



Annual Report of Certain Financial and Local Debt Information

Fiscal Year Ended June 30, 2020

Denotes Required Information Pursuant to Local Government Code, Section 140.008

This report was posted on the District's website on December 10, 2020.



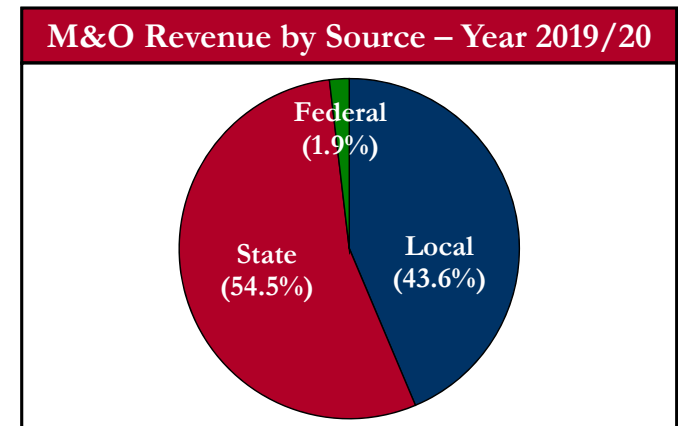
☑ Overview of Certain Financial/Bond Ratings

- ☐ **Overview:** Pearland Independent School District (the “District”) has been assigned the following independent financial/bond ratings that indicate the relative strength of the District’s financial and debt management:
 - **School Financial Integrity Rating System of Texas (“FIRST”):** Pursuant to Subchapter D, Chapter 39 of the Texas Education Code, the State annually deploys a financial accountability rating system to distinguish the level of a school district’s financial performance based upon certain uniform criteria.
 - ✓ Based on data for year 2018/19, the District was assigned a 2019/20 FIRST Rating of “Superior” and the District’s score was 94 out of a possible 100 points.
 - **Credit Ratings:** The District also maintains independent ratings from certain nationally recognized credit rating agencies, such as Moody’s Investors Service, Inc., S&P Global Ratings and Fitch Ratings, Inc. that evaluate the District’s financial strength and its ability to pay its existing bonds.
 - ✓ **Moody’s Investors Service, Inc.:** Assigns a “Aa2” credit rating to the District, defined as “Judged to be of high quality and are subject to very low credit risk.”
 - ✓ **S&P Global Ratings:** Assigns a “AA-” credit rating to the District, defined as “Having a very strong capacity to meet its financial commitments. It differs from the highest-rating only to a small degree.”
 - ✓ **Fitch Ratings, Inc.:** Assigns a “AA” credit rating to the District, defined as “Having very high credit quality and expectations of very low default risk. Indicates very strong capacity for payment of financial commitments and is not significantly vulnerable to foreseeable events.”



Overview of State Funding System

- ❑ **State Funding System – Where Do the District’s Revenues Come From:** Pearland ISD is legally required to operate pursuant to the requirements of the Texas Education Code. In particular, Chapters 41-45 of the Texas Education Code determine the District’s ability to generate local tax revenues for maintenance & operation purposes and for the repayment of voter-approved bonds. In this regard, the District annually sets two (2) separate tax rates that are levied upon its certified taxable value that is independently determined by the Brazoria County Appraisal District and Harris County Appraisal District:
- **Maintenance & Operations (“M&O”) Tax Rate:** To provide funds for the “day to day” operational expenses of the District, including instructional programs, teacher salaries, instructional supplies, security, student transportation, extracurricular activities, utilities, facility infrastructure/maintenance, etc.
 - ✓ The District’s annual funds for maintenance & operation purposes primarily consist of a combination of State funding and local M&O taxes. In general, the dollar amount of each component is determined by the District’s “Equalized Wealth per Student” (i.e. taxable value / weighted average daily attendance) as set by the State. For year 2019/20, the District’s sources for M&O revenues are summarized to the right.
 - ✓ Beginning in year 2019/20, the District’s M&O tax rate is subject to compression pursuant to House Bill 3 that was enacted during the 2019 legislative session.





☑ Overview of State Funding System

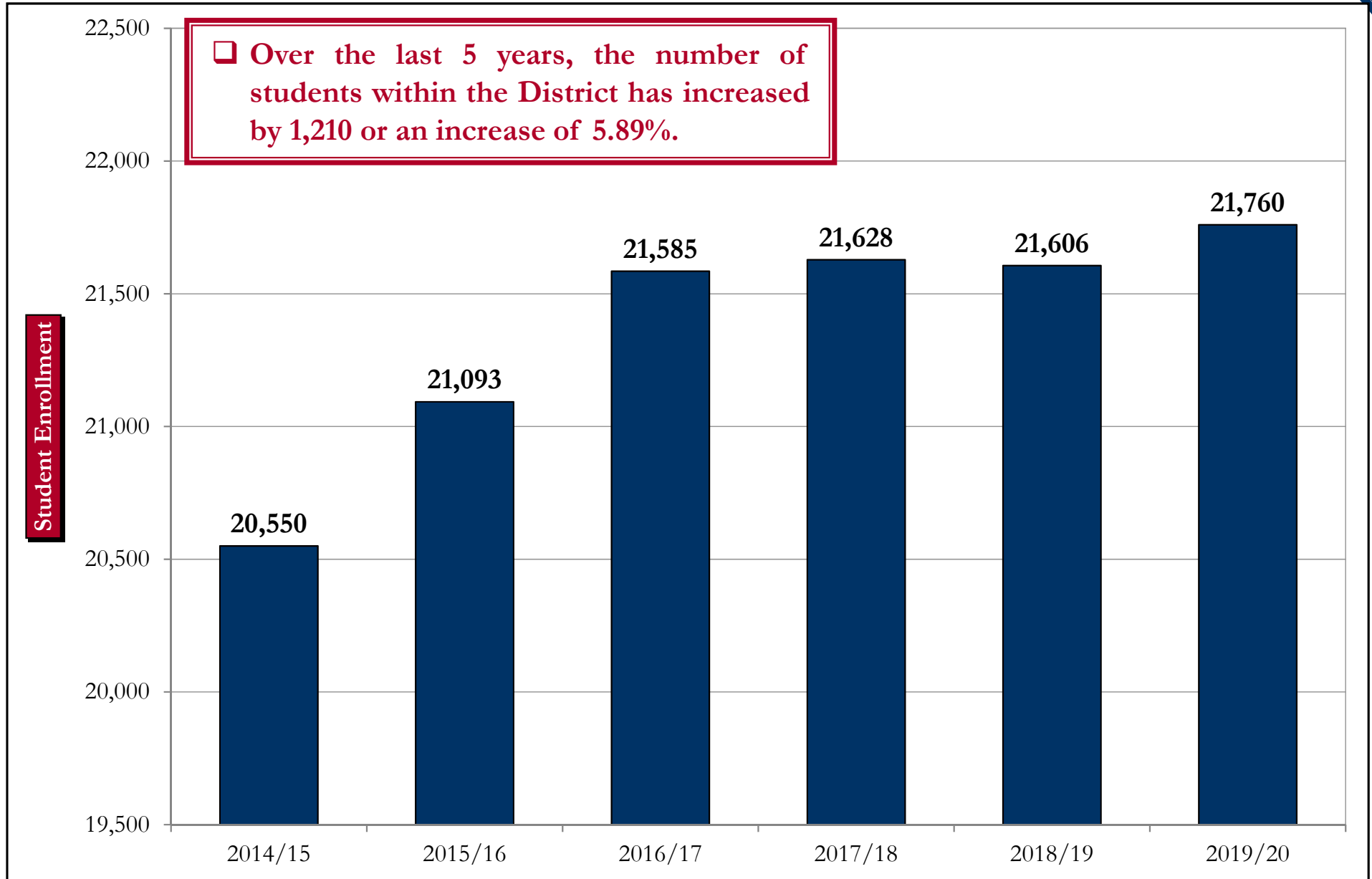
- **Interest & Sinking Fund (“I&S”) Tax Rate:** To provide funds to pay the principal and interest on bonds previously approved by a majority of voters for capital improvements. The following summarizes the District’s bond programs approved by voters since 1999:

| District’s Historical Bond Elections Approved By Voters | | | | |
|--|------------------------------|---------------------------|------------------------|---|
| Election Date | Purpose | Student Enrollment | Election Amount | Dollar Amount Remaining To Be Issued |
| December 11, 1999 | School Building | 10,202 | \$75,200,000 | \$0 |
| October 6, 2001 | School Building | 11,278 | \$41,000,000 | \$0 |
| September 27, 2003 | School Building | 13,037 | \$37,165,000 | \$0 |
| October 1, 2005 | School Building | 15,434 | \$58,000,000 | \$0 |
| November 7, 2006 | School Building | 16,062 | \$115,638,623 | \$0 |
| November 8, 2016 | School Building & Technology | 21,093 | \$220,000,000 | \$0 |
| Total Dollar Amount Of Authorized But Unissued Bonds - As of June 30, 2020: | | | | \$0 |

- ✓ As of fiscal year ended June 30, 2020, the District had \$28,528,939 within its Capital Projects Fund for existing/future projects.

