



Annual Comprehensive

Financial Report

For the Fiscal Year Ended June 30, 2023

Pearland Independent School District

Pearland, Texas



“Securing the Cinch “

Brice Rudis

Dawson High School

Gold Medal



PEARLAND INDEPENDENT SCHOOL DISTRICT

1928 N. Main Street
Pearland, TX 77581

**Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2023**

Prepared by:
Pearland Independent School District
Business Office Division

PEARLAND INDEPENDENT SCHOOL DISTRICT
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Introductory Section

Emily Kopetz
Dawson High School
Rodeo Art – Special Merit
“The Stare”



November 14, 2023

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, 2023. The report was prepared by the District's Business Office. The basic financial statements have been audited by the independent accounting firm of Whitley Penn, 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 10 to 71 years with an average age of 29.3 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)
- 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 2022-2023 as of Fall snapshot day was 21,237 students of which 7,042 students were enrolled at the high school level, 3,506 at the junior high school level, 3,223 at the middle school level, and 7,466 at the elementary level.

Approximately 37.0% of our students are classified as economically disadvantaged, 12.6% as emergent bilingual, 11.6% as Special Education, and 11.9% 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

1. School Safety: Pearland ISD will provide a safe and orderly environment by enforcing safety and security measures and training at all levels focused on prevention, mitigation, preparation, response, and recovery.
2. Student Academic Performance: Pearland ISD will continue to make quality instruction and academic performance a top priority.
3. Physical and Mental Wellbeing: Pearland ISD will provide for the physical and mental wellbeing of all students and staff.
4. Communication: Pearland ISD will deliver a transparent communication system that fosters trust and enhances unity across the district and community.
5. Finance: Pearland ISD will strategically maximize financial assets to provide resources to meet student needs in partnership with families and the community.

Education Foundation

The Pearland ISD Education Foundation has provided support for educational programs for both the students and staff of Pearland ISD for the past 10 years. The organization provides funds for educational programs and activities that either have not been funded or have been under-funded by the normal operating budget. These funds are 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.

Each year, the Foundation distributes innovative grant awards throughout the district to enhance student learning. Educators can apply for grant funding of up to \$5,000 for teacher or classroom projects and up to \$7,500 for campus and districtwide programs. During the 2022-2023 school year, the Foundation awarded \$99,387 to support innovative learning. Since its inception in 2014, the Foundation has awarded a total of \$709,000 in innovative grants. For the first time in Foundation history, the organization launched a mini-grant program to provide additional support for classroom needs. The mini grants, totaling \$9,907, were funded by community supporters. 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 1,589.

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 over 103% from \$182,300 in 2010 to \$371,204 in 2023. The average home sale price increased at a similar rate from \$194,900 in 2010 to \$360,000 in 2023.

Enrollment has decreased by 1.8 % over the last five years. School year 2022-23 enrollment was a total of 21,237 students. The enrollment decline is attributed to various factors, including the COVID-19 pandemic, increase in 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.

District administration has been able to manage the tax rate to maintain a healthy fund balance by holding a voter-approval tax rate election in the prior fiscal year and adopting one-time disaster pennies, when available. In addition, administration has focused on maximizing interest earnings by strategic management of its investment portfolio during the Federal Reserve interest rate increases. 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. Pearland's largest employers include school districts, energy services, manufacturing, and healthcare companies such as companies as Dover Energy, Lonza, and Memorial Hermann. Pearland is located close to the Texas Medical Center and its fifty medical institutions. Kelsey Seybold relocated its administrative headquarters to Pearland in 2013. Pearland's top taxpayer is CenterPoint Energy Inc., an electric and natural gas utility company.

Financial Policies and Long-Term Financial Planning

The most recent bond election the District held was on November 8, 2016, for a \$220 million bond. As of fiscal year 2019-20, the District had issued all the \$220 million bonds with all projects substantially completed as of June 30, 2023. 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.

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. The District is currently holding a Voter-Approval Tax Rate Election (VATRE) seeking voter approval to capture the nine copper pennies available, which would generate \$11.2 million in additional funding and balance the District's deficit budget for fiscal year 2023-24. If the VATRE passes on November 7, 2023, taxpayers will still see a tax rate decrease of 16.54 cents.

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 Whitley Penn 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 an "A" rating for "Superior Achievement" for the year ended June 30, 2023. The rating is based upon an analysis of student and staff data reported for the 2021-2022 school year and budgetary and actual financial data for the fiscal year ended June 30, 2022.

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, 2022. 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, 2022. This award certifies that the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022, 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 23 districts in the state to receive this award in 2023.

TASBO Award of Merit for Purchasing Operations

The TASBO Award of Merit for Purchasing Operations recognizes Texas school districts, open-enrollment charter schools, and education services centers that are committed to following professional standards in the acquisition of goods and services.

Texas Comptroller's Office Transparency Stars for Local Governments

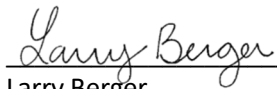
The Texas Comptroller of Public Accounts' Transparency Stars program recognizes local governments for going above and beyond in their transparency efforts. The program recognizes government entities that open their books not only in their traditional finances, but also in the areas of contracts and procurement, economic development, public pensions, and debt obligations. Local government recipients provide clear and meaningful financial information by posting financial documents, but also through summaries, visualizations, downloadable data, and relevant information.

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.

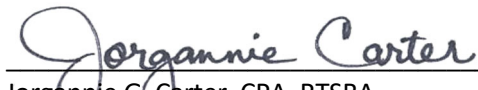
We would also like to acknowledge the thorough professional and timely manner in which the audit was conducted by our independent auditors, Whitley Penn. Furthermore, we would like to especially acknowledge the President of the Board and the Board of Trustees for supporting the school district's goals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

Respectfully submitted,



Larry Berger

Superintendent



Jorgannie G. Carter, CPA, RTSBA
Chief Financial Officer



Thu Pham
Controller

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, 2023, at a meeting of the board of trustees of such school district on the 14th day of November 2023.



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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

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 Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

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



**John W. Hutchison
President**

**Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director**

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

BOARD OF TRUSTEES

Sean Murphy, President
Senior Vice President of HomeTown Bank of Pearland

Crystal Carbone, Vice President
Stay-at-Home Mother

Dr. Kristofer Schoeffler, Secretary
Owner of Pearland Animal Hospital

Toni Carter, Member
Stay-at-Home Mother

Amanda Kuhn, Member
Co-owner of Pat Griffin Realty

Robert Richter, Member
Retiree, Former Assistant Superintendent

Nanette Weimer, Member
Retiree, Former Deputy Superintendent

ADMINISTRATION

Larry Berger, Superintendent of Schools

Kelly Holt, Deputy Superintendent

Jorgannie Carter, CPA, Chief Financial Officer

Jon-Paul Estes, Chief Technology Officer

Dr. Lisa Nixon, Assistant Superintendent of Educational Services

Tanya Dawson, General Counsel

Dr. Charles Allen, Executive Director of Curriculum & Instruction

Dr. Sundie Dahlkamp, Executive Director of Human Resource Services

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

Marlo Keller, Executive Director of Elementary Education

CONSULTANTS & ADVISORS

Whitley Penn, Independent Auditors

Winstead PC, Bond Counsel

BOK Financial Securities, Financial Advisor



Financial Information



Ella Lu
Dawson High School
Rodeo Art – Best of Show
“Gallopig Bronco”

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 combining fund financial statements and required Texas Education Agency (TEA) schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 fund financial statements and required TEA schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023 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.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
November 14, 2023



**PEARLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent period by \$34,775,790. Of this amount, unrestricted net position is a deficit of \$61,556,341.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$113,542,391. Approximately 42.1% or \$47,838,943 of this amount 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 \$47,838,943, or 24.9% of the total general fund expenditures.

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.

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 27 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 24 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* on Exhibit H-1 and H-2 of 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 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 70 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 71 through 79 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 82 through 95 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, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$34,775,790 as of June 30, 2023. The net position of the District's governmental activities increased by \$20,469,617 from the prior fiscal year.

The District's Net Position

	June 30, 2023	June 30, 2022
Current and other assets	\$ 144,356,574	\$ 140,892,504
Capital assets	457,786,171	468,916,271
Total assets	602,142,745	609,808,775
Deferred outflows of resources	41,975,719	37,067,029
Long-term liabilities outstanding	510,191,543	522,562,632
Other liabilities	34,566,325	33,841,674
Total liabilities	544,757,868	556,404,306
Deferred inflows of resources	64,584,806	76,165,325
Net Position:		
Net investment in capital assets	52,542,163	60,836,118
Restricted	19,507,855	19,324,476
Unrestricted	(37,274,228)	(65,854,421)
Total net position	\$ 34,775,790	\$ 14,306,173

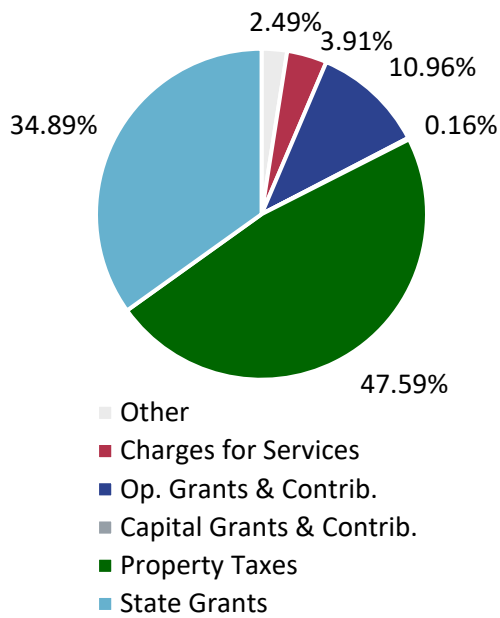
Investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, right-to-use lease equipment, subscription-based information technology arrangements, and construction in progress) less any related debt used to acquire those assets that is still outstanding is \$76,824,276. 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 \$19,507,855. The remaining balance is a deficit of \$61,556,341 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.

Governmental activities. The District's total net position increased by \$20,469,617. The total cost of all *governmental activities* this year was \$246,390,862. The amount that our taxpayers paid for these activities through property taxes was \$126,962,088 or 51.5% of total cost. The amount of costs that were paid by those who directly benefited from the programs was \$10,440,690 or 4.2%. The costs that were paid by other governments and organizations that subsidized certain programs with grants and contributions or by State equalization funding were \$29,238,374 or 11.9% and \$93,058,283 or 37.8%, respectively.

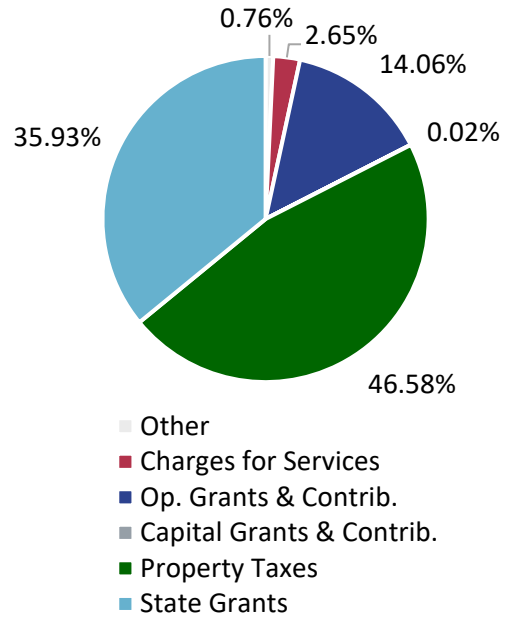
Changes in the District's Net Position

	Year Ended June 30, 2023	Year Ended June 30, 2022
Revenues:		
Program Revenues:		
Charges for services	\$ 10,440,690	\$ 6,759,255
Operating grants and contributions	29,238,374	35,948,992
Capital grants and contributions	414,257	53,812
General Revenues:		
Property taxes	126,962,088	119,093,360
State grants	93,058,283	91,863,892
Other	6,641,728	1,938,602
Total revenues	<u>266,755,419</u>	<u>255,657,913</u>
Expenses:		
Instruction	125,065,807	120,012,554
Instructional resources and media services	2,299,017	2,275,334
Curriculum and instructional staff development	5,815,811	5,770,921
Instructional leadership	2,927,719	3,285,081
School leadership	12,233,423	12,339,188
Guidance, counseling and evaluation services	8,741,114	8,249,543
Social work services	932,719	805,894
Health services	2,310,786	3,027,045
Student transportation	8,372,230	7,751,236
Food service	10,998,633	10,749,196
Cocurricular/extracurricular activities	11,153,208	9,832,879
General administration	5,445,444	5,520,929
Facilities maintenance and operations	23,090,618	22,622,219
Security and monitoring services	2,132,683	1,930,824
Data processing services	6,616,136	5,362,387
Community services	20,027	28,783
Debt service - Interest on long-term debt	3,283,092	2,935,986
Debt service - Bond issuance costs and fees	14,306,439	14,818,111
Payments to juvenile justice alternative education program	-	15,200
Other intergovernmental charges	645,956	655,182
Total expenses	<u>246,390,862</u>	<u>237,988,492</u>
Change in net position	20,364,557	17,669,421
Net position, beginning	14,306,173	(3,363,248)
Prior period adjustment as required by GASB 96	105,060	-
Net position, as restated	14,411,233	(3,363,248)
Net position, ending	<u><u>\$ 34,775,790</u></u>	<u><u>\$ 14,306,173</u></u>

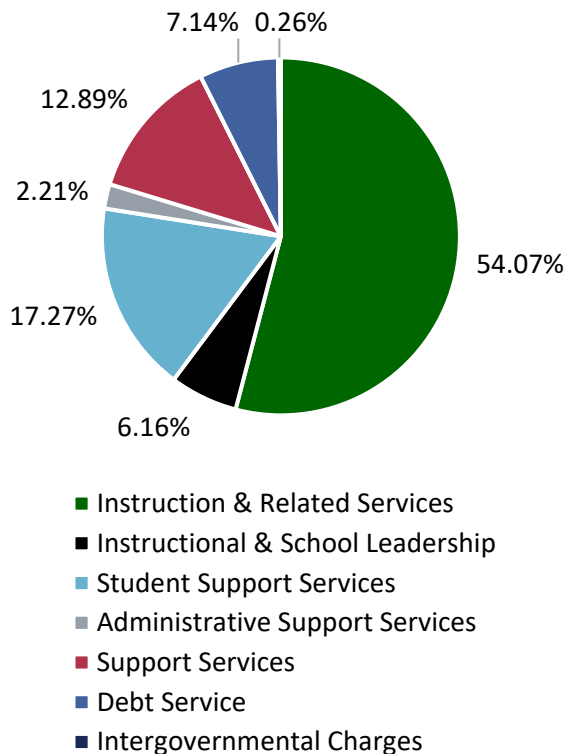
**Revenue Percentages for Year Ended
June 30, 2023**



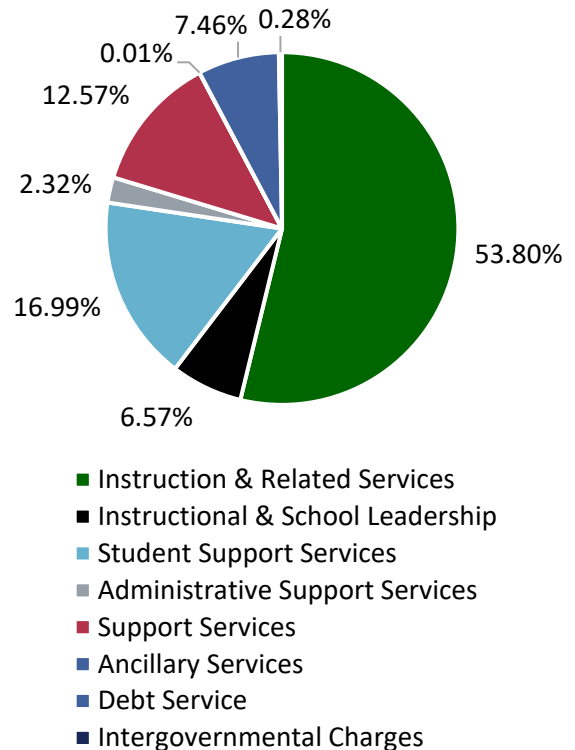
**Revenue Percentages for Year Ended
June 30, 2022**



**Expenditures by Major Functional
Class for Year Ended June 30, 2023**



**Expenditures by Major Functional
Class for Year Ended June 30, 2022**



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 \$113,542,391, an increase of \$2,400,882 from the prior year ending fund balance of \$111,141,509. Approximately 42.1% or \$47,838,943 of the ending fund balance 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 \$656,733, (2) for prepaid items \$2,798,139, (3) restricted for grant funds \$5,507,264, (4) restricted for capital acquisitions and contractual obligations \$1,322,784, (5) restricted for debt service \$19,903,267, (6) committed for \$20,929,085 (7) assigned \$14,586,176 and (8) unassigned \$47,838,943.

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 \$47,838,943, while the total fund balance was \$70,156,011. 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 24.9% of the total general fund expenditures, and total fund balance represents 36.5% of the same amount. The District's general fund balance increased by \$1,812,303 during the current fiscal year.

The debt service fund has a total fund balance of \$19,903,267, all of which is restricted for the payment of debt service. The ending fund balance in the debt service fund decreased by \$1,134,325 from last year's fund balance of \$21,037,592. This decline was a deliberate outcome of reducing the Interest and Sinking (I&S) tax rate, coupled with a bond refunding and cash defeasance, with the intentional aim of reducing the fund balance to a suitable level.

The capital projects fund has a total fund balance of \$13,908,960, of which \$1,322,784 is considered restricted for capital acquisitions and contractual obligations and \$12,586,176 is assigned to fund projects in the District's capital renewal plan. The net increase in fund balance during the period in the capital projects fund was \$459,866 from last year's balance of \$13,449,094, due to a transfer in of \$5.5 million from the general fund to continue supporting future 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, 2023, was \$420,826. The increase in net position was \$45,675 from last year's balance of \$375,151.

