118,533</u>	<u>51,376</u>	<u>53,436</u>	<u>5,092</u>	<u>9,154</u>	<u>-</u>
94,472	-	-	-	-	-	-	-
303	515	-	-	-	-	-	-
879,240	-	-	-	-	-	-	-
-	(515)	-	-	-	-	-	-
<u>974,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,484,330</u>	<u>\$ 36,423</u>	<u>\$ 118,533</u>	<u>\$ 51,376</u>	<u>\$ 53,436</u>	<u>\$ 5,092</u>	<u>\$ 9,154</u>	<u>\$ -</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

<u>Data</u> <u>Control</u> <u>Codes</u>		<u>Elementary and Secondary School Emergency Relief ESSER II (CRRSA Act)</u>	<u>Elementary and Secondary School Emergency Relief ESSER III (ARP Act)</u>	<u>HGAC Clean Vehicles Project</u>	<u>Federally Funded Special Revenue Funds</u>
	ASSETS				
1110	Cash	\$ -	\$ -	\$ -	\$ -
1240	Due from governmental agencies	3,749,833	5,250,727	344,964	2,541,446
1260	Interfund receivables	-	-	-	-
1290	Other receivables	-	-	-	-
1310	Inventories, at cost	-	-	-	-
1410	Prepaid items	-	-	-	-
1000	Total Assets	<u>\$ 3,749,833</u>	<u>\$ 5,250,727</u>	<u>\$ 344,964</u>	<u>\$ 2,541,446</u>
	LIABILITIES				
2110	Accounts payable	\$ -	\$ -	\$ -	\$ -
2150	Payroll deductions and withholdings	-	248,503	-	-
2160	Accrued salaries and expenditures	-	-	-	-
2170	Interfund payables	3,749,833	5,002,224	344,964	2,532,096
2180	Due to other governments	-	-	-	-
2200	Accrued expenditures	-	-	-	-
2300	Unearned revenue	-	-	-	9,350
2000	Total Liabilities	<u>3,749,833</u>	<u>5,250,727</u>	<u>344,964</u>	<u>2,541,446</u>
	FUND BALANCE				
3410	Non-spendable - inventories	-	-	-	-
3430	Non-spendable - prepaid items	-	-	-	-
3450	Restricted - food service	-	-	-	-
3490	Restricted - other	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,749,833</u>	<u>\$ 5,250,727</u>	<u>\$ 344,964</u>	<u>\$ 2,541,446</u>

Professional Staff Development	State Supplemental Visually Impaired (SSVI)	Advanced Placement Incentives	State Instructional Materials	State Funded Special Revenue Fund	Campus Activity Fund	Locally Funded Special Revenue Funds	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,716,043	\$ -	\$ 4,267,383
-	-	-	2,173	28,461	275	-	13,830,511
-	20,000	22,565	26,115	816	-	6,487	542,881
-	-	-	-	-	6,178	-	6,178
-	-	-	-	-	-	-	94,472
-	-	-	-	-	13,433	-	18,828
<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 22,565</u>	<u>\$ 28,288</u>	<u>\$ 29,277</u>	<u>\$ 3,735,929</u>	<u>\$ 6,487</u>	<u>\$ 18,760,253</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74,141	\$ -	\$ 109,494
-	-	-	-	-	-	-	248,503
-	-	-	-	-	69,969	-	1,180,412
-	-	-	-	28,461	5,643	-	12,558,061
-	-	-	490	-	-	-	490
-	-	-	-	-	7,054	-	18,339
-	20,000	13,571	27,798	816	-	6,487	82,823
-	20,000	13,571	28,288	29,277	156,807	6,487	14,198,122
-	-	-	-	-	-	-	94,472
-	-	-	-	-	13,433	-	18,828
-	-	-	-	-	-	-	879,240
-	-	8,994	-	-	3,565,689	-	3,569,591
-	-	8,994	-	-	3,579,122	-	4,562,131
<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 22,565</u>	<u>\$ 28,288</u>	<u>\$ 29,277</u>	<u>\$ 3,735,929</u>	<u>\$ 6,487</u>	<u>\$ 18,760,253</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		ESSA Title X, Part C - Education for the Homeless Children and Youth	ESSA, Title I Part A Improving Basic Programs	IDEA - Part B Formula	IDEA - Part B Preschool	IDEA - Part B High Cost Fund
	REVENUES:					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-	-
5900	Federal program revenues	24,385	1,263,631	3,351,662	50,788	288,353
5020	Total Revenues	24,385	1,263,631	3,351,662	50,788	288,353
	EXPENDITURES:					
	Current:					
0011	Instruction	3,250	1,232,429	2,019,003	50,788	288,353
0012	Instructional resources and media services	-	-	-	-	-
0013	Curriculum and staff development	-	7,708	6,579	-	-
0021	Instructional leadership	-	-	481,208	-	-
0023	School leadership	-	-	-	-	-
0031	Guidance, counseling and evaluation services	6,773	-	844,872	-	-
0032	Social work services	12,682	6,593	-	-	-
0033	Health services	-	-	-	-	-
0034	Student (pupil) transportation	1,680	-	-	-	-
0035	Food Service	-	-	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-	-	-
0041	General administration	-	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-	-
0052	Security and monitoring services	-	-	-	-	-
0053	Data processing services	-	-	-	-	-
0061	Community services	-	16,901	-	-	-
	Capital Outlay:					
0081	Facilities acquisition and construction	-	-	-	-	-
6030	Total Expenditures	24,385	1,263,631	3,351,662	50,788	288,353
1100	Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-	-
	OTHER FINANCING SOURCES (USES):					
7918	Special items	-	-	-	-	-
8911	Transfers out	-	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-	-
0100	Fund Balance - Beginning	-	-	-	-	-
3000	Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -

Food Service Fund	Career and Technical Education - Basic Grant	ESSA Title II, Part A Supporting Effective Instruction	Title III, Part A English Language Acquisition & Learning Enhancement Program	Elementary and Secondary School Emergency Relief ESSER (CARES Act)	Improving Academic Achievement	Medicaid Administrative Claiming Program	Coronavirus Relief Fund, CARES Act
\$ 892,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
282,886	-	-	-	-	-	-	-
5,338,869	168,712	334,057	156,178	55,674	46,180	25,970	1,559,340
6,514,251	168,712	334,057	156,178	55,674	46,180	25,970	1,559,340
-	136,848	18,145	96,845	1,511	-	-	1,136,748
-	-	-	-	-	-	-	-
-	6,987	315,912	56,213	4,869	46,180	-	-
-	-	-	-	7,237	-	-	-
-	-	-	-	11,423	-	-	-
-	-	-	-	1,258	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,016	-	25,970	-
-	-	-	-	3,089	-	-	-
7,560,060	-	-	-	-	-	-	-
-	-	-	-	2,206	-	-	-
-	-	-	-	19,822	-	-	-
-	24,877	-	-	3,243	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	35,753
-	-	-	3,120	-	-	-	-
272,312	-	-	-	-	-	-	-
7,832,372	168,712	334,057	156,178	55,674	46,180	25,970	1,172,501
(1,318,121)	-	-	-	-	-	-	386,839
4,843	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(386,839)
4,843	-	-	-	-	-	-	(386,839)
(1,313,278)	-	-	-	-	-	-	-
2,287,293	-	-	-	-	-	-	-
\$ 974,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PEARLAND INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		Elementary and Secondary School Emergency Relief ESSER II (CRRSA Act)	Elementary and Secondary School Emergency Relief ESSER III (ARP Act)	HGAC Clean Vehicles Project	Federally Funded Special Revenue Funds
	REVENUES:				
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-
5900	Federal program revenues	5,765,233	5,250,727	344,964	2,558,341
5020	Total Revenues	5,765,233	5,250,727	344,964	2,558,341
	EXPENDITURES:				
	Current:				
0011	Instruction	2,238,348	1,592,087	-	-
0012	Instructional resources and media services	50,535	23,494	-	-
0013	Curriculum and staff development	242,945	71,818	-	-
0021	Instructional leadership	16,620	12,216	-	-
0023	School leadership	620,679	113,137	-	-
0031	Guidance, counseling and evaluation services	166,976	56,644	-	601
0032	Social work services	-	5,114	-	-
0033	Health services	103,812	29,421	-	-
0034	Student (pupil) transportation	634,402	69,553	344,964	-
0035	Food Service	-	-	-	-
0036	Cocurricular/extracurricular activities	126,097	16,093	-	-
0041	General administration	179,159	31,664	-	-
0051	Facilities maintenance and operations	1,081,671	159,310	-	-
0052	Security and monitoring services	59,308	18,625	-	-
0053	Data processing services	244,681	22,690	-	-
0061	Community services	-	-	-	-
	Capital Outlay:				
0081	Facilities acquisition and construction	-	-	-	-
6030	Total Expenditures	5,765,233	2,221,866	344,964	601
1100	Excess (Deficiency) of Revenues Over Expenditures	-	3,028,861	-	2,557,741
	OTHER FINANCING SOURCES (USES):				
7918	Special items	-	-	-	-
8911	Transfers out	-	(3,028,861)	-	(2,557,741)
7080	Total Other Financing Sources (Uses)	-	(3,028,861)	-	(2,557,741)
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - Beginning	-	-	-	-
3000	Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

Professional Staff Development	State Supplemental Visually Impaired (SSVI)	Advanced Placement Incentives	State Instructional Materials	State Funded Special Revenue Fund	Campus Activity Fund	Locally Funded Special Revenue Funds	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,476,317	\$ 120,291	\$ 3,489,104
2,602	-	3,000	1,940,909	240,026	-	-	2,469,423
-	-	-	-	-	804	-	26,583,868
<u>2,602</u>	<u>-</u>	<u>3,000</u>	<u>1,940,909</u>	<u>240,026</u>	<u>2,477,121</u>	<u>120,291</u>	<u>32,542,395</u>
-	-	-	1,943,680	61,728	36,829	120,291	10,976,883
-	-	-	-	27	-	-	74,056
2,602	-	3,000	-	-	-	-	764,813
-	-	-	-	3,850	-	-	521,131
-	-	-	-	-	-	-	745,239
-	-	-	-	-	-	-	1,077,123
-	-	-	-	-	-	-	24,389
-	-	-	-	-	-	-	160,219
-	-	-	-	-	-	-	1,053,688
-	-	-	-	-	-	-	7,560,060
-	-	-	-	-	2,368,127	-	2,512,523
-	-	-	-	-	-	-	230,645
-	-	-	-	-	-	-	1,269,101
-	-	-	-	-	-	-	77,933
-	-	-	-	-	-	-	303,124
-	-	-	-	-	-	-	20,021
-	-	-	-	174,421	-	-	446,733
<u>2,602</u>	<u>-</u>	<u>3,000</u>	<u>1,943,680</u>	<u>240,026</u>	<u>2,404,956</u>	<u>120,291</u>	<u>27,817,682</u>
-	-	-	(2,771)	-	72,165	-	4,724,714
-	-	-	-	-	-	-	4,843
-	-	-	-	-	-	-	(5,973,441)
-	-	-	-	-	-	-	(5,968,598)
-	-	-	(2,771)	-	72,165	-	(1,243,884)
-	-	8,994	2,771	-	3,506,957	-	5,806,015
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,579,122</u>	<u>\$ -</u>	<u>\$ 4,562,131</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2021