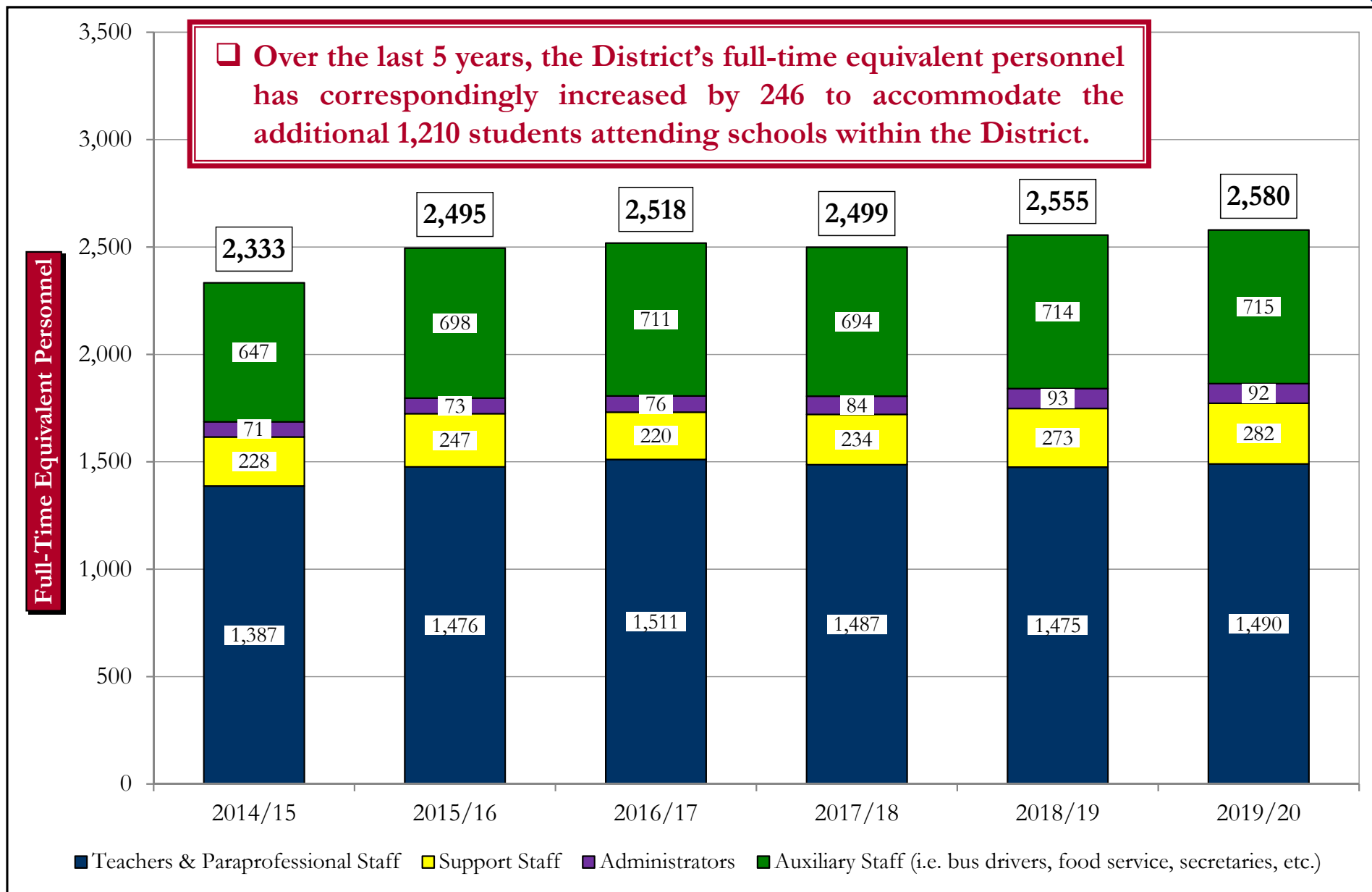


Historical Student Enrollment



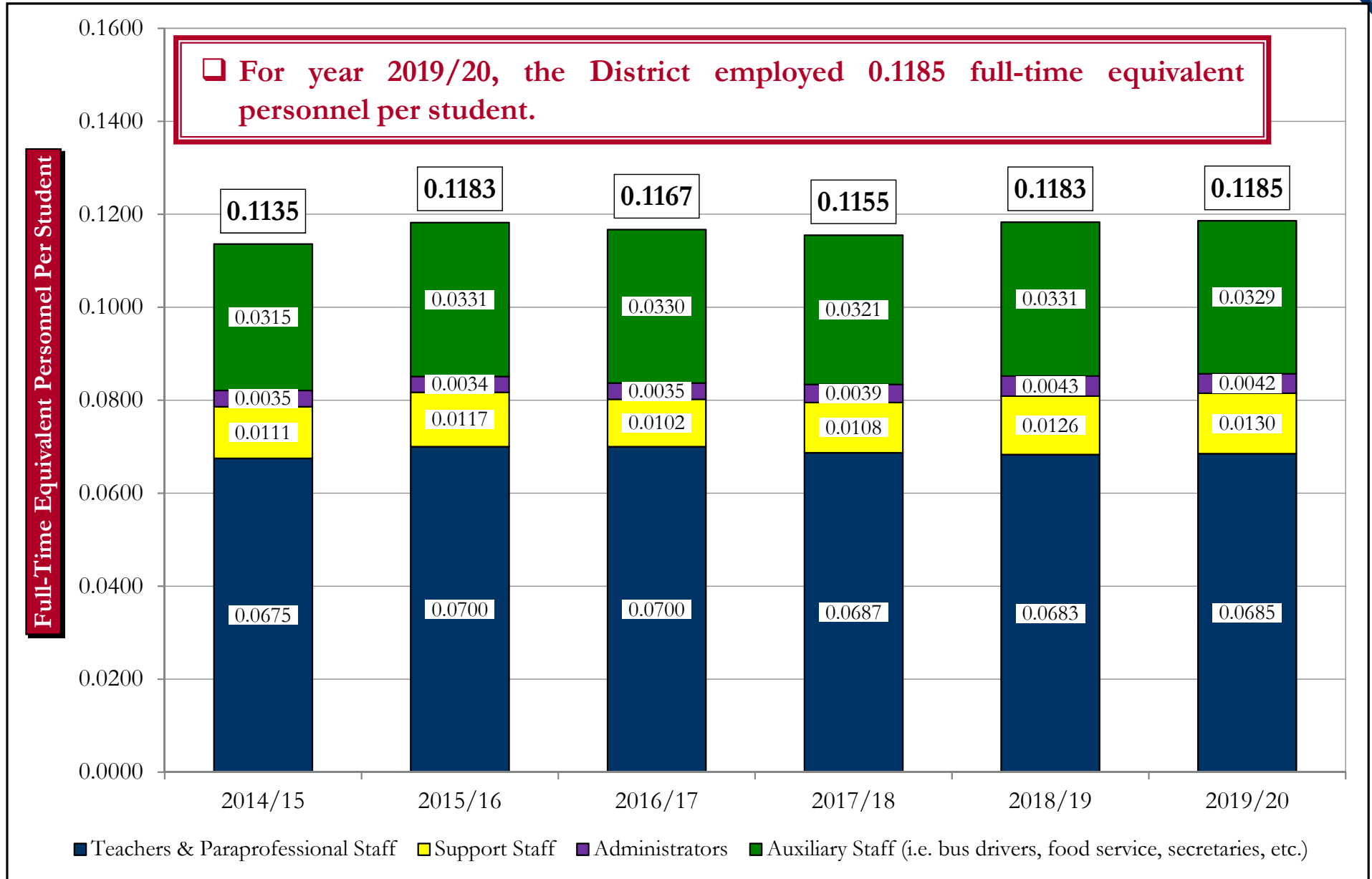


Full-Time Equivalent Personnel



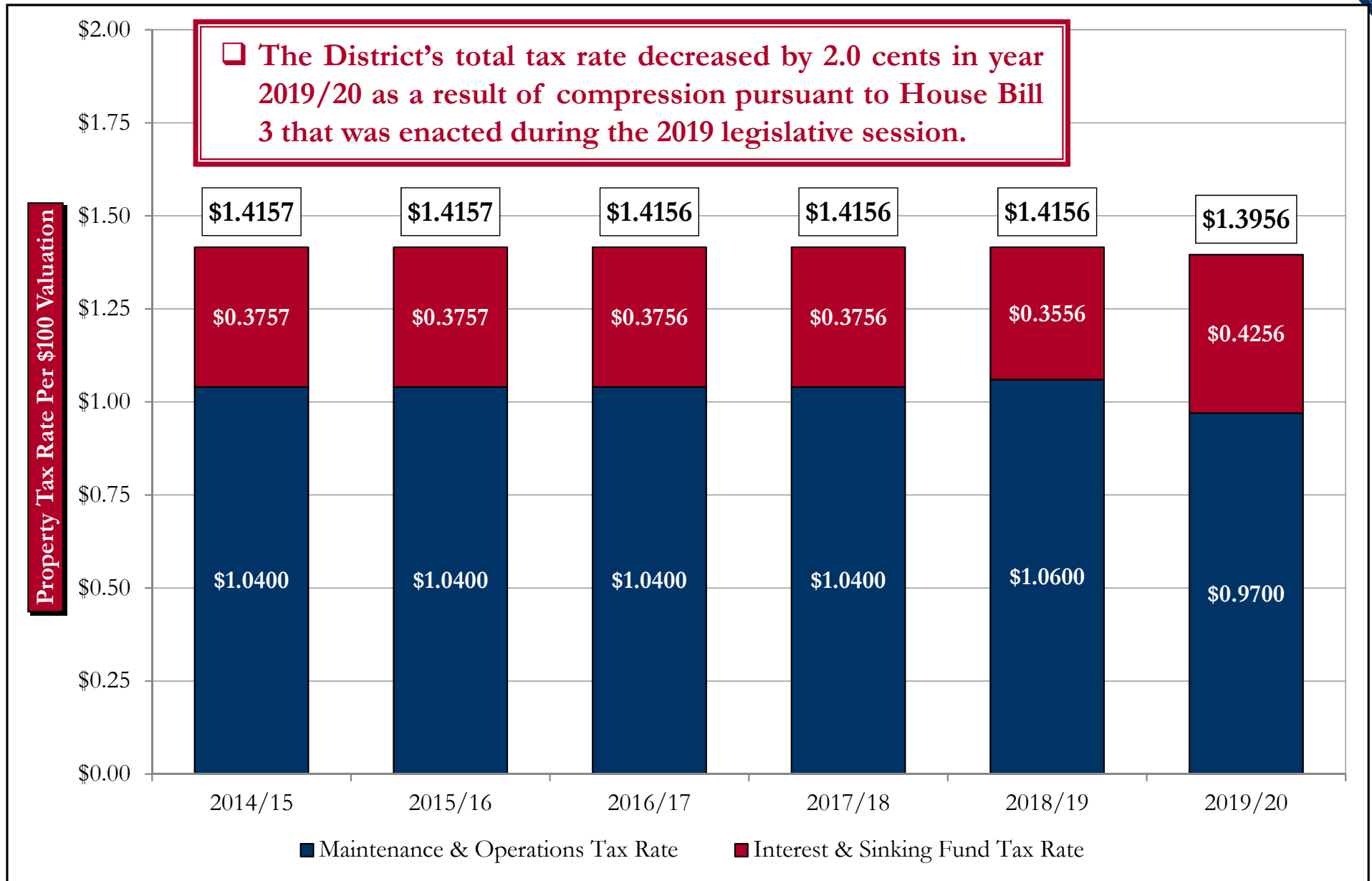


Full-Time Equivalent Personnel Per Student



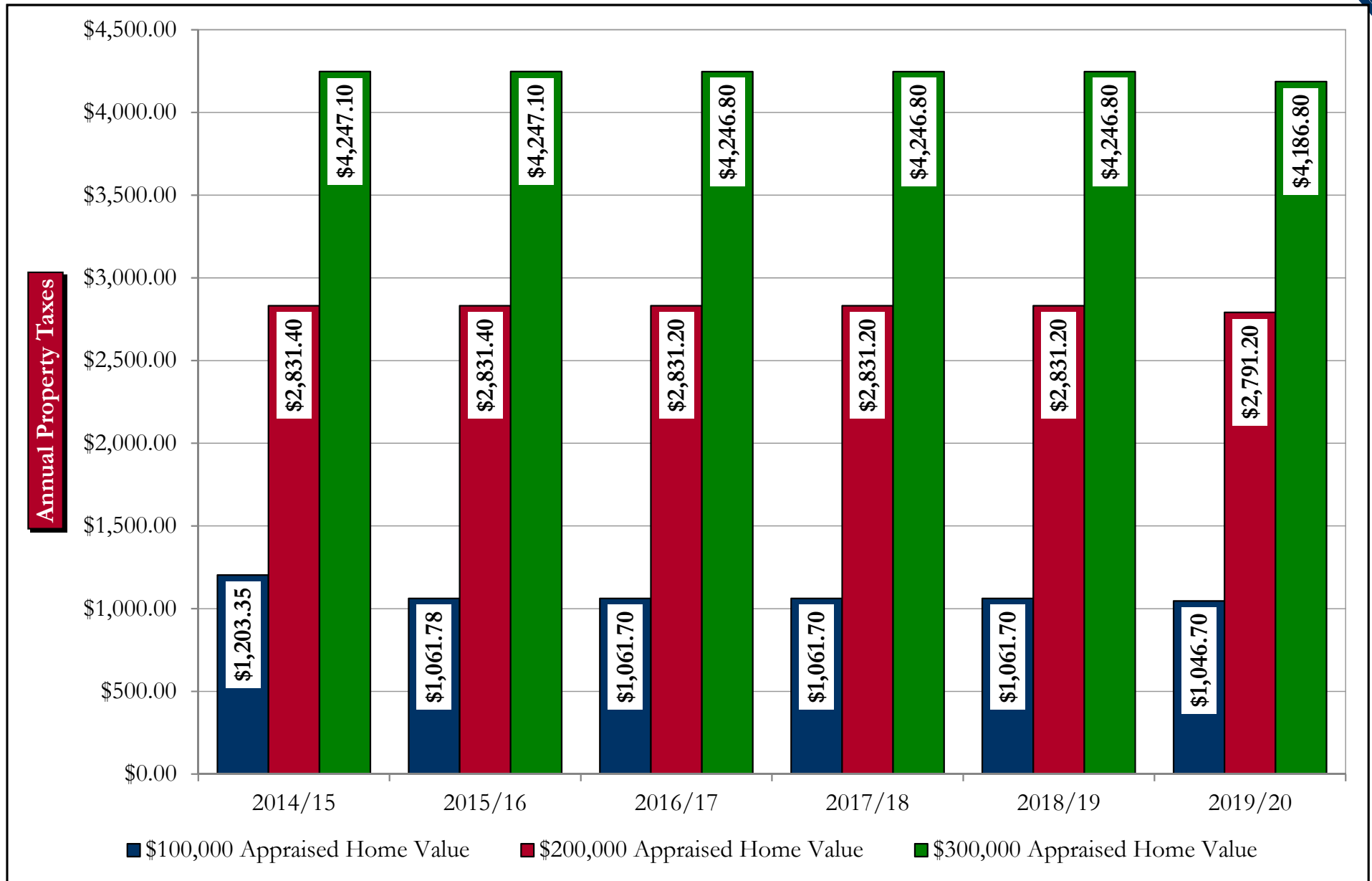


Historical Tax Rates





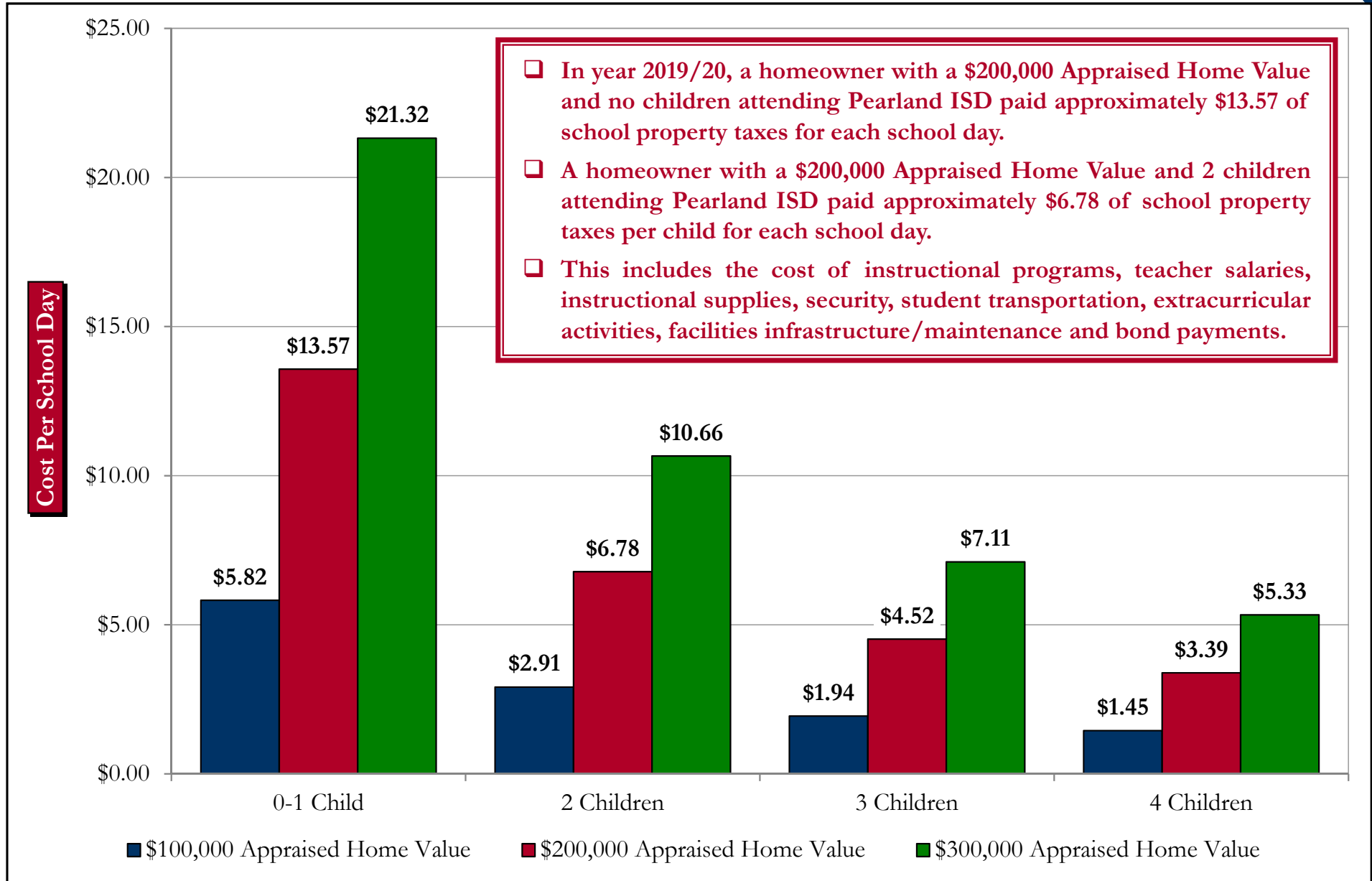
