



Annual Report of Certain Financial and Local Debt Information

Fiscal Year Ended June 30, 2023

Denotes Required Information Pursuant to Local Government Code, Section 140.008

This report was posted on the District's website on December 5, 2023.



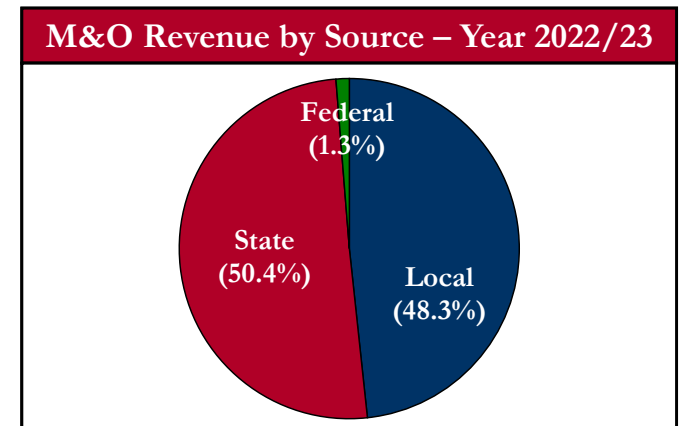
☑ Overview of Certain Financial/Bond Ratings

- ☐ **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 2021/22, the District was assigned a 2022/23 FIRST Rating of “Superior Achievement” and the District’s score was 92 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 2022/23, 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

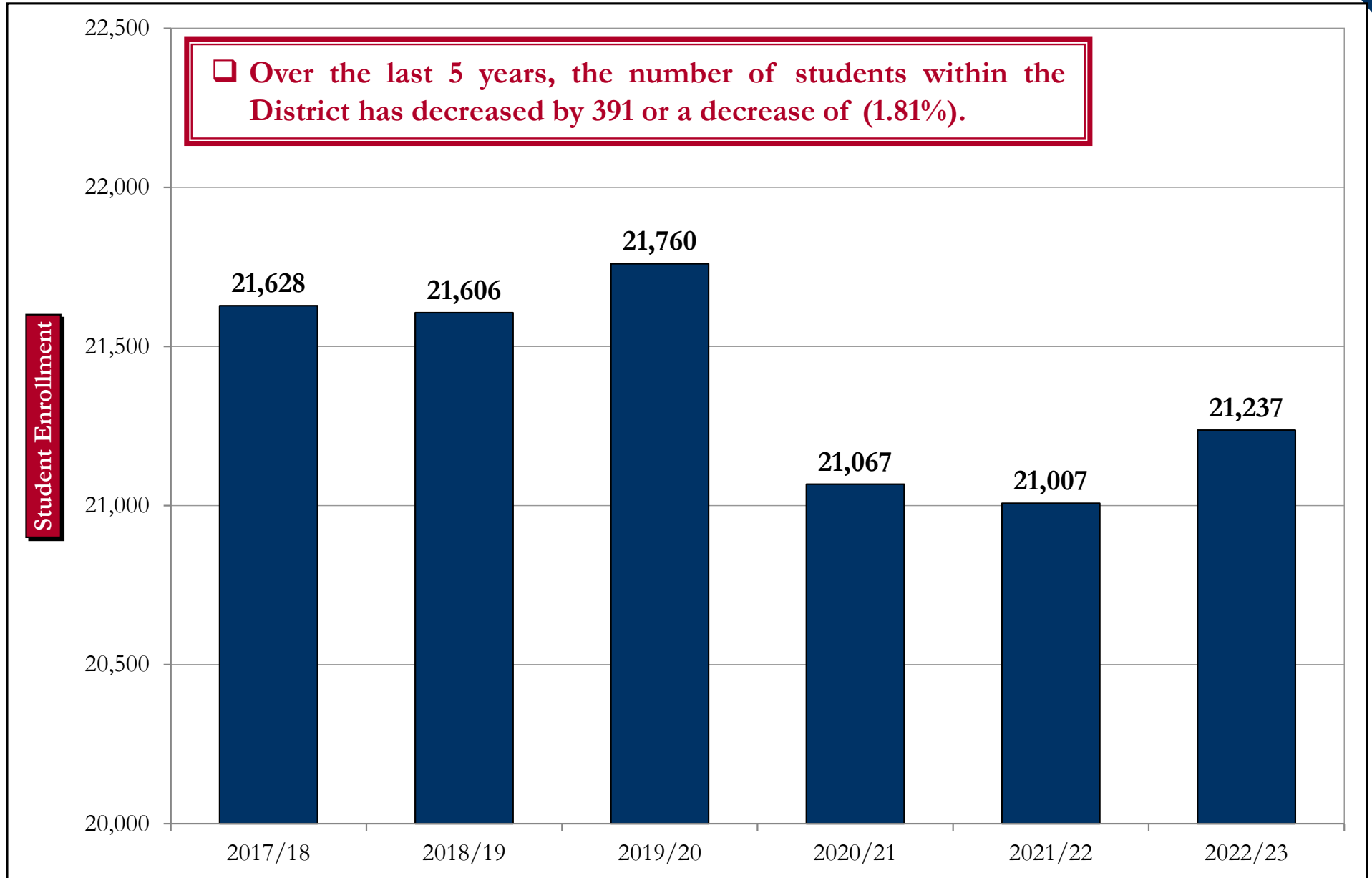
- **Interest & Sinking Fund (“I&S”) Tax Rate:** To provide funds to pay the principal and interest on bonds previously approved by a majority of voters for capital improvements. The following summarizes the District’s bond programs approved by voters since 1999:

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, 2023:				\$0

- ✓ As of fiscal year ended June 30, 2023, the District had \$13,908,960 within its Capital Projects Fund for current and future projects.