Period Ended	Tax Rates			Assessed/ Appraised Value For School Tax Purposes
	Maintenance	Debt Service	Total	
2012 and Prior (1)	Various	Various	Various	Various
2013 (2)	\$1.0400	\$0.3794	\$1.4194	\$5,429,246,212
2014 (3)	\$1.0400	\$0.3757	\$1.4157	\$5,837,721,111
2015 (3)	\$1.0400	\$0.3757	\$1.4157	\$6,174,325,147
2016 (3)	\$1.0400	\$0.3756	\$1.4156	\$6,045,998,468
2017 (3)	\$1.0400	\$0.3756	\$1.4156	\$6,751,076,681
2018 (3)	\$1.0400	\$0.3756	\$1.4156	\$7,361,661,103
2019 (3)	\$1.0600	\$0.3556	\$1.4156	\$7,775,608,498
2020 (3)	\$0.9700	\$0.4256	\$1.3956	\$8,048,492,813
2021 (3)	\$0.8929	\$0.4256	\$1.3185	\$8,501,502,251
				Total:

Notes:

- (1) Year Ended August 31
- (2) Ten Months Ended June 30, 2013
- (3) Year Ended June 30

Beginning Balance July 1, 2020	Current Year's Total Levy	Maintenance and Operations Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance June 30, 2021
\$ 621,463		\$ 22,776	\$ 6,964	\$ (94,444)	\$ 497,279
118,846		5,576	2,034	(1,323)	109,913
140,975		7,530	2,720	(2,291)	128,434
157,562		14,022	5,066	(2,205)	136,269
161,476		13,953	5,039	(2,653)	139,831
228,453		38,739	13,991	(1,845)	173,878
299,105		68,325	24,676	(1,345)	204,759
412,159		88,220	29,595	(31,528)	262,816
1,421,189		569,974	250,083	(163,139)	437,993
	\$ 110,948,945	76,031,995	36,240,584	2,676,129	1,352,495
<u>\$ 3,561,228</u>	<u>\$ 110,948,945</u>	<u>\$ 76,861,110</u>	<u>\$ 36,580,752</u>	<u>\$ 2,375,356</u>	<u>\$ 3,443,667</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - FOOD SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
REVENUES:					
5700	Local and intermediate sources	\$5,027,420	\$ 954,547	\$ 892,496	\$ (62,051)
5800	State program revenues	309,000	309,000	282,886	(26,114)
5900	Federal program revenues	5,000,100	5,000,050	5,338,869	338,819
5020	Total Revenues	10,336,520	6,263,597	6,514,251	250,654
EXPENDITURES:					
Current:					
0035	Food service	10,435,520	7,692,445	7,560,060	132,385
Capital outlay:					
0081	Facilities acquisition and construction	-	280,000	272,312	7,688
6030	Total Expenditures	10,435,520	7,972,445	7,832,372	140,073
1200	Excess (Deficiency) of Revenues Over Expenditures	(99,000)	(1,708,848)	(1,318,121)	390,727
OTHER FINANCING SOURCES:					
7918	Special items	-	-	4,843	4,843
7080	Total Other Financing Sources	-	-	4,843	4,843
1200	Net Change in Fund Balance	(99,000)	(1,708,848)	(1,313,278)	395,570
0100	Fund Balance - Beginning	2,287,293	2,287,293	2,287,293	-
3000	Fund Balance - Ending	\$2,188,293	\$ 578,445	\$ 974,015	\$ 395,570

PEARLAND INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2021

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES				
5700	Local and intermediate sources	\$ 37,252,486	\$ 36,952,486	\$ 36,813,888	\$ (138,598)
5800	State program revenues	713,883	713,883	693,895	(19,988)
5020	Total Revenues	37,966,369	37,666,369	37,507,783	(158,586)
	EXPENDITURES				
	Debt Service:				
0071	Debt service - principal	14,700,000	16,940,000	16,940,000	-
0072	Debt service - interest and fees	19,493,217	19,438,217	19,433,612	4,605
6030	Total Expenditures	34,193,217	36,378,217	36,373,612	4,605
1100	Excess (Deficiency) of Revenues Over Expenditures	3,773,152	1,288,152	1,134,171	(153,981)
	OTHER FINANCING SOURCES (USES)				
7911	Proceeds from sales of bonds	-	78,675,000	78,675,000	-
7916	Premium on discount on issuance of bonds	-	17,676,000	17,675,251	(749)
8949	Other uses	-	(96,801,000)	(96,796,992)	4,008
7080	Total Other Financing Sources (Uses)	-	(450,000)	(446,741)	3,259
1200	Net Change in Fund Balance	3,773,152	838,152	687,430	(150,722)
0100	Fund Balance - Beginning	24,836,124	24,836,124	24,836,124	-
3000	Fund Balance - Ending	\$ 28,609,276	\$ 25,674,276	\$ 25,523,554	\$ (150,722)





Statistical Section

Skyla Thalji
Pearland High School
Rodeo Art – Best of Show
“Back in my Day”



STATISTICAL SECTION

Statistical tables are used to provide detailed data on the physical, economic, and political characteristics of a government. They are intended to provide financial report users with a broader and more complete understanding of the government and its financial affairs than it is possible from the basic financial statements. The information is provided in five categories.

Financial Trends Information (tables 1-4)

Intended to assist users in understanding and assessing how a District's financial position has changed over time.

Revenue Capacity Information (tables 5-8)

Intended to assist users in understanding and assessing the factors affecting the District's ability to generate its own-source revenues.

Debt Capacity Information (tables 9-12)

Intended to assist users in understanding and assessing the District's debt burden and its ability to issue additional debt.

Demographic and Economic Information (tables 13-14)

Intended to assist users in understanding the socioeconomic environment within which the District operated and to provide information that facilitates comparisons of financial statement information over time and among other school districts.

Operating Information (tables 15-18)

Intended to provide contextual information the District's operations and resources to assist readers in using financial statement information to understand and assess the District's economic condition.

The District's statistical tables usually cover ten fiscal years and often present data from outside the accounting records. The source of information is from District data found in this report, unless indicated otherwise. The tables are unaudited due to the nature of the information contained therein.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT - LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING - UNAUDITED)

	2012 ⁽⁴⁾	2013	2014	2015 ⁽³⁾
Governmental Activities:				
Net investment in capital assets	\$ 16,762,579	\$ 15,946,723	\$ 18,897,541	\$ 17,282,340
Restricted	17,954,836	22,536,155	22,519,103	23,587,767
Unrestricted	20,880,554	29,483,989	34,680,706	21,468,018
Total Primary Government Net Position	<u>\$ 55,597,969</u>	<u>\$ 67,966,867</u>	<u>\$ 76,097,350</u>	<u>\$ 62,338,125</u>

Notes:

⁽¹⁾ The District implemented GASB Statement No. 75 in 2018. The effects of this statement were not applied to previous years.

⁽²⁾ Restated 2016 – Prior Period Adjustment in Agency Funds.

⁽³⁾ The District implemented GASB Statement No. 68 in 2015. The effects of this statement were not applied to previous years.

⁽⁴⁾ The District implemented GASB Statement No. 65 in 2013, which resulted in a retroactive restatement of Net Position in 2012.

TABLE 1

2016 ⁽²⁾	2017	2018 ⁽¹⁾	2019	2020	2021
\$ 23,401,439	\$ 31,924,248	\$ 47,413,133	\$ 60,683,806	\$ 58,123,658	\$ 48,991,188
30,576,858	32,597,373	22,408,288	23,352,669	32,299,308	35,304,965
17,128,959	12,140,158	(79,423,632)	(86,794,259)	(93,535,389)	(87,659,401)
<u>\$ 71,107,256</u>	<u>\$ 76,661,779</u>	<u>\$ (9,602,211)</u>	<u>\$ (2,757,784)</u>	<u>\$ (3,112,423)</u>	<u>\$ (3,363,248)</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES - LAST 10 FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING - UNAUDITED)

	2012	2013	2014	2015
EXPENSES:				
Governmental Activities:				
Instruction	\$ 80,497,321	\$ 76,616,490	\$ 90,613,629	\$ 96,418,084
Instructional resources and media services	1,684,201	1,596,399	1,830,154	1,748,551
Curriculum and staff development	3,307,258	3,231,292	3,790,285	4,420,330
Instructional leadership	1,764,562	1,532,989	1,916,644	2,022,634
School leadership	8,083,392	7,873,688	9,010,467	9,340,019
Guidance, counseling, and evaluation services	4,440,673	4,512,404	5,127,407	5,511,460
Social work services	318,057	282,937	392,206	446,637
Health services	1,186,173	1,129,578	1,246,878	1,336,795
Student transportation	6,337,619	5,581,988	6,927,329	6,768,116
Food service	8,758,214	8,046,156	9,617,535	9,314,602
Cocurricular/Extracurricular activities	5,523,241	4,324,185	5,161,116	4,993,563
General administration	3,445,382	2,860,991	3,547,964	3,819,145
Facilities maintenance and operations	13,089,155	11,583,898	14,638,541	15,370,044
Security and monitoring services	1,265,546	1,389,484	1,677,065	1,740,251
Data processing services	4,239,364	5,354,227	3,554,845	3,927,450
Community services	241,622	32,860	16,074	13,829
Debt service	14,034,122	11,991,930	12,949,879	14,211,829
Payments to shared service arrangements	4,608,101	4,082,692	4,428,939	4,605,539
Payments to Juvenile Justice Alt. Ed. Program	2,600	20,100	7,200	14,500
Other intergovernmental charges	558,860	408,183	546,652	566,318
Total Primary Government Expenses	163,385,463	152,452,471	177,000,809	186,589,696
PROGRAM REVENUES:				
Governmental Activities:				
Charges for Services:				
Instructional	265,391	236,203	253,799	237,221
Food Service	5,069,888	4,766,315	4,984,064	4,784,658
Extracurricular activities	459,306	349,925	421,770	422,991
General Administration	82	19	1,544	939
Other activities	2,158	30,968	40,214	24,450
Operating grants and contributions	14,151,769	16,906,922	20,632,311	19,750,202
Capital grants and contributions	344,944	121,961	78,193	91,482
Total Primary Government Program Revenues	20,293,538	22,412,313	26,411,895	25,311,943
Total Net Primary Government Expense	\$ (143,091,925)	\$ (130,040,158)	\$ (150,588,914)	\$ (161,277,753)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:				
Governmental Activities:				
Property taxes - levied for general purposes	\$ 57,911,874	\$ 58,423,733	\$ 59,785,723	\$ 63,077,455
Property taxes - levied for debt service	21,107,056	21,312,482	21,585,188	22,772,073
State aid - formula grants	58,481,482	61,729,034	75,904,945	79,599,546
Other grants/contributions not restricted to specific programs	4,547,211	400,529	663,162	146,102
Investment earnings	91,822	77,126	68,493	77,851
Miscellaneous	604,694	466,152	709,666	697,906
Special item/gain on sale	12,707	-	2,220	28,348
Total Primary Government General Revenue and Special Items	142,756,846	142,409,056	158,719,397	166,399,281
Total Primary Government Change in Net Position	\$ (335,079)	\$ 12,368,898	\$ 8,130,483	\$ 5,121,528