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:

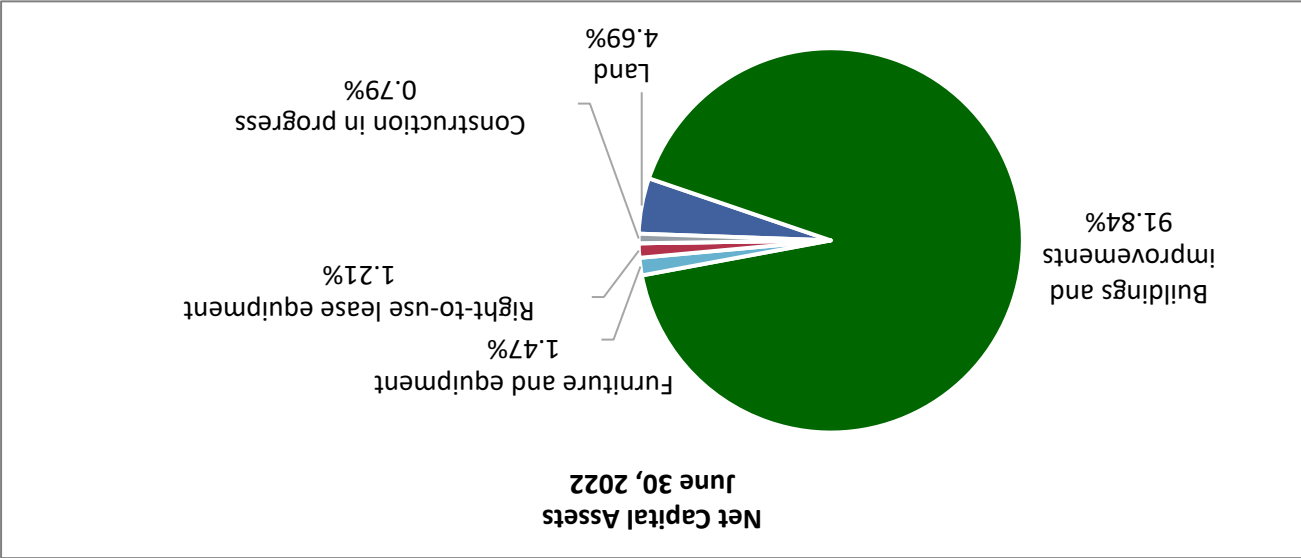
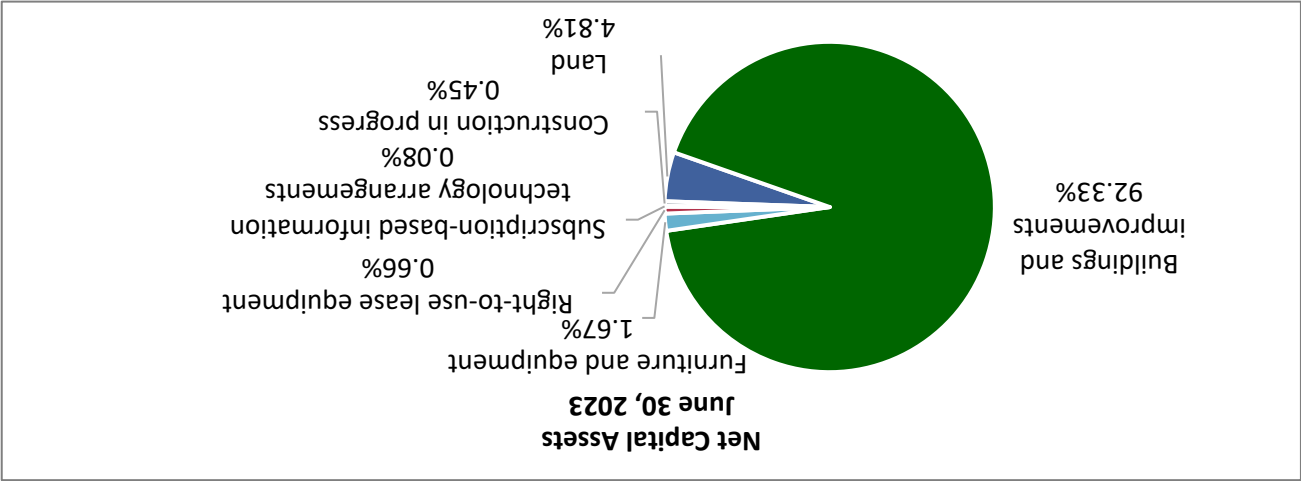
Revenues and Other Financing Sources	
\$ 6,374,304	Increase in property tax and state revenue after receiving July certified values, adopting the tax rate, and increasing enrollment projections by 520 students.
2,515,000	Increase in interest earnings due to multiple Federal Reserve target interest rate increases and administration's active management of the District's investment portfolio.
70,000	Increase in local revenue (facility rentals, gate receipts and other miscellaneous revenue).
416,753	Increase in proceeds from right-to-use lease assets to account for a new copier lease per GASB Statement No. 87 (offset by appropriations with no impact to fund balance).
190,000	Increase in state reimbursement for Winter Storm Uri costs.
541,800	Accounts for Insurance recovery related to the network disruption occurring November 2023.
<u>\$ 10,107,857</u>	Total Estimate Revenues and Other Financing Source Net Increases
Appropriations and Other Financing Uses	
\$ 416,753	Increase in appropriations to account for a new copier lease per GASB Statement No. 87 (offset by proceeds from right-to-use lease assets, with no impact to fund balance).
252,515	Winter Storm Uri insulation repairs (offset by state reimbursement payment), and replacement of air handling units, and additional personnel approved in September 2022.
741,800	Services and expenses related to the November 2023 network disruption (to be offset by revenue less a \$50,000 deductible).
370,000	Student advancements for state band contest and athletic playoff/state attendance.
350,000	Increase in fuel costs.
90,000	GASB Statement No. 96 implementation of SBITAs.
580,800	Increase in District operations needs relating to technology software and services , relocation of portable buildings, and other miscellaneous costs.
(1,395,000)	Decrease payroll budget due to personnel vacancy savings.
3,500,000	City of Pearland Natatorium contract cancellation payoff.
<u>\$ 4,906,868</u>	Total Estimated Appropriations and Other Financing Uses Net Increases

After revenues and appropriations were amended as described above, actual revenues were \$875,465 above final budgeted amounts due to increases in both local and federal revenues. Actual expenditures were \$4.7 million below final budget amounts due to \$1.9 million in salary savings and staff reductions, \$1.4 million in contingency, and \$1.4 million in miscellaneous savings.

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$457,786,171 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and building improvements, furniture and equipment, right-to-use lease equipment, subscription-based information technology arrangements and construction in progress.

District's Capital Assets (net of depreciation/net of amortization)

	June 30, 2023	June 30, 2022
Land	\$ 21,980,888	\$ 21,980,888
Buildings and improvements	422,691,933	430,643,902
Furniture and equipment	7,630,521	6,898,366
Right-to-use lease equipment	3,028,438	5,661,912
Subscription-based information technology arrangements	383,273	-
Construction in progress	2,071,118	3,731,203
Total at historical cost	\$ 457,786,171	\$ 468,916,271



Additional information on the District's capital assets can be found in Note 5 on pages 55 through 56 of this report.

Long-term debt. On June 30, 2023, the District had total long-term debt outstanding of \$510.2 million, a decrease of \$12.4 million from the previous year.

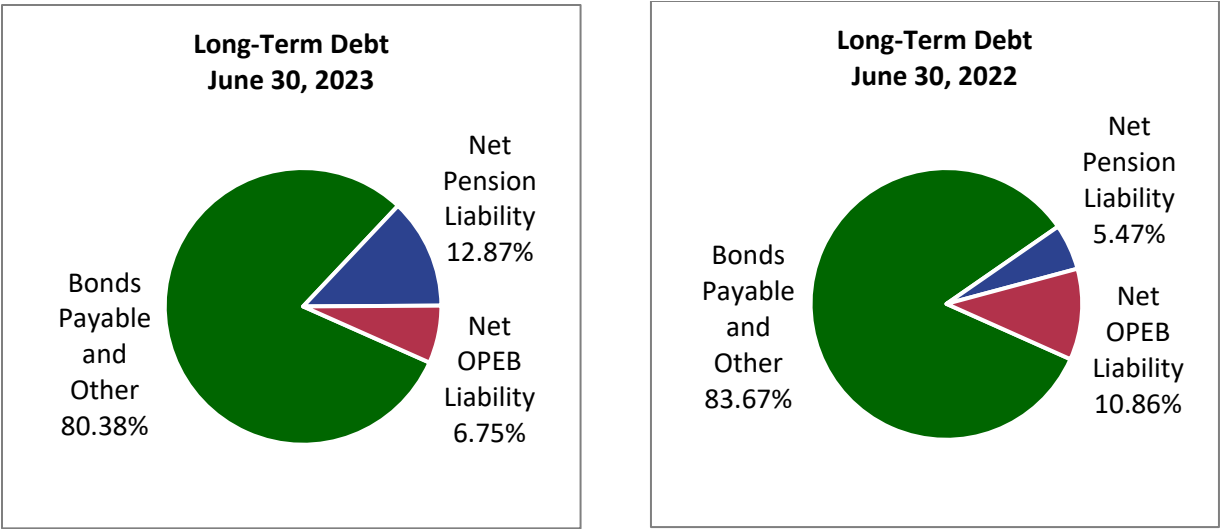
During fiscal year 2022-2023, the District refunded \$11,700,000 Unlimited Tax Refunding Bonds, Series 2013A with a maturity date of February 15, 2029, resulting in an estimated debt service savings of \$1.8 million. Additionally, the District defeased \$2,835,000 Unlimited Tax School Building Bonds, Series 2017 with a maturity date of February 15, 2042, resulting in a savings of \$2.4 million.

The District experienced a \$37.1 million increase in its proportional share of the TRS net pension liability and a \$22.3 million decrease in its proportional share of the TRS-Care post-employment benefit liability at year end.

The District’s current underlying credit rating is “AA” by Fitch and “AA-” by S&P Global and is given without consideration of credit enhancement. In addition, the Texas Permanent School Fund is rated “AAA” by Fitch.

District's Long-Term Debt

	June 30, 2023	June 30, 2022
Bonds Payable and Other	\$ 410,078,113	\$ 437,226,195
Net Pension Liability	65,670,293	28,559,723
Net OPEB Liability	34,443,137	56,776,714
Total Long-Term Debt	\$ 510,191,543	\$ 522,562,632



Additional information on the District’s long-term debt can be found in Note 6 on pages 57 through 58 of this report.

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 88th Legislature in 2023, lawmakers passed HB 3, a school safety bill requiring districts to have at least one-armed security officer per campus, as well as HB 100, increasing the guaranteed yield for each golden penny from \$98.56 to \$126.21 per WADA. Overall, these bills did not provide significant revenue increases to the District. A special session was called during the summer, resulting in an increase in the homestead exemption from \$40,000 to \$100,000; in addition, the maximum compressed rate floor dropped an additional 10.5 cents. Although this results in local revenue decrease, the district will be held harmless for the revenue loss as it will be offset by state revenue.

The 2023-2024 fiscal year budget was adopted based on the following significant assumptions:

- Enrollment decrease of 76 students.
- An increase of 16.8% in taxable property values.
- A 15-cent tax rate decrease; the District adopted the budget assuming a tax rate of \$1.1527 per \$100 of assessed value for the 2023-2024 fiscal year; \$0.8046 for maintenance and operations (M&O) and \$0.3481 for interest and sinking (I&S).
- General fund revenues of \$199 million, expenditures of \$215 million, and other financing sources of \$3.3 million for a total budget deficit of \$12.7 million to be covered with available fund balance.
- A 2% general pay increase for all staff, market adjustments to lowest paid auxiliary staff, and additional personnel (8.5 teachers, 4.0 campus professionals, and 6.0 instructional aides).

As of October 10, 2023, the District amended its 2023-2024 fiscal year budget to reflect the following changes:

- Lower than projected enrollment of 113 students in grades K-12.
- Certified property value increase of 18.82% prior to accounting for the additional homestead exemption.
- Adopted M&O tax rate of \$0.7892, which includes a nine-cent increase above the compressed tax rate triggering a Voter-Approval Tax Rate Election (VATRE). The budget will be amended if the proposition passes in November 7, 2023, which would generate \$11.2 million in additional state and local funding and provide additional compensation of 2% for teachers and paraprofessionals and 1% for administrators; if it fails, the M&O tax rate will lower to \$0.6992.
- Increased general fund revenue by a total of \$498,254 to account for the following: (1) \$710,000 additional state funding resulting from a 2021 tax year property value audit that reduced state values by \$69.5 million; (2) \$800,792 decrease due to lower than projected enrollment; and (3) increased TRS On-Behalf revenue by \$589,046 (which is offset by an increase in expenditures).
- Increased general fund expenditures by \$1,689,046 to account for the following: (1) amend the School Resource Officers interlocal contract with the City of Pearland to add one sergeant and provide armed personnel at all elementary and middle school campuses totaling \$515,000 (2) increase staff by five bus drivers and two teacher aides for \$145,000; (3) increased budget for maintenance and special programs for \$100,000; (4) account for capital lease payments of \$340,000 (which is offset by an increase in other financing sources); and (5) increase TRS On-Behalf expenditures by \$589,046 (offset by revenue).
- The total amended budget for the general fund increases the budgeted deficit from \$12.7 million to \$13.6 million.

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

EXHIBIT A-1

STATEMENT OF NET POSITION

JUNE 30, 2023

Data Control Codes		Governmental Activities
	ASSETS	
1110	Cash and cash equivalents	\$ 8,535,296
1120	Investments	99,823,145
1220	Delinquent property taxes receivable	4,395,585
1230	Allowance for uncollectible taxes (credit)	(1,227,484)
1240	Due from other governments	27,176,821
1250	Accrued interest	264,893
1290	Other receivables, net	1,933,447
1300	Inventories	656,732
1410	Deferred expenses	2,798,139
	Capital Assets:	
1510	Land	21,980,888
1520	Buildings and improvements, net	422,691,933
1530	Furniture and equipment, net	7,630,521
1540	Subscription-based information technology arrangements, net	383,273
1550	Right-to-use lease equipment, net	3,028,438
1580	Construction in progress	2,071,118
1000	Total assets	<u>602,142,745</u>
	DEFERRED OUTFLOWS OF RESOURCES	
1700	Deferred outflows of resources	<u>41,975,719</u>
	Total deferred outflows of resources	<u>41,975,719</u>
	LIABILITIES	
2110	Accounts payable	1,936,725
2140	Interest payable	6,696,036
2150	Payroll deductions and withholdings	1,602,111
2160	Accrued wages payable	19,234,913
2200	Accrued expenses	221,897
2300	Unearned revenue	4,874,643
	Non-current liabilities:	
2501	Due within one year	26,761,939
	Due in more than one year:	
2502	Bonds payable and other	383,316,174
2540	Net pension liability	65,670,293
2545	Net OPEB liability	34,443,137
2000	Total liabilities	<u>544,757,868</u>
	DEFERRED INFLOWS OF RESOURCES	
	Deferred inflows of resources	<u>64,584,806</u>
2600	Total deferred inflows of resources	<u>64,584,806</u>
	NET POSITION	
3200	Net investment in capital assets	76,824,276
	Restricted for:	
3820	Federal and state programs	5,601,625
3850	Debt service	13,906,230
3900	Unrestricted	(61,556,341)
3000	Total net position	<u>\$ 34,775,790</u>

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

PEARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT B-1

		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	\$ 125,065,807	\$ 688,126	\$ 13,739,384	\$ -	\$ (110,638,297)
0012	Instructional resources and media svcs.	2,299,017	101	112,352	-	(2,186,564)
0013	Curriculum and staff development	5,815,811	-	1,005,210	-	(4,810,601)
0021	Instructional leadership	2,927,719	-	701,364	-	(2,226,355)
0023	School leadership	12,233,423	-	788,326	-	(11,445,097)
0031	Guidance, counseling and eval. services	8,741,114	-	1,490,543	-	(7,250,571)
0032	Social work services	932,719	-	84,255	-	(848,464)
0033	Health services	2,310,786	-	357,965	-	(1,952,821)
0034	Student transportation	8,372,230	-	384,614	43,432	(7,944,184)
0035	Food services	10,998,633	4,779,069	6,666,742	235,978	683,156
0036	Cocurricular/extracurricular activities	11,153,208	4,916,156	237,711	98,132	(5,901,209)
0041	General administration	5,445,444	41,143	285,141	-	(5,119,160)
0051	Facility maintenance and operations	23,090,618	16,094	747,746	36,715	(22,290,063)
0052	Security and monitoring services	2,132,683	-	52,781	-	(2,079,902)
0053	Data processing services	6,616,136	-	177,869	-	(6,438,267)
0061	Community services	20,027	-	20,140	-	113
0072	Interest on long-term debt	3,283,092	-	12,289	-	(3,270,803)
0073	Bond issuance costs and fees	14,306,439	-	2,373,942	-	(11,932,497)
0099	Other intergovernmental charges	645,956	-	-	-	(645,956)
TG	Total governmental activities	<u>\$ 246,390,862</u>	<u>\$ 10,440,689</u>	<u>\$ 29,238,374</u>	<u>\$ 414,257</u>	<u>(206,297,542)</u>
	General Revenues					
	Property taxes:					
MT	Levied for general purposes					93,074,829
DT	Levied for debt service					33,887,259
SF	State aid - formula grants					93,058,283
GC	Grants and contributions not restricted to specific programs					1,373,165
IE	Investment earnings					4,065,700
MI	Miscellaneous					1,202,863
TR	Total general revenues					<u>226,662,099</u>
CN	Change in net position					<u>20,364,557</u>
NB	Net Position - beginning					14,306,173
PA	Prior period adjustment as required by GASB 96					105,060
NB	Net Position - beginning, as restated					14,411,233
NE	Net Position - ending					\$ 34,775,790

PEARLAND INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-1

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2023

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
1110	Cash and cash equivalents	\$ 1,307,494	\$ 59,522	\$ -	\$ 7,104,301	\$ 8,471,317
1120	Investments	67,791,831	19,371,841	9,136,675	3,199,455	99,499,802
1220	Delinquent property taxes receivable	3,205,675	1,189,910	-	-	4,395,585
1230	Allowance for uncollectible taxes (credit)	(911,415)	(316,069)	-	-	(1,227,484)
1240	Due from other governments	24,600,478	-	-	2,576,343	27,176,821
1250	Accrued interest	143,493	117,255	-	4,145	264,893
1260	Due from other funds	2,107,308	168,423	5,500,000	63,434	7,839,165
1290	Other receivables	1,625,476	232,616	19,051	16,692	1,893,835
1300	Inventories	565,179	-	-	91,554	656,733
1410	Prepaid Items	2,751,889	-	-	46,250	2,798,139
1000A	Total assets	<u>\$ 103,187,408</u>	<u>\$ 20,823,498</u>	<u>\$ 14,655,726</u>	<u>\$ 13,102,174</u>	<u>\$ 151,768,806</u>
LIABILITIES						
2110	Accounts payable	\$ 1,054,891	\$ -	\$ 745,380	\$ 136,454	\$ 1,936,725
2150	Payroll deductions and withholdings	1,602,111	-	-	-	1,602,111
2160	Accrued wages payable	18,176,697	-	-	1,058,216	19,234,913
2170	Due to other funds	5,731,728	-	-	2,107,437	7,839,165
2200	Accrued expenditures	189,176	-	1,386	31,335	221,897
2300	Unearned revenue	4,458,832	221,232	-	194,579	4,874,643
2000	Total liabilities	<u>31,213,435</u>	<u>221,232</u>	<u>746,766</u>	<u>3,528,021</u>	<u>35,709,454</u>
DEFERRED INFLOWS OF RESOURCES						
2600	Deferred inflow of resources	<u>1,817,962</u>	<u>698,999</u>	<u>-</u>	<u>-</u>	<u>2,516,961</u>
	Total deferred inflows of resources	<u>1,817,962</u>	<u>698,999</u>	<u>-</u>	<u>-</u>	<u>2,516,961</u>
FUND BALANCES						
Nonspendable:						
3410	Inventories	565,179	-	-	91,554	656,733
3430	Prepaid items	2,751,889	-	-	46,250	2,798,139
Restricted:						
3450	Grant funds	-	-	-	5,507,264	5,507,264
3470	Capital acquisition and contractual obligations	-	-	1,322,784	-	1,322,784
3480	Debt service	-	19,903,267	-	-	19,903,267
3545	Committed - other	17,000,000	-	-	3,929,085	20,929,085
3590	Assigned - other	2,000,000	-	12,586,176	-	14,586,176
3600	Unassigned	47,838,943	-	-	-	47,838,943
3000	Total fund balances	<u>70,156,011</u>	<u>19,903,267</u>	<u>13,908,960</u>	<u>9,574,153</u>	<u>113,542,391</u>
4000	Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 103,187,408</u>	<u>\$ 20,823,498</u>	<u>\$ 14,655,726</u>	<u>\$ 13,102,174</u>	<u>\$ 151,768,806</u>

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

PEARLAND INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

EXHIBIT C-2

Amounts reported for governmental activities in the statement of net position (Exhibit A-1) are different because:

Total fund balances - governmental funds balance sheet (Exhibit C-1)	\$ 113,542,391
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Capital assets, net of accumulated depreciation/amortization used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets	\$ 680,872,294	
Accumulated depreciation/amortization	<u>(223,086,123)</u>	
		457,786,171

Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.

