

Annual Financial Report Summary

For the Fiscal Year Ended
June 30, 2024



Pearland Independent School District
Pearland, TX



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Superintendent's Message

When we think about a school building, the images that often come to mind are of teachers engaging students, coaches guiding athletes, and principals leading with purpose. We picture school buses pulling up to beautiful facilities, delivering the future leaders of tomorrow into the classrooms of today. However, there's a critical piece of the puzzle we may overlook—the accountants. Behind the scenes, the resources, compensation, and support that enable our staff to educate and empower students are intricately tied to a complex and ever-evolving educational funding system. This annual financial report summary, meticulously crafted by our Chief Financial Officer, Thu Pham, and her dedicated team of Business Services experts, helps to shed light on this intricate process.

At Pearland ISD, our mission is to empower, inspire, and develop courageous, confident individuals who excel in a global society. We achieve this by partnering closely with our community, working together to build a district we are all proud of. Our Business Services embodies this mission by ensuring financial transparency, accountability, and excellence in managing district resources.

Over the past three years, Texas has experienced significant inflation, presenting public schools like ours with daunting financial challenges. With the rising costs of teacher and staff salaries, health insurance, utilities, and more, the state's current school finance formulas have proven to be inflexible and insufficient to meet these increasing demands. The road ahead for Pearland ISD will not be without obstacles, but we are deeply grateful for the unwavering support our community has shown. Even with less funding than some of our neighboring districts, Pearland ISD has maintained a high standard of achievement thanks to your commitment. As we look to the future, we hope that continued investment in public education remains a priority because the future of Texas rests on the success of today's students.

Together, we will continue to Build Pearland proud.



Larry Berger
Pearland ISD Superintendent



Dr. Larry Berger
Pearland ISD Superintendent

About the District

PEARLAND ISD is one of eight public school districts located in Brazoria County. In addition to the regular educational program from pre-kindergarten to grade twelve, the District offers programs in areas such as vocational education, special education, bilingual/dual language, gifted and talented, and compensatory education. All of the District's schools are fully accredited by the TEA and the Southern Association of Colleges and Schools.

MISSION In partnership with the community, families, and students, Pearland ISD prepares all learners to achieve their highest potential.

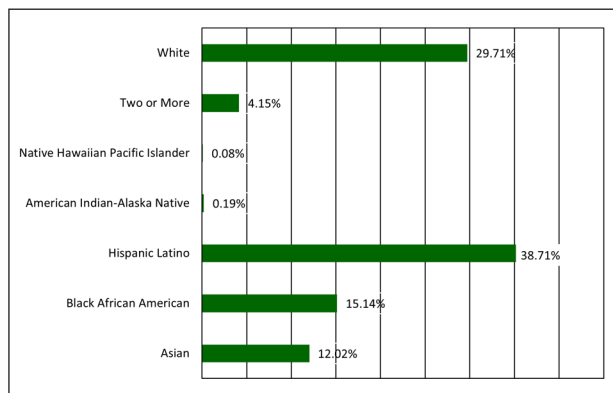
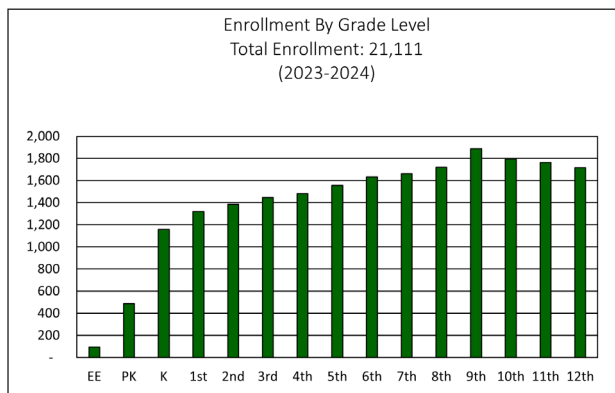
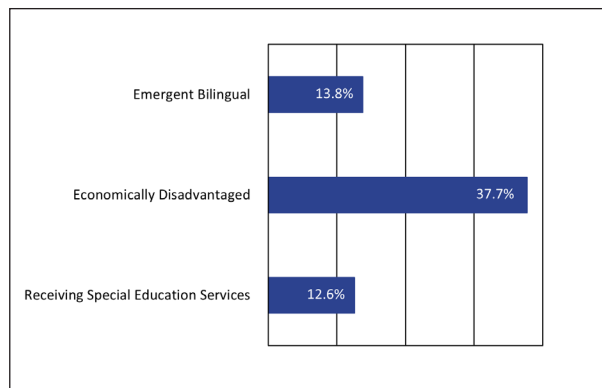
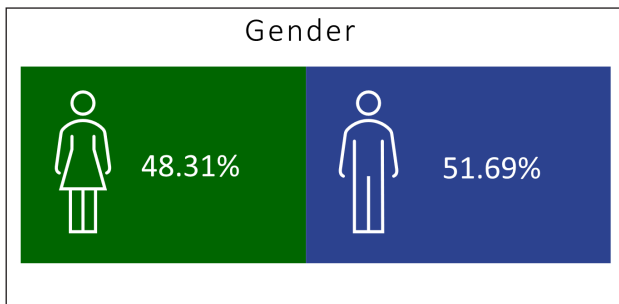
VISION Pearland ISD will empower, inspire, and develop courageous, confident individuals who excel in a global society.