TABLE 2

2016	2017	2018	2019	2020	2021
\$ 108,018,146	\$ 111,410,232	\$ 101,971,641	\$ 121,399,219	\$ 126,833,821	\$ 130,143,737
1,892,690	2,023,569	1,874,480	2,093,071	2,217,336	2,217,516
4,798,357	5,032,868	4,396,887	5,764,129	5,943,688	5,768,622
2,117,324	2,364,184	2,188,457	2,751,236	2,925,918	3,307,322
10,145,554	10,889,063	9,884,886	12,175,638	12,681,811	12,630,949
6,212,844	6,549,827	5,689,193	7,846,560	8,599,077	8,662,901
528,261	564,122	594,806	766,826	802,305	828,742
1,452,554	1,470,916	1,322,930	1,807,969	1,965,143	2,393,940
6,920,831	7,166,128	6,707,250	7,868,200	7,193,612	7,730,530
9,640,501	9,628,376	9,539,071	9,774,564	9,264,759	8,487,067
5,297,839	5,352,392	10,135,800	10,060,042	9,820,049	8,739,562
4,148,299	4,461,643	4,198,607	4,957,664	5,034,601	5,300,054
20,729,037	20,600,321	19,310,843	20,921,398	21,169,918	22,206,616
1,907,967	1,837,076	1,956,123	1,797,862	2,523,273	2,090,426
4,267,205	5,418,925	5,141,820	6,183,838	6,070,429	17,336,261
9,337	17,607	17,057	19,340	15,821	27,802
12,306,612	11,537,729	16,161,698	16,577,071	17,543,127	15,164,922
11,379	-	-	-	-	-
20,000	17,600	44,800	83,400	43,100	7,500
597,519	627,315	650,378	655,335	652,926	643,302
201,022,256	206,969,893	201,786,727	233,503,362	241,300,714	253,687,771
271,748	346,793	365,685	398,919	324,802	346,969
5,069,315	4,973,390	4,235,483	4,869,544	3,769,233	892,496
396,299	436,099	5,349,495	5,126,895	4,349,030	2,661,171
721	507	545	31,242	54,720	26,576
18,776	19,711	15,065	1,033	517	-
23,923,153	21,001,150	21,912,229	25,746,922	25,783,688	40,219,103
72,335	111,512	194,827	191,116	462,194	809,601
29,752,347	26,889,162	32,073,329	36,365,671	34,744,184	44,955,916
<u>\$ (171,269,909)</u>	<u>\$ (180,080,731)</u>	<u>\$ (169,713,398)</u>	<u>\$ (197,137,691)</u>	<u>\$ (206,556,530)</u>	<u>\$ (208,731,855)</u>
\$ 65,527,661	\$ 72,912,075	\$ 78,244,130	\$ 81,104,706	\$ 77,798,829	\$ 77,761,672
23,638,974	26,318,697	28,235,132	27,172,041	34,091,048	36,946,245
85,600,906	84,989,975	82,102,901	91,129,765	90,951,732	91,190,682
143,358	-	121,350	543,154	492,919	1,726,998
171,783	144,820	2,261,747	3,249,250	2,311,372	169,135
790,255	359,826	1,003,357	783,202	506,130	567,033
1,156,502	909,861	51,509	-	49,861	119,265
177,029,439	185,635,254	192,020,126	203,982,118	206,201,891	208,481,030
<u>\$ 5,759,530</u>	<u>\$ 5,554,523</u>	<u>\$ 22,306,728</u>	<u>\$ 6,844,427</u>	<u>\$ (354,639)</u>	<u>\$ (250,825)</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT**FUND BALANCES – GOVERNMENTAL FUNDS - LAST 10 FISCAL YEARS****(MODIFIED ACCRUAL BASIS OF ACCOUNTING - UNAUDITED)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:				
Nonspendable	\$ 1,783,714	\$ 1,829,626	\$ 1,848,036	\$ 1,585,944
Committed	7,500,000	7,500,000	7,500,000	7,500,000
Assigned	12,888,000	12,888,000	13,370,000	12,954,000
Unassigned	<u>17,795,984</u>	<u>22,099,193</u>	<u>26,410,060</u>	<u>26,982,273</u>
Total General Fund	<u>\$ 39,967,698</u>	<u>\$ 44,316,819</u>	<u>\$ 49,128,096</u>	<u>\$ 49,022,217</u>
 All Other Governmental Funds:				
Nonspendable	\$ 269,818	\$ 226,429	\$ 229,309	\$ 171,651
Restricted	9,485,437	15,249,516	16,146,706	45,033,702
Assigned	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 9,755,255</u>	<u>\$ 15,475,945</u>	<u>\$ 16,376,015</u>	<u>\$ 45,205,353</u>

Source:

District Financial Statements

TABLE 3

2016	2017	2018	2019	2020	2021
\$ 1,325,206	\$ 1,542,508	\$ 1,346,834	\$ 1,584,198	\$ 1,573,000	\$ 2,425,407
7,500,000	7,500,000	7,500,000	7,500,000	17,000,000	17,000,000
13,010,000	13,010,000	13,010,000	13,010,000	12,076,000	13,564,241
27,778,841	28,684,274	30,212,343	36,540,581	31,659,136	34,038,911
<u>\$ 49,614,047</u>	<u>\$ 50,736,782</u>	<u>\$ 52,069,177</u>	<u>\$ 58,634,779</u>	<u>\$ 62,308,136</u>	<u>\$ 67,028,559</u>
\$ 80,175	\$ 62,004	\$ 70,833	\$ 70,833	\$ 198,731	\$ 113,300
30,926,787	24,672,554	97,232,458	71,001,809	45,919,202	36,272,079
-	-	-	10,000,000	13,053,145	11,652,247
-	-	-	-	-	-
<u>\$ 31,006,962</u>	<u>\$ 24,734,558</u>	<u>\$ 97,303,291</u>	<u>\$ 81,072,642</u>	<u>\$ 59,171,078</u>	<u>\$ 48,037,626</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING - UNAUDITED)

	2012	2013	2014	2015
REVENUES:				
Local and intermediate revenues	\$ 85,384,461	\$ 85,813,263	\$ 88,149,171	\$ 92,259,239
State program revenues	68,071,017	70,729,224	87,478,517	90,243,942
Federal program revenues	9,391,999	8,408,421	9,521,902	9,166,266
Total Revenues	<u>162,847,477</u>	<u>164,950,908</u>	<u>185,149,590</u>	<u>191,669,447</u>
EXPENDITURES:				
Current:				
Instruction	71,955,957	71,595,464	83,293,152	91,108,999
Instructional resources and media services	1,324,124	1,370,073	1,512,263	1,486,919
Curriculum and staff development	3,307,696	3,230,825	3,797,096	4,458,486
Instructional leadership	1,617,989	1,438,960	1,805,692	1,957,579
School leadership	8,077,039	7,854,749	8,993,223	9,438,721
Guidance, counseling, and evaluation services	4,432,383	4,498,708	5,111,852	5,559,429
Social work services	303,051	273,348	400,795	435,596
Health services	1,176,379	1,120,465	1,235,398	1,342,241
Student transportation	5,470,788	5,467,048	6,421,043	6,455,439
Food service	8,253,341	7,522,486	9,149,610	8,673,990
Cocurricular/Extracurricular activities	3,764,988	3,296,014	3,700,562	3,748,625
General administration	3,375,679	2,781,871	3,455,607	3,762,432
Facilities maintenance and operations	13,745,853	11,844,128	14,778,758	15,884,651
Security and monitoring services	1,273,963	1,418,875	1,658,041	1,714,442
Data processing services	4,878,313	5,227,384	2,969,483	3,950,814
Community services	56,122	32,860	16,074	13,829
Debt Service:				
Principal	9,710,000	10,060,000	10,415,000	10,810,000
Interest and fees	14,521,288	7,712,676	12,750,985	13,697,528
Capital Outlay:				
Facilities acquisition and construction	102,640	3,399,607	3,019,989	7,758,952
Intergovernmental:				
Payments to shared services arrangement	4,608,101	4,082,692	4,428,939	4,605,539
Payments to Juvenile Justice Alt. Ed. Program	2,600	20,100	7,200	14,500
Other intergovernmental charges	558,860	408,183	546,652	566,318
Total Expenditures	<u>162,517,154</u>	<u>154,656,516</u>	<u>179,467,414</u>	<u>197,445,029</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>330,323</u>	<u>10,294,392</u>	<u>5,682,176</u>	<u>(5,775,582)</u>
OTHER FINANCING SOURCES (USES):				
Issuance of general obligation bonds	71,585,000	53,645,000	-	59,195,000
Sale of property	23,456	-	29,171	36,348
Sale of land	-	-	-	-
Transfers in	-	3,717,700	101,061	1,214,495
Insurance recoveries	-	-	-	-
Premium on issuance of bonds	11,649,616	6,148,388	-	8,439,077
Special items	-	-	-	-
Transfers out	-	(3,717,700)	(101,061)	(1,214,495)
Payment to refunded bond escrow agent	(83,331,833)	(60,014,616)	-	(33,171,384)
Total other financing sources (uses)	<u>(73,761)</u>	<u>(221,228)</u>	<u>29,171</u>	<u>34,499,041</u>
Net Change in Fund Balance	<u>\$ 256,562</u>	<u>\$ 10,073,164</u>	<u>\$ 5,711,347</u>	<u>\$ 28,723,459</u>
Debt Service (Principal and Interest) as a Percentage of Non-Capital Expenditures	14.9%	11.7%	13.1%	12.9%