Historical Total Property Taxes For Maintenance and Operations and Voter-Approved Bonds – For Various Appraised Home Values



Note: Taxes are net of the State-mandated residential homestead exemption.



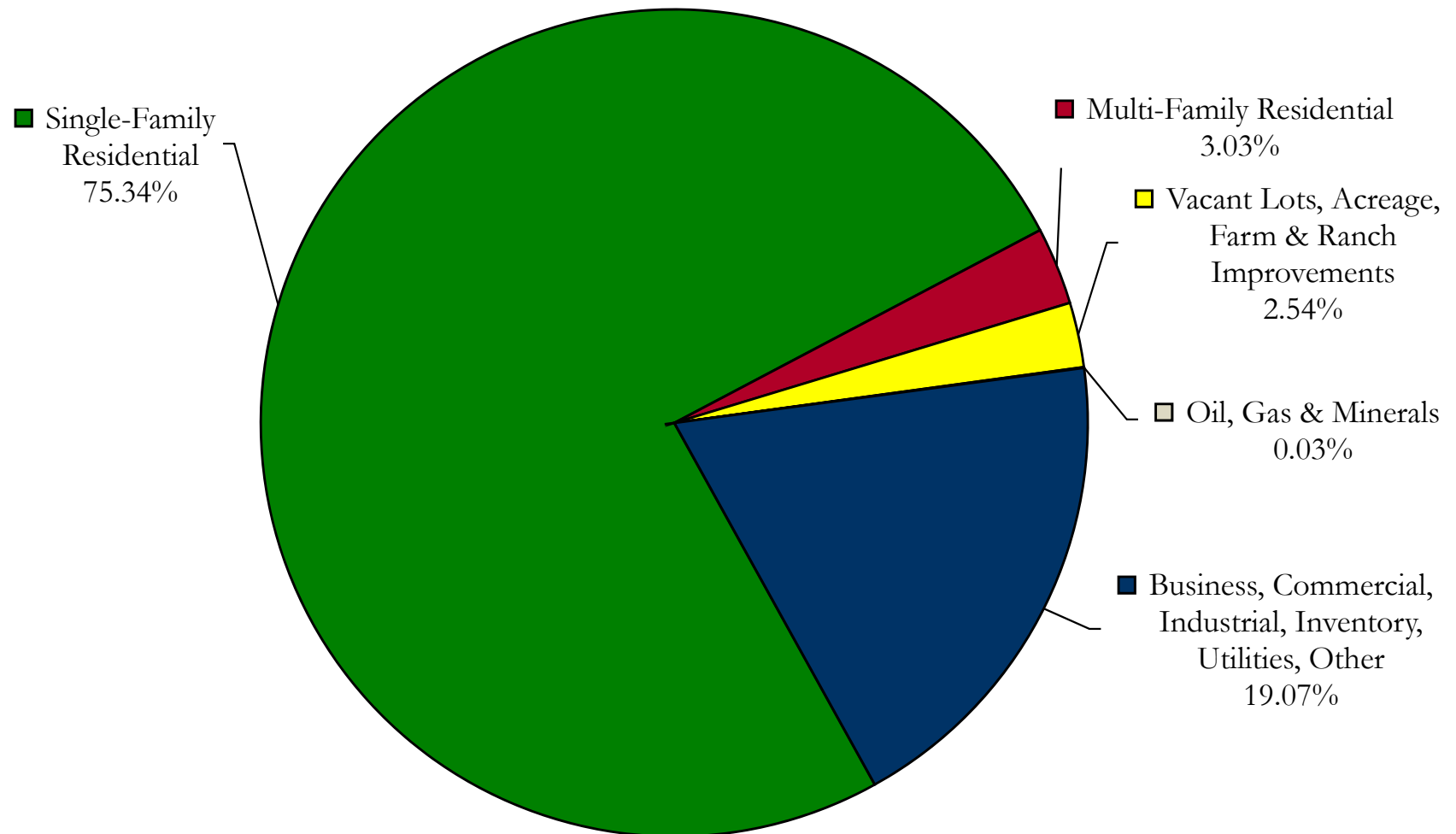
Summary of Property Tax Cost Per School Day – For Various Appraised Home Values – Year 2019/20