Deferred outflows - pension related	26,672,843	
Deferred outflows - OPEB related	12,840,027	
Deferred inflows - pension related	(6,939,462)	
Deferred inflows - OPEB related	<u>(57,645,344)</u>	
		(25,071,936)

Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.

Property taxes:		
Levied for general purposes	1,817,962	
Levied for debt service	<u>698,999</u>	
		2,516,961

The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.

420,826

Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.

General obligation bonds payable	(358,840,000)	
Accrued interest payable on long-term debt	(6,696,036)	
Compensated absences	(1,042,365)	
Lease liability	(2,999,446)	
SBITA liability	(287,357)	
Net pension liability	(65,670,293)	
Net OPEB liability	<u>(34,443,137)</u>	
		(469,978,634)

Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Deferred amount on refunding	2,462,849	
Premium on general obligation bonds	<u>(46,902,838)</u>	
		(44,439,989)

Net position of governmental activities - statement of net position (A-1)	<u>\$ 34,775,790</u>
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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, 2023**

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	\$97,958,678	\$34,537,816	\$ 376,559	\$ 9,590,275	\$ 142,463,328
5800	State program revenues	102,329,317	1,857,781	-	525,673	104,712,771
5900	Federal program revenues	2,553,968	-	-	16,622,687	19,176,655
5020	Total revenues	<u>202,841,963</u>	<u>36,395,597</u>	<u>376,559</u>	<u>26,738,635</u>	<u>266,352,754</u>
EXPENDITURES						
Current:						
0011	Instruction	109,505,943	-	246,423	5,802,848	115,555,214
0012	Instructional resources and media services	1,966,556	-	-	132	1,966,688
0013	Curriculum and staff development	5,283,368	-	-	667,429	5,950,797
0021	Instructional leadership	2,384,235	-	-	504,008	2,888,243
0023	School leadership	12,508,407	-	-	3,399	12,511,806
0031	Guidance, counseling and evaluation svcs.	8,113,693	-	-	775,902	8,889,595
0032	Social work services	891,301	-	-	38,899	930,200
0033	Health services	2,295,516	-	-	45,310	2,340,826
0034	Student transportation	7,641,621	-	542,551	43,432	8,227,604
0035	Food services	-	-	-	10,462,727	10,462,727
0036	Extracurricular activities	4,989,628	-	69,542	4,656,400	9,715,570
0041	General administration	5,343,799	-	-	-	5,343,799
0051	Facilities maintenance and ops.	22,731,111	-	827,759	63,240	23,622,110
0052	Security and monitoring services	1,976,363	-	-	-	1,976,363
0053	Data processing services	5,162,176	-	228,992	5,500	5,396,668
0061	Community services	-	-	-	20,140	20,140
Debt Service:						
0071	Debt service - principal	909,150	19,705,000	-	2,373,942	22,988,092
0072	Debt service - interest and fees	51,940	17,989,490	-	12,289	18,053,719
Capital Outlay:						
0081	Facilities acquisition and construction	-	-	3,501,426	-	3,501,426
Intergovernmental Charges:						
0099	Other intergovernmental charges	645,956	-	-	-	645,956
6030	Total expenditures	<u>192,400,763</u>	<u>37,694,490</u>	<u>5,416,693</u>	<u>25,475,597</u>	<u>260,987,543</u>
1100	Excess (deficiency) of revenues over expenditures	<u>10,441,200</u>	<u>(1,298,893)</u>	<u>(5,040,134)</u>	<u>1,263,038</u>	<u>5,365,211</u>
OTHER FINANCING SOURCES (USES)						
7911	Proceeds from sales of refunding bonds	-	11,700,000	-	-	11,700,000
7912	Sale of real or personal property	19,740	-	-	-	19,740
7913	Proceeds from leases	351,363	-	-	-	351,363
7915	Transfers in	-	-	5,500,000	-	5,500,000
7916	Premium or discount on issuance of bonds	-	1,267,227	-	-	1,267,227
8911	Transfers out	(5,500,000)	-	-	-	(5,500,000)
8940	Payment to refunded bond escrow agent	-	(12,802,659)	-	-	(12,802,659)
7080	Total other financing sources (uses)	<u>(5,128,897)</u>	<u>164,568</u>	<u>5,500,000</u>	<u>-</u>	<u>535,671</u>
1200	Net change in fund balances before special items	5,312,303	(1,134,325)	459,866	1,263,038	5,900,882
8912	Special items	<u>(3,500,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,500,000)</u>
1200	Net change in fund balances	1,812,303	(1,134,325)	459,866	1,263,038	2,400,882
0100	Fund balances - beginning	68,343,708	21,037,592	13,449,094	8,311,115	111,141,509
3000	Fund balances - ending	<u>\$70,156,011</u>	<u>\$19,903,267</u>	<u>\$13,908,960</u>	<u>\$ 9,574,153</u>	<u>\$ 113,542,391</u>

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

PEARLAND INDEPENDENT SCHOOL DISTRICT

EXHIBIT C-4

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

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

Net change in fund balances - total governmental funds (Exhibit C-3) \$ 2,400,882

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/amortization expense. This is the amount by which capital outlay was less than the depreciation/amortization expense in the current period.

Capital outlay	\$ 6,138,279	
Depreciation/amortization expense	<u>17,591,547</u>	(11,453,268)

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.

Property taxes:		
Levied for general purposes	261,472	
Levied for debt service	<u>68,501</u>	329,973

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bonds and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Issuance of refunding bonds	(11,700,000)	
Payment to escrow agent	12,802,659	
Leases issued	(351,363)	
Leases paid	3,004,781	
SBITA paid	278,311	
Premium	(1,267,227)	
Principal paid on bonds	<u>19,705,000</u>	22,472,161

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 (Exhibit D-2).

45,675

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.

Accrued interest on long-term debt	(18,156)	
Amortization of bond premiums and discounts	5,017,026	
Amortization of deferred amounts of refunding	(1,251,592)	
Capital assets retired	(347,817)	
Compensated absences	205,867	
Changes in pension liabilities	(37,110,570)	
Changes in OPEB liabilities	22,333,577	
Changes in pension related deferred outflows and inflows of resources	34,519,874	
Changes in OPEB related deferred outflows and inflows of resources	<u>(16,779,075)</u>	6,569,134

Change in net position of governmental activities (Exhibit B-1)		<u><u>\$ 20,364,557</u></u>
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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, 2023

Data Control Codes		Governmental Activities
		Internal Service Fund - Workers' Compensation
	ASSETS	
1110	Cash and cash equivalents	\$ 63,979
1120	Investments	323,343
1290	Other receivables	39,612
1000	Total assets	<u>426,934</u>
	LIABILITIES	
	Non-current liabilities:	
2501	Due within one year	<u>6,108</u>
2000	Total liabilities	<u>6,108</u>
	NET POSITION	
3900	Unrestricted	<u>420,826</u>
3000	Total net position	<u><u>\$ 420,826</u></u>

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

PEARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT D-2

Data Control Codes		Governmental Activities
		Internal Service Fund - Workers' Compensation
	Operating revenues:	
5700	Charges for services	\$ 41,143
	Total operating revenues	41,143
	Operating expenses:	
6200	Insurance claims and expenses	7,278
	Total operating expenses	7,278
	Operating income (loss)	33,865
	Nonoperating revenues:	
5700	Investment earnings	11,810
	Total nonoperating revenues	11,810
	Changes in net position	45,675
	Net position - beginning	375,151
	Net position - ending	\$ 420,826

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

FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Activities
	Internal Service Fund - Workers' Compensation
Cash Flows From Operating Activities	
Receipts from insurance	\$ 41,143
Claims paid	(65,844)
Net cash provided by (used for) operating activities	<u>(24,701)</u>
Cash Flows From Investing Activities	
Interest on investments	11,810
Net cash provided by investing activities	<u>11,810</u>
Net increase (decrease) in cash and cash equivalents	(12,891)
Cash and cash equivalents - beginning (including investments)	<u>400,213</u>
Cash and cash equivalents - ending (including investments)	<u><u>\$ 387,322</u></u>
Reconciliation of operating income(loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	<u>\$ 33,865</u>
Adjustments to reconcile operating Income (loss) to net cash provided by (used by) operating activities:	
Other receivables for insurance reimbursement of benefits paid	(39,612)
Accrued expenses payable	(18,954)
Total adjustments	<u>(58,566)</u>
Net cash provided by (used for) operating activities	<u><u>\$ (24,701)</u></u>

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

PEARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

EXHIBIT E-1

Data Control Codes		Custodial Fund
Assets		
1110	Cash and cash equivalents	\$ 845,857
1250	Accrued interest	500
1290	Other receivables, net	2,806
1410	Prepaid items	2,235
1000	Total assets	<u>851,398</u>
Liabilities		
2110	Accounts payables	25,119
2200	Accrued expenses	10,670
	Total liabilities	<u>35,789</u>
Net Position		
	Restricted for:	
3800	Students and other activities	<u>815,609</u>
3000	Total net position	<u><u>\$ 815,609</u></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
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

EXHIBIT E-2

	Custodial Fund
Additions	
Contributions:	
Gifts and contributions	\$ 209,351
Revenues from student activities	<u>1,086,115</u>
Total additions	<u>1,295,466</u>
Deductions	
Scholarship awards	57,904
Payments for student activities	<u>1,023,492</u>
Total deductions	<u>1,081,396</u>
Net increase (decrease) in fiduciary net position	214,070
Net position - beginning	<u>601,539</u>
Net position - ending	<u><u>\$ 815,609</u></u>

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



PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2023

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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.

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 principal and interest expenditures on general long-term debt, including lease liabilities and subscription-based technology arrangements (SBITA) liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right-to-use lease and SBITA assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and SBITAs are reported as other financing sources.

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.

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 all special revenue funds under non-major governmental funds.

The Special Revenue Funds are used to account for the proceeds of specific revenue that are legally restricted or committed to expenditures for specific purposes through federal, state, and local grant awards and for Campus Activity Funds, which are committed for uses benefitting the respective campuses where the funds are raised. Specifically, this type of fund is used to account for funds that are used for the District's Food Service Program, including local and federal revenue sources for federally financed programs (grants) where unused balances are returned to the grantor at the close of specified project periods and other revenue specific programs. Resources accounted for in these funds are awarded to the District for the purpose of accomplishing specific educational tasks as defined by grantors in contracts or other agreements.

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.

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 are 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, 2022, upon which the levy for the 2022-23 fiscal year was based, was \$9,317,189,071. 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, 2023, to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$0.9546 and \$0.3481 per \$100 valuation, respectively, for a total of \$1.3027 per \$100 valuation.

Current tax collections for the year ended June 30, 2023, were 98.63% 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, 2023, property taxes receivable, net of estimated uncollectible taxes, totaled \$2,294,260 and \$873,841 for the general and debt service funds, respectively.

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/Amortization

Capital assets, which include land, buildings, and improvements, furniture, and equipment, and right-to-use fixed assets 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. The District has established a lease and SBITA recognition threshold of \$200,000 each. 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.

Land and construction in progress are not depreciated. The other tangible and intangible buildings and building improvements, furniture and equipment, the right-to-use lease assets and right-to-use subscription-based information technology arrangements (SBITA) assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	5-50
Furniture and equipment	5-10
Right-to-use lease assets	3-20
Right-to-use subscription assets	3-15

Leases

The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District established a lease recognition threshold of \$200,000. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscription-Based Information Technology Arrangements

The District is under contracts for SBITA for various financial and educational software. The agreements/contracts are noncancellable, and the District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements. The District recognizes SBITA liabilities with an initial, individual value of \$200,000 or more.

At the commencement of the SBITA, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability,

adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to SBITA include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA, and payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

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).

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the reports deferred amounts related to leases and deferred amounts related to pension and OPEB.

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.

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.

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.

The official budget was prepared for adoption for the general fund, food service fund and debt service fund prior to June 30, 2022. 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 an 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.

On June 30, 2023, encumbrances expected to be honored upon performance by vendors in the next year were as follows:

Fund	Amount
General Fund	\$ 308,937
Capital Projects Fund	5,043,396
Other Governmental Funds	822,519
Total	<u>\$ 6,174,852</u>

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:

- Non-spendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables. As such, \$565,179 for inventory and \$2,751,889 for prepaid items in the general fund; \$91,554 for inventories and \$2,807 for prepaid items in the food service fund; and \$43,443 for prepaid items in the campus activity funds have been classified as non-spendable fund balances.
- 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). As such, the fund balances of \$19,903,267 in the debt service fund, \$1,322,784 in the capital projects fund, and \$5,507,264 in the food service fund have been classified as restricted.
- Committed Fund Balance - Amounts that can only be used for specific purposes, which must be approved by formal action of the Board of Trustees. The District has a committed fund balance of \$17,000,000 in the general fund, of which \$3,000,000 is for future damage from a named storm, \$2,000,000 is for technology infrastructure and devices, and \$12,000,000 is for economic stabilization. In addition, the District also committed \$3,929,085 in the campus activity funds.
- 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. The general fund has \$2,000,000 in assigned fund balance for covering insurance deductibles for future damage from a named storm, and the \$12,586,176 in the capital projects fund is earmarked to fund projects identified in the Districts' capital renewal plan.
- 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. The general operating fund has \$47,838,943 of unassigned fund balance.

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

The following GASB pronouncements were effective during fiscal year 2023.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* was issued in June 2020 and had various effective dates. The Statement establishes accounting and financial reporting requirements related to the replacement of the interbank offered rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. During the current fiscal year paragraphs 13 and 14 were effective and pertained to lease modifications. The District has evaluated the effects of this standard and has determined that this Statement does not impact the financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

The GASB issued Statement No. 99, *Omnibus 2022*. The requirements related to leases, PPPs, and SBITAs will take effect for financial statements starting with the fiscal year that ends June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 will take effect for financial statements starting with the fiscal year that ends June 30, 2024.

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.

Cash and cash equivalents as reported on the statement of net position on June 30, 2023, are as follows:

	Governmental Funds	Proprietary (Internal Service Funds)	Fiduciary Funds	Total
Cash and Cash Equivalents:				
Cash (petty cash accounts)	\$ 20,044	\$ -	\$ -	\$ 20,044
Financial Institution Deposits:				
Demand deposits	8,451,273	63,979	845,857	9,361,109
Local Government Investment Pools:				
TexPool	44,617,063	323,343	-	44,940,406
TexPool Prime	7,556,948	-	-	7,556,948
Texas CLASS	15,452,912	-	-	15,452,912
Texas CLASS Government	7,799,920	-	-	7,799,920
Texas DAILY	5,761,469	-	-	5,761,469
Texas Term	18,311,490	-	-	18,311,490
Total	<u>\$ 107,971,119</u>	<u>\$ 387,322</u>	<u>\$ 845,857</u>	<u>\$ 109,204,298</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.

On June 30, 2023, in addition to petty cash of \$20,045, the carrying amount of the District's cash, savings, and time deposits was \$9,361,109. The financial institutions balances were \$13,275,836 on June 30, 2023. Bank balances of \$1,000,000 were covered by federal depository insurance, and \$13,275,836 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 \$45,200,430.
- Largest cash, savings and time deposit combined account balance amounted to \$34,237,304 and occurred on July 6, 2022.
- Total amount of FDIC coverage at the time of the largest combined balance was \$1,000,000.

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.

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 Range 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 Range 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 Range is rated AAAmf from Fitch, 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 on June 30, 2023:

Local Government Investment Pools	Fair Value	Weighted Average Maturity (in Days)
Texpool:		
TexPool	\$ 44,940,406	26
TexPool Prime	7,556,948	34
Texas CLASS:		
Texas CLASS	15,452,912	80
Texas CLASS Government	7,799,920	83
Texas Range:		
Texas DAILY	5,761,469	31
Texas Term	18,311,490	76
Total local government investment pools	<u>\$ 99,823,145</u>	<u>49</u>

Credit Risk - As of June 30, 2023, the local government investment pool (which represents 100% of the unrestricted portfolio) are rated AAAm by Standard and Poor's and AA Af by Fitch.

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, 2023, 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, 2023, 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:

	General Fund	Debt Service	Capital Projects Fund	Other Governmental Funds	Total
Receivables:					
Property taxes	\$ 3,205,675	\$ 1,189,910	\$ -	\$ -	\$ 4,395,585
Other governments	24,600,478	-	-	2,576,343	27,176,821
Accrued interest	143,493	117,255	-	4,145	264,893
Other receivables	1,625,476	232,616	19,051	16,692	1,893,835
Gross receivables	29,575,122	1,539,781	19,051	2,597,180	33,731,134
Less: allowance for uncollectibles	(911,415)	(316,069)	-	-	(1,227,484)
Net receivables	<u>\$ 28,663,707</u>	<u>\$ 1,223,712</u>	<u>\$19,051</u>	<u>\$ 2,597,180</u>	<u>\$32,503,650</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.

Amounts due from federal, state, and local governments as of June 30, 2023:

Fund	State Entitlements	Federal Grants	State Grants and Other	Total
Major governmental funds:				
General fund	\$ 24,400,736	\$ 199,742	\$ -	\$ 24,600,478
Other governmental funds	-	2,573,146	3,197	2,576,343
Total	<u>\$ 24,400,736</u>	<u>\$ 2,772,888</u>	<u>\$ 3,197</u>	<u>\$ 27,176,821</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, 2023, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows of Resources	Unearned Revenue
Delinquent Property Taxes Receivable:		
General Fund	\$ (1,817,962)	\$ -
Debt Service Fund	(698,999)	-
Advance Funding:		
Federal grants	-	184,238
State entitlements	-	4,680,064
State grants	-	7,341
Local grants	-	3,000
Total deferred/unearned revenue from governmental funds	<u>\$ (2,516,961)</u>	<u>\$ 4,874,643</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, 2023 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).