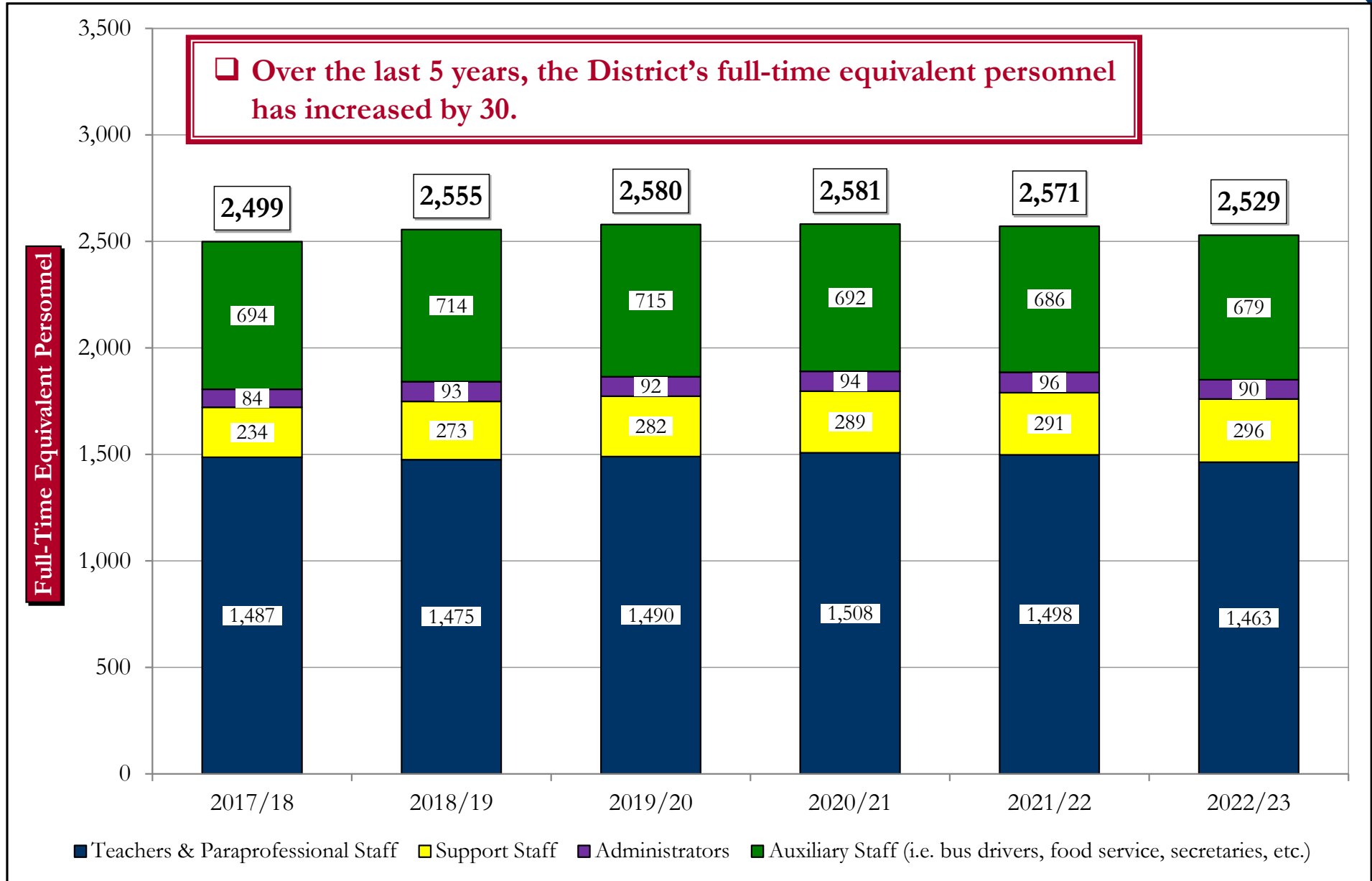


Historical Student Enrollment



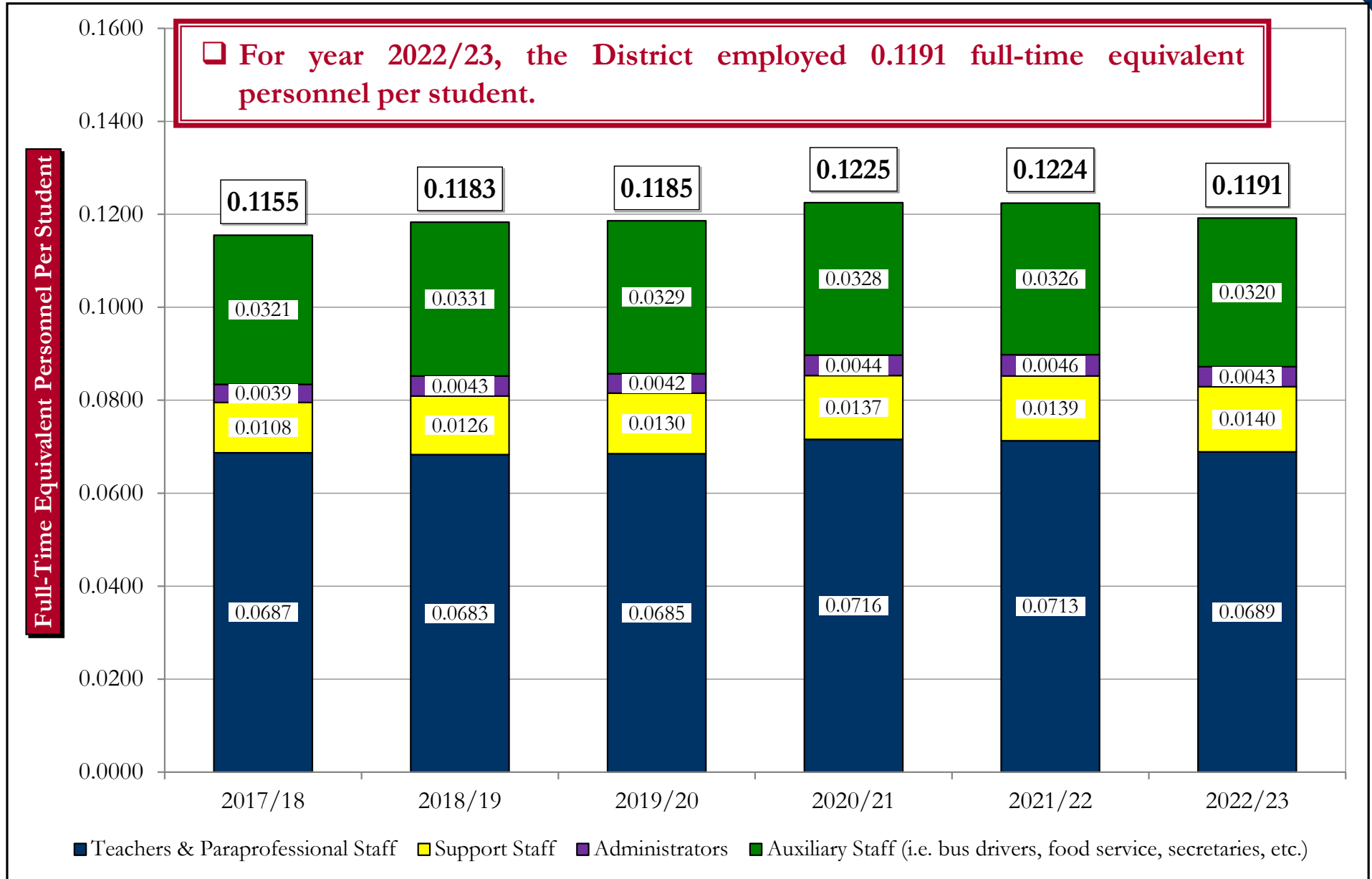


Full-Time Equivalent Personnel



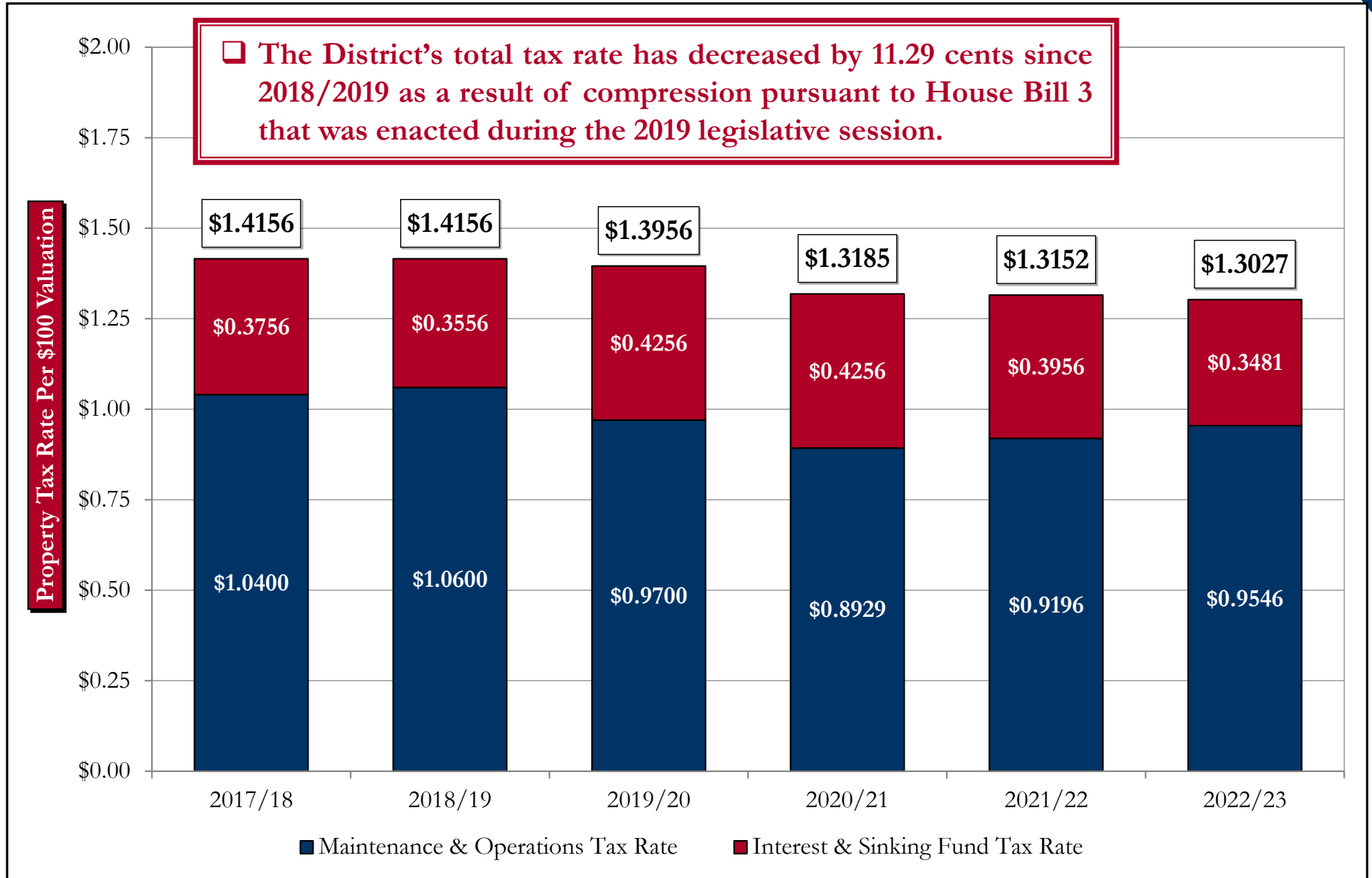


Full-Time Equivalent Personnel Per Student



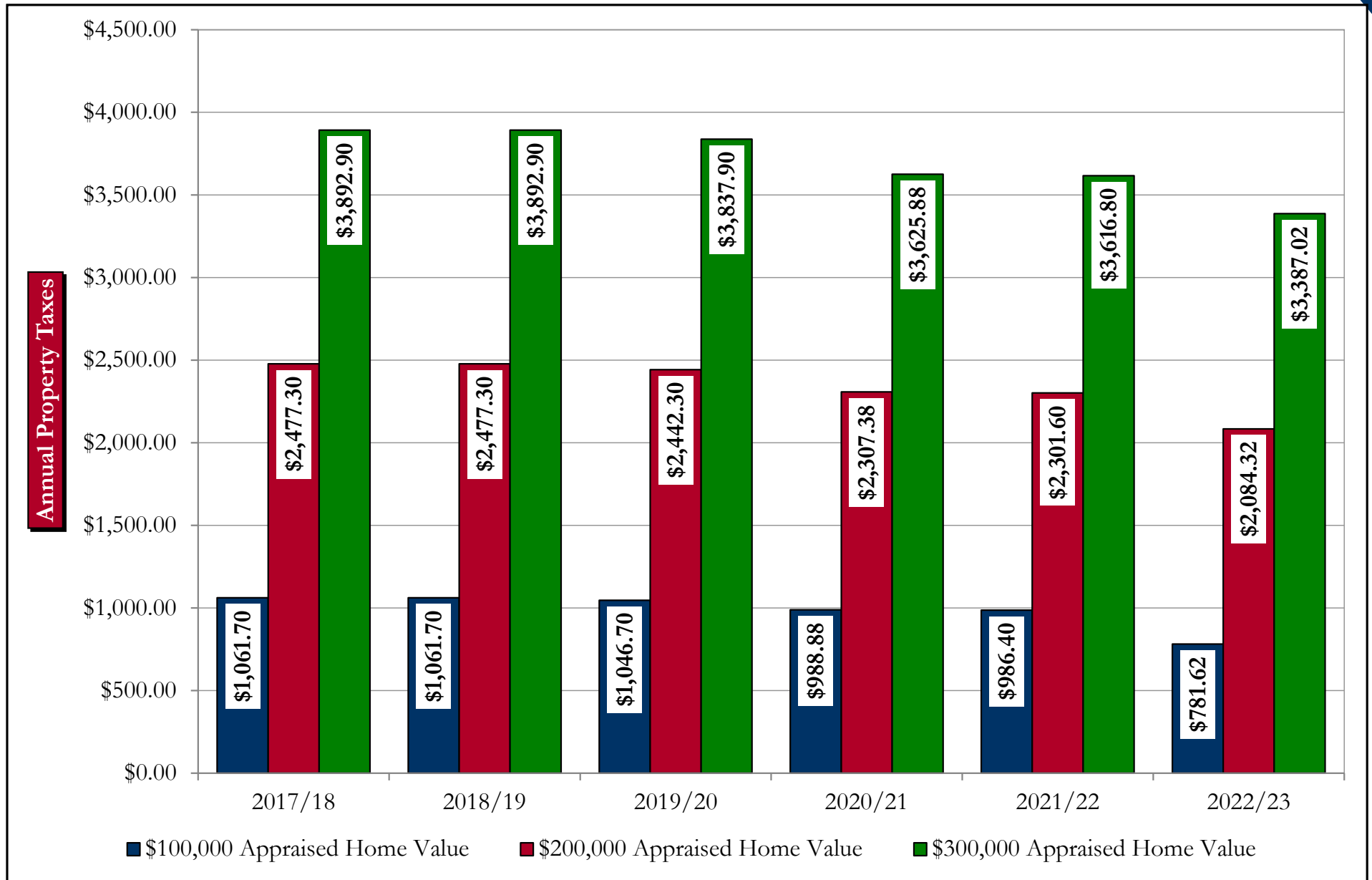


Historical Tax Rates





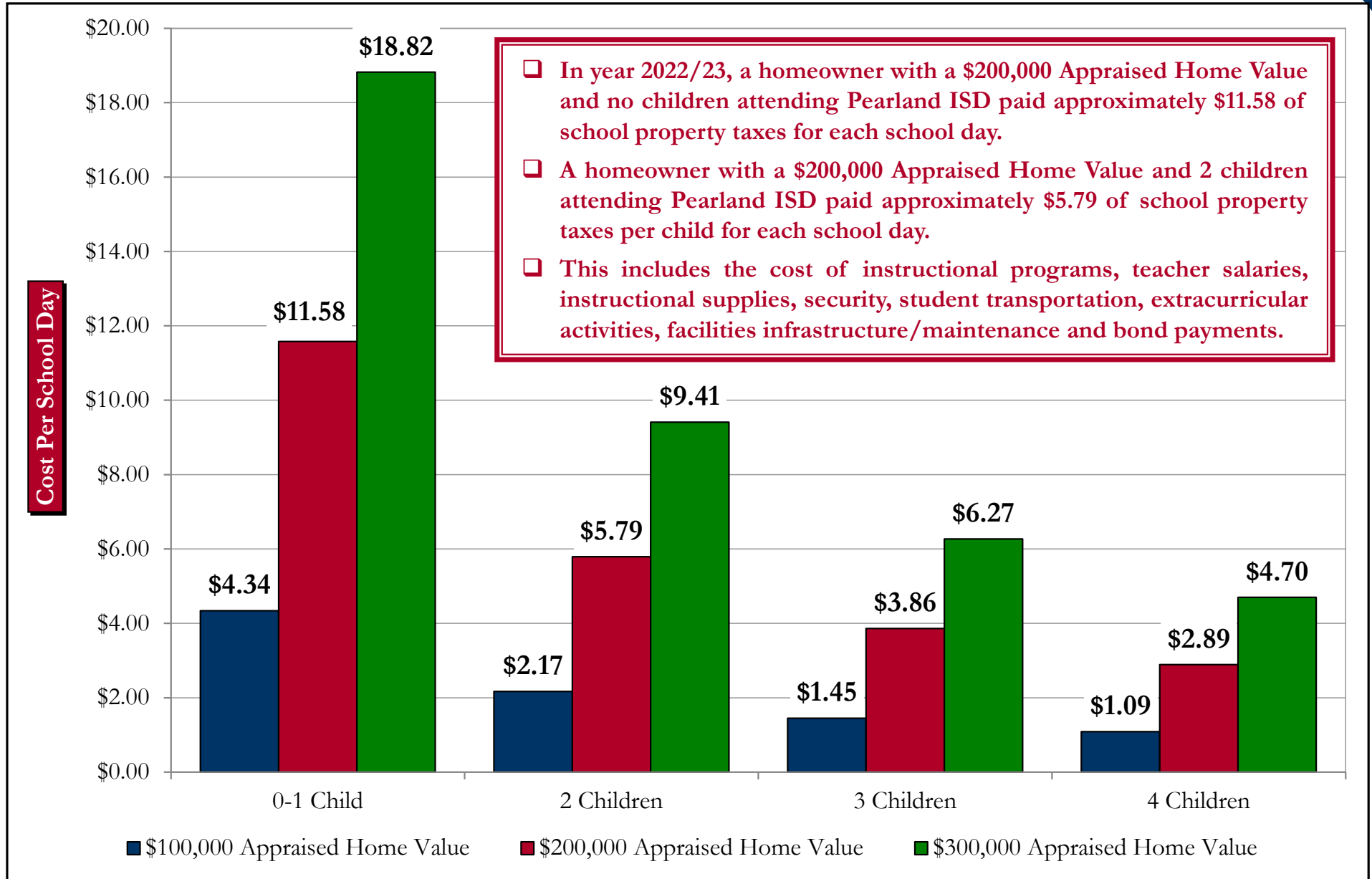