TABLE 4

2016	2017	2018	2019	2020	2021
\$ 95,840,980	\$ 106,286,528	\$ 119,717,684	\$ 122,911,541	\$ 123,201,216	\$ 118,972,017
99,372,913	95,054,025	91,753,852	101,766,476	103,819,529	103,866,933
10,219,097	10,991,818	12,409,786	15,626,996	13,858,967	29,959,161
<u>205,432,990</u>	<u>212,332,371</u>	<u>223,881,322</u>	<u>240,305,013</u>	<u>240,879,712</u>	<u>252,798,111</u>
100,013,539	102,346,015	108,279,374	111,168,060	114,813,730	120,179,874
1,592,494	1,714,063	1,805,416	1,764,152	1,837,890	1,849,980
4,715,540	4,896,907	5,032,642	5,545,612	5,622,292	5,681,914
1,997,282	2,222,639	2,444,464	2,563,931	2,661,862	3,175,810
9,942,149	10,569,398	11,317,318	11,650,171	11,952,893	12,422,741
6,101,343	6,360,812	6,534,444	7,528,441	8,117,834	8,516,549
503,485	537,927	647,112	727,991	753,643	803,408
1,417,082	1,421,014	1,499,353	1,717,823	1,858,239	2,348,589
6,497,794	6,813,120	7,142,491	6,747,608	6,125,534	7,557,484
8,829,449	8,894,463	9,554,503	9,074,753	8,612,588	7,571,445
3,948,679	4,018,146	9,275,938	8,672,950	8,532,132	7,126,531
3,977,831	4,265,087	4,609,335	4,575,629	4,674,169	5,001,993
21,045,183	20,324,077	22,840,181	20,557,107	23,304,120	22,090,796
1,809,034	1,824,948	1,970,223	1,782,996	2,498,696	2,069,533
3,782,607	6,074,903	6,034,405	5,710,355	5,248,698	6,135,767
9,337	17,607	17,057	19,340	15,821	27,705
11,485,000	14,190,000	12,945,000	13,530,000	14,280,000	16,940,000
14,121,996	12,753,433	16,367,370	17,523,575	19,989,889	19,433,612
19,332,936	12,854,188	41,905,501	100,641,232	38,136,657	9,300,630
11,379	-	-	-	-	-
20,000	17,600	44,800	44,800	43,100	7,500
597,519	627,315	650,378	650,378	652,926	643,303
<u>221,751,658</u>	<u>222,743,662</u>	<u>270,917,305</u>	<u>332,196,904</u>	<u>279,732,713</u>	<u>258,885,164</u>
<u>(16,318,668)</u>	<u>(10,411,291)</u>	<u>(47,035,983)</u>	<u>(91,891,891)</u>	<u>(38,853,001)</u>	<u>(6,087,053)</u>
41,335,000	42,200,000	105,510,000	75,155,000	18,305,000	78,675,000
10,480	14,961	4,369	40,676	16,920	1,500
2,625,612	-	-	-	382,941	-
25,826	2,000,000	1,001,385	12,694,253	4,985,005	6,973,441
-	-	51,509	-	-	-
9,921,717	3,748,706	17,707,052	7,074,725	1,919,933	17,675,251
-	-	-	-	-	119,265
(154,882)	(2,000,000)	(1,001,385)	(12,694,253)	(4,985,005)	(6,973,441)
<u>(51,051,646)</u>	<u>(46,047,466)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(96,796,992)</u>
<u>2,712,107</u>	<u>(83,799)</u>	<u>123,272,930</u>	<u>82,270,401</u>	<u>20,624,794</u>	<u>(325,976)</u>
<u>\$ (13,606,561)</u>	<u>\$ (10,495,090)</u>	<u>\$ 76,236,947</u>	<u>\$ (9,621,490)</u>	<u>\$ (18,228,207)</u>	<u>\$ (6,413,029)</u>
12.7%	12.8%	13.1%	13.5%	14.4%	14.4%

PEALAND INDEPENDENT SCHOOL DISTRICT**ASSESS VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY****LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Actual Value					
	Residential	Commerical Industrial and Multi-Family	Acreage	Vacant Lots and Tracts	Utilities	Other
2012	\$ 4,730,736,168	\$ 1,012,427,768	\$ 90,673,419	\$ 62,639,517	\$ 66,809,201	\$ 602,215,267
2013	4,698,908,575	998,188,364	92,587,505	62,997,062	57,963,290	609,431,004
2014	4,759,250,132	1,052,563,173	106,704,868	66,228,503	61,860,480	585,335,382
2015	4,948,471,437	1,235,935,304	98,244,561	65,989,906	74,267,400	599,853,402
2016	5,321,992,392	1,334,242,825	108,350,862	66,684,347	60,032,490	595,093,748
2017	6,036,550,378	1,435,484,716	136,431,796	77,775,860	73,020,770	641,416,649
2018	6,424,323,025	1,512,698,674	139,444,658	78,359,815	97,390,970	685,401,853
2019	6,640,490,559	1,689,682,193	139,866,994	81,184,509	100,322,780	685,191,509
2020	6,852,563,878	1,781,315,768	138,375,032	80,959,891	126,775,340	722,923,104
2021	7,228,076,982	1,942,924,252	129,830,503	87,604,366	138,884,040	750,120,565

Note:

⁽¹⁾ Tax rates are per \$100 of assessed value.

Source:

Brazoria County (Texas) Appraisal District and Harris County (Texas) Appraisal District provides the District's tax office with certified appraised and taxable values for properties within the District's tax authority. Actual value equals appraised value. Actual value less exemptions equals taxable assessed value. Taxable assessed value times the tax rate set by the District's Board of Trustees each fall equals the tax levy. Additional factors influence certified levy such as late rendition penalties, late penalties, late Ag penalties, and actual collectable levy of properties receiving tax ceiling for over-65 exemption.

TABLE 5

Total Actual Value	Less: Exemptions	Total Taxable Assessed Value	Total Direct Rate ⁽¹⁾
\$ 6,565,501,340	\$ 1,063,525,674	\$ 5,501,975,666	\$1.4194
6,520,075,800	1,090,829,588	5,429,246,212	\$1.4194
6,631,942,538	1,106,193,806	5,525,748,732	\$1.4157
7,022,762,010	1,144,941,608	5,877,820,402	\$1.4157
7,486,396,664	1,440,398,196	6,045,998,468	\$1.4156
8,400,680,169	1,649,603,488	6,751,076,681	\$1.4156
8,937,618,995	1,575,957,892	7,361,661,103	\$1.4156
9,336,738,544	1,561,130,046	7,775,608,498	\$1.4156
9,702,913,013	1,654,420,200	8,048,492,813	\$1.3956
10,277,440,708	1,775,938,457	8,501,502,251	\$1.3585

PEARLAND INDEPENDENT SCHOOL DISTRICT**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**

(PER \$100 OF ASSESSED VALUATION)

LAST TEN FISCAL YEARS (UNAUDITED)

	2012	2013	2014	2015
Brazoria County	\$0.4730	\$0.4860	\$0.4920	\$0.4990
Brazoria County MUD No. 2	0.5000	0.4900	0.4900	0.4900
Brazoria County MUD No. 3	0.6300	0.6300	0.6300	0.6300
Brazoria County MUD No. 6	0.6300	0.6300	0.6300	0.6300
Brazoria County MUD No. 16	0.9500	0.9400	0.9400	0.9400
Brazoria County MUD No. 17	0.5470	0.5440	0.5440	0.5200
Brazoria County MUD No. 18	0.5450	0.5300	0.5100	0.4700
Brazoria County MUD No. 19	0.6000	0.5800	0.5500	0.5100
Brazoria County MUD No. 23	0.6300	0.6100	0.6000	0.5800
Brazoria County MUD No. 28	0.8200	0.8200	0.8200	0.8200
Harris County	0.3910	0.4000	0.4150	0.4170
Harris County Department of Education	0.0070	0.0070	0.0060	0.0060
Harris County Flood Control District	0.0280	0.0280	0.0280	0.0270
Harris County Hospital District	0.1920	0.1820	0.1700	0.1700
Harris-Brazoria Counties MUD No. 509	N/A	N/A	0.8500	0.8500
City of Pearland	0.6850	0.7050	0.7050	0.7120
Port of Houston Authority	0.0190	0.0200	0.0170	0.0150
Pearland ISD Direct Rates:				
Maintenance & Operations	\$1.0400	\$1.0400	\$1.0400	\$1.0400
Debt Service	0.3794	0.3794	0.3757	0.3757
Total District Direct Rates	<u>\$1.4194</u>	<u>\$1.4194</u>	<u>\$1.4157</u>	<u>\$1.4157</u>

Note:

An individual resident of Pearland ISD resides in only one county and one utility district. Therefore, the total taxes applicable to the individual resident are insignificantly less than the sum of the taxes shown.

TABLE 6

2016	2017	2018	2019	2020	2021
\$0.4860	\$0.4400	\$0.4400	\$0.4280	\$0.4152	\$0.3920
0.4400	0.4000	0.4000	0.4000	0.4000	0.4000
0.6200	0.5900	0.5900	0.5900	0.5900	0.3500
0.6000	0.6000	0.6000	0.6000	0.6000	0.5500
0.9400	0.9400	0.9400	0.8900	0.8500	0.8300
0.4600	0.4100	0.3800	0.3800	0.3600	0.3400
0.3900	0.3500	0.3100	0.3100	0.2900	0.2700
0.4500	0.4000	0.3800	0.3600	0.3500	0.3100
0.5400	0.4800	0.4700	0.4600	0.4600	0.4600
0.8200	0.8200	0.8200	0.8200	0.8200	0.8200
0.4190	0.4166	0.4180	0.4186	0.4190	0.3920
0.0050	0.0050	0.0052	0.0052	0.0050	0.0050
0.0270	0.0283	0.0283	0.0288	0.0290	0.0310
0.1700	0.1720	0.1711	0.1711	0.1790	0.1730
0.8500	0.8500	0.8500	0.8500	0.8500	0.8500
0.7050	0.6810	0.6851	0.7090	0.7410	0.7200
0.0130	0.0130	0.0128	0.0120	0.0110	0.0100
\$1.0400	\$1.0400	\$1.0400	\$1.0600	\$0.9700	\$0.8929
0.3756	0.3756	0.3756	0.3556	0.4256	0.4256
<u>\$1.4156</u>	<u>\$1.4156</u>	<u>\$1.4156</u>	<u>\$1.4156</u>	<u>\$1.3956</u>	<u>\$1.3185</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
PRINCIPAL TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

TABLE 7

Taxpayer	Type of Property	Fiscal Year Ended June 30, 2021			Fiscal Year Ended June 30, 2012		
		Taxable Assessed Valuation(1)	Rank	Percentage of Total Assessed Valuation(2)	Taxable Assessed Valuation(1)	Rank	Percentage of Total Assessed Valuation(3)
VR St. Andrew LP	Apartments	\$ 40,499,840	1	0.48%			
Pearland Dunhill 1 LLC	Retail Center	37,812,820	2	0.44%			
CenterPoint Energy Inc	Electric Utility	37,396,610	3	0.44%	\$ 26,536,120	6	0.48%
Lake Park Pearland LTD	Apartments	35,038,210	4	0.36%			
Kings Terrace Tranquility Lake LLC	Apartments	31,000,000	5	0.35%			
Southwind Middletown LLCN & Southwind Tampa LLC	Apartments	30,000,000	6	0.35%			
Wal-Mart Real Estate Business Trust	Department Store	29,720,920	7	0.31%	23,678,280	7	0.43%
Seaway Crude Pipeline Company	Oil Field Equipment	28,415,990	8	0.29%			
CFH Enclave Partners LP	Apartments	26,300,250	9	0.79%			
Floworks	Industrial	24,255,690	10	0.48%			
Pearland Town Center LP					66,933,820	1	1.22%
Amreit SPF Shadow Creek, LP					41,006,650	2	0.75%
Pearland Investments Ltd					31,696,920	3	0.58%
Weatherford U.S., Inc.					31,613,080	4	0.57%
Villas Shadow Creek Ranch LP					29,000,460	5	0.53%
Shadow Kirby LTD Partnership					23,114,059	8	0.42%
MRP Shadow Creek LP					21,000,000	9	0.38%
HCA Healthcare Corp.					19,074,620	10	0.35%
Total of Top 10 Taxpayers		<u>\$ 320,440,330</u>		<u>4.29%</u>	<u>\$ 313,654,009</u>		<u>5.70%</u>

Notes:

(1) Taxable assessed value equals appraised value after exemption.