As of June 30, 2023, 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	\$ 22,217,248	\$ (6,939,462)	\$ -
TRS pension contributions subsequent to the measurement date	4,455,595	-	-
TRS-Care OPEB deferred outflows and inflows	11,881,973	(57,645,344)	-
TRS-Care OPEB contributions subsequent to the measurement date	958,054	-	-
Bond refunding costs, net of amortization	2,462,849	-	-
Advance Funding:			
Federal grants	-	-	184,238
State entitlements	-	-	4,680,064
State grants	-	-	7,341
Local grants	-	-	3,000
Total	<u>\$ 41,975,719</u>	<u>\$ (64,584,806)</u>	<u>\$ 4,874,643</u>

NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**Interfund Receivables and Payables**

Interfund balances on June 30, 2023, consisted of the following:

Receiving Fund	Payable Fund	June 30, 2023
General Fund	Other Governmental Funds	\$ 2,107,308
Debt Service Fund	General Fund	168,423
Capital Projects Fund	General Fund	5,500,000
Other Governmental Funds	General Fund	63,304
Other Governmental Funds	Other Governmental Funds	130
		<u>\$ 7,839,165</u>

Interfund Transfers

As of the year ended June 30, 2023, the Capital Projects Fund received \$5,500,000 from the General Fund to fund future capital projects.

Transferring Fund	Receiving Fund	Amount
General Fund	Capital Projects Fund	\$ 5,500,000

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, 2023:

	Balance July 1, 2022 (as restated) ¹	Additions	Retirements /Transfers	Balance June 30, 2023
Capital assets not being depreciated/amortized:				
Land	\$ 21,980,888	\$ -	\$ -	\$ 21,980,888
Construction in progress	3,731,203	3,538,141	(5,198,226)	2,071,118
Total capital assets not being depreciated/amortized	<u>25,712,091</u>	<u>3,538,141</u>	<u>(5,198,226)</u>	<u>24,052,006</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	601,164,365	-	4,405,733	605,570,098
Furniture and equipment	35,534,036	2,248,775	(59,271)	37,723,540
Right-to-use lease equipment	12,312,923	351,363	-	12,664,286
Right-to-use SBITA	862,364	-	-	862,364
Total capital assets being depreciated/amortized	<u>649,873,688</u>	<u>2,600,138</u>	<u>4,346,462</u>	<u>656,820,288</u>
Less: Accumulated depreciation/amortization:				
Buildings and improvements	(170,520,463)	(12,802,635)	444,933	(182,878,165)
Furniture and equipment	(28,635,670)	(1,516,620)	59,271	(30,093,019)
Right-to-use lease equipment	(6,651,011)	(2,984,837)	-	(9,635,848)
Right-to-use SBITA	(191,636)	(287,455)	-	(479,091)
Total accumulated depreciation/amortization	<u>(205,998,780)</u>	<u>(17,591,547)</u>	<u>504,204</u>	<u>(223,086,123)</u>
Governmental activities capital assets, net	<u>\$469,586,999</u>	<u>\$ (11,453,268)</u>	<u>\$ (347,560)</u>	<u>\$457,786,171</u>

¹ The District implemented GASB No. 96, requiring a prior period adjustment as of July 1, 2022, for Subscription-based Information Technology Agreements (SBITA).

Depreciation/ Amortization 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/amortization expense of the governmental activities was charged to functions as follows:

Function/Program	Amount
Instruction	\$ 11,957,009
Instructional resources and media services	367,213
Curriculum and staff development	4,409
Instructional leadership	95,027
School leadership	17,099
Guidance, counseling, and evaluation services	15,518
Social work services	15,114
Health services	16,614
Student transportation	810,837
Food service	897,779
Extracurricular activities	1,804,574
General administration	146,163
Facilities maintenance and operations	584,182
Security and monitoring services	161,085
Data processing services	698,924
Total depreciation/amortization expense	<u>\$ 17,591,547</u>

Construction Commitments

As of June 30, 2023, no further financing was required on the construction commitments. Construction commitments as of June 30, 2023, are as follows:

	Authorized Contracts	Construction in Progress	Remaining Commitments
Berry Miller Shade Canopy	\$ 14,495	\$ 8,697	\$ 5,798
Sablatura Roof Replacement	2,380,600	596,140	1,784,460
Silvercrest Roof Replacement	1,520,584	1,466,281	54,303
Total governmental activities	<u>\$ 3,915,679</u>	<u>\$ 2,071,118</u>	<u>\$ 1,844,561</u>

NOTE 6. LONG-TERM DEBT

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, 2023:

Date of Issue	Original Issue	Final Maturity	Date Callable	% Rates	Outstanding Balance
2014	\$ 30,540,000	2029	2024	2.000 - 5.000	\$ 19,140,000
2014B	28,655,000	2039	2024	2.000 - 5.000	11,820,000
2016	41,335,000	2032	2026	5.000 - 5.250	41,335,000
2016A	42,200,000	2032	2026	2.000 - 5.000	21,555,000
2017	105,510,000	2042	2026	3.000 - 5.000	94,400,000
2019	75,155,000	2042	2029	3.000 - 5.000	75,155,000
2019A	18,305,000	2042	2029	3.000 - 5.000	17,400,000
2020	78,675,000	2029	N/A	5.000	66,335,000
2022	11,700,000	2029	N/A	5.000	11,700,000
Total	<u>\$ 432,075,000</u>				<u>\$ 358,840,000</u>

Principal and interest on general obligation bonds payable on June 30, 2023, are summarized as follows:

	Principal	Interest	Requirement
2024	\$ 18,600,000	\$ 16,758,363	\$ 35,358,363
2025	20,415,000	15,650,762	36,065,762
2026	22,325,000	14,652,363	36,977,363
2027	23,450,000	13,545,512	36,995,512
2028	24,615,000	12,409,013	37,024,013
2029-2033	125,460,000	43,325,950	168,785,950
2034-2038	67,215,000	22,530,450	89,745,450
2039-2043	56,760,000	6,811,100	63,571,100
Total	<u>\$ 358,840,000</u>	<u>\$ 145,683,513</u>	<u>\$ 504,523,513</u>

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 on June 30, 2023.

Changes in Long-Term Liabilities

On February 16, 2023, the District defeased \$2,835,000 Unlimited Tax School Building Bonds, Series 2017, using its available funds, resulting in a debt service savings of \$2.4 million to taxpayers. The District transferred \$3,041,588 into a revocation escrow account to provide for future principal and interest on a portion of the outstanding District's Series 2017 Unlimited Tax School Building Bonds in maturities and amounts as listed below:

Series	Original Date	Original Principal Amount	Defeased Maturities	Principal Amount Outstanding	Principal Amount Defeased	Redemption Date
Unlimited Tax School Building Bonds, Series 2017	7/1/2017	\$105,510,000	02/15/2041 ¹ 02/15/2042 ¹	\$ 4,810,000 1,060,000	\$ 1,775,000 1,060,000	2/15/2026 2/15/2026
Total				<u>\$ 5,870,000</u>	<u>\$ 2,835,000</u>	

¹Represents a partial defeasance of the 2042 term bond maturity.

In addition, the District issued \$11,700,000 in Unlimited Tax Refunding Bonds, Series 2022. The proceeds from the sale of the Bonds were used to retire Unlimited Tax Refunding Bonds, Series 2013A for a total of \$12,825,000. The Series 2022 bonds were issued at a premium of \$1,267,227 with issuance costs of \$157,834 and a District contribution of \$248,000. 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 \$16,993,125 and resulted in an economic gain of \$1,783,125 (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, 2022. 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. On June 30, 2023, the District had no authorized but unissued bonds.

Long-term liability activity for the governmental activities for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022 (as restated) ¹	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Bonds Payable:					
General obligation bonds	\$379,670,000	\$11,700,000	\$32,530,000	\$358,840,000	\$18,600,000
Premium on general obligation bonds	50,630,038	1,267,227	4,994,427	46,902,838	4,951,914
Leases	5,652,863	351,363	3,004,780	2,999,446	2,710,351
SBITA	565,668	-	278,311	287,357	287,357
Compensated absences	1,248,232	159,699	365,566	1,042,365	206,209
Workers' Compensation Claims	25,062	7,278	26,232	6,108	6,108
Total	<u>\$437,791,863</u>	<u>\$13,485,567</u>	<u>\$41,199,316</u>	<u>\$410,078,114</u>	<u>\$26,761,939</u>

¹ The District implemented GASB Statement No. 96, requiring a prior period adjustment as of July 1, 2022, for SBITA.

NOTE 7. LEASES

The District has entered into agreements to lease copiers, student technology devices, and the fire and alarm electronic security system. The leases qualify as other than short-term leases as defined by Government Accounting Standards Board (GASB) Statement No. 87 ("GASB 87"). Therefore, the District has recorded right-to-use lease assets and the lease liability at an amount equal to the initial measurement of the related lease liability. The lease liability was measured at a discount rate range from .0258% to 3.96% which is the stated rate in the leases. The right-to-use assets are amortized on a straight-line basis over the life of the related lease. A lease for copiers was executed effective on January 1, 2019 requiring monthly payments of \$30,013 for 60 months. Another lease for copiers was also executed effective on January 1, 2019 requiring monthly payments of \$4,566 per month for 60 months. A third lease for copiers was executed effective on January 1, 2020 requiring monthly payments of

for 60 months. A third lease for copiers was executed effective on January 1, 2020 requiring monthly payments of \$2,897 per month for 60 months. A lease for student technology devices was executed effective on November 1, 2020 requiring annual payments of \$2,386,231 per year for four years with the lease expiring on October 31, 2024. The District executed a lease agreement for a fire and alarm electronic security system effective on January 13, 2019 requiring monthly payments of \$13,580 for 48 months with the lease expiring on January 12, 2024.

Commitment under right-to-use lease agreements for copier equipment, student technology devices, and the fire and alarm electronic security system provide for minimum future lease payments as of June 30, 2023, as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 2,710,351	\$ 30,278	\$ 2,740,629
2025	102,741	9,605	112,346
2026	85,760	6,307	92,067
2027	74,946	2,635	77,581
2028	25,648	212	25,860
	<u>\$ 2,999,446</u>	<u>\$ 49,037</u>	<u>\$ 3,048,483</u>

Lease expenditures on the above-mentioned equipment for the year ended June 30, 2023 were \$3,050,625.

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. That 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 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.

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.

	Contribution Rates	
	Measurement Year	
	2023	2022
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	8.00%	7.75%
Employers	8.00%	7.75%
Employer (District)	\$ 5,281,816	
Employee (Member)	\$11,578,305	
Non-employer Contributing Entity		
On-behalf Contributions (State)	\$ 8,252,797	

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 1.7% of the member's salary beginning in fiscal year 2022, 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.

Actuarial Assumptions

The total pension liability in the August 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021, rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91% - 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)	2121
Inflation	2.30%
Salary Increases	2.95% to 8.95% 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, 2021. For a full description of these assumptions please see the actuarial valuation report dated November 12, 2021.

Discount Rate

A single discount rate of 7.00 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 7.00 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 7.00%. 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.

Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2022, are summarized below:

Asset Class ¹	Target Allocation ² %	Long-term Expected Geometric Real Rate of Return ³	Expected Contribution to Long-Term Portfolio Returns
Global Equity:			
USA	18.00%	4.60%	1.12%
Non-U.S. Developed	13.00%	4.90%	0.90%
Emerging Markets	9.00%	5.40%	0.75%
Private Equity	14.00%	7.70%	1.55%
Stable Value:			
Government Bonds	16.00%	1.00%	0.22%
Absolute Return	0.00%	3.70%	0.00%
Stable Value Hedge Funds	5.00%	3.40%	0.18%
Real Return:			
Real Estate	15.00%	4.10%	0.94%
Energy, Natural Resources, and Infrastructure	6.00%	5.10%	0.37%
Commodities	0.00%	3.60%	0.00%
Parity:			
Risk Parity	8.00%	4.60%	0.43%
Leverage:			
Cash	2.00%	3.00%	0.01%
Asset Allocation Leverage	-6.00%	3.60%	-0.05%
Inflation Expectation			2.70%
Volatility Drag ⁴			-0.91%
Expected Return	<u>100.00%</u>		<u>8.21%</u>

¹ Absolute Return includes Credit Sensitive Investments.

² Target allocations are based on the FY2022 policy model.

³ Capital Market Assumptions come from Aon Hewitt as of August 31, 2022.

⁴ The volatility drag result from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.00%, and what the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.00%) or 1% point higher (8.00%) than the current rate.

	Discount Rate		
	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net pension liability	<u>\$102,158,077</u>	<u>\$65,670,293</u>	<u>\$36,095,232</u>

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

On June 30, 2023, the District reported a liability of \$65,670,293 for its proportionate share of the TRS 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	\$ 65,670,293
State's proportionate share that is associated with the District	99,954,425
Total	<u>\$ 165,624,718</u>

The net pension liability was measured as of August 31, 2021, and rolled forward to August 31, 2022, 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, 2021, thru August 31, 2022.

On August 31, 2022, the employer's proportion of the collective net pension liability was 0.1106167054% which was a decrease of 0.0015297097% from its proportion measured as of August 31, 2021.

Changes since the prior Actuarial Valuation

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$7,872,876 and revenue of \$9,554,510 representing pension expense for support provided by the State. On June 30, 2023, 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 experience	\$ 952,214	\$ (1,431,737)
Changes in actuarial assumptions	12,236,513	(3,049,681)
Difference between projected and actual earnings	6,488,015	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,540,506	(2,458,044)
Contributions paid to TRS subsequent to the measurement date of the net pension liability	4,455,595	-
Total	<u>\$ 26,672,843</u>	<u>\$ (6,939,462)</u>

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$4,455,595 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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:

Fiscal Year	Pension Expense	Balance of Deferred Outflows (Inflows)
2024	\$ 3,954,975	\$ 11,322,813
2025	1,951,363	9,371,450
2026	489,458	8,881,992
2027	7,785,167	1,096,823
2028	1,096,825	(2)
	<u>\$ 15,277,788</u>	

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.

OPEB Plan Fiduciary Net Position

Detail information about the TRS-Care's fiduciary net position is available in the 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 Measurement Year	
	2023	2022
Active employee	0.65%	0.65%
Non-employer contributing entity (state)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private funding	1.25%	1.25%

The contribution amounts for the District fiscal year 2023 are as follows:

Employer (District)	\$ 1,150,780
Employee (Member)	\$ 940,743
Non-employer Contributing Entity	
On-behalf Contributions (State)	\$ 2,483,628

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether 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.

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions:

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. 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, 2021, TRS pension actuarial valuation that was rolled forward to August 31, 2022:

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

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females. 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 mortality projection scale MP-2018.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2021, rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Discount Rate	3.91% as of August 31, 2022
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.
Projected Salary Increases	3.05% to 9.05% including inflation
Healthcare Trend Rates	The initial medical trend rates were 8.25 percent for Medicare retirees and 7.25 percent for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 13 years.
Election Rates	Normal Retirement: 62% participation prior to age 65 and 25% participation after age 65. 30% 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 3.91% was used to measure the Total OPEB Liability. There was an increase of 1.96 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, 2022, using the Fixed Income Market Data/Yield Curve/Data 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 (3.91%) in measuring the Net OPEB Liability.

	Discount Rate		
	1% Decrease (2.91%)	Current Rate (3.91%)	1% Increase (4.91%)
District’s proportionate share of the Net OPEB liability	\$40,611,190	\$34,443,137	\$29,446,223

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

On June 30, 2023, the District reported a liability of \$34,443,137 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	\$ 34,443,137
State’s proportionate share that is associated with the District	42,015,216
Total	<u>\$ 76,458,353</u>

The Net OPEB Liability was measured as of August 31, 2021, and rolled forward to August 31, 2022, 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, 2021, thru August 31, 2022.

On August 31, 2022, the employer’s proportion of the collective net OPEB liability was 0.1438486877%, compared to 0.1471872877 % as of August 31, 2021.

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:

	Healthcare Cost Trend Rate		
	1% Decrease	Current Rate	1% Increase
District’s proportionate share of the Net OPEB liability	\$28,381,300	\$34,443,137	\$42,301,529

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 1.95 percent as of August 31, 2021, to 3.91 percent as of August 31, 2022. This change decreased 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.

On June 30, 2023, 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	\$ 1,914,917	\$ (28,694,225)
Changes in actuarial assumptions	5,246,372	(23,929,043)
Net difference between projected and actual investment earnings	102,597	-
Changes in proportion and difference between the employers' contributions and the proportionate share of contributions	4,618,087	(5,022,076)
Contributions paid to TRS subsequent to the measurement date	958,054	-
Total	<u>\$ 12,840,027</u>	<u>\$ (57,645,344)</u>

Deferred outflows of resources resulting from District contributions subsequent to the measurement date in the amount of \$958,054 will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. 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:

Fiscal Year	OPEB Expense Amount	Balance of Deferred Outflows (Inflows)
2024	\$ (8,327,248)	\$ (37,436,123)
2025	(8,326,876)	(29,109,247)
2026	(6,866,261)	(22,242,986)
2027	(4,888,845)	(17,354,141)
2028	(5,932,651)	(11,421,490)
Thereafter	(11,421,490)	-
	<u>\$ (45,763,371)</u>	

For the year ended June 30, 2023, the District recognized a negative OPEB expense of \$4,403,466. The District also recognized negative on-behalf OPEB expense and revenue of \$5,962,298 for support provided by the State.

NOTE 10. GENERAL FUND FEDERAL SOURCE REVENUES

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

Program or Source	ALN #	Total
Direct costs:		
School Health and Related Services (SHARS)		\$ 1,391,450
E-rate		104,622
JROTC		179,691
Total direct costs		<u>\$ 1,675,763</u>
Indirect Costs:		
School Breakfast Program	10.553	39,134
National School Lunch Program	10.555	193,511
Pandemic EBT, Admin Costs	10.649	5,950
ESSA, Title IX, Texas Education for Homeless Children & Youth	84.196A	1,289
ESSA, Title I, Part A, Improving Basic Programs	84.010A	78,175
IDEA, Part B, Formula	84.027A	128,470
IDEA, Part B, Preschool	84.173A	1,527
Perkins V: Strengthening CTE For 21st Century	84.048A	7,640
ESSA, Title II, Part A, Supporting Effective Instruction	84.367A	21,101
ESSA, Title III, Part A, Language Education Program	84.365A	9,098
ESSA, Title VI, Part A, Subpart 1, Improving Academic Achievement	84.424A	4,196
ARP, Homeless I - TEHCY Supplemental	84.425W	1,269
ARP, Homeless II	84.425W	4,592
CRRSA, Esser II Grant	84.425D	47,986
ARP, Esser III Grant	84.425U	300,545
IDEA, Part B, Formula, ARP *	84.027X	32,356
IDEA, Part B, Preschool, ARP *	84.173X	1,366
Total indirect costs		<u>878,205</u>
Total		<u><u>\$ 2,553,968</u></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.