Historical Total Property Taxes For Maintenance and Operations and Voter-Approved Bonds – For Various Appraised Home Values



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



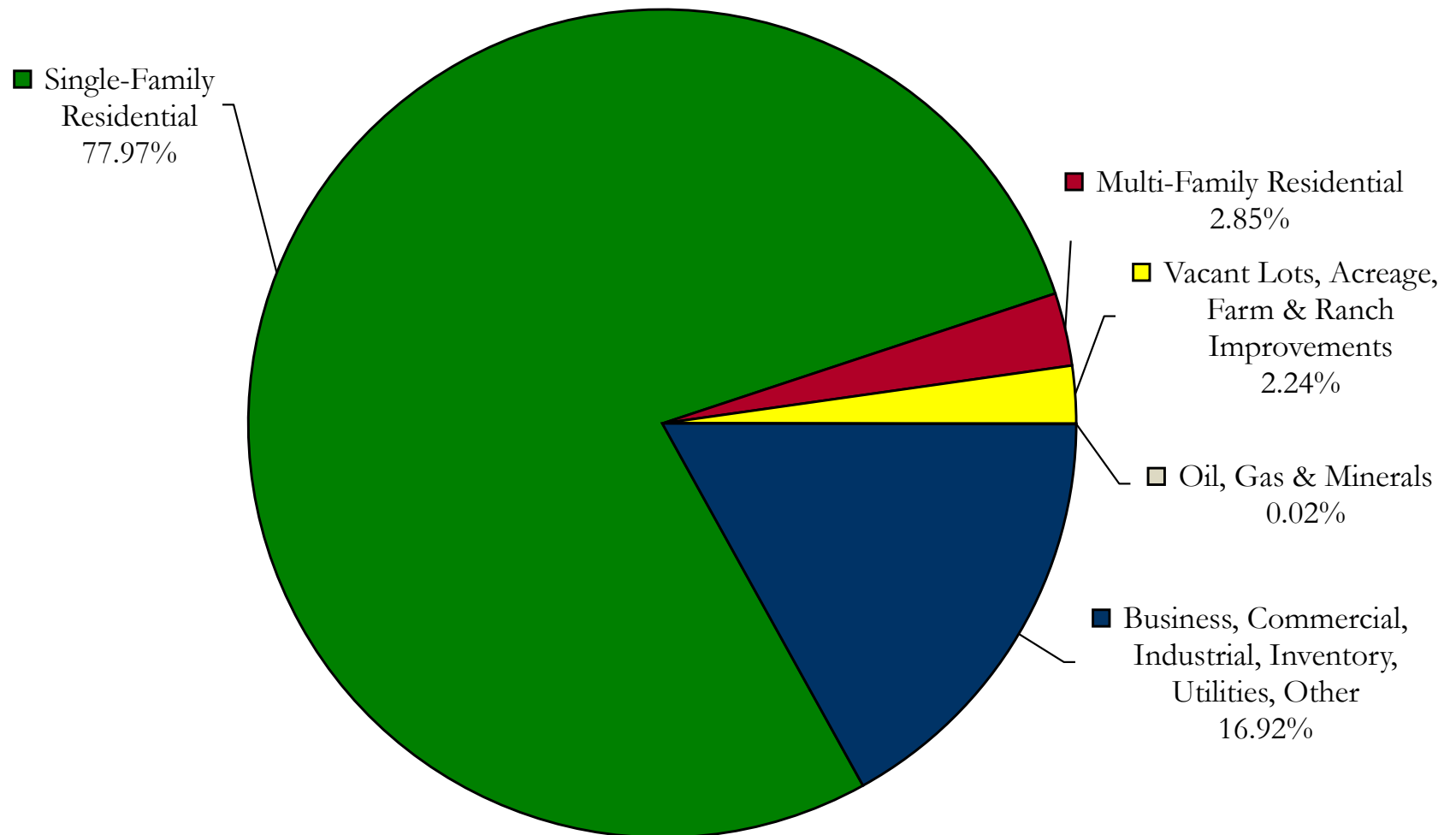
Summary of Property Tax Cost Per School Day – For Various Appraised Home Values – Year 2022/23