(2) Total Assessed Valuation: \$8,501,502,251

(3) Total Assessed Valuation: \$5,501,975,666

Source:

Brazoria County (Texas) Appraisal District and City of Pearland.

PEARLAND INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 8

Fiscal Year June 30,	Net Tax Levy for the Fiscal year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Net Tax Levy		Amount	Percentage of Total Tax Collections
2012	\$78,623,411	\$77,772,903	98.92%	\$755,731	\$78,528,634	99.88%
2013	\$79,509,130	\$78,244,832	98.41%	\$1,152,585	\$79,397,417	99.86%
2014	\$80,891,038	\$79,737,865	98.57%	\$1,021,977	\$80,759,842	99.84%
2015	\$85,400,235	\$84,071,053	98.44%	\$1,201,564	\$85,272,617	99.85%
2016	\$88,576,876	\$87,364,047	98.63%	\$1,082,923	\$88,446,970	99.85%
2017	\$98,968,277	\$97,550,381	98.57%	\$1,258,844	\$98,809,225	99.84%
2018	\$105,893,344	\$104,494,272	98.68%	\$1,188,624	\$105,682,896	99.80%
2019	\$105,921,921	\$104,610,322	98.76%	\$986,337	\$105,596,659	99.69%
2020	\$111,311,371	\$109,895,091	98.73%	\$820,057	\$110,715,148	99.46%
2021	\$113,625,074	\$112,272,579	98.81%	-	\$112,272,579	98.81%

PEARLAND INDEPENDENT SCHOOL DISTRICT

TABLE 9

OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30,	General Obligation Bonds	Ratio of Debt to Assessed Value ⁽¹⁾	Debt per ADA ⁽²⁾	Debt per Capita ⁽³⁾	Percentage of Personal Income ⁽³⁾
2012	\$329,046,200	5.98%	\$17,938	\$3,297	10.24%
2013	\$321,511,552	5.92%	\$17,138	\$3,088	9.04%
2014	\$310,017,354	5.61%	\$16,201	\$2,900	8.11%
2015	\$334,863,345	5.60%	\$17,085	\$2,982	8.24%
2016	\$323,447,812	5.35%	\$16,012	\$2,762	6.97%
2017	\$307,271,914	4.55%	\$14,918	\$2,529	7.14%
2018	\$414,460,410	5.63%	\$20,066	\$3,310	8.07%
2019	\$479,919,835	6.17%	\$23,276	\$3,860	10.65%
2020	\$482,354,449	5.99%	\$23,541	\$3,670	8.02%
2021	\$456,805,036	5.37%	\$22,534	(4)	(4)

Notes:

(1) See Table 5 for total taxable assessed value data.

(2) See Table 16 for student enrollment data.

(3) See Table 13 for population and income information.

(4) Data is not available for 2021 due to the data collection impacts of the COVID-19 pandemic.

RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30,	General Obligation Bonds(1)	Less Restricted for Retirement of Bonded Debt (2)	Net Bonded Debt	Ratio of Debt to Assessed Value (3)	Debt per ADA (4)
2012	\$329,046,200	\$4,564,005	\$324,482,195	5.90%	\$17,689
2013	\$321,511,552	\$11,046,490	\$310,465,062	5.72%	\$16,549
2014	\$310,017,354	\$13,159,629	\$296,857,725	5.37%	\$15,513
2015	\$334,863,345	\$14,986,658	\$319,876,687	5.35%	\$16,320
2016	\$323,447,812	\$16,847,686	\$306,600,126	5.07%	\$15,178
2017	\$307,271,914	\$19,153,034	\$288,118,880	4.27%	\$13,988
2018	\$414,460,410	\$16,462,537	\$397,997,873	5.41%	\$19,269
2019	\$479,919,835	\$16,675,925	\$463,243,910	5.96%	\$22,467
2020	\$482,354,449	\$17,940,148	\$464,414,301	5.77%	\$22,665
2021	\$456,805,036	\$19,090,587	\$437,714,449	5.15%	\$21,592

Notes:

⁽¹⁾ Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

⁽²⁾ This is the amount restricted for debt service on the government-wide financial statements.

⁽³⁾ See Table 5 for assessed value data.

⁽⁴⁾ See Table 16 for student enrollment data.

PEARLAND INDEPENDENT SCHOOL DISTRICT**LEGAL DEBT MARGIN INFORMATION****LAST TEN FISCAL YEARS (UNAUDITED)**

	2012	2013	2014	2015
Debt Limit ⁽¹⁾	\$ 550,197,567	\$ 542,924,621	\$ 552,574,873	\$ 597,612,792
Less: Total Net Debt Applicable to Limit	309,521,690	292,056,315	279,315,718	296,069,224
Legal Debt Margin	\$ 240,675,877	\$ 250,868,306	\$ 273,259,155	\$ 301,543,568
Total Net Debt Applicable to the Limit as a Percentage of Debt limit:	56.26%	53.79%	50.55%	49.54%

Notes:

⁽¹⁾ Although there is no legal debt limit in the State of Texas, most school business officials in the State hold the opinion that the Attorney General would not approve bonded indebtedness in excess of 10% of assessed value.

⁽²⁾ See Table 5 for taxable assessed value data.

⁽³⁾ See restricted for debt service at the fund level.

TABLE 11

2016	2017	2018	2019	2020	2021
\$ 604,599,847	\$ 675,107,668	\$ 736,166,110	\$ 777,560,850	\$ 804,849,281	\$ 850,150,225
275,086,780	255,839,100	345,229,857	372,038,939	396,455,405	474,438,779
\$ 329,513,067	\$ 419,268,568	\$ 390,936,253	\$ 405,521,911	\$ 408,393,876	\$ 375,711,446
45.50%	37.90%	46.90%	47.85%	49.26%	55.81%
Assessed Value ⁽²⁾				\$8,501,502,251	
Debt Limit Percentage of Assessed Value				10.00%	
Debt Limitation ⁽¹⁾					\$ 850,150,225
Debt Applicable to Debt Limitation:					
Total Bonded Debt				\$ 401,235,000	
Less: Amount set aside for repayment of bonds ⁽³⁾				25,523,554	
Total Amount of Debt Applicable to Debt Limitation					375,711,446
Legal Debt Margin					\$ 474,438,779

PEARLAND INDEPENDENT SCHOOL DISTRICT

TABLE 12

**COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2021 (UNAUDITED)**

Taxing Jurisdiction	Gross Tax Debt	Percent Overlapping ⁽¹⁾	Amount Overlapping
Brazoria County	\$ 135,313,313	17.33%	\$ 23,449,797
Brazoria County MUD #6	12,620,000	86.42%	10,906,204
Brazoria County MUD #16	13,050,000	100.00%	13,050,000
Brazoria County MUD #17	19,105,000	100.00%	19,105,000
Brazoria County MUD #18	19,515,000	48.94%	9,550,641
Brazoria County MUD #19	23,090,000	100.00%	23,090,000
Brazoria County MUD #23	12,490,000	99.50%	12,427,550
Brazoria County MUD #28	54,840,000	80.60%	44,201,040
Harris County	1,672,657,125	0.03%	501,797
Harris County Department of Education	20,185,000	0.03%	6,056
Harris County Flood Control District	334,270,000	0.03%	100,281
Harris County Hospital District	81,540,000	0.03%	24,462
Harris County Toll Road	-	0.03%	-
Harris-Brazoria Counties MUD #509	41,975,000	31.13%	13,066,818
City of Pearland	312,560,000	58.18%	181,847,408
Port of Houston Authority	492,439,397	0.03%	147,732
Sedona Lakes MUD #1	32,040,000	4.38%	1,403,352
Total Overlapping Debt			\$ 352,878,137
Pearland ISD			401,235,000
Total Direct and Overlapping Debt			\$ 754,113,137

Note:

⁽¹⁾ The percentage of overlapping debt is estimated using taxable assessed property values. Percentages were estimated by determining the portion of the overlapping taxing authority's taxable assessed value that is within the District's boundaries and dividing it by the overlapping taxing authority's total taxable assessed value.

Source: Municipal Advisory Council of Texas

PEARLAND INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 13

Fiscal Year Ended June 30,	Population ⁽¹⁾	Total Personal Income	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽³⁾
2021 ⁽⁴⁾	-	-	-	4.6%
2020	131,448	\$6,015,060,480	\$45,760	5.6%
2019	124,321	\$4,505,393,040	\$36,240	2.8%
2018	125,198	\$5,134,370,000	\$41,010	3.5%
2017	121,500	\$4,305,839,000	\$35,439	4.3%
2016	117,100	\$4,637,394,000	\$39,602	3.8%
2015	112,300	\$4,063,014,000	\$36,180	3.3%
2014	106,900	\$3,822,958,000	\$35,762	4.3%
2013	104,100	\$3,555,431,000	\$34,154	5.0%
2012	99,800	\$3,213,184,000	\$32,196	5.6%

Sources:

⁽¹⁾ Population is for the entire City of Pearland.

⁽²⁾ Pearland Economic Development Corporation, Census Data Tables.

⁽³⁾ Bureau of Labor Statistics.

⁽⁴⁾ Data is not available for 2021 due to the data collection impacts of the COVID-19 pandemic.