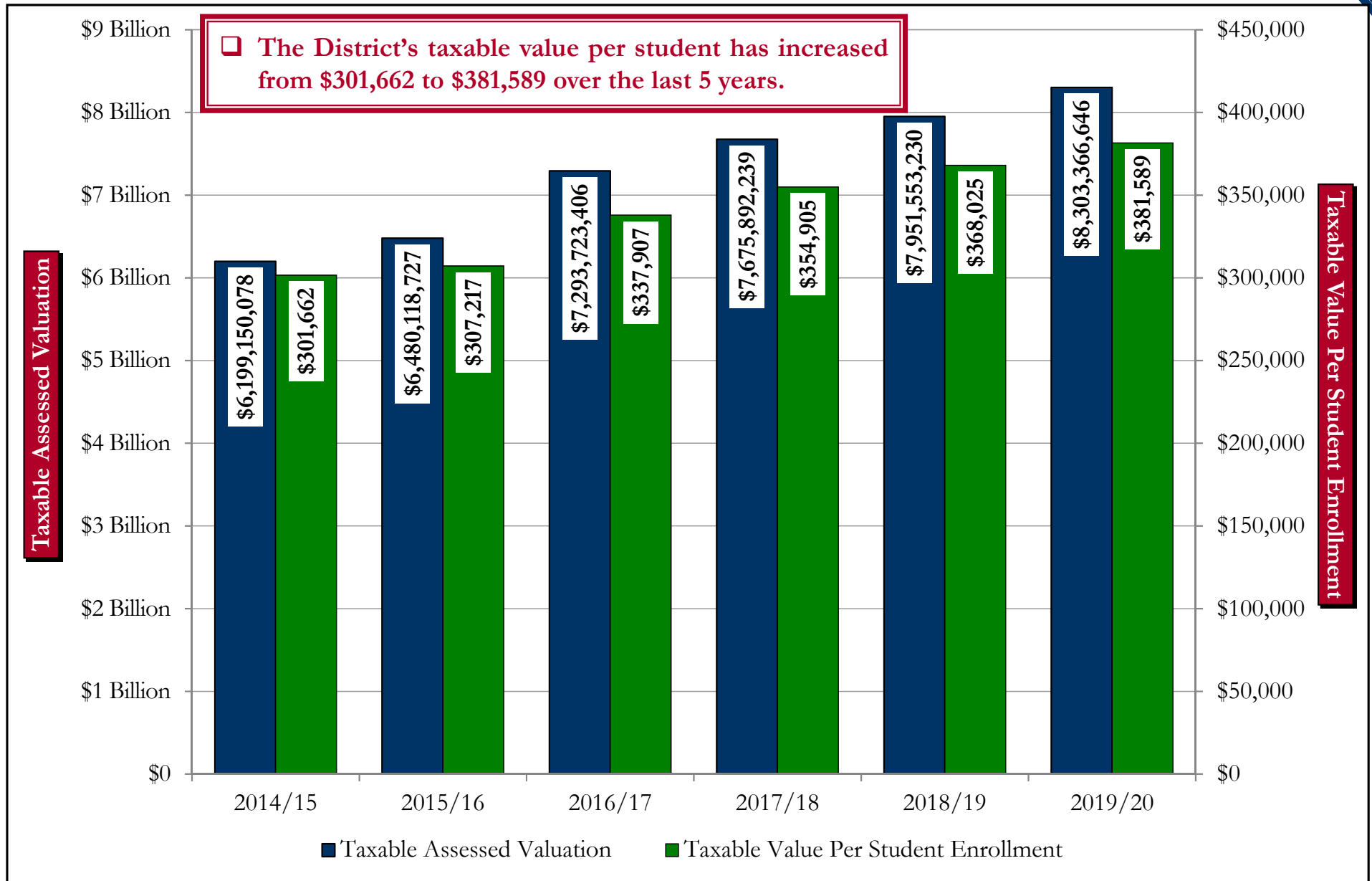
Composition of Total Assessed Valuation – Year 2019/20

For year 2019/20, Single-Family Residential properties comprised 75.34% of the District's total assessed valuation and other property categories comprised 24.66%.





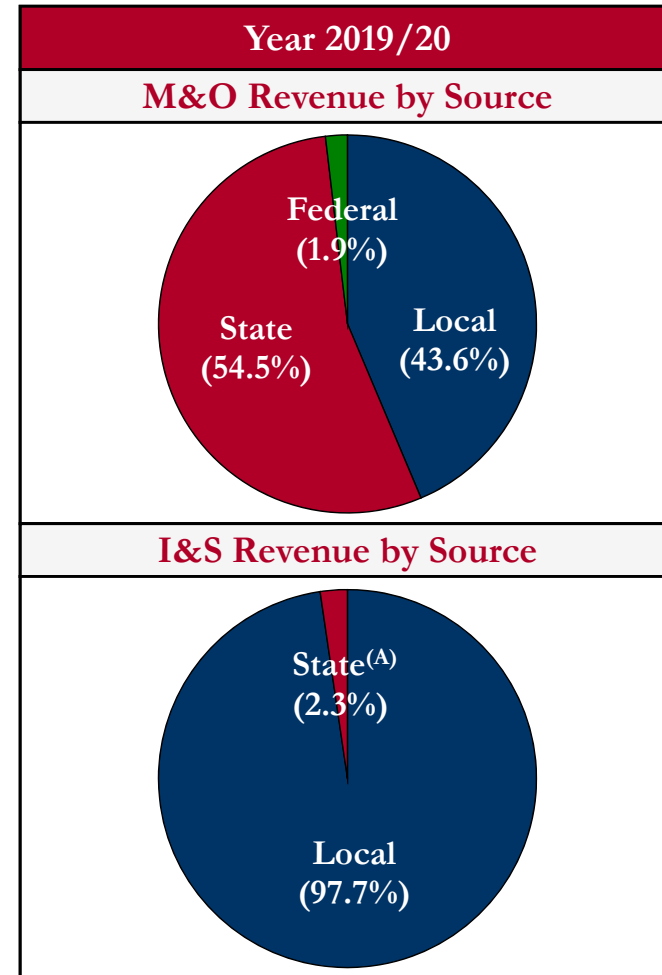
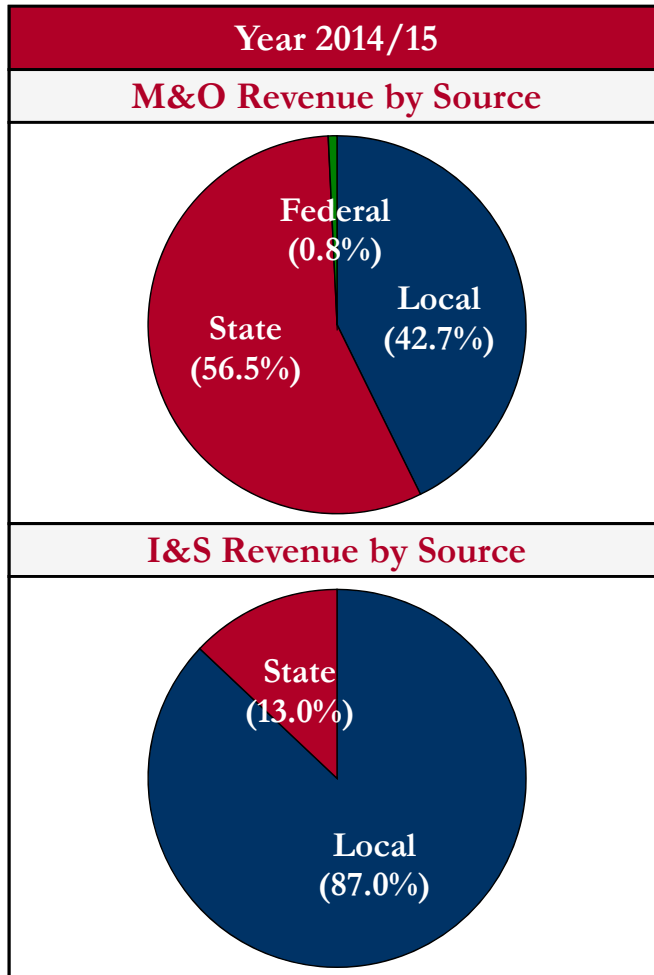
Historical Taxable Assessed Valuation and Taxable Value Per Student Enrollment





General Fund and Debt Service Fund – Revenue By Source

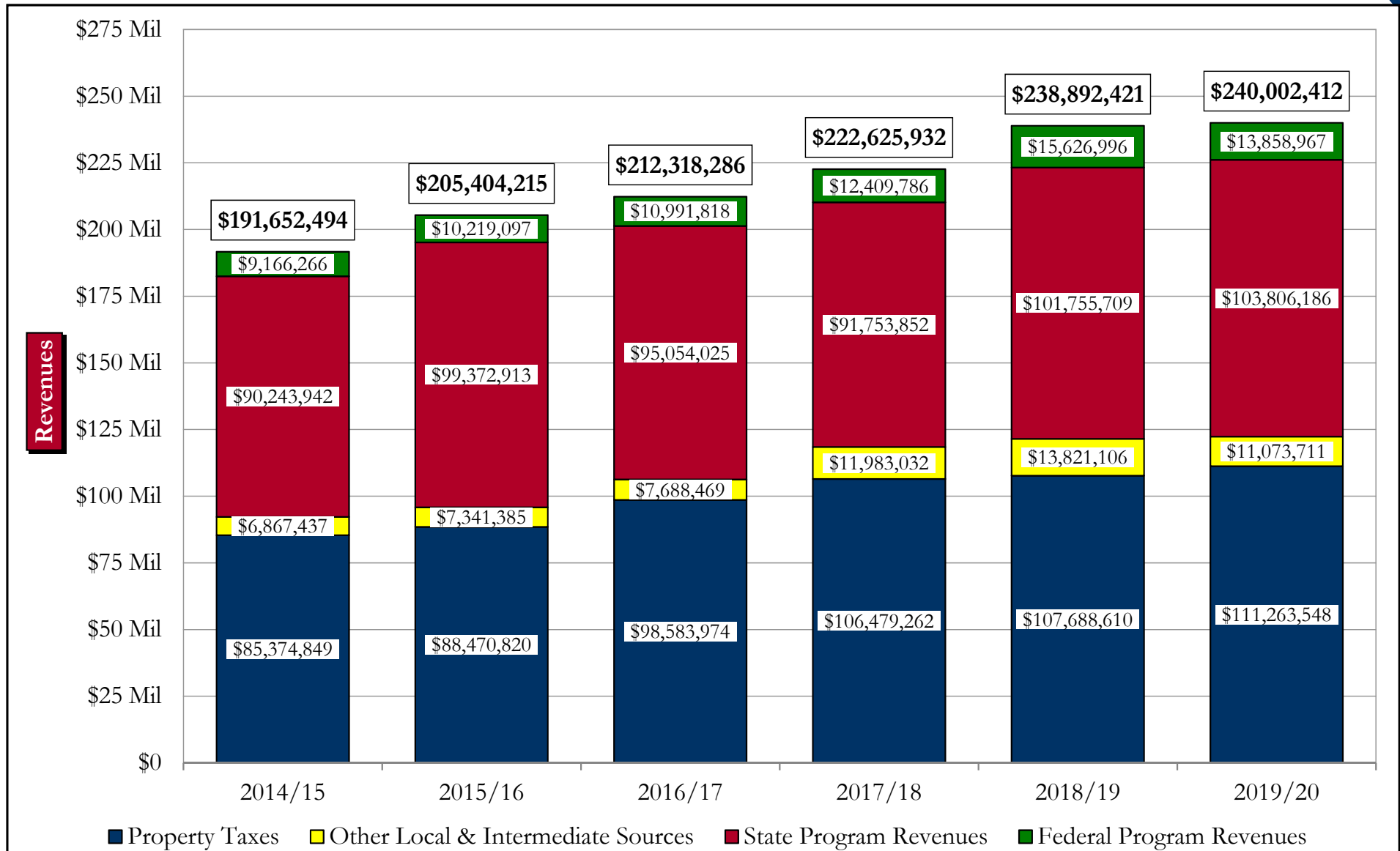
- Given the State funding system is structured to provide the District with an “equalized” dollar amount per student, the increase of the District’s taxable value per student has decreased the percentage of M&O revenues received from the State from 56.5% to 52.7% over the last 5 years.