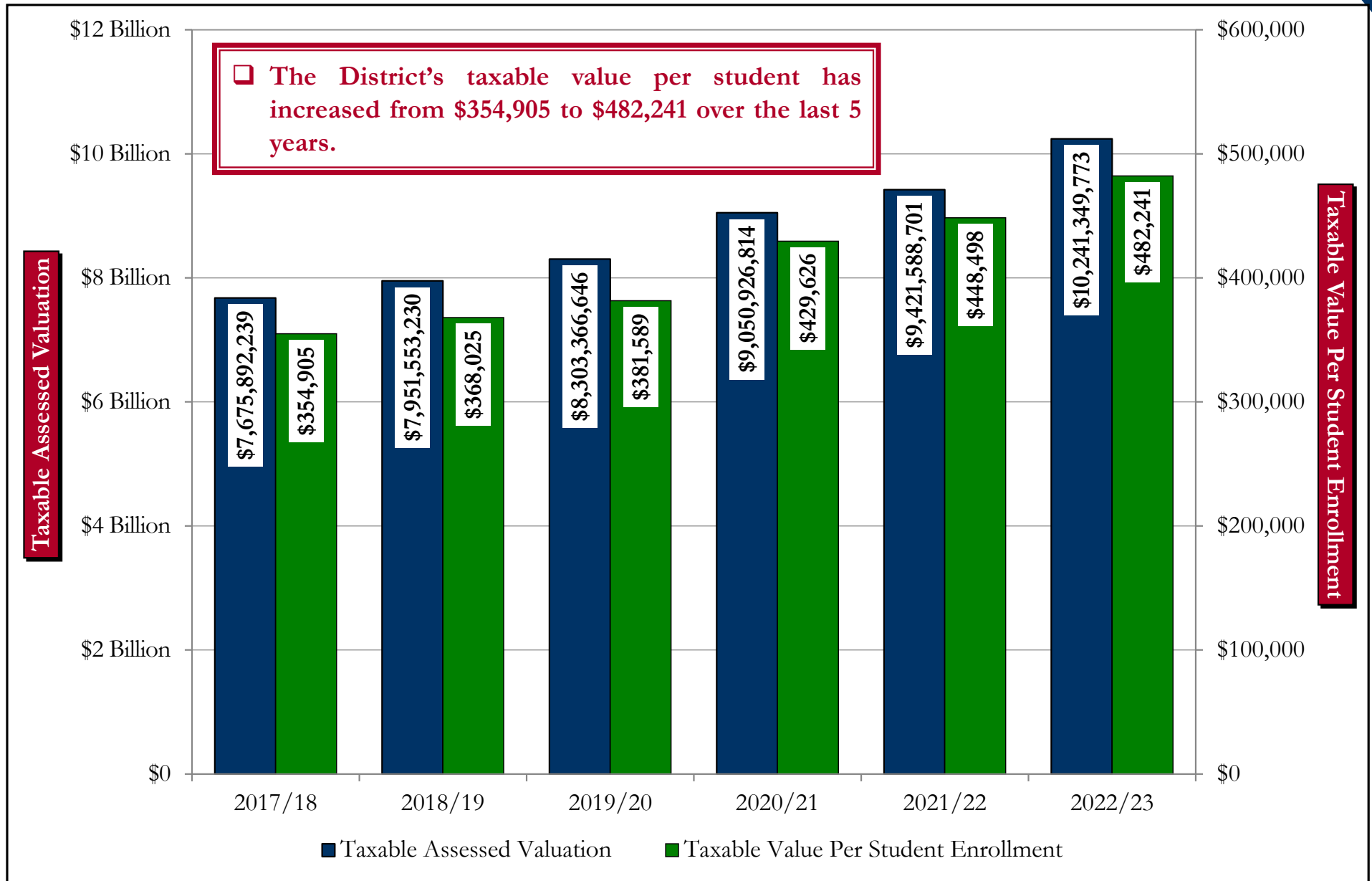
Composition of Total Assessed Valuation – Year 2022/23

For year 2022/23, Single-Family Residential properties comprised 77.97% of the District's total assessed valuation and other property categories comprised 22.03%.





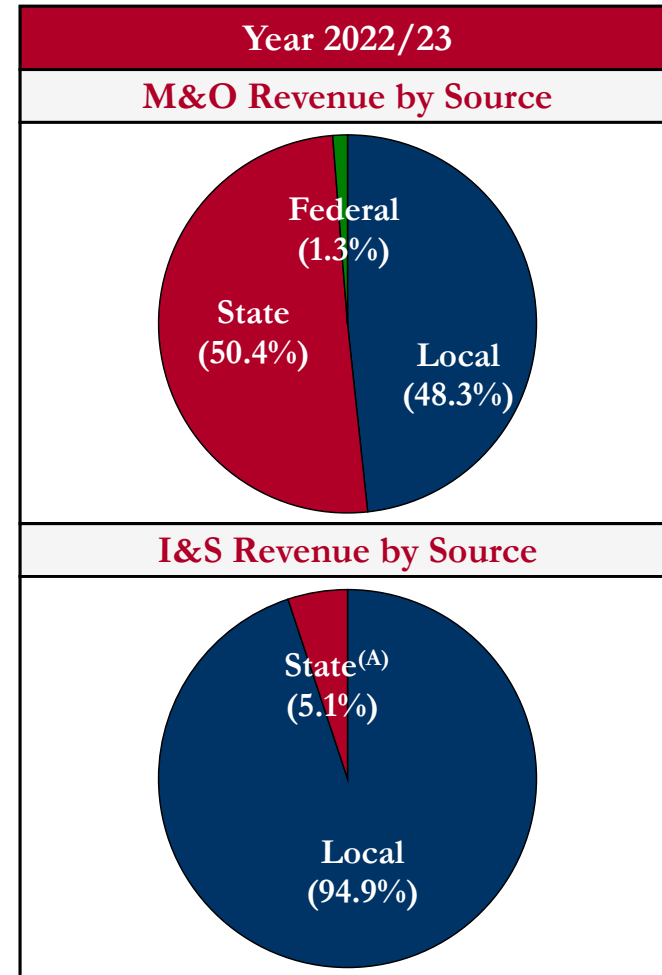
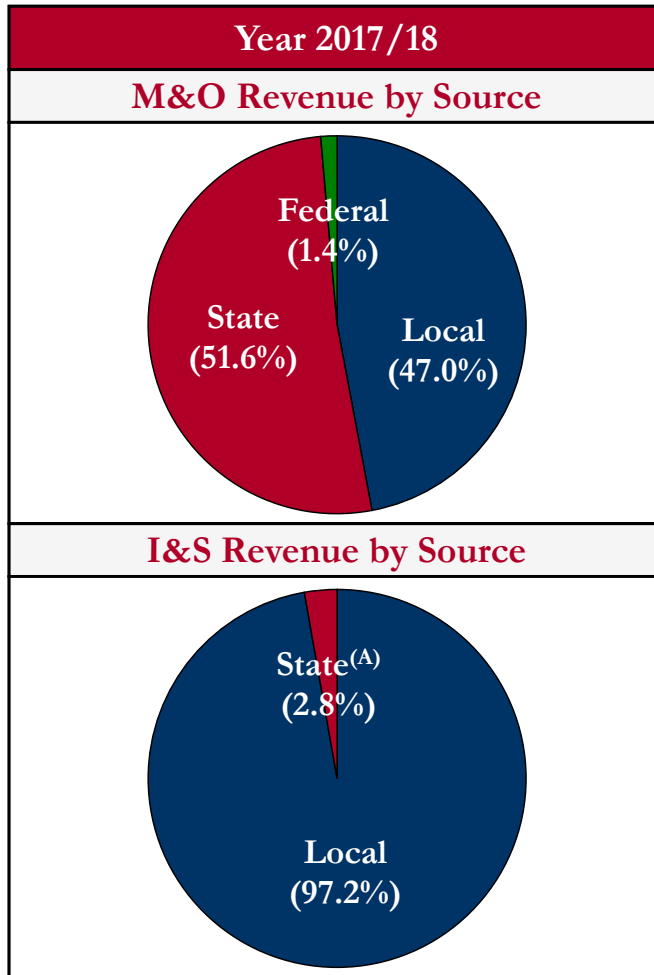
Historical Taxable Assessed Valuation and Taxable Value Per Student Enrollment