PRINCIPAL EMPLOYERS ⁽¹⁾

CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

	2021 ⁽²⁾			2012		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Pearland ISD	2,766	1	4.24%	2,268	1	4.26%
Kelsey Seybold	863	2	1.32%			
City of Pearland	853	3	1.31%	633	3	1.19%
Alvin ISD	785	4	1.20%			
Memorial Hermann	450	5	0.69%			
Lonza	444	6	0.68%			
Merit Medical	360	7	0.55%			
HCA (Pearland Medical Center)	300	8	0.46%			
Dover Energy	220	9	0.34%			
Third Coast	209	10	0.32%			
Wal-Mart				1,150	2	2.16%
Kemlon				390	4	0.73%
HEB				350	5	0.66%
Davis-Lynch				300	6	0.56%
Sam's Club				230	7	0.43%
Bass Pro Shop				225	8	0.42%
Home Depot				223	9	0.42%
Packaging Service Co, Inc.				205	10	0.39%
Total	<u>7,250</u>		<u>11.10%</u>	<u>5,974</u>		<u>11.23%</u>

Labor force participation:

2020: 65,299

2012: 53,185

Notes:

⁽¹⁾ Employment data is for City of Pearland.⁽²⁾ Employment data is for 2020; data for 2021 was not available at the time of this report.

PEARLAND INDEPENDENT SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 15

	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Teaching Staff:	1,083	1,120	1,208	1,239	1,306	1,343	1,323	1,307	1,299	1,318
Professional Support:										
Athletic Trainer	5	5	5	6	6	6	7	9	9	9
Counselor	30	34	38	37	42	39	43	53	52	54
Educational Diagnostician	2	3	2	2	3	3	3	6	9	8
Librarian	15	15	14	15	15	15	16	19	20	19
LSSP/Psychologist	17	16	19	22	23	21	22	21	17	19
Other Campus Professional	4	8	8	7	8	9	13	15	11	15
Other Non-Instructional	86	94	105	111	118	98	98	110	121	118
School Nurse	13	13	13	13	14	14	13	17	19	21
Speech Therapist/Speech- Language Pathologist	13	14	16	12	15	14	16	18	19	21
Truant Officer	2	3	2	2	2	-	3	5	5	5
Total Professional Staff	1,270	205	222	227	246	219	234	273	282	289
Administrative Staff:										
Assistant Principal	29	32	33	32	33	30	43	49	49	49
Asst/Assoc/Deputy Superintendent	5	6	5	5	5	7	7	6	6	7
Athletic Director	1	-	-	-	-	-	1	1	1	1
Business Manager	1	1	1	1	1	2	1	1	1	1
Director of Personnel/HR	1	1	1	1	1	1	1	1	1	1
Instructional Program/ Executive Director	6	7	5	5	6	10	7	8	7	8
Principal	22	20	22	23	23	22	21	23	23	23
Registrar	2	2	3	3	3	3	3	3	3	3
Superintendent	1	1	1	1	1	1	1	1	1	1
Total Administrative Staff	68	70	71	71	73	76	85	93	92	94
Total Professional Staff	2,421	1,395	1,501	1,537	1,625	1,638	1,642	1,673	1,673	1,700
Paraprofessional Staff:										
Educational Aide	130	139	151	148	171	167	163	168	191	190
Total Paraprofessional Staff	130	139	151	148	171	167	163	168	191	190
Auxiliary:										
Auxiliary Staff	665	647	747	647	698	711	694	714	715	691
Total Auxiliary	665	647	747	647	698	711	694	714	715	691
Total Personnel	3,216	2,181	2,399	2,332	2,494	2,516	2,499	2,555	2,579	2,581

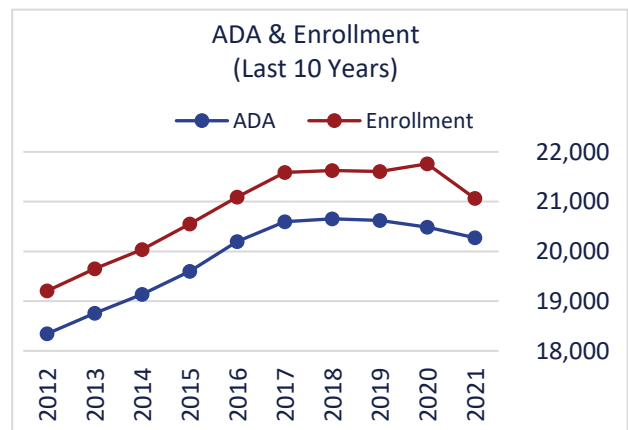
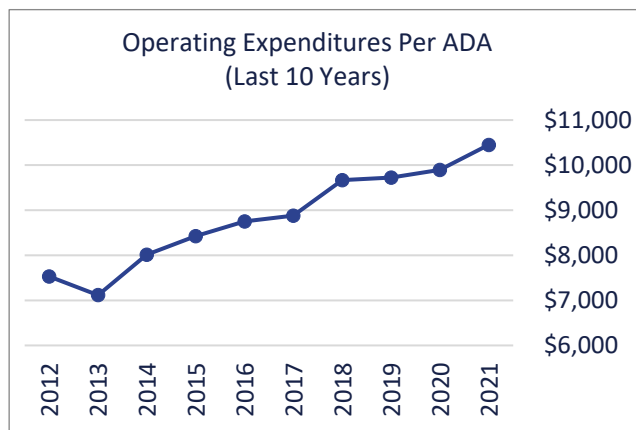
Source:
Texas Education Agency (TEA), Staff FTE Counts and Salary Reports

PEARLAND INDEPENDENT SCHOOL DISTRICT

OPERATING STATISTICS

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30,	Average Daily Attendance ⁽¹⁾	Operating Expenditures ⁽²⁾	Cost Per ADA	Percent Change	Government Wide Expenses	Cost Per ADA	Percent Change
2021	20,272	\$211,867,814	\$10,451	5.62%	\$253,687,771	\$12,514	6.26%
2020	20,490	\$202,742,622	\$9,895	1.73%	\$241,300,714	\$11,777	3.99%
2019	20,619	\$200,545,654	\$9,726	0.60%	\$233,503,362	\$11,325	15.92%
2018	20,655	\$199,699,434	\$9,669	8.85%	\$201,786,727	\$9,770	-2.78%
2017	20,597	\$182,946,041	\$8,882	1.48%	\$206,969,893	\$10,049	0.97%
2016	20,200	\$176,811,726	\$8,753	3.86%	\$201,022,256	\$9,952	4.53%
2015	19,600	\$165,178,549	\$8,427	5.21%	\$186,589,696	\$9,520	2.92%
2014	19,136	\$153,281,440	\$8,010	12.57%	\$177,000,809	\$9,250	13.82%
2013	18,760	\$133,484,233	\$7,115	-5.54%	\$152,452,471	\$8,126	-8.76%
2012	18,344	\$138,183,226	\$7,533	--	\$163,385,463	\$8,907	--



Notes:

⁽¹⁾ The drop in Average Daily Attendance (ADA) is due to the COVID-19 pandemic, which resulted in the District closing for two weeks and transitioning to remote instruction in the latter part of school year 2019-2020, and a hybrid method of instruction (remote and in-person) during school year 2020-2021.

⁽²⁾ Operating expenditures are total governmental fund expenditures, less debt service and capital outlays.

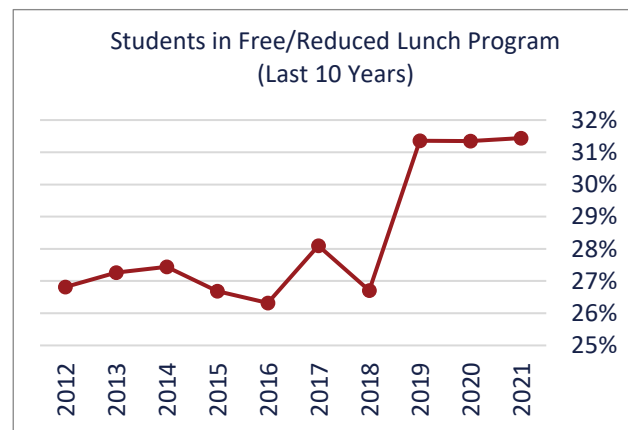
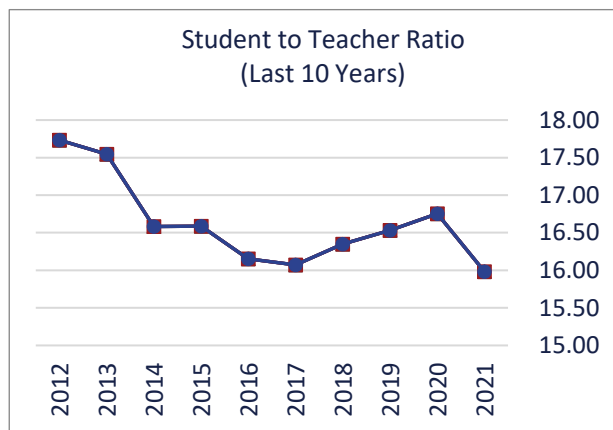
⁽³⁾ Enrollment is the total number of students in the District who were reported to the Texas Education Agency (TEA) as of the last Friday of October.

Source:

Texas Education Agency (TEA), Texas Student Data System (TSDS), Public Education

TABLE 16

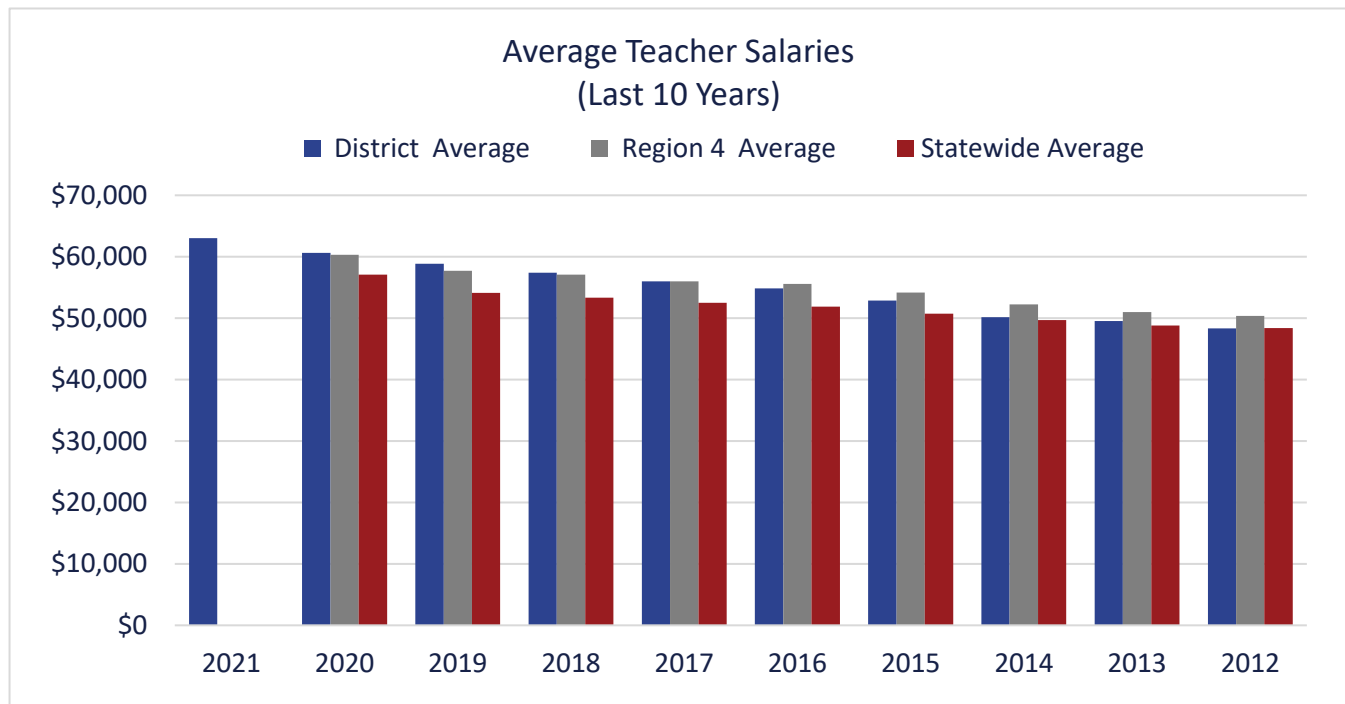
Teaching Staff	Enrollment ⁽³⁾	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
1,318	21,067	15.98	31.44%
1,299	21,760	16.75	31.35%
1,307	21,606	16.53	31.36%
1,323	21,628	16.35	26.71%
1,343	21,585	16.07	28.10%
1,306	21,093	16.15	26.32%
1,239	20,550	16.59	26.69%
1,208	20,034	16.58	27.44%
1,120	19,650	17.54	27.26%
1,083	19,205	17.73	26.81%