^(A) Includes payment from State received for lost tax revenues resulting from increase of residential homestead exemption in year 2015/16.



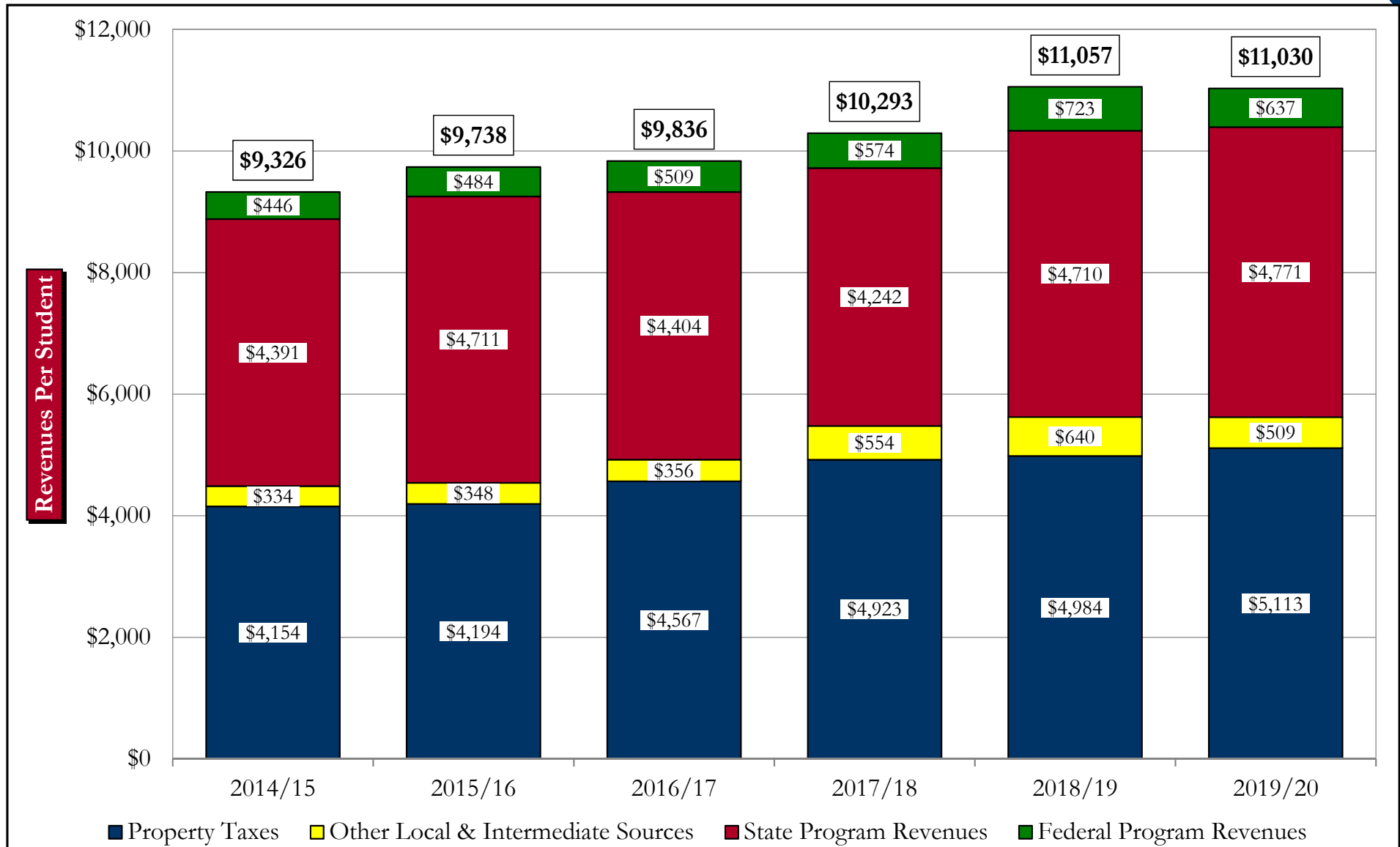
Total Revenues (All Governmental Funds*) By Source



*Excludes Capital Projects Fund. Source: District's Audited Financial Statements and District records.



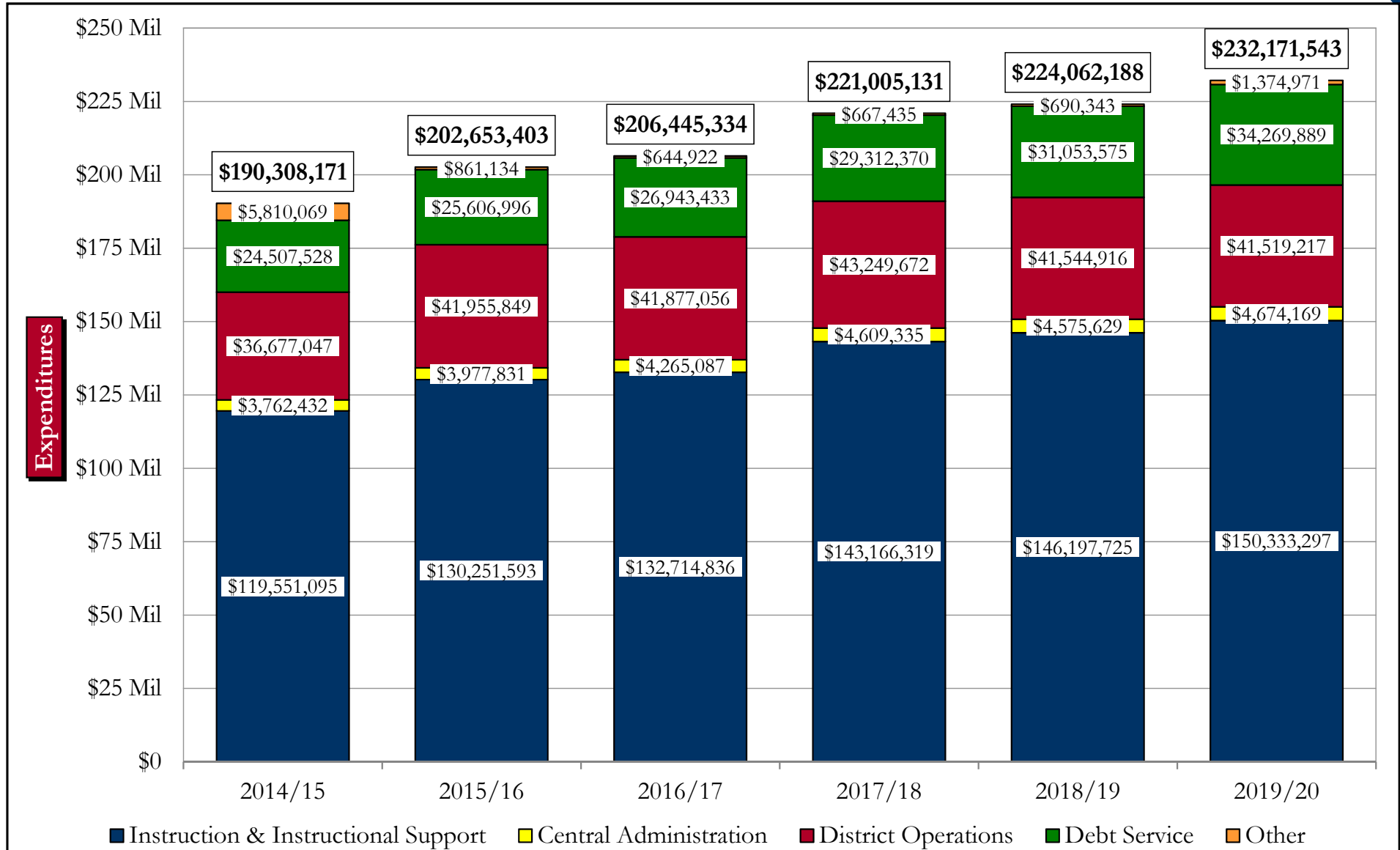
Total Revenues (All Governmental Funds*) Per Student



*Excludes Capital Projects Fund. Source: District's Audited Financial Statements, Texas Education Agency - PEIMS and District records.



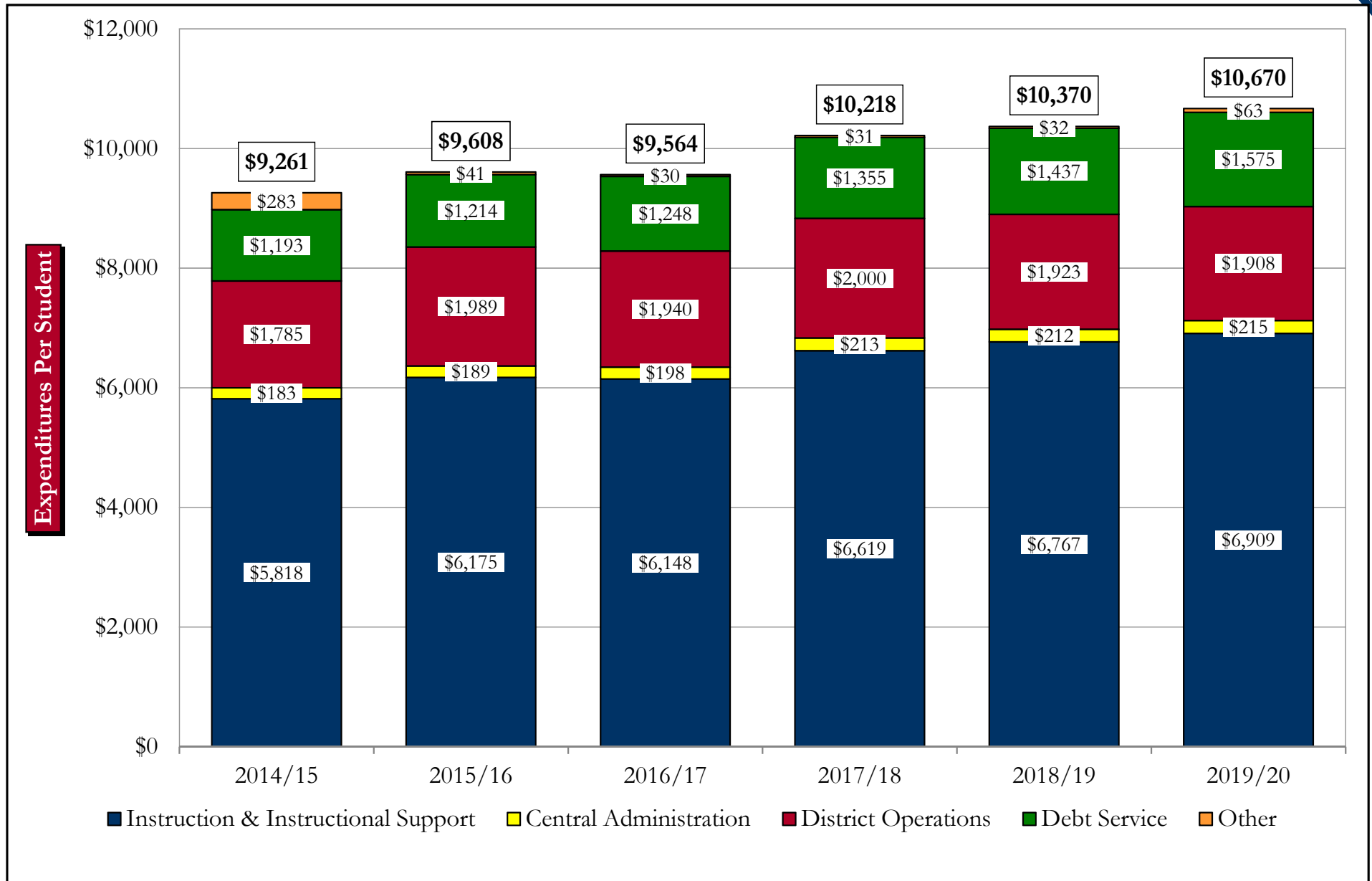
Total Expenditures (All Governmental Funds*) By Source