NOTE 11. LOCAL AND INTERMEDIATE REVENUES

During the year ended June 30, 2023, local and intermediate revenues for governmental funds consisted of the following:

	Major Funds			Other	
	General	Debt	Capital	Governmental	Total
	Fund	Service	Projects	Funds	
		Fund	Funds		
Property Taxes	\$92,813,356	\$33,818,758	\$ -	\$ -	\$126,632,114
Food sales	-	-	-	4,779,069	4,779,069
Investment income	2,886,094	719,058	376,559	72,180	4,053,891
Other tuition and fees					
from patrons	848,590	-	-	-	848,590
Co-curricular income	424,742	-	-	4,679,960	5,104,702
Rent	281,635	-	-	-	281,635
Other	704,261	-	-	59,066	763,327
Total	<u>\$97,958,678</u>	<u>\$34,537,816</u>	<u>\$376,559</u>	<u>\$ 9,590,275</u>	<u>\$142,463,328</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, 2023, 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 \$6,108 as of June 30, 2023. 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. Since September 1, 2012, the District chose to switch to a fully insured workers' compensation program, currently with TASB Risk Management Fund. 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, 2023.

This liability reported in the fund on June 30, 2023, 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.

Changes in the workers' compensation claim liability amounts in fiscal years 2021-2022 and 2022-2023 are represented below:

	Workers' Compensation	
	2023	2022
Beginning liability	\$ 25,062	\$ 28,617
Current-period claims and changes in estimates	7,278	66,391
Payments for claims	(26,232)	(69,946)
Ending liability	<u>\$ 6,108</u>	<u>\$ 25,062</u>

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 on June 30, 2023 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. There were no expenditures attributable to the District’s participation in this shared services arrangement for the fiscal year reported.

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 eight CIS traditional program sites (at Carlestone Elementary, Cockrell Elementary, Jamison Middle, Lawhon Elementary, Pearland Junior High South, Pearland Junior High West, Sablatura Middle School and PACE Center) at a cost of \$19,000 per site; one Cycle 10 21st Century ACE program at Lawhon Elementary for \$15,000; two Cycle 11 21st Century ACE programs at Magnolia Elementary and Carlestone Elementary schools at a cost of \$18,000 per site; and one Crisis Intervention program at PACE Center at a cost of \$25,000. The expenditures attributable to the District’s participation totaled \$209,000 and were coded to 6299 Miscellaneous Contract Services in Function 31 Guidance, Counseling, and Evaluation Services and 32 Social Work Services.

NOTE 16. SBITA LIABILITIES

During the current fiscal year, the District implemented GASB Statement No. 96, *Subscription-based Information Technology Arrangements*. Under this Statement, the District is required to recognize SBITA liability and an intangible right-to-use asset for a Microsoft License Software. An initial SBITA liability was recorded in the amount of \$565,668. There are no variable payments. The District is required to make annual principal and interest payments of \$296,696. The SBITA has an interest rate of 3.25%. The value of the right-to-use asset as of the end of the current fiscal year was \$862,364 and had accumulated amortization of \$479,091. There are no commitments under SBITAs before the commencement of the subscription term.

The future principal and interest SBITA payments as of June 30, 2023, were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 287,357	\$ 9,339	\$ 296,696

NOTE 17. PRIOR PERIOD ADJUSTMENT – RESTATEMENT OF NET POSITION

The District has evaluated its capital assets and long-term debt to determine the effects of GASB Statement No. 96 *Subscription-based Information Technology Arrangements*. The District has determined that a prior period adjustment of \$670,728 for capital assets and \$565,668 for long-term debt is required as of July 1, 2022, in the government-wide financial Statement of Net Position as follows:

	<u>Governmental Activities</u>	
	<u>Capital assets (net)</u>	<u>Long-term debt</u>
Balance, as originally presented	\$ 468,916,271	\$ 522,562,632
GASB 96 implementation	670,728	565,668
Balance, restated	<u>\$ 469,586,999</u>	<u>\$ 523,128,300</u>

NOTE 18. SPECIAL ITEMS

On May 8, 2023, the District terminated an Interlocal agreement with the City of Pearland dated October 1, 2007, that governed the rights and responsibilities of the associated parties for the joint use of the City’s Natatorium. In consideration, the District provided a one-time early termination payment to the City of Pearland in the amount of \$3,500,000, which released the District from all claims, causes of action, demands, and liabilities in the past, current, or future relating to the agreement.

Required Supplementary Information



Lauren Oishi
Dawson High School
Rodeo Art – Special Merit
“To Saddle the Wind”

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, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
REVENUES					
5700	Local and intermediate sources	\$ 90,885,187	\$ 97,546,175	\$ 97,958,678	\$ 412,503
5800	State program revenues	99,219,763	102,249,879	102,329,317	79,438
5900	Federal program revenues	2,170,444	2,170,444	2,553,968	383,524
5020	Total revenues	192,275,394	201,966,498	202,841,963	875,465
EXPENDITURES					
Current:					
0011	Instruction	111,066,676	110,516,527	109,505,943	1,010,584
0012	Instructional resources and media svcs.	1,985,558	1,995,558	1,966,556	29,002
0013	Curriculum and staff development	5,612,352	5,564,155	5,283,368	280,787
0021	Instructional leadership	2,629,369	2,480,440	2,384,235	96,205
0023	School leadership	12,915,801	12,742,077	12,508,407	233,670
0031	Guidance, counseling and evaluation svcs.	8,420,879	8,335,269	8,113,693	221,576
0032	Social work services	818,594	915,557	891,301	24,256
0033	Health services	2,277,177	2,299,130	2,295,516	3,614
0034	Student (pupil) transportation	7,832,815	8,164,977	7,641,621	523,356
0036	Cocurricular/extracurricular activities	4,729,041	5,173,655	4,989,628	184,027
0041	General administration	5,617,749	5,723,241	5,343,799	379,442
0051	Facility maintenance and operations	23,334,837	23,634,224	22,731,111	903,113
0052	Security and monitoring services	1,933,595	2,042,515	1,976,363	66,152
0053	Data processing services	4,810,685	5,752,490	5,162,176	590,314
0061	Community services	7,439	7,439	-	7,439
Debt service:					
0071	Principal on long-term debt	870,672	972,853	909,150	63,703
0072	Interest on long-term debt	-	-	51,940	(51,940)
Intergovernmental:					
0095	Pymts. to Juvenile Justice Alt. Ed. Prog.	80,000	30,000	-	30,000
0099	Other intergovernmental charges	737,128	737,128	645,956	91,172
6030	Total expenditures	195,680,367	197,087,235	192,400,763	4,686,472
1100	Excess (deficiency) of revenues over expenditures	(3,404,973)	4,879,263	10,441,200	5,561,937
OTHER FINANCING SOURCES (USES)					
7912	Sale of property	-	-	19,740	19,740
7913	Proceeds from leases	-	416,753	351,363	(65,390)
8911	Transfers out	-	-	(5,500,000)	(5,500,000)
	Total other financing sources (uses)	-	416,753	(5,128,897)	(5,545,650)
1200	Net change in fund balance before special items	(3,404,973)	5,296,016	5,312,303	16,287
8912	Special items	-	(3,500,000)	(3,500,000)	-
1200	Net change in fund balance	(3,404,973)	1,796,016	1,812,303	16,287
0100	Fund balance - beginning	68,343,708	68,343,708	68,343,708	-
3000	Fund balance - ending	\$ 64,938,735	\$ 70,139,724	\$ 70,156,011	\$ 16,287

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

PEARLAND INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS -
COST SHARING EMPLOYER PLAN**FOR THE LAST NINE 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:¹Ten 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>	<u>2021</u>	<u>2022</u>
0.1133576%	0.1132894%	0.1115610%	0.1042690%	0.1121464%	0.1106167%
\$ 36,245,657	\$ 62,357,231	\$ 57,992,918	\$ 55,844,370	\$ 28,559,723	\$ 65,670,293
<u>62,366,406</u>	<u>105,316,625</u>	<u>98,154,117</u>	<u>98,580,573</u>	<u>46,805,195</u>	<u>99,954,425</u>
<u>\$ 98,612,063</u>	<u>\$ 167,673,856</u>	<u>\$ 156,147,035</u>	<u>\$ 154,424,943</u>	<u>\$ 75,364,918</u>	<u>\$ 165,624,718</u>
\$ 126,681,823	\$ 130,171,373	\$ 134,140,118	\$ 137,470,077	\$ 144,516,019	\$ 145,374,177
28.61%	47.90%	43.23%	40.62%	19.76%	45.17%
82.17%	73.74%	75.24%	75.54%	88.79%	75.65%

PEARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE LAST NINE 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:

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

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 3,859,394	\$ 3,943,079	\$ 4,182,913	\$ 4,714,732	\$ 5,136,805	\$ 5,281,816
<u>3,859,394</u>	<u>3,943,079</u>	<u>4,182,913</u>	<u>4,714,732</u>	<u>5,136,805</u>	<u>5,281,816</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	\$ 145,790,150	\$ 144,728,998
2.98%	2.95%	3.05%	3.30%	3.52%	3.65%

PEARLAND INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND RELATED RATIOS -
COST SHARING EMPLOYER PLAN**FOR THE LAST SIX MEASUREMENT YEARS ENDED AUGUST 31,¹

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

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.

<u>2020</u>	<u>2021</u>	<u>2022</u>
0.1416441%	0.1471873%	0.1438487%
\$ 53,845,313	\$ 56,776,714	\$ 34,443,137
<u>72,355,193</u>	<u>76,068,144</u>	<u>42,015,216</u>
<u>\$126,200,506</u>	<u>\$132,844,858</u>	<u>\$ 76,458,353</u>
\$137,470,077	\$144,516,019	\$145,374,177
39.17%	39.29%	23.69%
4.99%	6.18%	6.18%

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

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

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.

<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 1,137,374	\$ 1,184,889	\$ 1,150,780
<u>1,137,374</u>	<u>1,184,889</u>	<u>1,150,780</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 143,038,521	\$ 145,790,150	\$ 144,728,998
0.80%	0.81%	0.80%





Other Supplementary Information

Katherine Xie
Dawson High School

Rodeo Art – Special Gold Medal
“For The Buckle”

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 instruction, support critical disaster recovery initiatives, and other educational goals not specified above. In addition, these include grants awarded for the on-going effects of the COVID-19 pandemic, specifically ones that addressed food service supply chain issues and maintaining safe and healthy schools.

PEARLAND INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		ESSA, Title IX Texas Texas Ed for Homeless Children & Youth	ESSA, Title I Part A Improving Basic Programs	IDEA Part B Formula	IDEA Part B Preschool	IDEA Part B High Cost Fund
ASSETS						
1110	Cash	\$ -	\$ -	\$ -	\$ -	\$ -
1120	Temporary investments	-	-	-	-	-
1240	Due from governmental agencies	-	406,627	997,259	9,657	246,810
1250	Accrued Interest	-	-	-	-	-
1260	Interfund receivables	-	-	-	-	-
1290	Other receivables	-	-	-	-	-
1310	Inventories, at cost	-	-	-	-	-
1410	Prepaid items	-	-	-	-	-
1000	Total assets	<u>\$ -</u>	<u>\$ 406,627</u>	<u>\$ 997,259</u>	<u>\$ 9,657</u>	<u>\$ 246,810</u>
LIABILITIES						
2110	Accounts payable	-	1,546	3,268	-	-
2160	Accrued salaries and expenditures	-	197,956	330,487	8,127	-
2170	Interfund payables	-	207,125	663,504	1,530	246,810
2200	Accrued expenditures	-	-	-	-	-
2300	Unearned revenue	-	-	-	-	-
2000	Total liabilities	<u>-</u>	<u>406,627</u>	<u>997,259</u>	<u>9,657</u>	<u>246,810</u>
FUND BALANCE						
Non-spendable:						
3410	Inventories	-	-	-	-	-
3430	Prepaid items	-	-	-	-	-
Restricted:						
3450	Food service	-	-	-	-	-
3545	Committed - other	-	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 406,627</u>	<u>\$ 997,259</u>	<u>\$ 9,657</u>	<u>\$ 246,810</u>

Food Service Fund	Perkins V Strengthening CTE for 21st Century	ESSA, Title II Part A Supporting Effective Instruction	ESSA, Title III Part A Language Education Program	ESSA, Title IV Part A Improving Academic Achievement	Medicaid Administrative Claiming Program	ARP, Homeless I - TEHCY Supplemental Grant
\$ 3,050,930	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,199,455	-	-	-	-	-	-
8,993	9,768	123,326	24,721	-	11,331	2,700
1,473	-	-	-	-	-	-
-	-	-	-	-	-	-
1,438	145	-	-	-	-	-
91,554	-	-	-	-	-	-
2,807	-	-	-	-	-	-
<u>\$ 6,356,650</u>	<u>\$ 9,913</u>	<u>\$ 123,326</u>	<u>\$ 24,721</u>	<u>\$ -</u>	<u>\$ 11,331</u>	<u>\$ 2,700</u>
45,882	-	6,103	363	-	-	-
459,860	-	677	15,000	-	-	-
107,649	9,913	115,515	9,358	-	11,331	2,700
-	-	-	-	-	-	-
141,634	-	1,031	-	-	-	-
<u>755,025</u>	<u>9,913</u>	<u>123,326</u>	<u>24,721</u>	<u>-</u>	<u>11,331</u>	<u>2,700</u>
91,554	-	-	-	-	-	-
2,807	-	-	-	-	-	-
5,507,264	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,601,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 6,356,650</u>	<u>\$ 9,913</u>	<u>\$ 123,326</u>	<u>\$ 24,721</u>	<u>\$ -</u>	<u>\$ 11,331</u>	<u>\$ 2,700</u>

PEARLAND INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

Data Control Codes		ARP, Homeless II Grant	CRRSA, Esser II Grant	ARP, Esser III Grant	IDEA Part B Formula ARP	ARP, IDEA Part B Preschool Grant
ASSETS						
1110	Cash	\$ -	\$ -	\$ -	\$ -	\$ -
1120	Temporary investments	-	-	-	-	-
1240	Due from governmental agencies	15,018	-	-	686,677	30,260
1250	Accrued Interest	-	-	-	-	-
1260	Interfund receivables	-	-	-	-	-
1290	Other receivables	-	-	-	-	-
1310	Inventories, at cost	-	-	-	-	-
1410	Prepaid items	-	-	-	-	-
1000	Total assets	<u>\$ 15,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 686,677</u>	<u>\$ 30,260</u>
LIABILITIES						
2110	Accounts payable	-	-	-	-	-
2160	Accrued salaries and expenditures	-	-	-	-	-
2170	Interfund payables	15,018	-	-	686,677	30,260
2200	Accrued expenditures	-	-	-	-	-
2300	Unearned revenue	-	-	-	-	-
2000	Total liabilities	<u>15,018</u>	<u>-</u>	<u>-</u>	<u>686,677</u>	<u>30,260</u>
FUND BALANCE						
Non-spendable:						
3410	Inventories	-	-	-	-	-
3430	Prepaid items	-	-	-	-	-
Restricted:						
3450	Food service	-	-	-	-	-
3545	Committed - other	-	-	-	-	-
3000	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total liabilities and fund balances	<u>\$ 15,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 686,677</u>	<u>\$ 30,260</u>

Federally Funded Special Revenue Funds	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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,053,371	\$ -	\$ 7,104,301
-	-	-	-	-	-	-	3,199,455
-	-	-	90	-	3,106	-	2,576,343
41,573	-	6,781	-	-	2,672	-	4,145
-	-	517	-	-	2,270	12,810	63,434
-	-	-	-	-	14,592	-	16,692
-	-	-	-	-	-	-	91,554
-	-	-	-	-	43,443	-	46,250
<u>\$ 41,573</u>	<u>\$ -</u>	<u>\$ 7,298</u>	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 4,119,454</u>	<u>\$ 12,810</u>	<u>\$ 13,102,174</u>
-	-	-	-	-	69,482	9,810	136,454
-	-	-	-	-	46,109	-	1,058,216
-	-	-	47	-	-	-	2,107,437
-	-	-	-	-	31,335	-	31,335
41,573	-	7,298	43	-	-	3,000	194,579
<u>41,573</u>	<u>-</u>	<u>7,298</u>	<u>90</u>	<u>-</u>	<u>146,926</u>	<u>12,810</u>	<u>3,528,021</u>
-	-	-	-	-	-	-	91,554
-	-	-	-	-	43,443	-	46,250
-	-	-	-	-	-	-	5,507,264
-	-	-	-	-	3,929,085	-	3,929,085
-	-	-	-	-	3,972,528	-	9,574,153
<u>\$ 41,573</u>	<u>\$ -</u>	<u>\$ 7,298</u>	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 4,119,454</u>	<u>\$ 12,810</u>	<u>\$ 13,102,174</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, 2023

Data Control Codes		ESSA, Title IX Texas Texas Ed for Homeless Children & 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	28,565	1,731,828	3,043,429	33,833	246,810
5020	Total revenues	28,565	1,731,828	3,043,429	33,833	246,810
	EXPENDITURES					
	Current:					
0011	Instruction	-	1,650,906	2,066,223	33,833	246,810
0012	Instructional resources and media services	-	-	-	-	-
0013	Curriculum and staff development	-	52,732	4,222	-	-
0021	Instructional leadership	-	-	389,615	-	-
0023	School leadership	-	2,799	-	-	-
0031	Guidance, counseling and evaluation services	26,010	-	583,369	-	-
0032	Social work services	2,555	6,046	-	-	-
0033	Health services	-	-	-	-	-
0034	Student (pupil) transportation	-	-	-	-	-
0035	Food Service	-	-	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-	-
0053	Data processing services	-	-	-	-	-
0061	Community services	-	19,345	-	-	-
	Debt service:					
0071	Principal on long-term debt	-	-	-	-	-
0072	Interest on long-term debt	-	-	-	-	-
6030	Total expenditures	28,565	1,731,828	3,043,429	33,833	246,810
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-	-
1200	Net change in fund balance	-	-	-	-	-
0100	Fund balance - beginning	-	-	-	-	-
3000	Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

Food Service Fund	Perkins V Strengthening CTE for 21st Century	ESSA, Title II Part A Supporting Effective Instruction	ESSA, Title III Part A Language Education Program	ESSA, Title IV Part A Improving Academic Achievement	Medicaid Administrative Claiming Program	ARP, Homeless I - TEHCY Supplemental Grant
\$ 4,827,367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50,496	-	-	-	-	-	-
6,852,223	169,255	467,454	201,553	92,954	44,405	10,200
11,730,086	169,255	467,454	201,553	92,954	44,405	10,200
-	142,730	93,819	90,488	32,189	-	-
-	-	-	-	-	-	-
-	-	361,103	110,270	59,110	-	-
-	-	12,532	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	750	-	10,200
-	-	-	-	-	-	-
-	-	-	-	905	44,405	-
-	-	-	-	-	-	-
10,462,727	-	-	-	-	-	-
-	-	-	-	-	-	-
-	26,525	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	795	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
10,462,727	169,255	467,454	201,553	92,954	44,405	10,200
1,267,359	-	-	-	-	-	-
1,267,359	-	-	-	-	-	-
4,334,266	-	-	-	-	-	-
\$ 5,601,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PEARLAND INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		ARP, Homeless II Grant	CRRSA, Esser II Grant	ARP, Esser III Grant	ARP, IDEA Part B Formula Grant	ARP, IDEA Part B Preschool Grant
	REVENUES					
5700	Local and intermediate sources	\$ -	\$ -	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-	-	-
5900	Federal program revenues	36,912	399,125	2,416,155	797,324	30,260
5020	Total revenues	36,912	399,125	2,416,155	797,324	30,260
	EXPENDITURES					
	Current:					
0011	Instruction	335	399,125	-	503,793	30,260
0012	Instructional resources and media services	-	-	-	-	-
0013	Curriculum and staff development	-	-	29,924	-	-
0021	Instructional leadership	-	-	-	101,861	-
0023	School leadership	-	-	-	-	-
0031	Guidance, counseling and evaluation services	6,279	-	-	148,238	-
0032	Social work services	30,298	-	-	-	-
0033	Health services	-	-	-	-	-
0034	Student (pupil) transportation	-	-	-	43,432	-
0035	Food Service	-	-	-	-	-
0036	Cocurricular/extracurricular activities	-	-	-	-	-
0051	Facilities maintenance and operations	-	-	-	-	-
0053	Data processing services	-	-	-	-	-
0061	Community services	-	-	-	-	-
	Debt service:					
0071	Principal on long-term debt	-	-	2,373,942	-	-
0072	Interest on long-term debt	-	-	12,289	-	-
6030	Total expenditures	36,912	399,125	2,416,155	797,324	30,260
1100	Excess (deficiency) of revenues over expenditures	-	-	-	-	-
1200	Net change in fund balance	-	-	-	-	-
0100	Fund balance - beginning	-	-	-	-	-
3000	Fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ -

Federally Funded Special Revenue Funds	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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,704,942	\$ 57,966	\$ 9,590,275
-	10,000	24,252	440,894	31	-	-	525,673
-	-	-	-	-	20,402	-	16,622,687
-	10,000	24,252	440,894	31	4,725,344	57,966	26,738,635
-	10,000	2,086	440,894	-	57,949	1,408	5,802,848
-	-	-	-	31	101	-	132
-	-	20,510	-	-	-	29,558	667,429
-	-	-	-	-	-	-	504,008
-	-	600	-	-	-	-	3,399
-	-	1,056	-	-	-	-	775,902
-	-	-	-	-	-	-	38,899
-	-	-	-	-	-	-	45,310
-	-	-	-	-	-	-	43,432
-	-	-	-	-	-	-	10,462,727
-	-	-	-	-	4,634,900	21,500	4,656,400
-	-	-	-	-	36,715	-	63,240
-	-	-	-	-	-	5,500	5,500
-	-	-	-	-	-	-	20,140
-	-	-	-	-	-	-	2,373,942
-	-	-	-	-	-	-	12,289
-	10,000	24,252	440,894	31	4,729,665	57,966	25,475,597
-	-	-	-	-	(4,321)	-	1,263,038
-	-	-	-	-	(4,321)	-	1,263,038
-	-	-	-	-	3,976,849	-	8,311,115
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,972,528	\$ -	\$ 9,574,153

PEARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2023

Period Ended	Tax Rates			Assessed/ Appraised Value For School Tax Purposes
	Maintenance	Debt Service	Total	
2014 and Prior	Various	Various	Various	Various
2015	\$1.0400	\$0.3757	\$1.4157	\$6,174,325,147
2016	\$1.0400	\$0.3756	\$1.4156	\$6,045,998,468
2017	\$1.0400	\$0.3756	\$1.4156	\$6,751,076,681
2018	\$1.0400	\$0.3756	\$1.4156	\$7,361,661,103
2019	\$1.0600	\$0.3556	\$1.4156	\$7,775,608,498
2020	\$0.9700	\$0.4256	\$1.3956	\$8,048,492,813
2021	\$0.8929	\$0.4256	\$1.3185	\$8,501,502,251
2022	\$0.9196	\$0.3956	\$1.3152	\$8,716,021,138
2023	\$0.9546	\$0.3481	\$1.3027	\$9,317,189,071

	Beginning Balance July 1, 2022	Current Year's Total Levy	Maintenance and Operations Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance June 30, 2023
	\$ 916,929		\$ 19,591	\$ 6,540	\$ (63,212)	\$ 827,585
	155,210		4,791	1,731	-	148,688
	161,224		4,603	1,663	-	154,959
	190,783		6,423	2,320	(19)	182,020
	191,924		8,264	2,985	(292)	180,382
	221,147		20,273	6,801	(2,432)	191,641
	313,756		56,801	24,922	(5,672)	226,360
	459,701		(6,285)	(2,995)	(132,281)	336,700
	1,566,654		722,600	310,853	(124,597)	408,605
	-	\$ 116,387,942	91,482,004	33,359,403	10,192,110	1,738,645
Total:	<u>\$ 4,177,328</u>	<u>\$ 116,387,942</u>	<u>\$ 92,319,065</u>	<u>\$ 33,714,223</u>	<u>\$ 9,863,605</u>	<u>\$ 4,395,585</u>
Tax Refunds Under Texas Tax Code 26.111(c)			\$ 33,967			

PEARLAND INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOOD SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES				
5700	Local and intermediate sources	\$4,759,875	\$4,812,975	\$4,827,367	\$ 14,392
5800	State program revenues	300,000	50,000	50,496	496
5900	Federal program revenues	4,924,450	6,830,350	6,852,223	21,873
5020	Total revenues	9,984,325	11,693,325	11,730,086	36,761
	EXPENDITURES				
	Current:				
0035	Food service	10,204,532	12,534,532	10,462,727	2,071,805
0071	Debt service - principal	4,000	4,000	-	4,000
6030	Total expenditures	10,208,532	12,538,532	10,462,727	2,075,805
1100	Excess (deficiency) of revenues over expenditures	(224,207)	(845,207)	1,267,359	2,112,566
1200	Net change in fund balance	(224,207)	(845,207)	1,267,359	2,112,566
0100	Fund balance - beginning	4,334,266	4,334,266	4,334,266	-
3000	Fund balance - ending	\$4,110,059	\$3,489,059	\$5,601,625	\$ 2,112,566

PEARLAND INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	REVENUES				
5700	Local and intermediate sources	\$ 33,059,233	\$ 34,581,910	\$ 34,537,816	\$ (44,094)
5800	State program revenues	739,673	1,831,470	1,857,781	26,311
5020	Total revenues	33,798,906	36,413,380	36,395,597	(17,783)
	EXPENDITURES				
	Debt service:				
0071	Debt service - principal	19,705,000	19,705,000	19,705,000	-
0072	Debt service - interest and fees	17,834,610	17,994,610	17,989,490	5,120
6030	Total expenditures	37,539,610	37,699,610	37,694,490	5,120
1100	Excess (deficiency) of revenues over expenditures	(3,740,704)	(1,286,230)	(1,298,893)	(12,663)
	OTHER FINANCING SOURCES (USES)				
7911	Proceeds from sales of bonds	-	11,700,000	11,700,000	-
7916	Premium on discount on issuance of	-	1,267,227	1,267,227	-
8940	Payment to refunded bond escrow agent	-	(13,050,659)	(12,802,659)	248,000
7080	Total Other Financing Sources (Uses)	-	(83,432)	164,568	248,000
1200	Net change in fund balance	(3,740,704)	(1,369,662)	(1,134,325)	235,337
0100	Fund balance - beginning	21,037,592	21,037,592	21,037,592	-
3000	Fund balance - ending	\$ 17,296,888	\$ 19,667,930	\$ 19,903,267	\$ 235,337

PEARLAND INDEPENDENT SCHOOL DISTRICT
USE OF FUNDS REPORT - SELECT STATE ALLOTMENT PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXHIBIT J-4

Data Control Codes		1 Responses
SECTION A: COMPENSATORY EDUCATION PROGRAMS		
Districts are required to use at least 55% of state compensatory education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, §48.104.		
AP1	Did your district expend any state compensatory education program state allotment funds during the district's fiscal year?	Yes
AP2	Does the district have written policies and procedures for its state compensatory education program?	Yes
AP3	Total state allotment funds received for state compensatory education programs during the district's fiscal year.	\$11,300,530
AP4	Actual direct program expenditures for state compensatory education programs during the district's fiscal year. (PICs 24, 26, 28, 29, 30)	\$ 4,842,511
SECTION B: BILINGUAL EDUCATION PROGRAMS		
Districts are required to spend at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, §48.105.		
AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	\$ 1,816,128
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	\$ 1,075,159

PEARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF SCHOOL FIRST INDICATORS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXHIBIT L-1

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Servies (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments. Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code, and other statutes, laws and Rules that were in effect at the school district's fiscal year-end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion of CABs included in government-wide financial statements at fiscal year-end.	\$0



Statistical Section



Natalie Burleson
Pearland High School

Rodeo Art – Special Merit
“T-Minus 8 Seconds”

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 of 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)

	2014	2015 ¹	2016 ²	2017
Governmental Activities:				
Net investment in capital assets	\$ 18,897,541	\$ 17,282,340	\$ 23,401,439	\$ 31,924,248
Restricted	22,519,103	23,587,767	30,576,858	32,597,373
Unrestricted	34,680,706	21,468,018	17,128,959	12,140,158
Total primary government net position	<u>\$ 76,097,350</u>	<u>\$ 62,338,125</u>	<u>\$ 71,107,256</u>	<u>\$ 76,661,779</u>

¹ The District implemented GASB Statement No. 68 in 2015. 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. 75 in 2018. The effects of this statement were not applied to previous years.

⁴ The District implemented GASB Statement No. 87 in 2022. The effects of this statement were not applied to previous years.

⁵ The District evaluated the net position restricted for capital projects and restricted for campus activities. The net position for capital projects and for campus activity are unrestricted rather than restricted.

⁶ The District implemented GASB Statement No. 96 in 2023. The effects of this statement were not applied to previous years.

TABLE 1

2018 ³	2019	2020	2021	2022 ^{4,5}	2023 ⁶
\$ 47,413,133	\$ 60,683,806	\$ 58,123,658	\$ 48,991,188	\$ 60,836,118	\$ 76,824,276
22,408,288	23,352,669	32,299,308	35,304,965	19,324,476	19,507,855
(79,423,632)	(86,794,259)	(93,535,389)	(87,659,401)	(65,854,421)	(61,556,341)
<u>\$ (9,602,211)</u>	<u>\$ (2,757,784)</u>	<u>\$ (3,112,423)</u>	<u>\$ (3,363,248)</u>	<u>\$ 14,306,173</u>	<u>\$ 34,775,790</u>

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

	2014	2015	2016	2017
EXPENSES:				
Governmental Activities:				
Instruction	\$ 90,613,629	\$ 96,418,084	\$ 108,018,146	\$ 111,410,232
Instructional resources and media services	1,830,154	1,748,551	1,892,690	2,023,569
Curriculum and staff development	3,790,285	4,420,330	4,798,357	5,032,868
Instructional leadership	1,916,644	2,022,634	2,117,324	2,364,184
School leadership	9,010,467	9,340,019	10,145,554	10,889,063
Guidance, counseling, and evaluation services	5,127,407	5,511,460	6,212,844	6,549,827
Social work services	392,206	446,637	528,261	564,122
Health services	1,246,878	1,336,795	1,452,554	1,470,916
Student transportation	6,927,329	6,768,116	6,920,831	7,166,128
Food service	9,617,535	9,314,602	9,640,501	9,628,376
Cocurricular/extracurricular activities	5,161,116	4,993,563	5,297,839	5,352,392
General administration	3,547,964	3,819,145	4,148,299	4,461,643
Facilities maintenance and operations	14,638,541	15,370,044	20,729,037	20,600,321
Security and monitoring services	1,677,065	1,740,251	1,907,967	1,837,076
Data processing services	3,554,845	3,927,450	4,267,205	5,418,925
Community services	16,074	13,829	9,337	17,607
Debt service	12,949,879	14,211,829	12,306,612	11,537,729
Payments to shared service arrangements	4,428,939	4,605,539	11,379	-
Payments to juvenile justice alt. ed. program	7,200	14,500	20,000	17,600
Other intergovernmental charges	546,652	566,318	597,519	627,315
Total primary government expenses	<u>177,000,809</u>	<u>186,589,696</u>	<u>201,022,256</u>	<u>206,969,893</u>
PROGRAM REVENUES:				
Governmental Activities:				
Charges for Services:				
Instructional	253,799	237,221	271,748	346,793
Food Service	4,984,064	4,784,658	5,069,315	4,973,390
Cocurricular/extracurricular activities	421,770	422,991	396,299	436,099
General Administration	1,544	939	721	507
Other activities	40,214	24,450	18,776	19,711
Operating grants and contributions	20,632,311	19,750,202	23,923,153	21,001,150
Capital grants and contributions	78,193	91,482	72,335	111,512
Total primary government program revenues	<u>26,411,895</u>	<u>25,311,943</u>	<u>29,752,347</u>	<u>26,889,162</u>
Total net primary government expense	<u>\$ (150,588,914)</u>	<u>\$ (161,277,753)</u>	<u>\$ (171,269,909)</u>	<u>\$ (180,080,731)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:				
Governmental Activities:				
Property taxes - levied for general purposes	\$ 59,785,723	\$ 63,077,455	\$ 65,527,661	\$ 72,912,075
Property taxes - levied for debt service	21,585,188	22,772,073	23,638,974	26,318,697
State aid - formula grants	75,904,945	79,599,546	85,600,906	84,989,975
Other grants/contributions not restricted to specific programs	663,162	146,102	143,358	-
Investment earnings	68,493	77,851	171,783	144,820
Miscellaneous	709,666	697,906	790,255	359,826
Special item/gain on sale	2,220	28,348	1,156,502	909,861
Total primary government general revenue and special items	<u>158,719,397</u>	<u>166,399,281</u>	<u>177,029,439</u>	<u>185,635,254</u>
Total primary government change in net position	<u>\$ 8,130,483</u>	<u>\$ 5,121,528</u>	<u>\$ 5,759,530</u>	<u>\$ 5,554,523</u>

TABLE 2

2018	2019	2020	2021	2022	2023
\$ 101,971,641	\$ 121,399,219	\$ 126,833,821	\$ 130,143,737	\$ 120,012,554	\$ 125,065,807
1,874,480	2,093,071	2,217,336	2,217,516	2,275,334	2,299,017
4,396,887	5,764,129	5,943,688	5,768,622	5,770,921	5,815,811
2,188,457	2,751,236	2,925,918	3,307,322	3,285,081	2,927,719
9,884,886	12,175,638	12,681,811	12,630,949	12,339,188	12,233,423
5,689,193	7,846,560	8,599,077	8,662,901	8,249,543	8,741,114
594,806	766,826	802,305	828,742	805,894	932,719
1,322,930	1,807,969	1,965,143	2,393,940	3,027,045	2,310,786
6,707,250	7,868,200	7,193,612	7,730,530	7,751,236	8,372,230
9,539,071	9,774,564	9,264,759	8,487,067	10,749,196	10,998,633
10,135,800	10,060,042	9,820,049	8,739,562	9,832,879	11,153,208
4,198,607	4,957,664	5,034,601	5,300,054	5,520,929	5,445,444
19,310,843	20,921,398	21,169,918	22,206,616	22,622,219	23,090,618
1,956,123	1,797,862	2,523,273	2,090,426	1,930,824	2,132,683
5,141,820	6,183,838	6,070,429	17,336,261	5,362,387	6,616,136
17,057	19,340	15,821	27,802	28,783	20,027
16,161,698	16,577,071	17,543,127	15,164,922	17,754,097	17,589,531
-	-	-	-	-	-
44,800	83,400	43,100	7,500	15,200	-
650,378	655,335	652,926	643,302	655,182	645,956
201,786,727	233,503,362	241,300,714	253,687,771	237,988,492	246,390,862
365,685	398,919	324,802	346,969	582,390	688,227
4,235,483	4,869,544	3,769,233	892,496	1,675,413	4,779,069
5,349,495	5,126,895	4,349,030	2,661,171	4,456,166	4,916,156
545	31,242	54,720	26,576	45,286	41,143
15,065	1,033	517	-	-	16,094
21,912,229	25,746,922	25,783,688	40,219,103	35,948,992	29,238,374
194,827	191,116	462,194	809,601	53,812	414,257
32,073,329	36,365,671	34,744,184	44,955,916	42,762,059	40,093,320
\$ (169,713,398)	\$ (197,137,691)	\$ (206,556,530)	\$ (208,731,855)	\$ (195,226,433)	\$ (206,297,542)
\$ 78,244,130	\$ 81,104,706	\$ 77,798,829	\$ 77,761,672	\$ 83,307,917	\$ 93,074,829
28,235,132	27,172,041	34,091,048	36,946,245	35,785,443	33,887,259
82,102,901	91,129,765	90,951,732	91,190,682	91,863,892	93,058,283
121,350	543,154	492,919	1,726,998	1,244,176	1,373,165
2,261,747	3,249,250	2,311,372	169,135	242,344	4,065,700
1,003,357	783,202	506,130	567,033	452,082	1,202,863
51,509	-	49,861	119,265	-	-
192,020,126	203,982,118	206,201,891	208,481,030	212,895,854	226,662,099
\$ 22,306,728	\$ 6,844,427	\$ (354,639)	\$ (250,825)	\$ 17,669,421	\$ 20,364,557

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund:				
Nonspendable	\$ 1,848,036	\$ 1,585,944	\$ 1,325,206	\$ 1,542,508
Committed	7,500,000	7,500,000	7,500,000	7,500,000
Assigned	13,370,000	12,954,000	13,010,000	13,010,000
Unassigned	<u>26,410,060</u>	<u>26,982,273</u>	<u>27,778,841</u>	<u>28,684,274</u>
Total general fund	<u>\$ 49,128,096</u>	<u>\$ 49,022,217</u>	<u>\$ 49,614,047</u>	<u>\$ 50,736,782</u>
 All Other Governmental Funds:				
Nonspendable	\$ 229,309	\$ 171,651	\$ 80,175	\$ 62,004
Restricted	16,146,706	45,033,702	30,926,787	24,672,554
Committed	-	-	-	-
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 16,376,015</u>	<u>\$ 45,205,353</u>	<u>\$ 31,006,962</u>	<u>\$ 24,734,558</u>

¹The District evaluated the fund balance for the campus activity fund. The fund balance for the campus activity fund is committed rather than restricted.