General Fund and Debt Service Fund – Revenue By Source

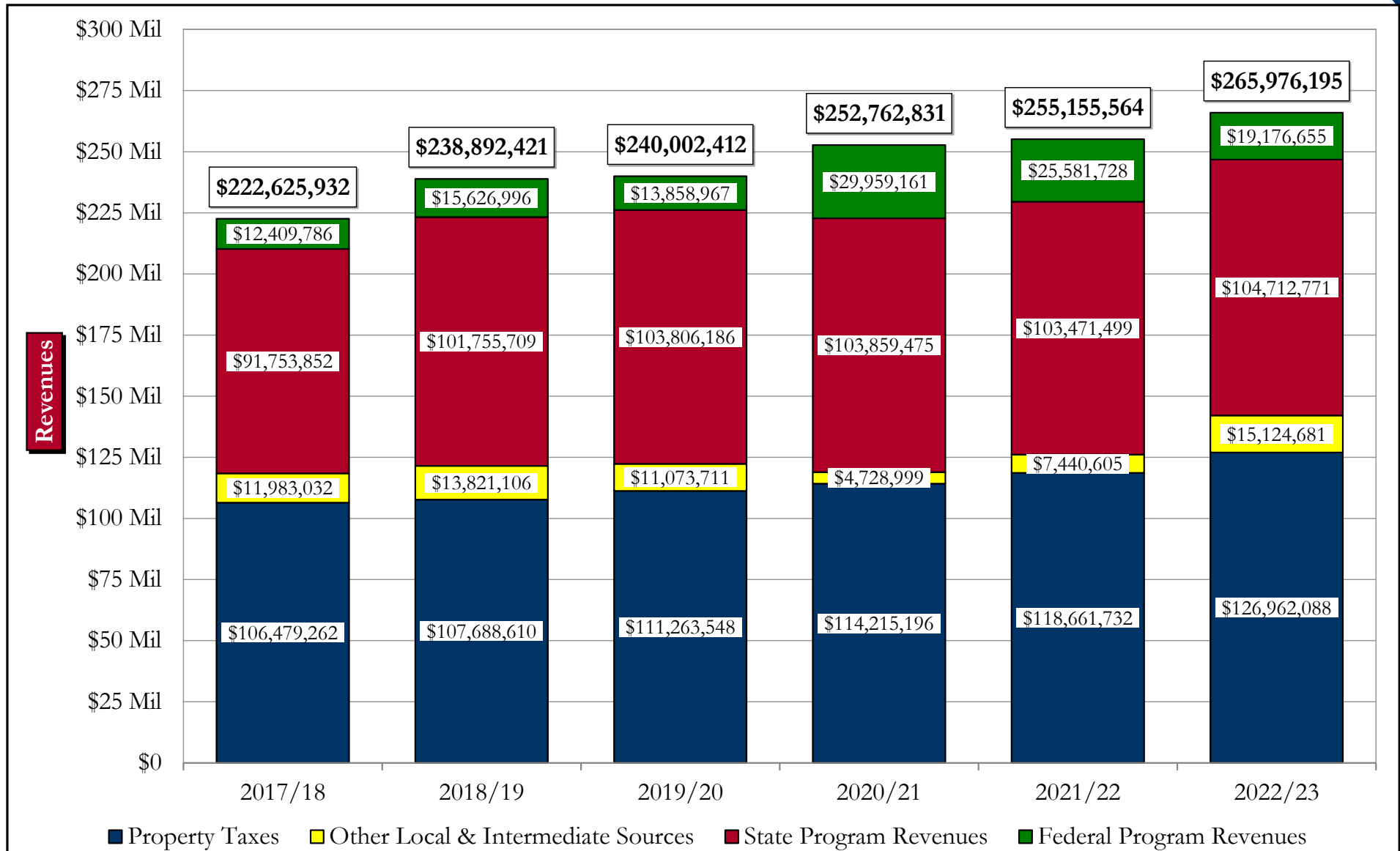
- Given the State funding system is structured to provide the District with an “equalized” dollar amount per student, the increase of the District’s taxable value per student has decreased the percentage of M&O revenues received from the State from 51.6% to 50.4% over the last 5 years.



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



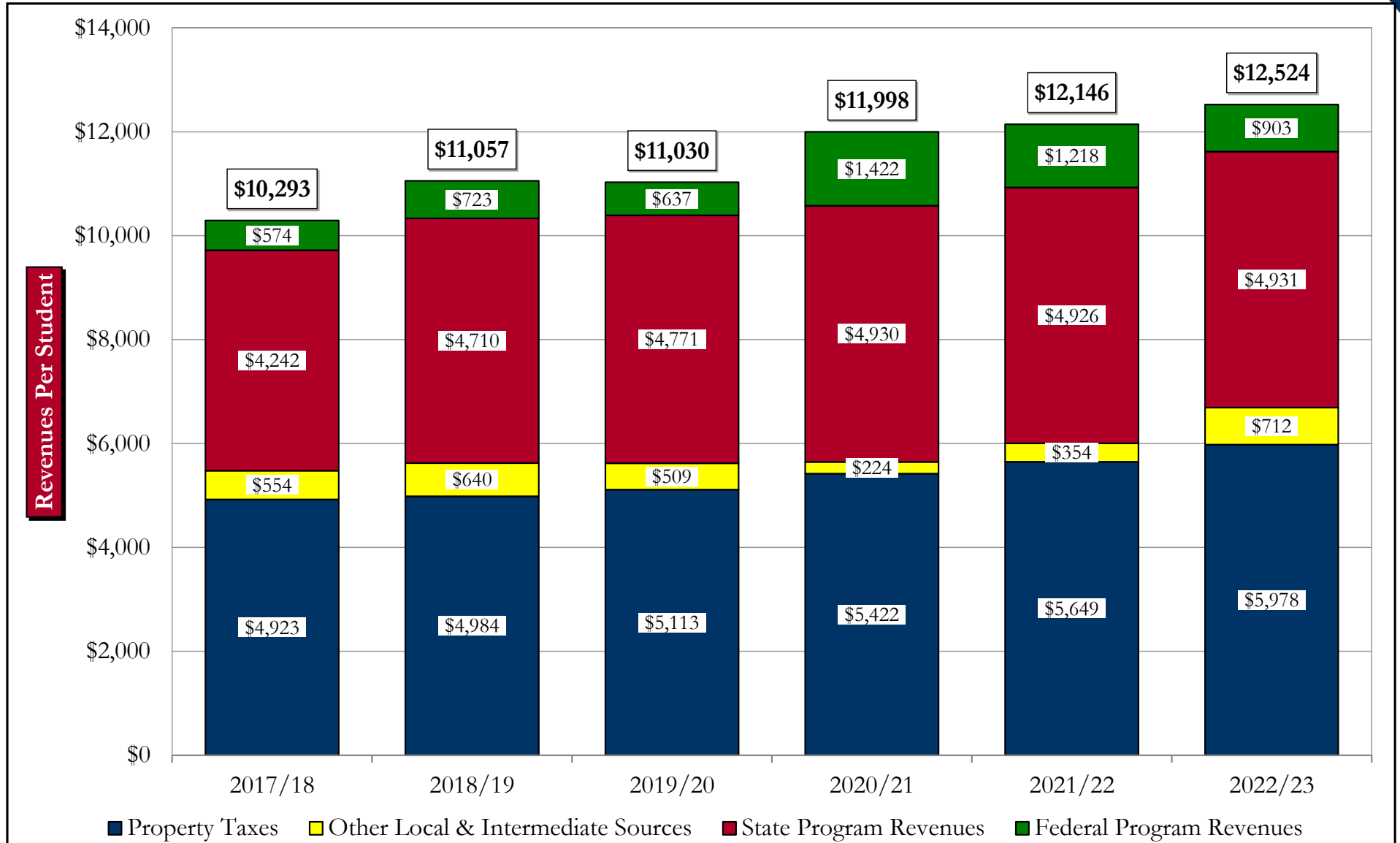
Total Revenues (All Governmental Funds*) By Source



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



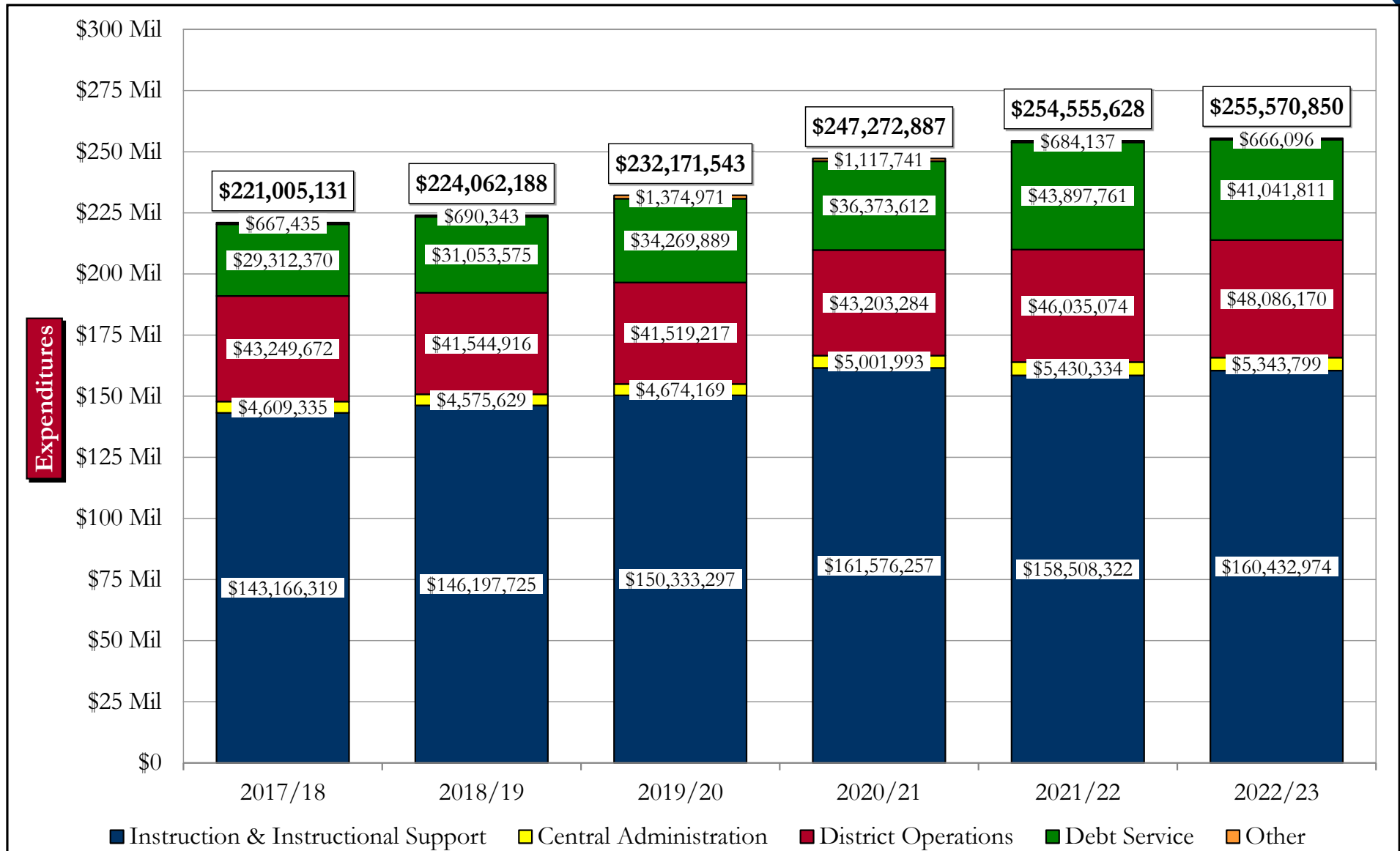
Total Revenues (All Governmental Funds*) Per Student