TEACHER BASE SALARIES

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30,	District Minimum Salary (1)	District Maximum Salary (1)	District Average Salary (2)	Region 4 Average Salary (3)	Statewide Average Salary (3)
2021	\$58,100	\$74,000	\$63,005	(4)	(4)
2020	\$56,000	\$72,000	\$60,609	\$60,292	\$57,091
2019	\$54,500	\$71,500	\$58,841	\$57,707	\$54,122
2018	\$53,000	\$68,020	\$57,380	\$57,076	\$53,334
2017	\$52,000	\$70,000	\$55,999	\$55,992	\$52,525
2016	\$51,200	\$70,000	\$54,833	\$55,580	\$51,891
2015	\$50,000	\$70,000	\$52,863	\$54,157	\$50,715
2014	\$47,000	\$61,495	\$50,181	\$52,222	\$49,692
2013	\$45,750	\$59,995	\$49,510	\$50,968	\$48,821
2012	\$44,600	\$58,695	\$48,311	\$50,383	\$48,375



Notes:

- (1) Source: District records, based on new teacher entry salary schedule.
- (2) Source: Texas Education Agency (TEA), Staff FTE Counts and Salary Reports.
- (3) Source: Texas Education Agency (TEA), Texas Performance Reporting System (TPRS).
- (4) 2021 Region 4 and Statewide Average Salary will be released in December.

PEARLAND INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 18
PAGE 1 OF 2

School Name	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
High Schools:										
Pearland ⁽¹⁾ (1991)										
Square Feet	623,380	623,380	623,380	623,380	623,380	623,380	683,768	683,768	683,786	683,786
Capacity	3,850	3,850	3,850	3,850	3,850	3,850	3,850	3,900	3,900	3,900
PEIMS Enrollment	3,261	3,288	2,896	2,920	2,969	2,982	3,056	3,053	3,092	3,131
PACE (2003)										
Square Feet	34,411	34,411	34,411	34,411	34,411	34,411	34,411	34,411	34,411	34,411
Capacity	300	300	300	300	300	300	300	300	300	300
PEIMS Enrollment	110	101	103	128	120	102	86	82	89	-
Glenda Dawson (2009)										
Square Feet	360,000	360,000	360,000	360,000	360,000	360,000	360,000	450,000	457,736	457,736
Capacity	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,725	2,725	2,725
PEIMS Enrollment	2,020	2,148	2,114	2,257	2,407	2,466	2,518	2,518	2,580	2,568
Turner College & Career (2013)										
Square Feet	-	-	219,548	219,548	219,548	219,548	219,548	259,552	259,552	259,552
Capacity	-	-	1,250	1,250	1,250	1,250	1,250	1,300	1,300	1,300
PEIMS Enrollment	-	-	701	848	1,001	1,169	1,200	1,200	1,167	1,191
Junior High Schools:										
Junior High East (1971)										
Square Feet	96,947	96,947	96,947	96,947	96,947	96,947	96,947	116,547	145,112	145,112
Capacity	900	900	900	900	900	900	900	975	975	975
PEIMS Enrollment	647	682	668	674	716	798	782	782	901	866
Junior High West (1952)										
Square Feet	146,907	146,907	146,907	146,907	146,907	146,907	146,907	177,341	177,341	177,341
Capacity	900	900	900	900	900	900	900	975	975	975
PEIMS Enrollment	699	726	773	848	844	830	816	816	839	893
Junior High South (2002)										
Square Feet	219,548	219,548	219,548	219,548	219,548	219,548	219,548	219,548	219,548	219,548
Capacity	875	875	875	875	875	875	875	875	875	875
PEIMS Enrollment	748	829	849	802	853	863	890	890	849	873
Berry Miller (2008)										
Square Feet	169,774	169,774	169,774	169,774	169,774	169,774	169,744	169,744	169,744	169,744
Capacity	900	900	900	900	900	900	900	900	900	900
PEIMS Enrollment	820	851	895	961	956	906	906	906	864	816
Middle Schools:										
Sam Jamison (1982)										
Square Feet	86,950	86,950	86,950	86,950	86,950	86,950	86,950	91,890	91,890	91,890
Capacity	925	925	925	925	925	925	925	1,000	1,000	1,000
PEIMS Enrollment	795	782	818	814	852	836	814	814	905	886
Leon Sablatura (1997)										
Square Feet	92,174	92,174	92,174	92,174	92,174	92,174	92,174	97,423	97,423	97,423
Capacity	900	900	900	900	900	900	900	1,000	1,000	1,000
PEIMS Enrollment	733	815	825	805	892	896	830	830	888	936
Rogers (2003)										
Square Feet	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
Capacity	925	925	925	925	925	925	925	925	925	925
PEIMS Enrollment	892	928	923	889	896	853	814	814	803	743
Alexander (2007)										
Square Feet	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
Capacity	925	925	925	925	925	925	925	925	925	925
PEIMS Enrollment	617	622	660	691	615	705	806	806	853	771

(1) Including 52,220 ft. for Ag. Facility

PEARLAND INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)

TABLE 18
PAGE 2 OF 2

School Name	FISCAL YEAR									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Elementary Schools:										
E.A. Lawhon (1963)										
Square Feet	73,290	73,290	73,290	73,290	73,290	73,290	73,290	93,336	93,336	93,336
Capacity	990	990	990	990	990	990	990	990	990	990
PEIMS Enrollment	615	686	682	690	716	809	818	818	834	795
C.J. Harris (1998)										
Square Feet	77,688	77,688	77,688	77,688	77,688	77,688	77,688	83,688	83,688	83,688
Capacity	770	770	770	770	770	770	770	770	770	770
PEIMS Enrollment	680	678	676	731	741	685	637	637	667	616
Shadycrest (1969)										
Square Feet	64,866	64,866	64,866	64,866	64,866	64,866	64,866	71,314	71,314	71,314
Capacity	748	748	748	748	748	748	748	748	748	748
PEIMS Enrollment	575	578	583	588	613	698	683	683	632	586
H.C. Carleston (1980)										
Square Feet	62,651	62,651	62,651	62,651	62,651	62,651	62,651	90,992	90,992	90,992
Capacity	990	990	990	990	990	990	990	990	990	990
PEIMS Enrollment	795	780	788	787	793	771	815	814	734	682
Challenger (1993)										
Square Feet	77,688	77,688	77,688	77,688	77,688	77,688	77,688	83,688	83,688	83,688
Capacity	770	770	770	770	770	770	770	770	770	770
PEIMS Enrollment	705	690	671	660	662	688	683	683	642	573
Rustic Oak (1993)										
Square Feet	77,688	77,688	77,688	77,688	77,688	77,688	77,688	83,688	83,688	83,688
Capacity	770	770	770	770	770	770	770	770	770	770
PEIMS Enrollment	578	568	560	559	543	678	706	706	666	653
Silverlake (1998)										
Square Feet	77,688	77,688	77,688	77,688	77,688	77,688	77,688	83,688	83,688	83,688
Capacity	770	770	770	770	770	770	770	770	770	770
PEIMS Enrollment	773	705	711	718	719	709	731	730	690	632
Silvercrest (2002)										
Square Feet	86,963	86,963	86,963	86,963	86,963	86,963	86,963	86,963	86,963	86,963
Capacity	814	814	814	814	814	814	814	814	814	814
PEIMS Enrollment	839	850	832	803	773	747	727	727	717	658
Massey Ranch (2006)										
Square Feet	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867
Capacity	858	858	858	858	858	858	858	858	858	858
PEIMS Enrollment	737	726	695	721	717	705	681	681	721	644
Barbara Cockrell (2007)										
Square Feet	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867
Capacity	858	858	858	858	858	858	858	858	858	858
PEIMS Enrollment	787	818	805	846	863	807	767	767	715	697
Magnolia (2007)										
Square Feet	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867
Capacity	858	858	858	858	858	858	858	858	858	858
PEIMS Enrollment	775	792	802	808	825	878	867	867	896	855

Source: District Records and Fall PEIMS Enrollment



Federal Awards Section

Jacqueline Mandola
Pearland High School

Rodeo Art – Gold Medal
“An Above Snake Ambush”





Independent Auditor's Report

On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Pearland Independent School District
Pearland, Texas 77588

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pearland Independent School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 4, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Lake Jackson
8 W Way Ct.
Lake Jackson, TX 77566
979-297-4075

El Campo
201 W. Webb St.
El Campo, TX 77437
979-543-6836

Angleton
2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KM&L, LLC

Lake Jackson, Texas
November 4, 2021



Independent Auditor's Report

On Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Trustees
Pearland Independent School District
Pearland, Texas 77588

Report on Compliance for Each Major Federal Program

We have audited Pearland Independent School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Lake Jackson
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979-297-4075

El Campo
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El Campo, TX 77437
979-543-6836

Angleton
2801 N. Velasco, Suite C
Angleton, TX 77515
979-849-8297

Bay City
2245 Avenue G
Bay City, TX 77414
979-245-9236



Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KM&L, LLC

Lake Jackson, Texas
November 4, 2021

PEARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

I. Summary of auditor's results:

1. Type of auditor's report issued on the financial statements: Unmodified.
2. No internal control findings, that were required to be reported in this schedule, were disclosed in the audit of the financial statements.
3. Noncompliance, which is material to the financial statements: None.
4. No internal control findings, that were required to be reported in this schedule, were disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unmodified.
6. Did the audit disclose findings, which are required to be reported in accordance with 2 CFR 200.516(a): No.
7. Major programs include:
 - National School Lunch Cluster
 - School Breakfast Program (Food Service) - ALN 10.553
 - National School Lunch Program - ALN 10.555
 - Coronavirus Aid, Relief, and Economic Security Act - Coronavirus Relief Fund - ALN 21.019
 - Education Stabilization Fund (ESF)
 - Elementary and Secondary School Emergency Relief Fund - ALN 84.425D
 - American Rescue Plan - Elementary and Secondary School Emergency Relief - ALN 84.425U
8. Dollar threshold used to distinguish between Type A and Type B programs: \$ 846,772.
9. Low risk auditee: Yes.