*Excludes Capital Projects Fund. Source: District's Audited Financial Statements and District records.



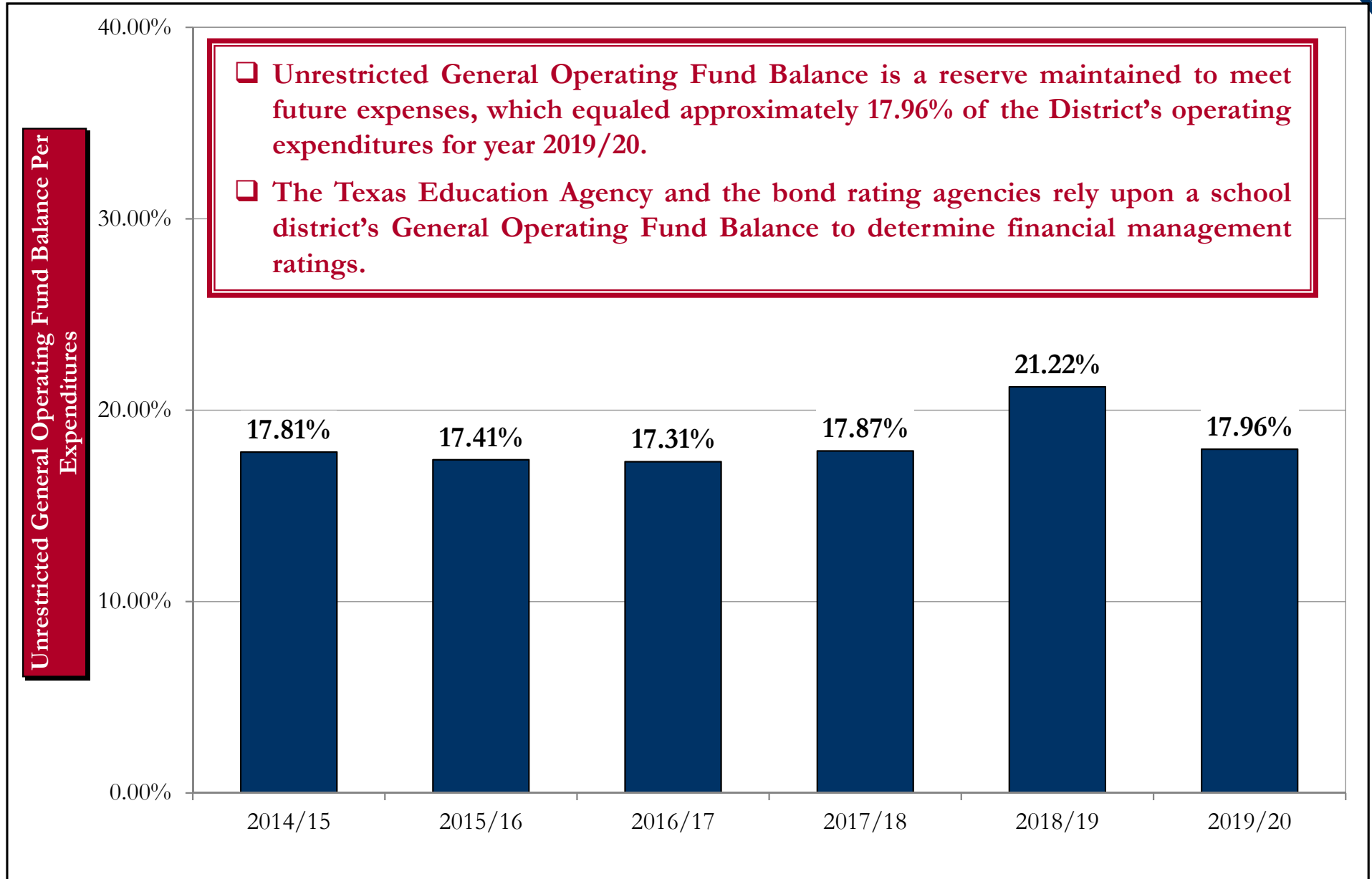
Total Expenditures (All Governmental Funds*) Per Student



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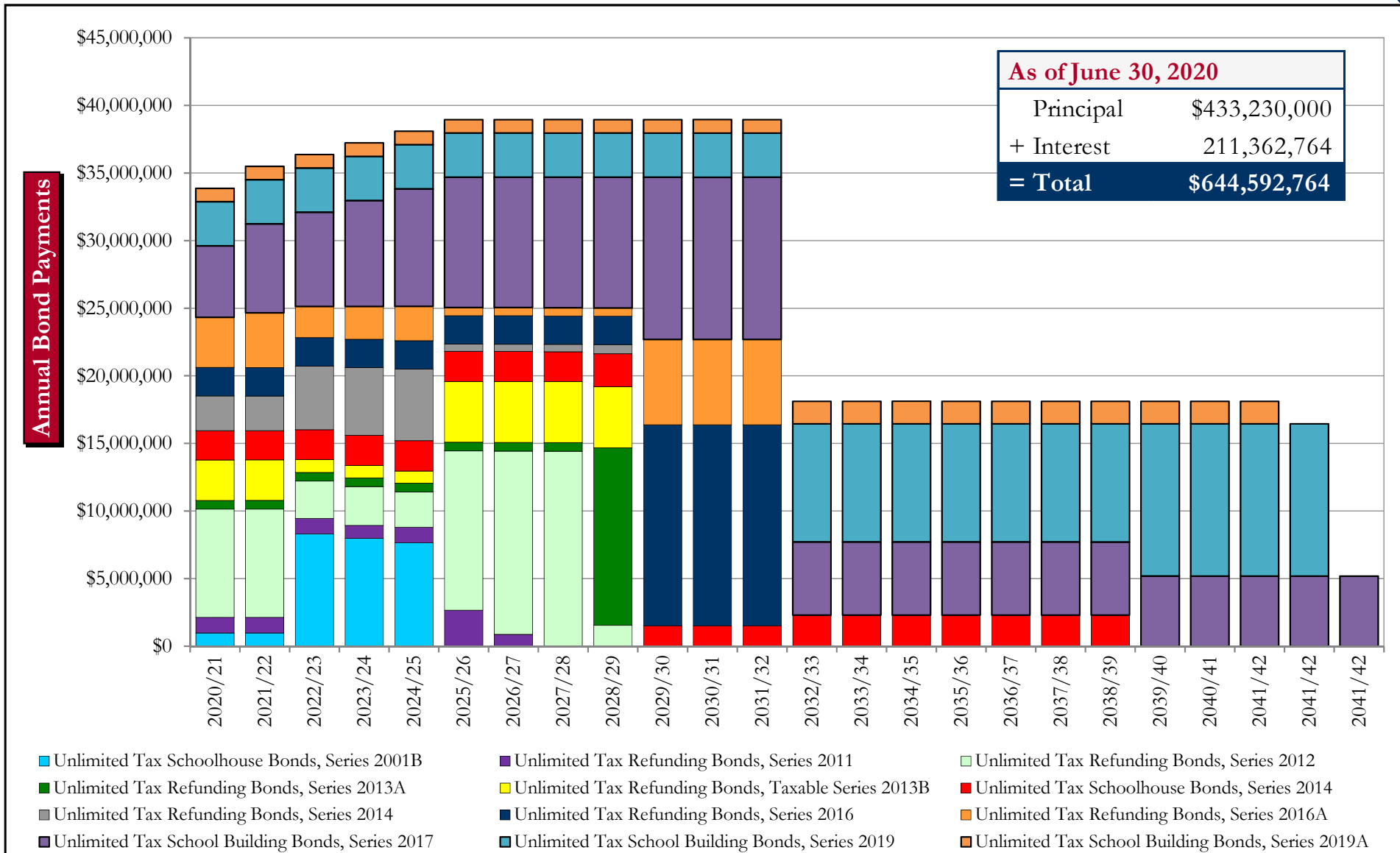


Unrestricted General Operating Fund Balance as a Percentage of General Operating Expenditures