BELIEFS

We believe:

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

Enrollment Demographics



Board of Trustees



Crystal Carbone
President



Sean Murphy
Vice President



Nanette Weimer
Secretary



Toni Carter
Member



Dr. Kristofer Schoeffler
Member



Amanda Kuhn
Member



Jenny Francis
Member

Administration

- DR. LARRY BERGER SUPERINTENDENT
- KELLY HOLT DEPUTY SUPERINTENDENT
- JON-PAUL ESTES..... CHIEF TECHNOLOGY OFFICER
- THU PHAM CHIEF FINANCIAL OFFICER
- DR. LISA NIXON ASST. SUPERINTENDENT OF EDUCATIONAL SERVICES
- TANYA DAWSON GENERAL COUNSEL
- DR. CHARLES ALLEN EXECUTIVE DIRECTOR OF CURRICULUM & INSTRUCTION
- DR. SUNDIE DAHLKAMP EXECUTIVE DIRECTOR FOR HUMAN RESOURCE SERVICES & COMMUNICATIONS
- DR. LAKESHA HENSON-VAUGHN EXECUTIVE DIRECTOR OF INTERMEDIATE SCHOOLS
- MARLO KELLER.....EXECUTIVE DIRECTOR OF ELEMENTARY EDUCATION
- JOHN PALOMBOEXECUTIVE DIRECTOR OF SAFETY & OPERATIONS

General Fund Year-End Highlights

Pearland ISD ended fiscal year 2023–2024 in a good financial standing with 131 days in fund balance. The increase of \$5.2 million in the general fund balance is due to the following:

- *Increased \$3.5 million in additional state revenues. On September 9, 2024, the state adjusted the Hold Harmless formula for the increase in the homestead exemption for tax year 2023.*
- *Increased \$2.4 million due to lower in expenditures primarily in payroll, contracted services, and materials & supplies.*
- *Increased \$2.1 million primarily in non-operating revenues for leased assets and subscription based information technology arrangements (SBITA).*
- *Decreased \$2.8 million or 50% of surplus for a transfer out to the capital renewal fund to fund the District’s Capital Renewal Plan.*

The District had \$209.4 million in general operating expenditures during fiscal year 2023–2024; an increase of \$17.0 million or 8.9% from prior year. The increase in expenditures was primarily due to a 2% general pay increase for all staff and an additional pay increase given as a mid-year supplemental payment to all staff.

Additionally, new student one-to-one devices were initially purchased out of general funds, with the intent of that purchase being refunded by bond proceeds in the next fiscal year after the successful bond election in May. Increased property insurance costs, higher utility costs, and additional statewide safety and security requirements also contributed to the increases in general fund expenditures in fiscal year 2023–2024.

The primary use of general funds is for instruction and instructional related services which totals 60.8% of expenditures; spending our funds where it matters most, on activities that directly impact student learning.

GENERAL FUND (IN MILLIONS)	FINAL BUDGET	ACTUAL	VARIANCE
REVENUES	\$212.2	\$215.4	\$3.2
EXPENDITURES	(211.9)	(209.4)	2.4
OTHER FINANCING SOURCES (USES)	2.2	(0.72)	(2.9)
NET CHANGE IN FUND BALANCE	2.5	5.2	2.7
FUND BALANCE - BEGINNING	70.2	70.2	
FUND BALANCE - ENDING	\$72.7	\$75.4	\$2.7
DAYS IN FUND BALANCE	125	131	6

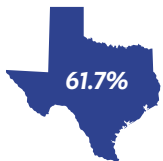
Where Did General Fund Revenues Come From?