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



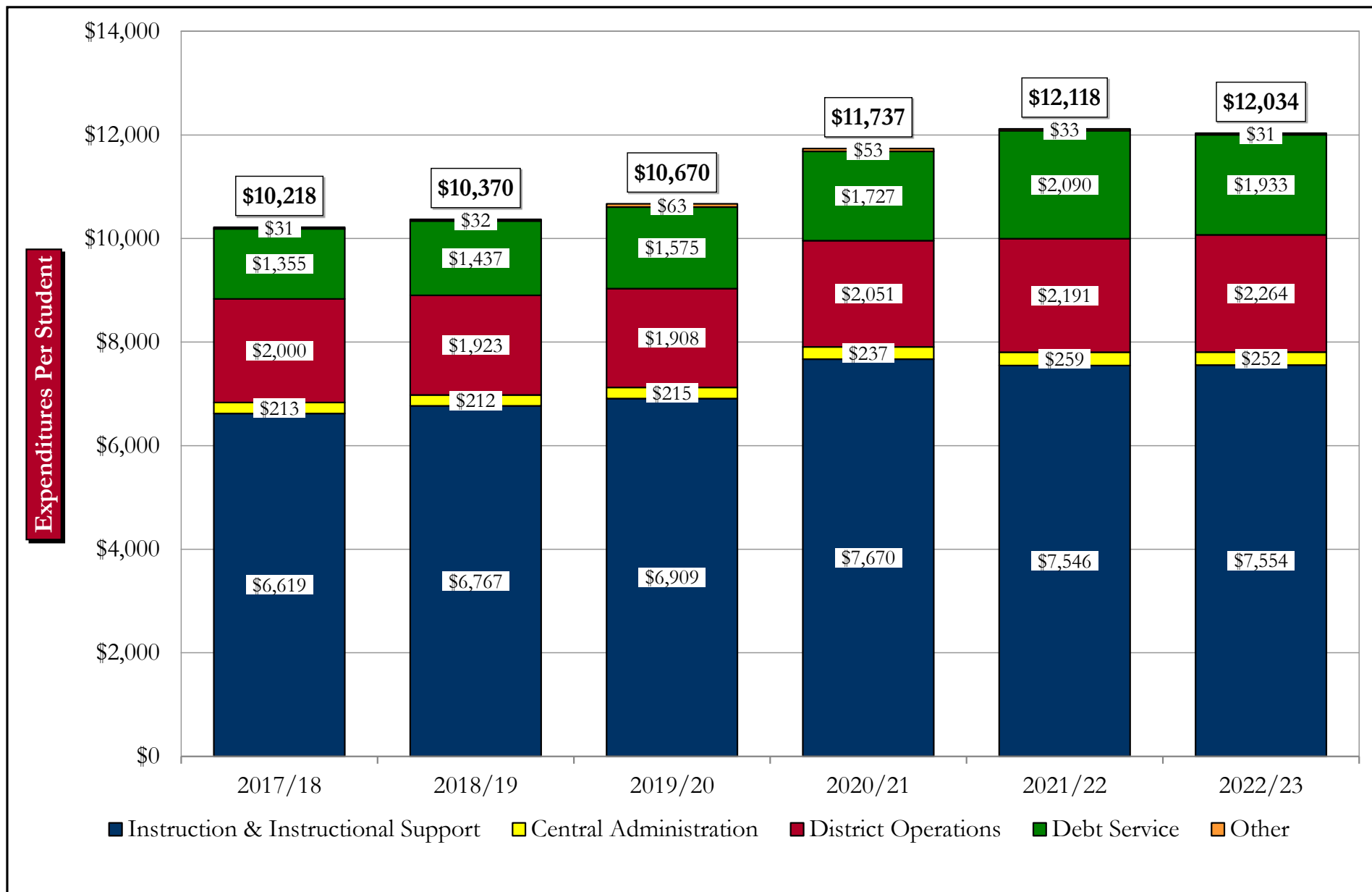
Total Expenditures (All Governmental Funds*) By Source



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



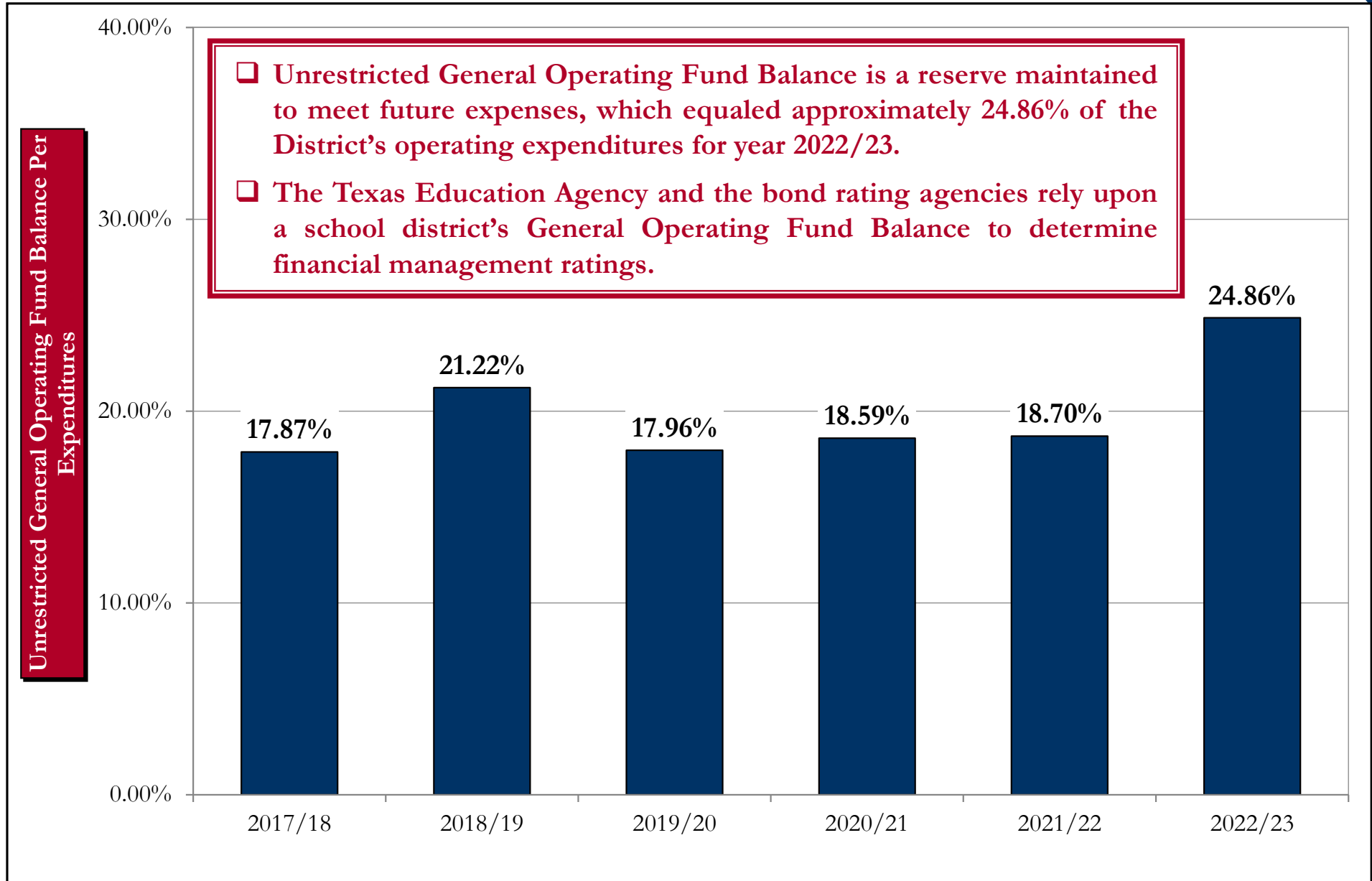
Total Expenditures (All Governmental Funds*) Per Student