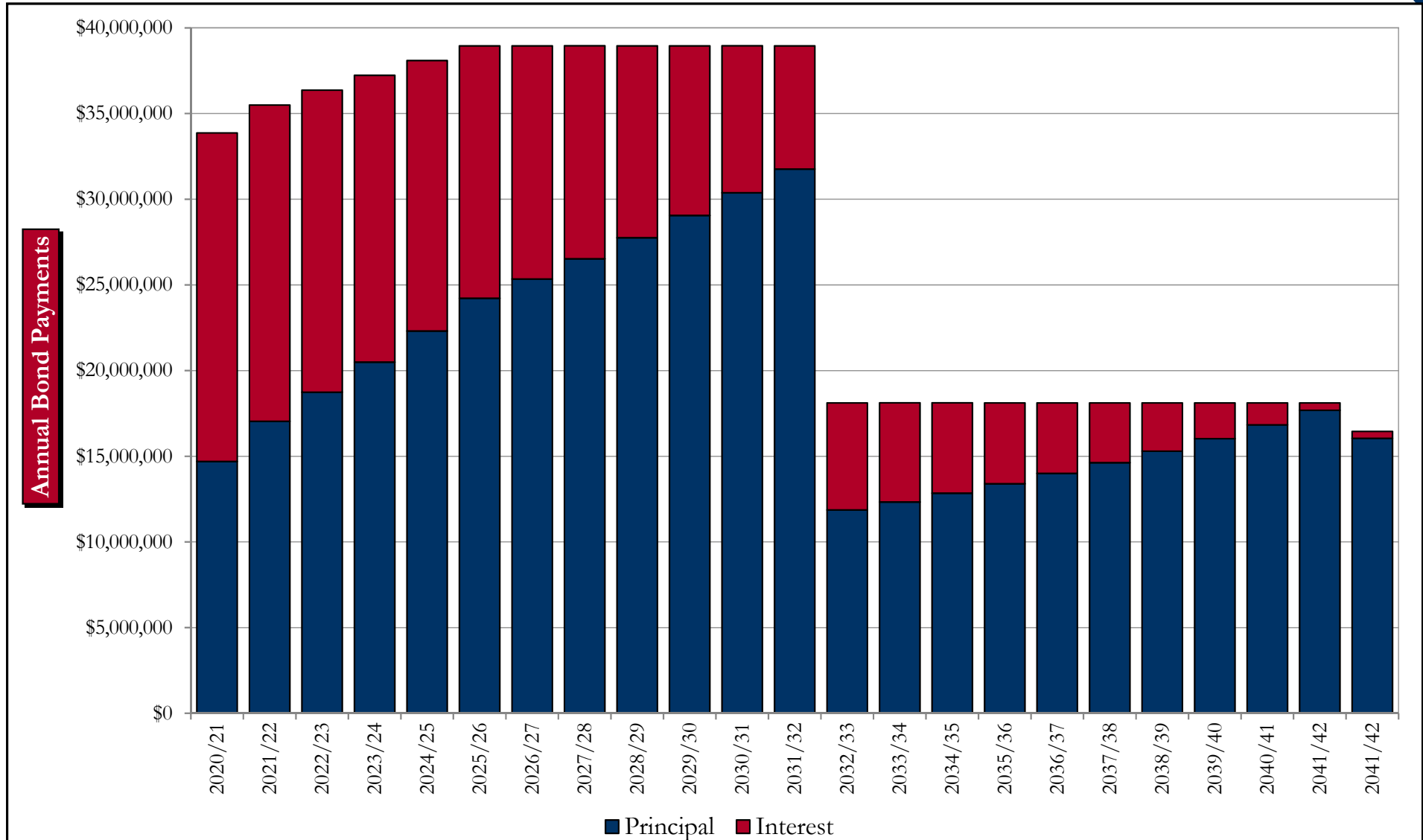
☑ Unlimited Tax Debt Service By Series – Existing Bonds Approved By Voters



Note: Although the District's fiscal year ends on June 30, debt service payments reflect payments from September 1 through August 31 to match the receipt of tax collections and the District's budget. As such, the District's August 2019 debt payments are not portrayed in the graph above.



☑ Unlimited Tax Debt Service By Principal and Interest – Existing Bonds Approved By Voters



Note: Although the District's fiscal year ends on June 30, debt service payments reflect payments from September 1 through August 31 to match the receipt of tax collections and the District's budget. As such, the District's August 2019 debt payments are not portrayed in the graph above.



Savings from District's Recent Bond Refunding Programs to Lower Interest Costs

- ❑ Pearland ISD has implemented 9 refunding programs and prepaid approximately \$1.220 million of existing bonds to reduce the cost of voter-approved bonds – Which have generated more than \$33.400 million of savings for District taxpayers in recent years.

Summary of Interest Cost Savings – Bond Refunding Programs / Prepayment of Bonds

| Issue | Series Refunded | Principal Amount Refunded | Total Savings |
|--|---------------------------|---------------------------|----------------------|
| Unlimited Tax Schoolhouse & Refunding Bonds, Series 2007 | 2001C, 2002, 2003A, 2004 | \$ 30,365,000 | \$ 869,349 |
| Unlimited Tax Refunding Bonds, Series 2007 | 1997, 1998, 2001C | 32,350,000 | 1,900,266 |
| Unlimited Tax Refunding Bonds, Series 2011 | 2003A, 2004 | 8,790,000 | 806,509 |
| Unlimited Tax Refunding Bonds, Series 2012 | 2003A, 2004, 2005A | 65,040,000 | 4,142,007 |
| Unlimited Tax Refunding Bonds, Series 2013A | 2001C, 2003A, 2005A, 2007 | 17,020,000 | 1,031,258 |
| Unlimited Tax Refunding Bonds, Taxable Series 2013B | 2005, 2005A | 38,155,000 | 4,911,897 |
| Unlimited Tax Refunding Bonds, Series 2014 | 2005, 2005A, 2007 | 30,350,000 | 2,745,793 |
| Unlimited Tax Refunding Bonds, Series 2016 | 2007 | 49,080,000 | 9,236,931 |
| Unlimited Tax Refunding Bonds, Series 2016A | 2007, 2007R | 45,020,000 | 7,555,568 |
| Prepayment of Series 2007 Bonds - February 2017 | 2007 | 1,220,000 | 262,000 |
| Totals | --- | \$ 317,390,000 | \$ 33,461,578 |

- ✓ Additionally, on November 17, 2020, the District issued \$78,675,000 Unlimited Tax Refunding Bonds, Series 2020 to refund \$93,730,000 in principal amount of portions of outstanding Series 2001B Bonds, Series 2011 Refunding Bonds, Series 2012 Refunding Bonds and Series 2013B Refunding Bonds and, as a result, generated \$15,186,909 in savings.



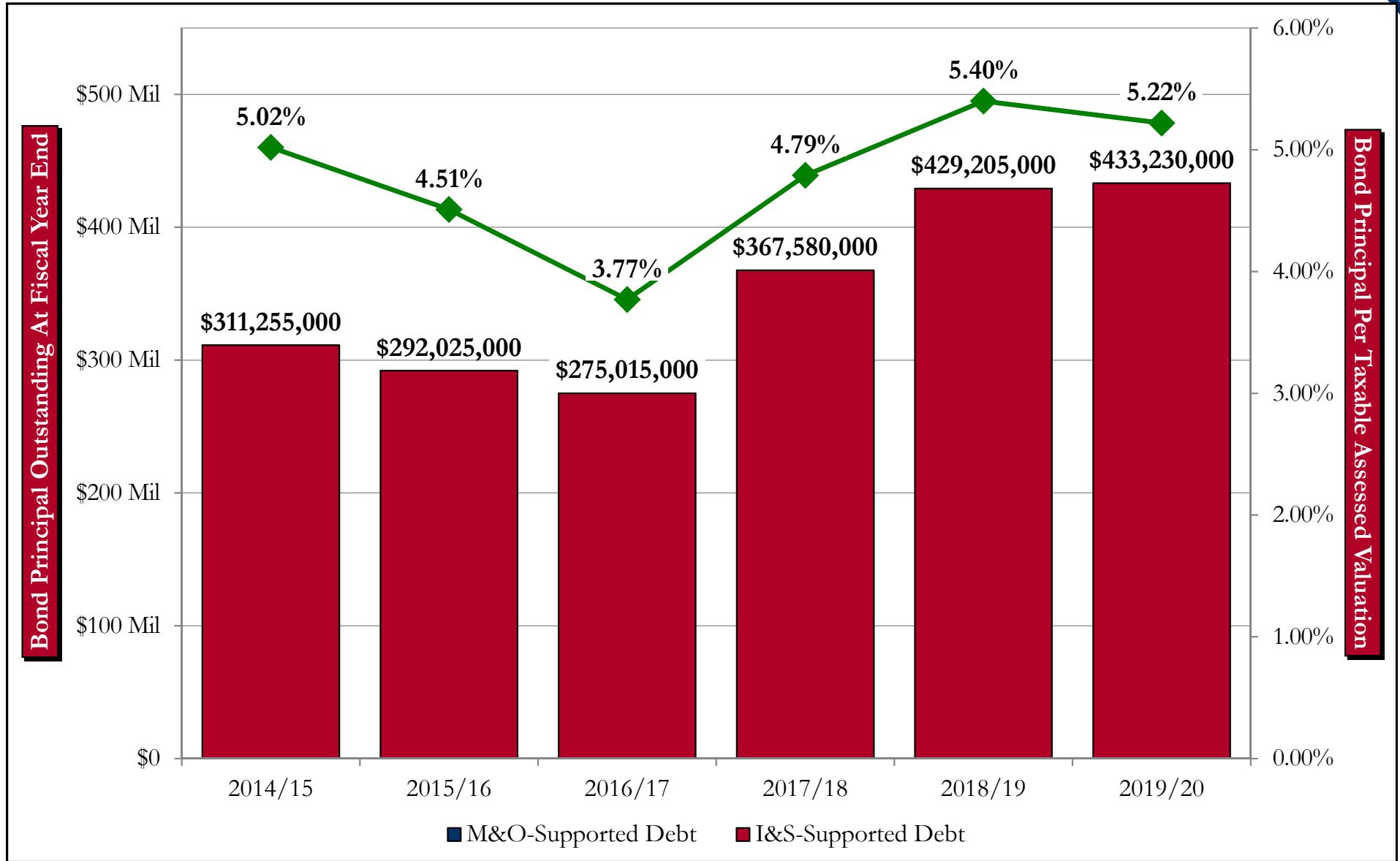
☑ Summary of Unlimited Tax Debt Outstanding By Series – As of Fiscal Year Ended June 30, 2020

- ☐ The following debt obligations are payable from ad valorem taxes (i.e. I&S taxes) levied annually against all taxable property located within the District, without legal limit as to rate or amount.