II. Findings related to the financial statements.

The audit disclosed the following finding required to be reported:

None.

III. Findings and questioned costs related to the federal awards.

The audit disclosed the following finding required to be reported:

None.



Jorgannie Carter, CPA
Chief Financial Officer

In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the auditee must prepare a summary schedule of prior audit findings. This summary schedule of prior audit findings must report the status of the following:

- All audit findings included in the prior audit's schedule of findings and questioned costs
- All audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected.

The schedule of status of prior audit findings is as follows:

None



Jorgannie Carter, CPA
Chief Financial Officer

In accordance with Title 2 U.S. Code of Federal Regulations §200.511, the auditee must prepare, in a document separate from the auditor's findings described in §200.516 Audit findings, a corrective action plan must be presented to address each finding included in the current year auditor's reports. The corrective action plan is as follows:

None

PEARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT K-1
PAGE 1 OF 3

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures Indirect Costs or Award Amount
U.S. Department of Education			
Passed Through State Department of Education:			
ESSA, Title I Part A, Improving Basic Programs	84.010A	20610101020908	\$ 347,718
ESSA, Title I Part A, Improving Basic Programs	84.010A	21610101020908	975,126
			<u>1,322,844</u>
Passed Through State Department of Education:			
IDEA, Part B, Formula *	84.027A	206600010209086600	1,271,608
IDEA, Part B, Formula *	84.027A	216600010209086600	2,236,460
IDEA, Part B, Evaluation High Cost *	84.027A	66002106	288,353
			<u>3,796,421</u>
Passed Through State Department of Education:			
Carl D. Perkins Basic Formula Grant	84.048A	20420006020908	3,109
Perkins V: Strengthening CTE for 21st Century	84.048A	21420006020908	160,092
Perkins Reserve Grant	84.048A	204200287110067	13,414
			<u>176,615</u>
Passed Through State Department of Education:			
IDEA, Part B, Preschool *	84.173A	206610010209086610	8,087
IDEA, Part B, Preschool *	84.173A	216610010209086610	45,081
			<u>53,168</u>
Passed Through State Department of Education:			
Texas Education for Homeless Children & Youth	84.196A	204600057110054	8,169
Texas Education for Homeless Children & Youth	84.196A	214600057110054	17,359
			<u>25,528</u>
Passed Through State Department of Education:			
Title III, Part A, Language Education Program	84.365A	20671001020908	84,731
Title III, Part A, Language Education Program	84.365A	21671001020908	78,765
			<u>163,496</u>
Passed Through State Department of Education:			
ESSA, Title II, Part A - Supporting Effective Instruction	84.367A	20694501020908	218,435
ESSA, Title II, Part A - Supporting Effective Instruction	84.367A	21694501020908	131,276
			<u>349,711</u>
Passed Through State Department of Education:			
Title VI, Part A, Subpart 1 - Improving Academic Achievement	84.424A	20680101020908	40,181
Title VI, Part A, Subpart 1 - Improving Academic Achievement	84.424A	21680101020908	8,163
			<u>48,344</u>
Passed Through State Department of Education:			
COVID-19, CARES Act, Esser Grant	84.425D	20521001020908	62,323
COVID-19, Prior Purchase Reimbursement Program (PPRP) Grant	84.425D	52102135	2,015,400
COVID-19, CRRSA, Esser II Grant	84.425D	21521001020908	4,200,000
COVID-19, ARP, Esser III Grant	84.425U	21528001020908	5,881,852
			<u>12,159,575</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT K-1
PAGE 2 OF 3

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures Indirect Costs or Award Amount
<u>U.S. Department of Education (Continued)</u>			
Passed Through State Department of Education:			
Restart Hurricane Harvey, Cycle 2	84.938A	21511704020908	2,620,278
Texas Hurricane for Homeless Youth	84.938B	19513701020908	629
			<u>2,620,907</u>
TOTAL DEPARTMENT OF EDUCATION			<u><u>\$ 20,716,609</u></u>
<u>U.S. Department of Agriculture</u>			
Direct Program:			
Commodity Supplement Program **	10.555		<u>\$ 364,510</u>
Passed Through State Department of Education:			
School Breakfast Program **	10.553	71402001	16,744
School Breakfast Program **	10.553	71402101	718,316
National School Lunch Program **	10.555	71302001	78,789
National School Lunch Program **	10.555	71302101	4,023,855
			<u>4,837,704</u>
Passed Through State Department of Agriculture:			
COVID-19, Child and Adult Care Food Program	10.558	00118	<u>360,331</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u><u>\$ 5,562,545</u></u>
<u>U.S. Department of Transportation</u>			
Passed Through Houston-Galveston Area Council:			
Highway Planning and Construction	20.205	2020-012-PEAR	<u>\$ 344,964</u>
TOTAL DEPARTMENT OF TRANSPORTATION			<u><u>\$ 344,964</u></u>
<u>U.S. Department of Treasury</u>			
Passed Through the City of Pearland, Texas:			
COVID-19, CARES Act, CRF Operation Connectivity	21.019	2020-CF-21019	\$ 1,172,501
Passed Through the Texas Division of Emergency Management:			
COVID-19, CARES Act, CRF Local Education Agency	21.019	2020-CF-21019	<u>386,839</u>
TOTAL DEPARTMENT OF TREASURY			<u><u>\$ 1,559,340</u></u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

EXHIBIT K-1
PAGE 3 of 3

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures Indirect Costs or Award Amount
<u>U.S. Department of Homeland Security</u>			
Direct:			
Disaster Grants - Public Assistance	97.036	4885-DR-TX-151542	\$ 8,659
Passed Through Texas Division of Emergency Management:			
Disaster Grants - Public Assistance	97.036	4885-DR-TX-151542	2,886
Disaster Grants - Public Assistance	97.036	4332-DR-TX-PA0532	4,749
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>\$ 16,294</u>
<u>U.S. Department of Health & Human Services</u>			
Passed Through Texas Health and Human Services Commission:			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00120	\$ 5,985
Medicaid Administrative Claiming Program - MAC	93.778	HHS000537900094	19,985
TOTAL DEPARTMENT OF HEALTH & HUMAN SERVICES			<u>\$ 25,970</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 28,225,722</u>

* IDEA Cluster Programs
** National School Lunch Cluster Programs

RECONCILIATION:

Federal program revenues (Exhibit C-2)	\$ 29,959,161
Less:	
School Health and Related Services (SHARS)	1,487,064
E-rate	73,738
JROTC	172,637
Total federal financial assistance (Schedule of Expenditures of Federal Awards)	<u>\$ 28,225,722</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

NOTE 1 - BASIS OF ACCOUNTING

The District accounts for all awards under federal programs in the General and certain special revenue funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current position.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e. both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally unused balances are returned to the grantor at the close of specified project periods.

Commodity Supplement (ALN 10.555) received like kind goods and no grant revenue received was reported on the schedule for the monetary value of these goods. The monetary value of goods received was \$364,510, while the monetary value of goods used and recognized as income and expenditures was \$364,510.

NOTE 2 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with 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). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 3 - RECONCILIATION TO BASIC FINANCIAL STATEMENTS

The following is a reconciliation of expenditures of federal awards program per Exhibit K-1 and expenditures reported on Exhibit C-3:

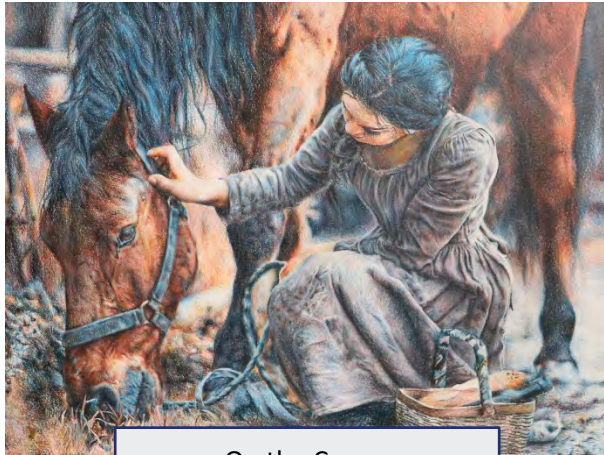
	<u>Amount</u>
Total shown on Schedule of Expenditures of Federal Awards (Exhibit K-1)	\$ 28,225,722
Federal Revenue Not Included in the Schedule of Expenditures of Federal Awards:	
School Health and Related Services (SHARS)	1,487,064
E-rate	73,738
JROTC	<u>172,637</u>
Total federal revenue (Exhibit C-3)	<u><u>\$ 29,959,161</u></u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

NOTE 4 - DISASTER GRANTS

As of June 30, 2021, the District included on the Schedule of Expenditures of Federal Awards \$14,079,246 for Covid-19 disaster grants (\$8,259,649 for expenditures incurred in previous fiscal year and \$5,819,597 for expenditures incurred in the current year). The District also included \$16,294 from the Public Assistance Grants for expenditures that were incurred in previous fiscal year. The Federal Emergency Management Agency approved the project worksheets related to the \$16,294 in the current year.

Disaster Grants	Federal Assistance Listing Number	Expenditures Indirect Costs or Award Amount
Covid-19:		
Child and Adult Care Food Program	10.558	\$ 360,331
CARES Act, CRF Operation Connectivity	21.019	1,172,501
CARES Act, CRF Local Education Agency	21.019	386,839
Prior Purchase Reimbursement Program (PPRP) Grant	84.425D	2,015,400
CARES Act, ESSER Grant	84.425D	62,323
CRRSA, ESSER II Grant	84.425D	4,200,000
ARP, ESSER III Grant	84.425U	5,881,852
		<u>\$ 14,079,246</u>
Public Assistance:		
Public Assistance	97.036	<u>16,294</u>
TOTAL DISASTER ASSISTANCE		<u>\$ 14,095,540</u>



On the Cover:

Sophia Fu

Dawson High School

Rodeo Art – Best of Show

“A Moment in Time”

Pearland Independent School District

Virgil Gant Education Support Center

1928 N. Main St.

Pearland, TX 77581

281-485-3203

www.pearlandisd.org