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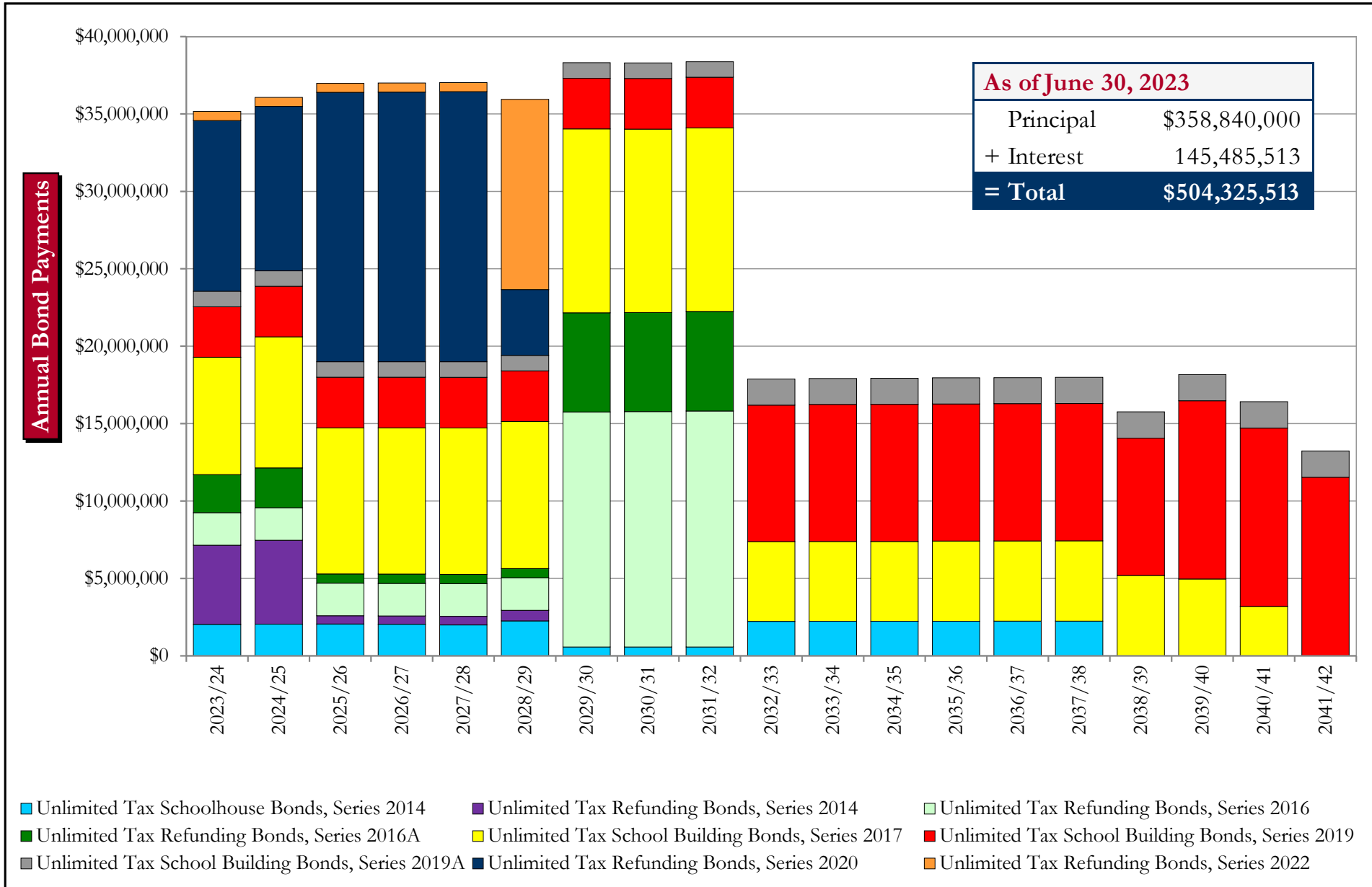


Unrestricted General Operating Fund Balance as a Percentage of General Operating Expenditures



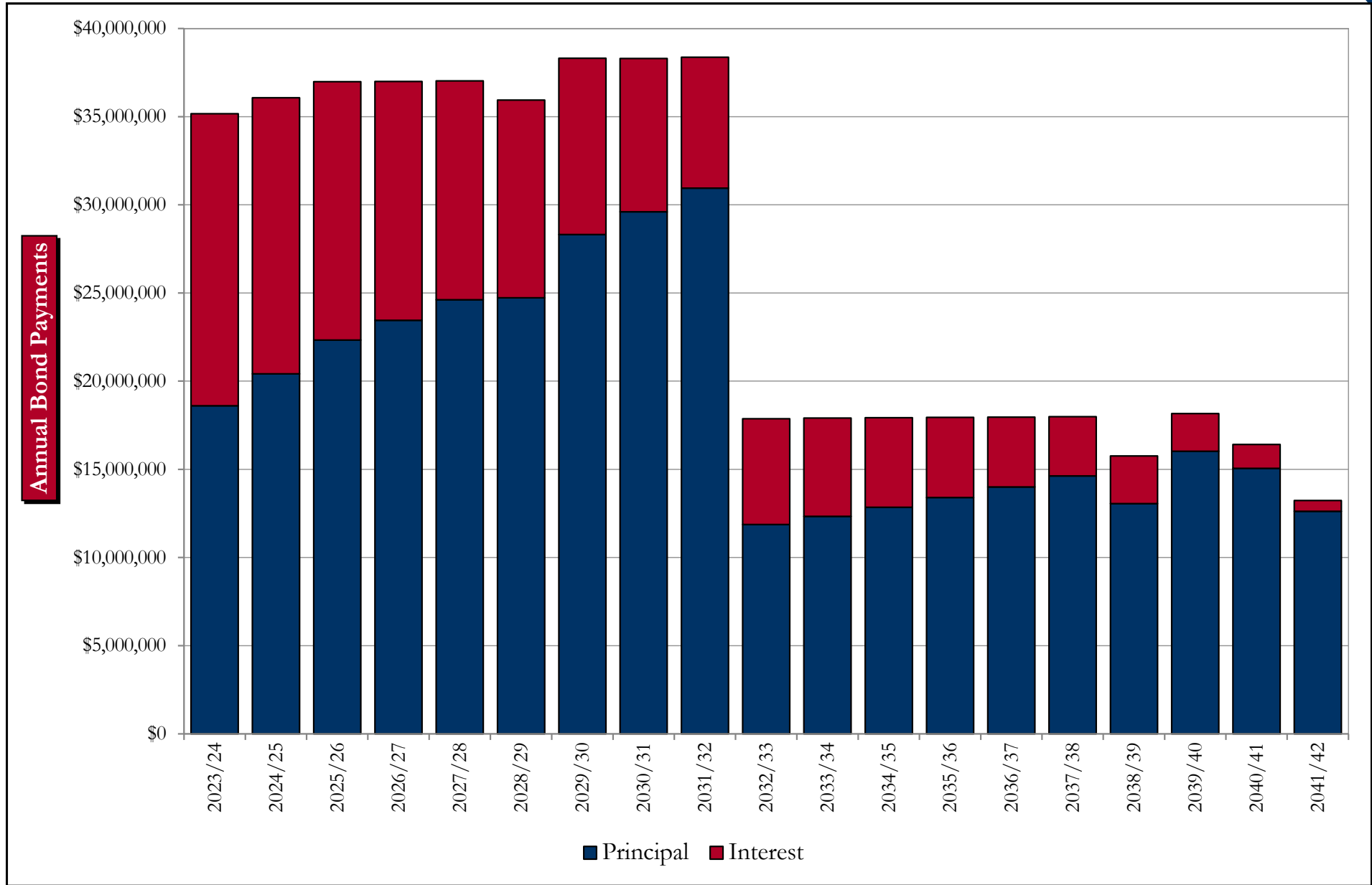


☑ Unlimited Tax Debt Service By Series – Existing Bonds Approved By Voters





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





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

- ❑ Pearland ISD has implemented 11 refunding programs and has prepaid approximately \$12.625 million of existing bonds to reduce the cost of voter-approved bonds – Which have generated more than \$58.4 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 Outstanding Bonds - February 2017	2007	1,220,000	262,000
Unlimited Tax Refunding Bonds, Series 2020	2001B, 2011, 2012, 2013B	93,730,000	15,186,909
Prepayment of Outstanding Bonds - March 2021	2014	2,240,000	1,684,956
Prepayment of Outstanding Bonds - March 2022	2014, 2017	6,330,000	4,333,122
Unlimited Tax Refunding Bonds, Series 2022	2013A	12,825,000	1,434,375
Prepayment of Outstanding Bonds - March 2023	2017	2,835,000	2,316,447
Totals	---	\$ 509,536,596	\$ 58,417,387

- Additionally, on December 5, 2023, the District issued \$19,595,000 Unlimited Tax Refunding Bonds, Series 2023 to refund \$20,500,000 of outstanding Unlimited Tax Schoolhouse Bonds, Series 2014 and Unlimited Tax Refunding Bonds, Series 2014 and generated \$1,580,625 in interest cost savings.