| No. | Issue Description | Purpose | Original Principal Amount | Outstanding Principal | Total Outstanding Debt Service | Outstanding Principal Per Capita | Outstanding Debt Service Per Capita | Final Maturity Date | Total Proceeds Received | Spent Proceeds | Unspent Proceeds |
|-----|---|--|---------------------------|-----------------------|--------------------------------|----------------------------------|-------------------------------------|---------------------|-------------------------|------------------|------------------|
| 1 | Unlimited Tax Schoolhouse Bonds, Series 2001B | Capital Improvements | \$22,500,000.00 | \$22,500,000.00 | \$26,400,000.00 | \$171.17 | \$200.84 | 02/15/2025 | \$22,500,000.00 | \$22,500,000.00 | \$0.00 |
| 2 | Unlimited Tax Refunding Bonds, Series 2011 | Refunding at a lower interest rate, etc. | \$8,740,000.00 | \$7,875,000.00 | \$9,273,600.00 | \$59.91 | \$70.55 | 02/15/2027 | \$8,588,435.00 | \$8,588,435.00 | \$0.00 |
| 3 | Unlimited Tax Refunding Bonds, Series 2012 | Refunding at a lower interest rate, etc. | \$62,845,000.00 | \$52,145,000.00 | \$66,796,693.84 | \$396.70 | \$508.16 | 02/15/2029 | \$73,040,825.90 | \$73,040,825.90 | \$0.00 |
| 4 | Unlimited Tax Refunding Bonds, Series 2013A | Refunding at a lower interest rate, etc. | \$15,490,000.00 | \$12,825,000.00 | \$18,596,250.00 | \$97.57 | \$141.47 | 02/15/2029 | \$18,134,919.20 | \$18,134,919.20 | \$0.00 |
| 5 | Unlimited Tax Refunding Bonds, Taxable Series 2013B | Refunding at a lower interest rate, etc. | \$38,155,000.00 | \$22,755,000.00 | \$27,153,420.00 | \$173.11 | \$206.57 | 02/15/2029 | \$41,328,370.51 | \$41,328,370.51 | \$0.00 |
| 6 | Unlimited Tax Schoolhouse Bonds, Series 2014 | Capital Improvements | \$30,540,000.00 | \$26,670,000.00 | \$41,382,950.00 | \$202.89 | \$314.82 | 02/15/2039 | \$34,469,924.55 | \$34,469,924.55 | \$0.00 |
| 7 | Unlimited Tax Refunding Bonds, Series 2014 | Refunding at a lower interest rate, etc. | \$28,655,000.00 | \$19,370,000.00 | \$22,871,650.00 | \$147.36 | \$174.00 | 02/15/2029 | \$32,820,444.85 | \$32,820,444.85 | \$0.00 |
| 8 | Unlimited Tax Refunding Bonds, Series 2016 | Refunding at a lower interest rate, etc. | \$41,335,000.00 | \$41,335,000.00 | \$64,573,550.00 | \$314.46 | \$491.25 | 02/15/2032 | \$50,998,382.49 | \$50,998,382.49 | \$0.00 |
| 9 | Unlimited Tax Refunding Bonds, Series 2016A | Refunding at a lower interest rate, etc. | \$42,200,000.00 | \$28,885,000.00 | \$36,890,750.00 | \$219.74 | \$280.65 | 02/15/2032 | \$45,741,925.85 | \$45,741,925.85 | \$0.00 |
| 10 | Unlimited Tax School Building Bonds, Series 2017 | Capital Improvements | \$105,510,000.00 | \$105,410,000.00 | \$166,009,600.00 | \$801.91 | \$1,262.93 | 02/15/2042 | \$122,583,992.15 | \$122,583,992.15 | \$0.00 |
| 11 | Unlimited Tax School Building Bonds, Series 2019 | Capital Improvements | \$75,155,000.00 | \$75,155,000.00 | \$135,730,050.00 | \$571.75 | \$1,032.58 | 02/15/2042 | \$81,795,036.92 | \$81,795,036.92 | \$0.00 |
| 12 | Unlimited Tax School Building Bonds, Series 2019A | Capital Improvements | \$18,305,000.00 | \$18,305,000.00 | \$28,914,250.00 | \$139.26 | \$219.97 | 02/15/2042 | \$20,118,455.15 | \$7,555,287.15 | \$12,563,168.00 |



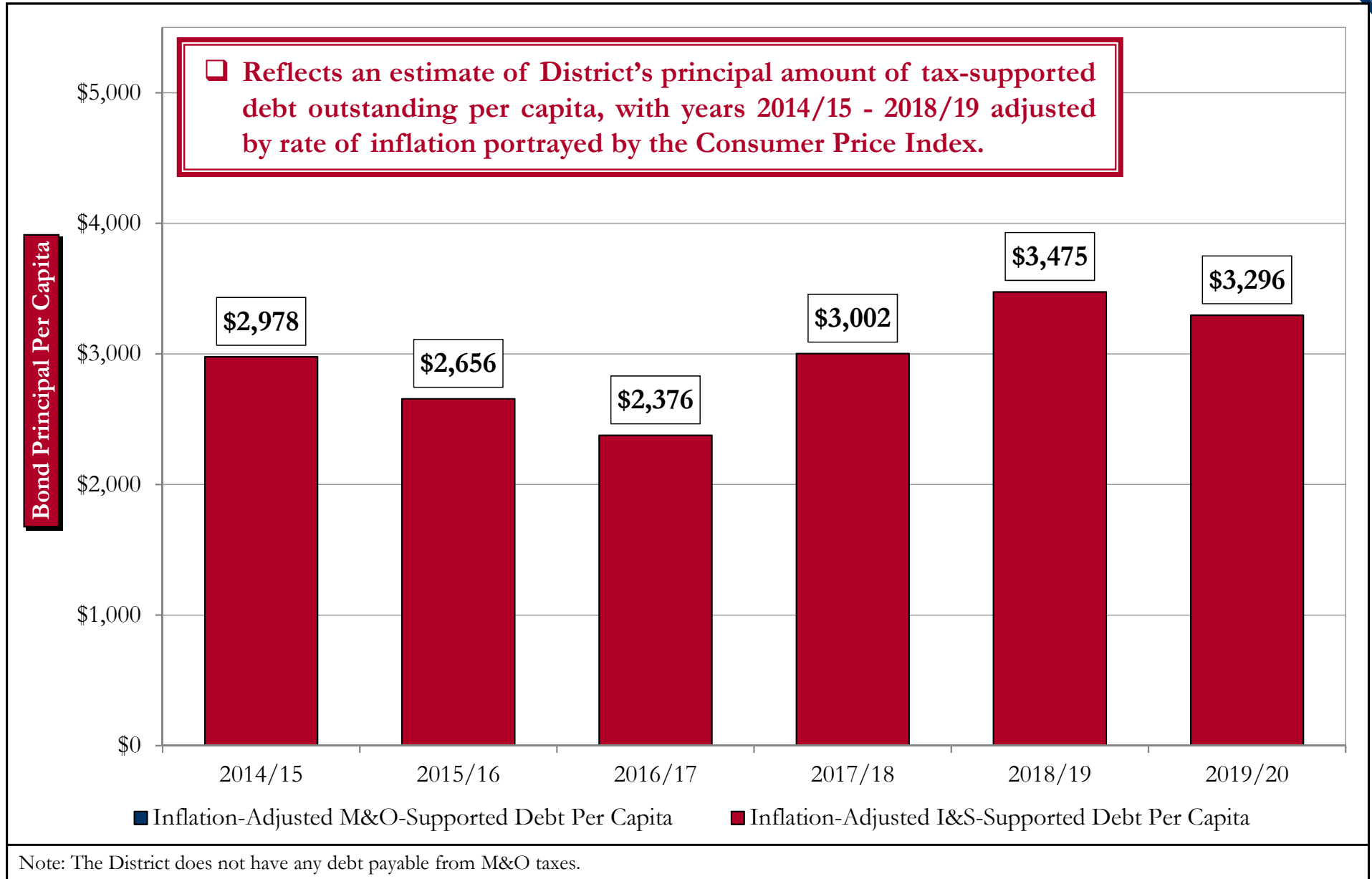
Tax-Supported Debt Obligations At Fiscal Year End and As a Percentage of Taxable Assessed Valuation



Note: The District does not have any debt payable from M&O taxes.

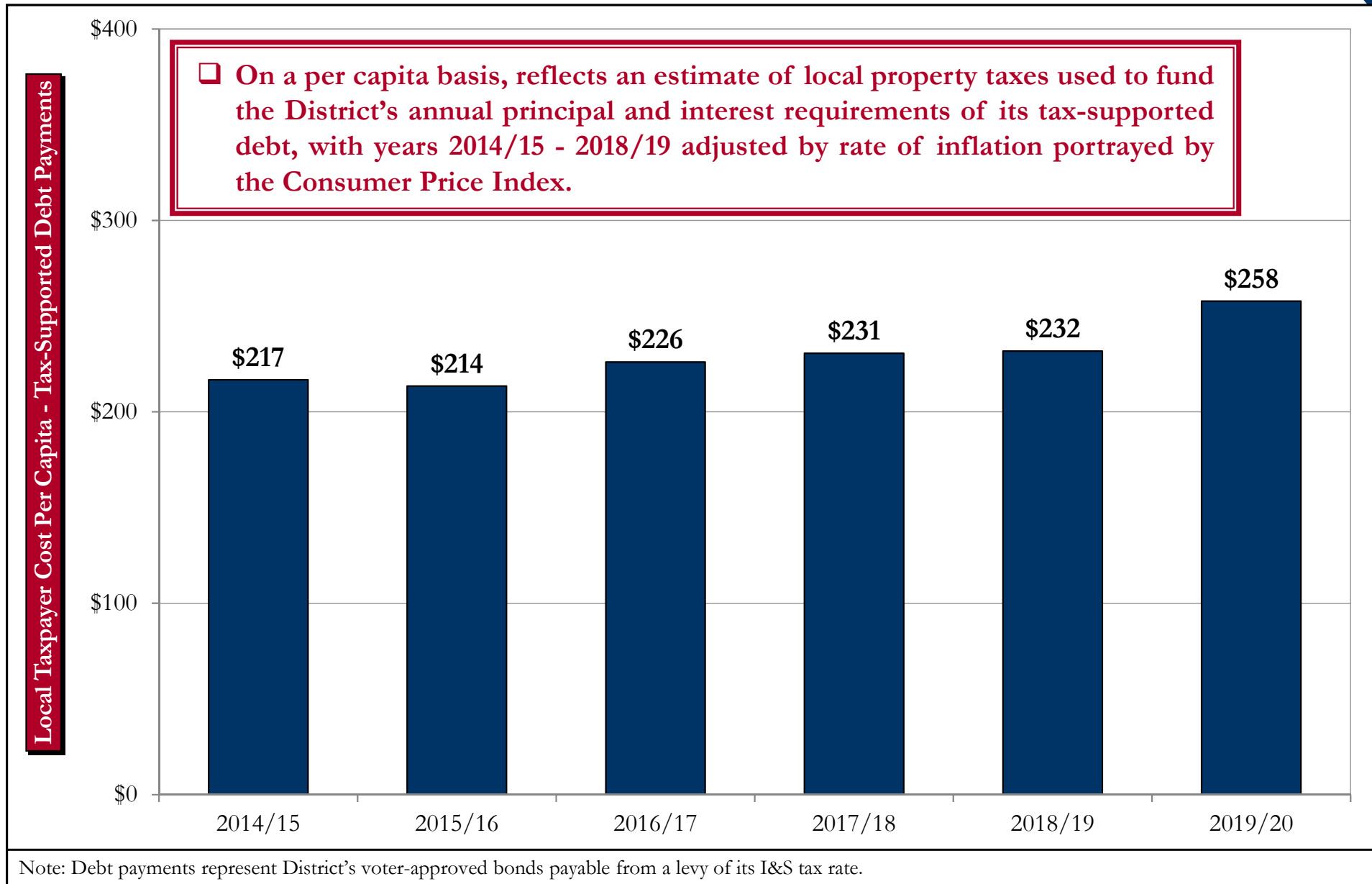


Inflation-Adjusted Tax-Supported Debt Per Capita





Inflation-Adjusted Tax-Supported Debt Cost Per Capita – Principal and Interest In Each of the Last 5 Years





Contact Information and Links to Additional Resources

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Chief Financial Officer

Phone: (832) 736-6114

Email: carterj@pearlandisd.org

Links to Additional Resources:

<https://www.comptroller.texas.gov/transparency/local/debt/isds.php>

http://www.brb.state.tx.us/local_debt_search.aspx