Source: District Financial Statements

TABLE 3

2018	2019	2020	2021	2022 ¹	2023
\$ 1,346,834	\$ 1,584,198	\$ 1,573,000	\$ 2,425,407	\$ 2,741,553	\$ 3,317,068
7,500,000	7,500,000	17,000,000	17,000,000	17,000,000	17,000,000
13,010,000	13,010,000	12,076,000	13,564,241	13,564,241	2,000,000
30,212,343	36,540,581	31,659,136	34,038,911	35,037,914	47,838,943
<u>\$ 52,069,177</u>	<u>\$ 58,634,779</u>	<u>\$ 62,308,136</u>	<u>\$ 67,028,559</u>	<u>\$ 68,343,708</u>	<u>\$ 70,156,011</u>
\$ 70,833	\$ 70,833	\$ 198,731	\$ 113,300	\$ 121,188	\$ 137,804
97,232,458	71,001,809	45,919,202	36,272,079	28,735,467	26,733,315
-	-	-	-	3,954,957	3,929,085
-	10,000,000	13,053,145	11,652,247	9,986,189	12,586,176
<u>\$ 97,303,291</u>	<u>\$ 81,072,642</u>	<u>\$ 59,171,078</u>	<u>\$ 48,037,626</u>	<u>\$ 42,797,801</u>	<u>\$ 43,386,380</u>

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

	2014	2015	2016	2017
REVENUES:				
Local and intermediate revenues	\$ 88,149,171	\$ 92,259,239	\$ 95,840,980	\$ 106,286,528
State program revenues	87,478,517	90,243,942	99,372,913	95,054,025
Federal program revenues	9,521,902	9,166,266	10,219,097	10,991,818
Total revenues	<u>185,149,590</u>	<u>191,669,447</u>	<u>205,432,990</u>	<u>212,332,371</u>
EXPENDITURES:				
Current:				
Instruction	83,293,152	91,108,999	100,013,539	102,346,015
Instructional resources and media services	1,512,263	1,486,919	1,592,494	1,714,063
Curriculum and staff development	3,797,096	4,458,486	4,715,540	4,896,907
Instructional leadership	1,805,692	1,957,579	1,997,282	2,222,639
School leadership	8,993,223	9,438,721	9,942,149	10,569,398
Guidance, counseling, and evaluation services	5,111,852	5,559,429	6,101,343	6,360,812
Social work services	400,795	435,596	503,485	537,927
Health services	1,235,398	1,342,241	1,417,082	1,421,014
Student transportation	6,421,043	6,455,439	6,497,794	6,813,120
Food service	9,149,610	8,673,990	8,829,449	8,894,463
Cocurricular/Extracurricular activities	3,700,562	3,748,625	3,948,679	4,018,146
General administration	3,455,607	3,762,432	3,977,831	4,265,087
Facilities maintenance and operations	14,778,758	15,884,651	21,045,183	20,324,077
Security and monitoring services	1,658,041	1,714,442	1,809,034	1,824,948
Data processing services	2,969,483	3,950,814	3,782,607	6,074,903
Community services	16,074	13,829	9,337	17,607
Debt Service:				
Principal	10,415,000	10,810,000	11,485,000	14,190,000
Interest and fees	12,750,985	13,697,528	14,121,996	12,753,433
Capital Outlay:				
Facilities acquisition and construction	3,019,989	7,758,952	19,332,936	12,854,188
Intergovernmental:				
Payments to shared services arrangement	4,428,939	4,605,539	11,379	-
Payments to juvenile justice alt. ed. program	7,200	14,500	20,000	17,600
Other intergovernmental charges	546,652	566,318	597,519	627,315
Total Expenditures	<u>179,467,414</u>	<u>197,445,029</u>	<u>221,751,658</u>	<u>222,743,662</u>
Excess (deficiency) of revenues over expenditures	<u>5,682,176</u>	<u>(5,775,582)</u>	<u>(16,318,668)</u>	<u>(10,411,291)</u>
OTHER FINANCING SOURCES (USES):				
Issuance of general obligation bonds	-	59,195,000	41,335,000	42,200,000
Sale of real or personal property	29,171	36,348	10,480	14,961
Sale of land	-	-	2,625,612	-
Proceeds from leases				
Transfers in	101,061	1,214,495	25,826	2,000,000
Insurance recoveries	-	-	-	-
Premium or discount on issuance of bonds	-	8,439,077	9,921,717	3,748,706
Transfers out	(101,061)	(1,214,495)	(154,882)	(2,000,000)
Payment to refunded bond escrow agent	-	(33,171,384)	(51,051,646)	(46,047,466)
Total other financing sources (uses)	<u>29,171</u>	<u>34,499,041</u>	<u>2,712,107</u>	<u>(83,799)</u>
Net change in fund balance before special item	5,711,347	28,723,459	(13,606,561)	(10,495,090)
Special item	-	-	-	-
Net change in fund balance	<u>\$ 5,711,347</u>	<u>\$ 28,723,459</u>	<u>\$ (13,606,561)</u>	<u>\$ (10,495,090)</u>
Debt service (principal and interest) as a				
Percent of non-capital expenditures	13.1%	12.9%	12.7%	12.8%

TABLE 4

2018	2019	2020	2021	2022	2023
\$ 119,717,684	\$ 122,911,541	\$ 123,201,216	\$ 118,972,017	\$ 126,127,161	\$ 142,463,328
91,753,852	101,766,476	103,819,529	103,866,933	103,471,499	104,712,771
12,409,786	15,626,996	13,858,967	29,959,161	25,581,728	19,176,655
<u>223,881,322</u>	<u>240,305,013</u>	<u>240,879,712</u>	<u>252,798,111</u>	<u>255,180,388</u>	<u>266,352,754</u>
108,279,374	111,168,060	114,813,730	120,179,874	114,233,176	115,555,214
1,805,416	1,764,152	1,837,890	1,849,980	1,946,894	1,966,688
5,032,642	5,545,612	5,622,292	5,681,914	5,875,123	5,950,797
2,444,464	2,563,931	2,661,862	3,175,810	3,410,441	2,888,243
11,317,318	11,650,171	11,952,893	12,422,741	12,628,269	12,511,806
6,534,444	7,528,441	8,117,834	8,516,549	8,464,735	8,889,595
647,112	727,991	753,643	803,408	811,641	930,200
1,499,353	1,717,823	1,858,239	2,348,589	3,074,474	2,340,826
7,142,491	6,747,608	6,125,534	7,557,484	7,730,470	8,227,604
9,554,503	9,074,753	8,612,588	7,571,445	10,078,841	10,462,727
9,275,938	8,672,950	8,532,132	7,126,531	8,195,301	9,715,570
4,609,335	4,575,629	4,674,169	5,001,993	5,430,334	5,343,799
22,840,181	20,557,107	23,304,120	22,090,796	22,794,170	23,622,110
1,970,223	1,782,996	2,498,696	2,069,533	1,838,498	1,976,363
6,034,405	5,710,355	5,248,698	6,135,767	4,513,047	5,396,668
17,057	19,340	15,821	27,705	28,955	20,140
12,945,000	13,530,000	14,280,000	16,940,000	24,500,986	22,988,092
16,367,370	17,523,575	19,989,889	19,433,612	19,396,775	18,053,719
41,905,501	100,641,232	38,136,657	9,300,630	4,860,787	3,501,426
-	-	-	-	-	-
44,800	44,800	43,100	7,500	15,200	-
650,378	650,378	652,926	643,303	655,182	645,956
<u>270,917,305</u>	<u>332,196,904</u>	<u>279,732,713</u>	<u>258,885,164</u>	<u>260,483,299</u>	<u>260,987,543</u>
<u>(47,035,983)</u>	<u>(91,891,891)</u>	<u>(38,853,001)</u>	<u>(6,087,053)</u>	<u>(5,302,911)</u>	<u>5,365,211</u>
105,510,000	75,155,000	18,305,000	78,675,000	-	11,700,000
4,369	40,676	16,920	1,500	59,685	19,740
-	-	382,941	-	-	-
1,001,385	12,694,253	4,985,005	6,973,441	1,408,743	351,363
51,509	-	-	-	-	5,500,000
17,707,052	7,074,725	1,919,933	17,675,251	-	-
(1,001,385)	(12,694,253)	(4,985,005)	(6,973,441)	(1,408,743)	1,267,227
-	-	-	(96,796,992)	-	(5,500,000)
<u>123,272,930</u>	<u>82,270,401</u>	<u>20,624,794</u>	<u>(445,240)</u>	<u>59,685</u>	<u>(12,802,659)</u>
76,236,947	(9,621,490)	(18,228,207)	(6,532,293)	(5,243,226)	535,671
-	-	-	119,265	-	5,900,882
<u>\$ 76,236,947</u>	<u>\$ (9,621,490)</u>	<u>\$ (18,228,207)</u>	<u>\$ (6,413,028)</u>	<u>\$ (5,243,226)</u>	<u>\$ (3,500,000)</u>
<u>\$ 76,236,947</u>	<u>\$ (9,621,490)</u>	<u>\$ (18,228,207)</u>	<u>\$ (6,413,028)</u>	<u>\$ (5,243,226)</u>	<u>\$ 2,400,882</u>
13.1%	13.5%	14.4%	14.4%	17.9%	16.1%

PEARLAND INDEPENDENT SCHOOL DISTRICT**ASSESSED 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
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
2022	\$ 7,805,633,254	\$ 1,567,281,910	\$ 142,638,873	\$ 89,900,003	\$ 161,426,490	\$ 769,654,527
2023	\$ 8,936,209,914	\$ 1,731,896,987	\$ 140,295,478	\$ 101,490,118	\$ 170,225,300	\$ 789,914,471

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
\$ 6,631,942,538	\$ 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	\$1.3185
\$ 10,536,535,057	\$ 1,820,513,919	\$ 8,716,021,138	\$1.3152
\$ 11,870,032,268	\$ 2,552,843,197	\$ 9,317,189,071	\$1.3027

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

(PER \$100 OF ASSESSED VALUATION)

LAST TEN FISCAL YEARS (UNAUDITED)

	2014	2015	2016	2017
Brazoria County	\$0.4920	\$0.4990	\$0.4860	\$0.4400
Brazoria County MUD No. 2	0.4900	0.4900	0.4400	0.4000
Brazoria County MUD No. 3	0.6300	0.6300	0.6200	0.5900
Brazoria County MUD No. 6	0.6300	0.6300	0.6000	0.6000
Brazoria County MUD No. 16	0.9400	0.9400	0.9400	0.9400
Brazoria County MUD No. 17	0.5440	0.5200	0.4600	0.4100
Brazoria County MUD No. 18	0.5100	0.4700	0.3900	0.3500
Brazoria County MUD No. 19	0.5500	0.5100	0.4500	0.4000
Brazoria County MUD No. 23	0.6000	0.5800	0.5400	0.4800
Brazoria County MUD No. 28	0.8200	0.8200	0.8200	0.8200
Harris County	0.4150	0.4170	0.4190	0.4166
Harris County Department of Education	0.0060	0.0060	0.0050	0.0050
Harris County Flood Control District	0.0280	0.0270	0.0270	0.0283
Harris County Hospital District	0.1700	0.1700	0.1700	0.1720
Harris-Brazoria Counties MUD No. 509	0.8500	0.8500	0.8500	0.8500
City of Pearland	0.7050	0.7120	0.7050	0.6810
Port of Houston Authority	0.0170	0.0150	0.0130	0.0130
Pearland ISD Direct Rates:				
Maintenance & Operations	\$1.0400	\$1.0400	\$1.0400	\$1.0400
Debt Service	0.3757	0.3757	0.3756	0.3756
Total District Direct Rates	<u>\$1.4157</u>	<u>\$1.4157</u>	<u>\$1.4156</u>	<u>\$1.4156</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

2018	2019	2020	2021	2022	2023
\$0.4400	\$0.4280	\$0.4152	\$0.3920	\$0.3365	\$0.3411
0.4000	0.4000	0.4000	0.4000	0.4000	0.3940
0.5900	0.5900	0.5900	0.3500	0.3500	0.3440
0.6000	0.6000	0.6000	0.5500	0.5000	0.4500
0.9400	0.8900	0.8500	0.8300	0.8000	0.7500
0.3800	0.3800	0.3600	0.3400	0.3300	0.3000
0.3100	0.3100	0.2900	0.2700	0.2500	0.2250
0.3800	0.3600	0.3500	0.3100	0.2900	0.2700
0.4700	0.4600	0.4600	0.4600	0.4400	0.4400
0.8200	0.8200	0.8200	0.8200	0.8200	0.7600
0.4180	0.4186	0.4190	0.3920	0.3769	0.3437
0.0052	0.0052	0.0050	0.0050	0.0050	0.0049
0.0283	0.0288	0.0290	0.0310	0.0335	0.0306
0.1711	0.1711	0.1790	0.1730	0.1622	0.1483
0.8500	0.8500	0.8500	0.8500	0.8500	0.8500
0.6851	0.7090	0.7410	0.7200	0.7014	0.6238
0.0128	0.0120	0.0110	0.0100	0.0087	0.0079
\$1.0400	\$1.0600	\$0.9700	\$0.8929	\$0.9196	\$0.9546
0.3756	0.3556	0.4256	0.4256	0.3956	0.3481
<u>\$1.4156</u>	<u>\$1.4156</u>	<u>\$1.3956</u>	<u>\$1.3185</u>	<u>\$1.3152</u>	<u>\$1.3027</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, 2023			Fiscal Year Ended June 30, 2014		
		Taxable Assessed	Rank	Percentage of Total Assessed	Taxable Assessed	Rank	Percentage of Total Assessed
		Valuation ¹		Valuation ²	Valuation ¹		Valuation ³
CenterPoint Energy Inc	Electric Utility	\$ 46,873,740	1	0.50%	\$ 23,889,310	5	0.43%
VR St. Andrew LP	Apartments	39,440,000	2	0.42%	25,663,940	4	0.46%
Lake Park Pearland LTD	Apartments	35,639,110	3	0.38%			
Pearland Dunhill 1 LLC	Retail Center	34,005,441	4	0.36%			
Wal-Mart Real Estate Business Trust	Department Store	33,290,524	5	0.36%	35,023,050	2	0.63%
Seaway Crude Pipeline Company	Oil Field Equipment	32,056,690	6	0.34%			
Kings Terrace Tranquility Lake LLC	Apartments	29,333,950	7	0.31%			
Southwind Middletow LLCN & Southwind Tampa LLC	Apartments	29,200,500	8	0.31%	16,523,110	7	0.30%
CAFM RE LLC	Industrial	28,533,480	9	0.31%			
Multalloy	Industrial	28,048,434	10	0.30%			
Weatherford U.S., Inc.	Industrial Department				69,914,860	1	1.27%
Wal-Mart Stores Inc.	Store				27,033,240	3	0.49%
Global Pipe Supply	Industrial				21,522,280	6	0.39%
USA Tranquility Lake	Apartments				13,637,350	8	0.25%
Shawcor Pipe Protection LLC	Industrial				12,614,920	9	0.23%
The Apartments At Summerwind LP	Apartments				12,350,100	10	0.22%
Total of Top 10 Taxpayers		<u>\$ 336,421,869</u>		<u>3.61%</u>	<u>\$ 258,172,160</u>		<u>4.67%</u>

¹ Taxable assessed value equals appraised value after exemption.

² Total Assessed Valuation: \$9,317,189,071

³ Total Assessed Valuation: \$5,525,748,732

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
2014	\$80,891,038	\$79,737,865	98.57%	\$1,068,515	\$80,806,380	99.90%
2015	\$85,400,235	\$84,071,053	98.44%	\$1,239,679	\$85,310,732	99.90%
2016	\$88,576,876	\$87,364,047	98.63%	\$1,128,533	\$88,492,580	99.90%
2017	\$98,968,277	\$97,550,381	98.57%	\$1,329,166	\$98,879,547	99.91%
2018	\$105,893,344	\$104,494,272	98.68%	\$1,278,799	\$105,773,071	99.89%
2019	\$105,921,921	\$104,610,322	98.76%	\$1,124,807	\$105,735,129	99.82%
2020	\$111,311,371	\$109,895,091	98.73%	\$1,075,268	\$110,970,359	99.69%
2021	\$113,625,074	\$112,272,579	98.81%	\$948,481	\$113,221,060	99.64%
2022	\$118,140,994	\$116,574,974	98.67%	\$1,033,453	\$117,608,427	99.55%
2023	\$126,580,052	\$124,841,407	98.63%	\$ -	\$124,841,407	98.63%

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
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	5.24%	\$ 22,534	\$ 3,630	7.59%
2022	\$ 430,300,038	4.94%	\$ 21,702	\$ 3,565	8.29%
2023	\$ 405,742,838	4.35%	\$ 20,456	\$ 3,191	7.29%

¹ See Table 5 for total taxable assessed value data.

² See Table 16 for Average Daily Attendance (ADA).

³ See Table 13 for population and income information.

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
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	5.02%	\$ 21,592
2022	\$ 430,300,038	\$ 14,990,210	\$ 415,309,828	4.76%	\$ 20,946
2023	\$ 405,742,838	\$ 13,906,230	\$ 391,836,608	4.21%	\$ 19,762

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 Average Daily Attendance (ADA).

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

	2014	2015	2016	2017
Debt Limit ¹	\$ 552,574,873	\$ 597,612,792	\$ 604,599,847	\$ 675,107,668
Less: Total Net Debt Applicable to Limit	296,857,725	319,876,687	306,600,126	288,118,880
Legal Debt Margin	\$ 255,717,148	\$ 277,736,105	\$ 297,999,721	\$ 386,988,788
Total Net Debt Applicable to the Limit as a Percentage of Debt limit:	53.72%	53.53%	50.71%	42.68%

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

2018	2019	2020	2021	2022	2023
\$ 736,166,110	\$ 777,560,850	\$ 804,849,281	\$ 850,150,225	\$ 871,602,114	\$ 931,718,907
392,110,267	456,236,746	457,518,325	431,281,482	409,262,446	385,839,571
\$ 344,055,843	\$ 321,324,104	\$ 347,330,956	\$ 418,868,743	\$ 462,339,668	\$ 545,879,337
53.26%	58.68%	56.85%	50.73%	46.96%	41.41%
Assessed Value ²				\$9,317,189,071	
Debt Limit Percentage of Assessed Value				10.00%	
Debt Limitation ¹					\$ 931,718,907
Debt Applicable to Debt Limitation:					
Total Bonded Debt				\$ 405,742,838	
Less: Amount set aside for repayment of bonds ³				19,903,267	
Total Amount of Debt Applicable to Debt Limitation					385,839,571
Legal Debt Margin					\$ 545,879,337

PEARLAND INDEPENDENT SCHOOL DISTRICT

TABLE 12

**COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2023 (UNAUDITED)**

Taxing Jurisdiction	Gross Tax Debt	Percent Overlapping ¹	Amount Overlapping
Brazoria County	\$ 207,948,313	16.99%	\$ 35,330,418
Brazoria County MUD #6	8,065,000	85.25%	6,875,413
Brazoria County MUD #16	12,090,000	100.00%	12,090,000
Brazoria County MUD #17	16,185,000	100.00%	16,185,000
Brazoria County MUD #18	16,470,000	51.65%	8,506,755
Brazoria County MUD #19	19,275,000	100.00%	19,275,000
Brazoria County MUD #23	12,850,000	99.45%	12,779,325
Brazoria County MUD #28	56,300,000	80.22%	45,163,860
Harris County	1,770,442,125	0.04%	708,177
Harris County Department of Education	13,865,000	0.04%	5,546
Harris County Flood Control District	797,615,000	0.04%	319,046
Harris County Hospital District	70,970,000	0.04%	28,388
Harris-Brazoria Counties MUD #509	57,495,000	31.13%	17,898,194
City of Manvel	52,515,000	0.46%	241,569
City of Pearland	388,550,000	57.60%	223,804,800
Port of Houston Authority	445,749,397	0.04%	178,300
San Jacinto CCD	537,657,427	0.05%	268,829
Sedona Lakes MUD #1	29,780,000	3.90%	1,161,420
Total Overlapping Debt	4,513,822,262		\$ 400,820,039
Pearland ISD			405,742,838
Total Direct and Overlapping Debt			<u>\$ 806,562,876</u>

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
2014	106,900	\$ 3,822,958,000	\$ 35,762	4.3%
2015	112,300	\$ 4,063,014,000	\$ 36,180	3.3%
2016	117,100	\$ 4,637,394,000	\$ 39,602	3.8%
2017	121,500	\$ 4,305,839,000	\$ 35,439	4.3%
2018	125,198	\$ 5,134,370,000	\$ 41,010	3.5%
2019	124,321	\$ 4,505,393,040	\$ 36,240	2.8%
2020	125,828	\$ 6,015,060,480	\$ 42,021	5.6%
2021	125,944	\$ 6,015,060,480	\$ 42,021	4.6%
2022	120,694	\$ 5,191,290,328	\$ 43,012	3.7%
2023	127,170	\$ 5,562,924,480	\$ 43,744	4.5%

¹ Population is for the entire City of Pearland.