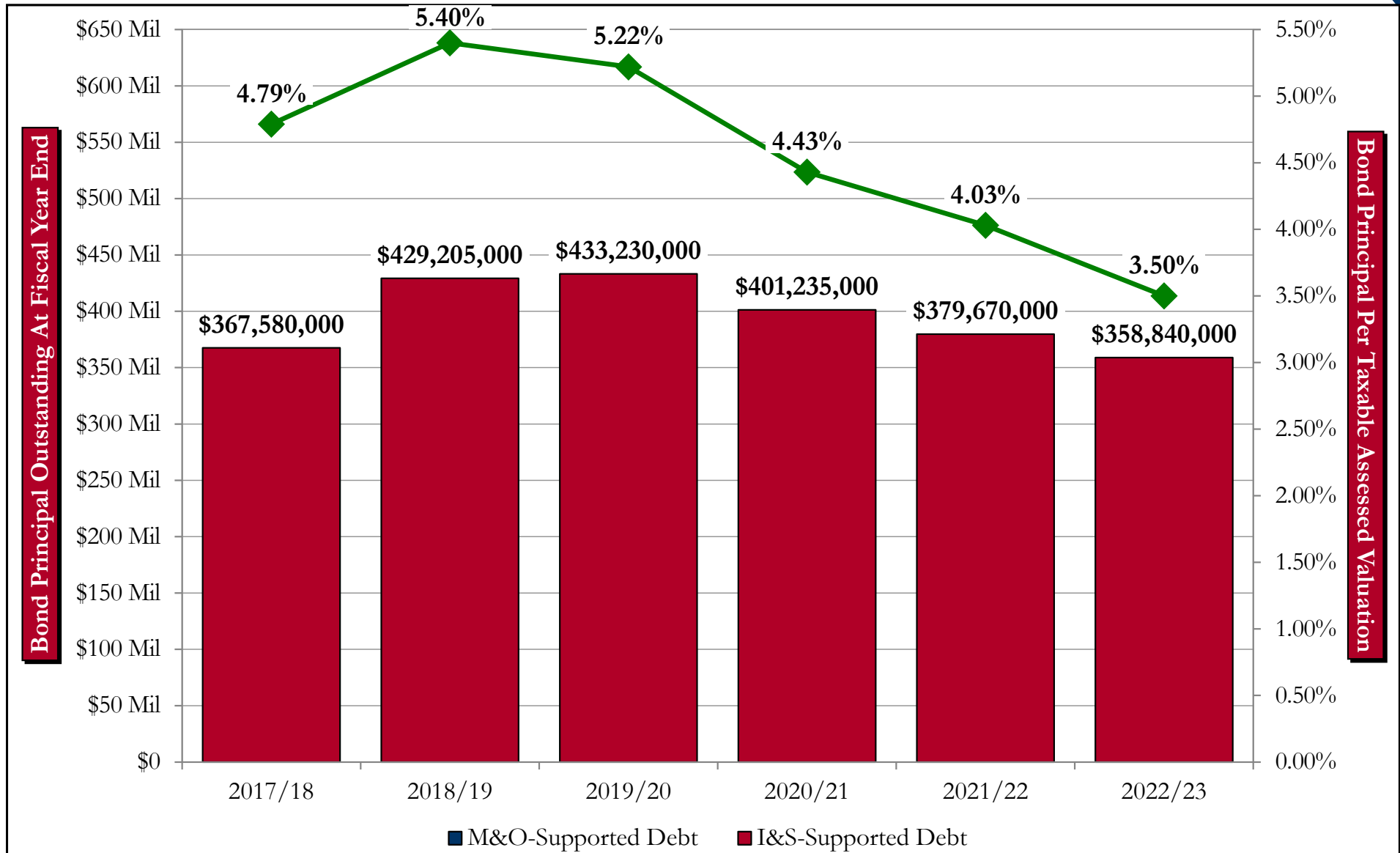
☑ Summary of Unlimited Tax Debt Outstanding By Series – As of Fiscal Year Ended June 30, 2023

- ☐ 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 2014	Capital Improvements	\$30,540,000.00	\$19,140,000.00	\$27,504,200.00	\$150.51	\$216.28	02/15/2038	\$34,469,924.55	\$34,469,924.55	\$0.00
2	Unlimited Tax Refunding Bonds, Series 2014	Refunding at a lower interest rate, etc.	\$28,655,000.00	\$11,820,000.00	\$12,858,050.00	\$92.95	\$101.11	02/15/2029	\$32,820,444.85	\$32,820,444.85	\$0.00
3	Unlimited Tax Refunding Bonds, Series 2016	Refunding at a lower interest rate, etc.	\$41,335,000.00	\$41,335,000.00	\$58,264,662.50	\$325.04	\$458.16	02/15/2032	\$50,998,382.49	\$50,998,382.49	\$0.00
4	Unlimited Tax Refunding Bonds, Series 2016A	Refunding at a lower interest rate, etc.	\$42,200,000.00	\$21,555,000.00	\$26,651,350.00	\$169.50	\$209.57	02/15/2032	\$45,741,925.85	\$45,741,925.85	\$0.00
5	Unlimited Tax School Building Bonds, Series 2017	Capital Improvements	\$105,510,000.00	\$94,400,000.00	\$133,809,900.00	\$742.31	\$1,052.21	02/15/2041	\$122,583,992.15	\$122,583,992.15	\$0.00
6	Unlimited Tax School Building Bonds, Series 2019	Capital Improvements	\$75,155,000.00	\$75,155,000.00	\$125,936,400.00	\$590.98	\$990.30	02/15/2042	\$81,795,036.92	\$81,795,036.92	\$0.00
7	Unlimited Tax School Building Bonds, Series 2019A	Capital Improvements	\$18,305,000.00	\$17,400,000.00	\$25,929,950.00	\$136.82	\$203.90	02/15/2042	\$20,118,455.15	\$20,118,455.15	\$0.00
8	Unlimited Tax Refund Bonds, Series 2020	Refunding at a lower interest rate, etc.	\$78,675,000.00	\$66,335,000.00	\$78,161,000.00	\$521.62	\$614.62	02/15/2029	\$96,986,809.55	\$96,986,809.55	\$0.00
9	Unlimited Tax Refund Bonds, Series 2022	Refunding at a lower interest rate, etc.	\$11,700,000.00	\$11,700,000.00	\$15,210,000.00	\$92.00	\$119.60	02/15/2029	\$12,905,802.00	\$12,905,802.00	\$0.00



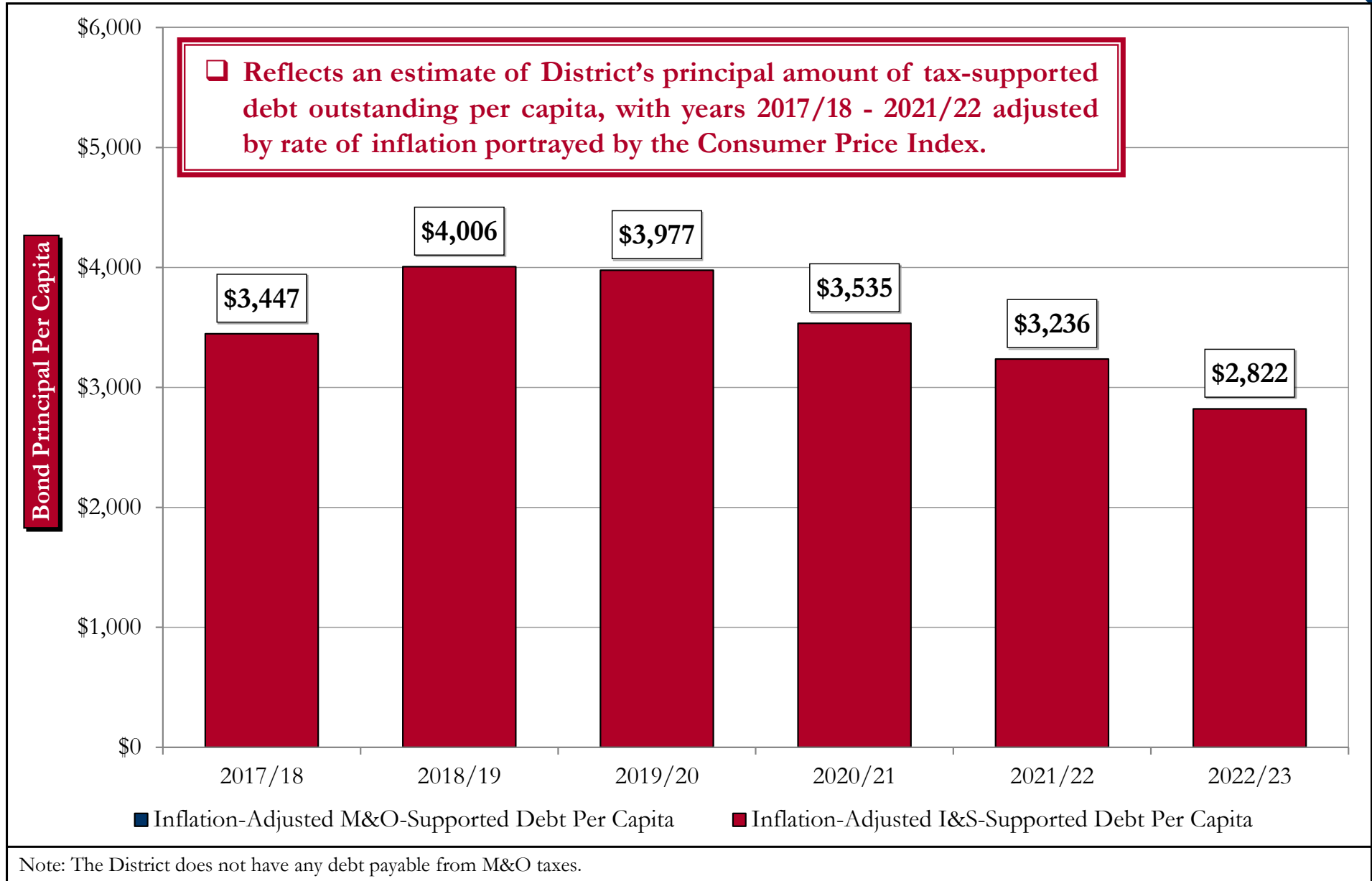
Tax-Supported Debt Obligations At Fiscal Year End and As a Percentage of Taxable Assessed Valuation



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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Director of Finance

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Links to Additional Resources:

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

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