² US Census Bureau.

³ Bureau of Labor Statistics.

PRINCIPAL EMPLOYERS ¹

CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

	2023 ^{2,3}			2014		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Pearland ISD	2,700	1	4.26%	2,472	1	5.42%
Kelsey Seybold	1,413	2	2.23%	850	2	1.86%
Lonza	850	3	1.34%			
City of Pearland	768	4	1.21%	614	3	1.35%
Alvin ISD	753	5	1.19%	352	5	0.77%
Memorial Hermann	520	6	0.82%			
HCA (Pearland Medical Center)	450	7	0.71%			
Dover Energy	255	8	0.40%			
Merit Medical	240	9	0.38%			
Kemlon	228	10	0.36%	390	4	0.86%
Davis-Lynch				300	6	0.66%
Packaging Services Co.				230	7	0.50%
Texas Honing				190	8	0.42%
TurboCare				175	9	0.38%
Weatherford				160	10	0.35%
Total	<u>8,177</u>		<u>12.90%</u>	<u>5,733</u>		<u>12.57%</u>

Labor force participation:

2023: 63,380

2014: 45,609

¹ Employment data is for City of Pearland; retail establishments have not been surveyed since 2013.² Employment data is for 2022; data for 2023 was not available at the time of this report.³ Source: City of Pearland ACFR.

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

TABLE 15

	FISCAL YEAR									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Teaching Staff:	1,208	1,239	1,306	1,343	1,323	1,307	1,299	1,318	1,301	1,283
Professional Support:										
Athletic Trainer	5	6	6	6	7	9	9	9	9	9
Counselor	38	37	42	39	43	53	52	54	53	53
Educational Diagnostician	2	2	3	3	3	6	9	8	7	7
Librarian	14	15	15	15	16	19	20	19	19	19
LSSP/Psychologist	19	22	23	21	22	21	17	19	16	15
Other Campus Professional	8	7	8	9	13	15	11	15	14	14
Other Non-Instructional	105	111	118	98	98	110	121	118	122	128
School Nurse	13	13	14	14	13	17	19	21	25	26
Speech Therapist/Speech- Language Pathologist	16	12	15	14	16	18	19	21	21	20
Truant Officer	2	2	2	-	3	5	5	5	5	5
Total Professional Staff	222	227	246	219	234	273	282	289	291	296
Administrative Staff:										
Assistant Principal Asst/Assoc/Deputy	33	32	33	30	43	49	49	49	50	46
Superintendent	5	5	5	7	7	6	6	7	6	3
Athletic Director	-	-	-	-	1	1	1	1	1	1
Business Manager	1	1	1	2	1	1	1	1	1	1
Director of Personnel/HR	1	1	1	1	1	1	1	1	2	2
Instructional Program/ Executive Director	5	5	6	10	7	8	7	8	9	11
Principal	22	23	23	22	21	23	23	23	23	23
Registrar	3	3	3	3	3	3	3	3	3	3
Superintendent	1	1	1	1	1	1	1	1	1	1
Total Administrative Staff	71	71	73	76	85	93	92	94	96	91
Total Professional Staff	1,501	1,537	1,625	1,638	1,642	1,673	1,673	1,700	1,688	1,670
Total Educational Aide:	151	148	171	167	163	168	191	190	197	180
Total Auxiliary Staff:	747	647	698	711	694	714	715	691	686	679
Total Personnel	2,399	2,332	2,494	2,516	2,499	2,555	2,579	2,581	2,571	2,529

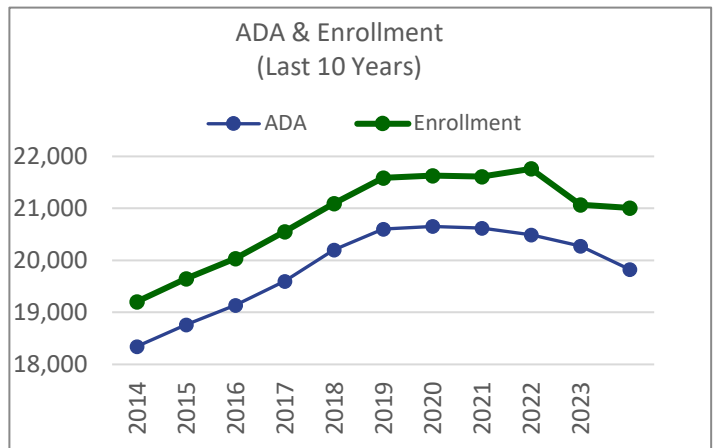
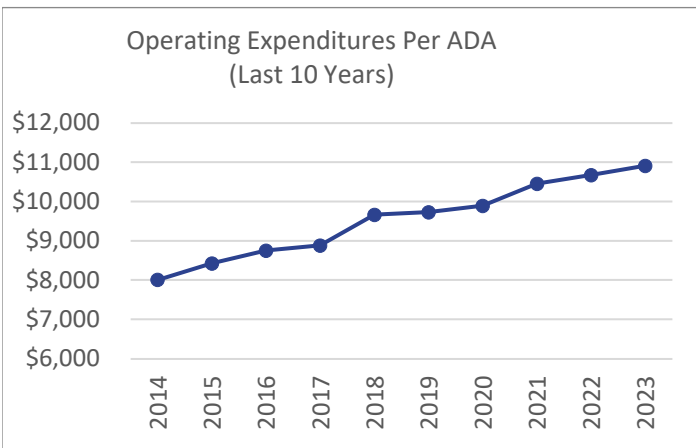
Source: Texas Education Agency (TEA), Staff FTE Counts and Salary Reports

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
2014	19,136	\$153,281,440	\$8,010	12.57%	\$177,000,809
2015	19,600	\$165,178,549	\$8,427	5.21%	\$186,589,696
2016	20,200	\$176,811,726	\$8,753	3.86%	\$201,022,256
2017	20,597	\$182,946,041	\$8,882	1.48%	\$206,969,893
2018	20,655	\$199,699,434	\$9,669	8.85%	\$201,786,727
2019	20,619	\$200,545,654	\$9,726	0.60%	\$233,503,362
2020	20,490	\$202,742,622	\$9,895	1.73%	\$241,300,714
2021	20,272	\$211,867,814	\$10,451	5.62%	\$253,687,771
2022	19,828	\$211,724,752	\$10,678	2.17%	\$237,988,493
2023	19,835	\$216,444,306	\$10,912	2.19%	\$246,390,862



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.

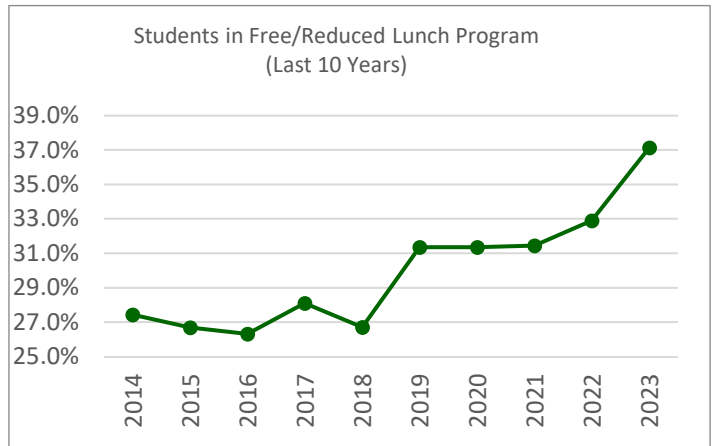
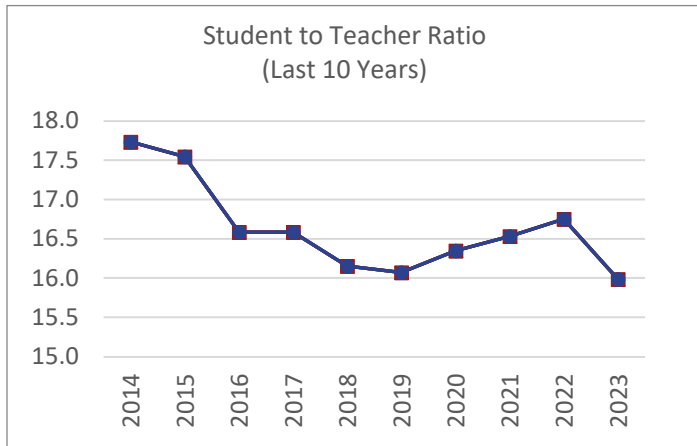
² Operating expenditures are total governmental fund expenditures, less debt service and capital outlays.

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 Information Management System (PEIMS) and District records.

TABLE 16

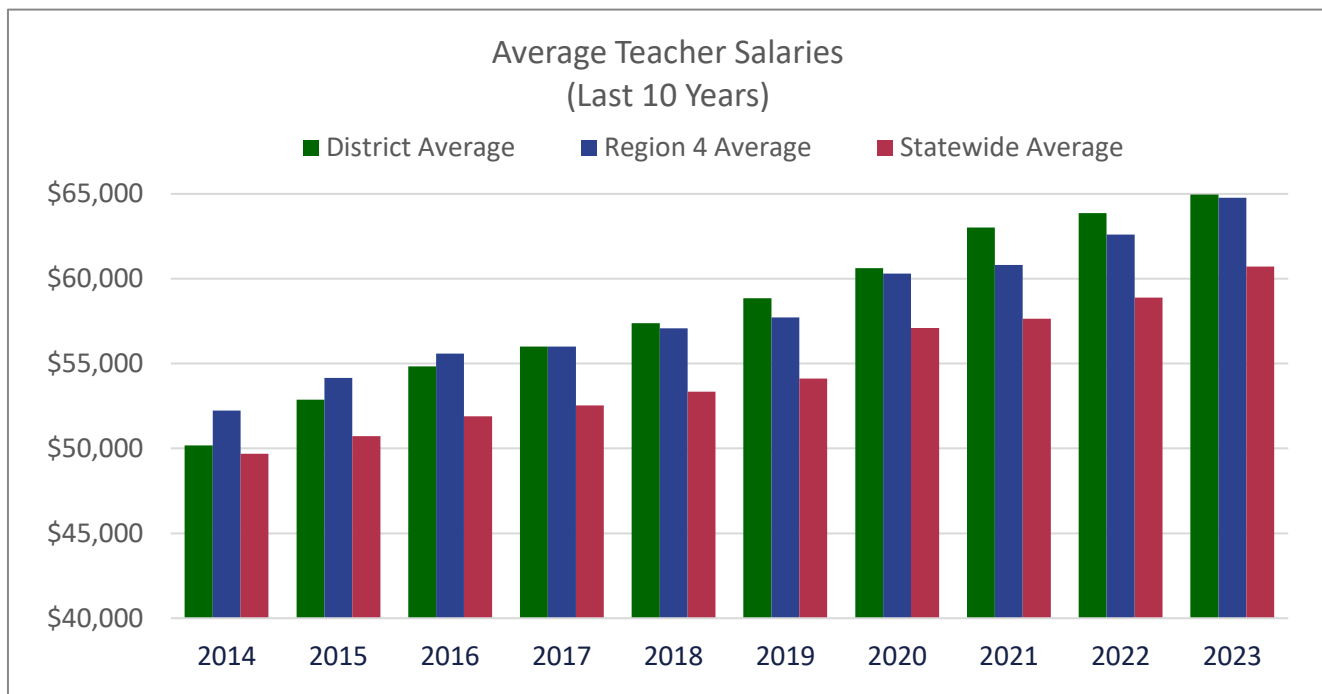
Cost Per ADA	Percent Change	Teaching Staff	Enrollment ³	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
\$9,250	13.82%	1,208	20,034	16.58	27.44%
\$9,520	2.92%	1,239	20,550	16.59	26.69%
\$9,952	4.53%	1,306	21,093	16.15	26.32%
\$10,049	0.97%	1,343	21,585	16.07	28.10%
\$9,770	-2.78%	1,323	21,628	16.35	26.71%
\$11,325	15.92%	1,307	21,606	16.53	31.36%
\$11,777	3.99%	1,299	21,760	16.75	31.35%
\$12,514	6.26%	1,318	21,067	15.98	31.44%
\$12,003	-4.09%	1,300	21,007	16.16	32.89%
\$12,422	3.49%	1,283	21,237	16.55	37.13%



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
2014	\$47,000	\$61,495	\$50,181	\$52,222	\$49,692
2015	\$50,000	\$70,000	\$52,863	\$54,157	\$50,715
2016	\$51,200	\$70,000	\$54,833	\$55,580	\$51,891
2017	\$52,000	\$70,000	\$55,999	\$55,992	\$52,525
2018	\$53,000	\$68,020	\$57,380	\$57,076	\$53,334
2019	\$54,500	\$71,500	\$58,841	\$57,707	\$54,122
2020	\$56,000	\$72,000	\$60,609	\$60,292	\$57,091
2021	\$58,100	\$74,000	\$63,005	\$60,798	\$57,641
2022	\$59,000	\$75,000	\$63,849	\$62,590	\$58,887
2023	\$59,600	\$75,000	\$64,944	\$64,771	\$60,716

¹ District records, based on new teacher entry salary schedule.² Texas Education Agency (TEA), Staff FTE Counts and Salary Reports.³ Texas Education Agency (TEA), Texas Performance Reporting System (TPRS).

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

TABLE 18
PAGE 1 OF 2

School Name	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
High Schools:										
Pearland (1991) ¹										
Square Feet	623,380	623,380	623,380	623,380	683,768	683,768	683,786	683,786	683,786	683,786
Capacity	3,850	3,850	3,850	3,850	3,850	3,900	3,900	3,900	3,900	3,900
PEIMS Enrollment	2,896	2,920	2,969	2,982	3,056	3,053	3,092	3,131	3,189	3,261
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	103	128	120	102	86	82	89	-	-	94
Glenda Dawson (2009)										
Square Feet	360,000	360,000	360,000	360,000	360,000	450,000	457,736	457,736	457,736	457,736
Capacity	2,000	2,000	2,000	2,000	2,000	2,725	2,725	2,725	2,725	2,725
PEIMS Enrollment	2,114	2,257	2,407	2,466	2,518	2,518	2,580	2,568	2,568	2,557
Turner College & Career (2013)										
Square Feet	219,548	219,548	219,548	219,548	219,548	259,552	259,552	259,552	259,552	259,552
Capacity	1,250	1,250	1,250	1,250	1,250	1,300	1,300	1,300	1,300	1,300
PEIMS Enrollment	701	848	1,001	1,169	1,200	1,200	1,167	1,191	1,144	1,114
Junior High Schools:										
Junior High East (1971)										
Square Feet	96,947	96,947	96,947	96,947	96,947	116,547	145,112	145,112	145,112	145,112
Capacity	900	900	900	900	900	975	975	975	975	975
PEIMS Enrollment	668	674	716	798	782	782	901	866	868	848
Junior High West (1952)										
Square Feet	146,907	146,907	146,907	146,907	146,907	177,341	177,341	177,341	177,341	177,341
Capacity	900	900	900	900	900	975	975	975	975	975
PEIMS Enrollment	773	848	844	830	816	816	839	893	907	919
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	849	802	853	863	890	890	849	873	893	895
Berry Miller (2008)										
Square Feet	169,774	169,774	169,774	169,774	169,744	169,744	169,744	169,744	169,744	169,744
Capacity	900	900	900	900	900	900	900	900	900	900
PEIMS Enrollment	895	961	956	906	906	906	864	816	800	844
Middle Schools:										
Sam Jamison (1982)										
Square Feet	86,950	86,950	86,950	86,950	86,950	91,890	91,890	91,890	91,890	91,890
Capacity	925	925	925	925	925	1,000	1,000	1,000	1,000	1,000
PEIMS Enrollment	818	814	852	836	814	814	905	886	808	754
Leon Sablatura (1997)										
Square Feet	92,174	92,174	92,174	92,174	92,174	97,423	97,423	97,423	97,423	97,423
Capacity	900	900	900	900	900	1,000	1,000	1,000	1,000	1,000
PEIMS Enrollment	825	805	892	896	830	830	888	936	946	928
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	923	889	896	853	814	814	803	743	735	794
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	660	691	615	705	806	806	853	771	754	747

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Elementary Schools:										
E.A. Lawhon (1963)										
Square Feet	73,290	73,290	73,290	73,290	73,290	93,336	93,336	93,336	93,336	93,336
Capacity	990	990	990	990	990	990	990	990	990	990
PEIMS Enrollment	682	690	716	809	818	818	834	795	797	835
C.J. Harris (1998)										
Square Feet	77,688	77,688	77,688	77,688	77,688	83,688	83,688	83,688	83,688	83,688
Capacity	770	770	770	770	770	770	770	770	770	770
PEIMS Enrollment	676	731	741	685	637	637	667	616	584	561
Shadycrest (1969)										
Square Feet	64,866	64,866	64,866	64,866	64,866	71,314	71,314	71,314	71,314	71,314
Capacity	748	748	748	748	748	748	748	748	748	748
PEIMS Enrollment	583	588	613	698	683	683	632	586	564	595
H.C. Carlestone (1980)										
Square Feet	62,651	62,651	62,651	62,651	62,651	90,992	90,992	90,992	90,992	90,992
Capacity	990	990	990	990	990	990	990	990	990	990
PEIMS Enrollment	788	787	793	771	815	814	734	682	681	781
Challenger (1993)										
Square Feet	77,688	77,688	77,688	77,688	77,688	83,688	83,688	83,688	83,688	83,688
Capacity	770	770	770	770	770	770	770	770	770	770
PEIMS Enrollment	671	660	662	688	683	683	642	573	589	570
Rustic Oak (1993)										
Square Feet	77,688	77,688	77,688	77,688	77,688	83,688	83,688	83,688	83,688	83,688
Capacity	770	770	770	770	770	770	770	770	770	770
PEIMS Enrollment	560	559	543	678	706	706	666	653	679	674
Silverlake (1998)										
Square Feet	77,688	77,688	77,688	77,688	77,688	83,688	83,688	83,688	83,688	83,688
Capacity	770	770	770	770	770	770	770	770	770	770
PEIMS Enrollment	711	718	719	709	731	730	690	632	566	677
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	832	803	773	747	727	727	717	658	645	659
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	695	721	717	705	681	681	721	644	639	621
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	805	846	863	807	767	767	715	697	739	758
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	802	808	825	878	867	867	896	855	887	735

Source: District Records and Fall PEIMS Enrollment



PEARLAND INDEPENDENT SCHOOL DISTRICT

1928 N. Main Street | Pearland, TX 77581

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