76.3% OF DISTRICT REVENUES ARE ACCOUNTED FOR IN THE GENERAL OPERATING FUND

Local

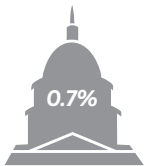


Local revenues generated \$81.1 million or 37.7% of all general fund revenues, which included \$8.9 million generated by the District's successful Voter Approval Tax Rate Election (VATRE). Most local revenues are comprised of property tax collections which decreased by 18.0% from the prior fiscal year. This decrease was due to Senate Bill 2 which passed during the 88th Legislative session and provided school district tax relief through tax rate compression and an increase in the homestead exemption from \$40,000 to \$100,000.



State

The district received \$132.8 million in State revenues, which included \$2.3 million awarded from the state for the District's successful VATRE; an increase of 29.8% from prior year, primarily due to the increase in the state aid to offset the decrease in local revenue for property tax collections.

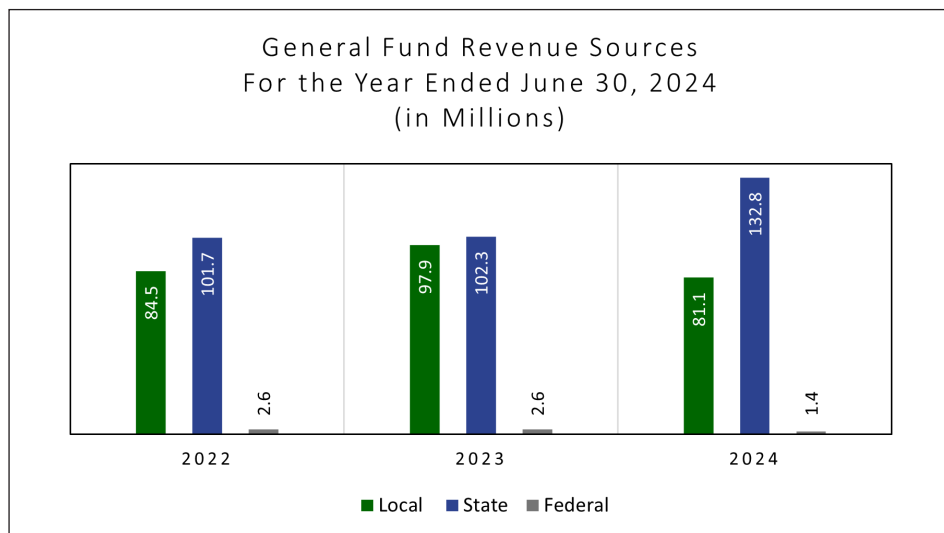


Federal

Revenues received from federal sources account for \$1.4 million of general fund revenues which is a decrease of 45.1% from prior year. Most federal revenues come from reimbursements through Medicaid for providing School Health and Related Services (SHARS) and indirect costs charged to grants. The significant decrease in federal funding is due to the decrease in funding provided by SHARS after a state audit finding led them to correct their processes, therefore decreasing the funding passed along to school districts.

TOTAL GENERAL FUND REVENUES

\$215.4 Million

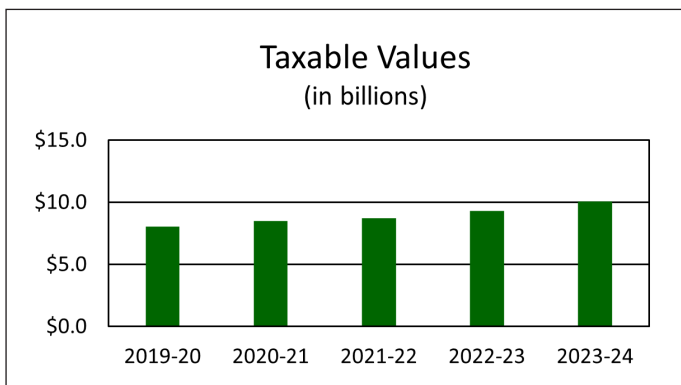


Property Values & Tax Rates

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

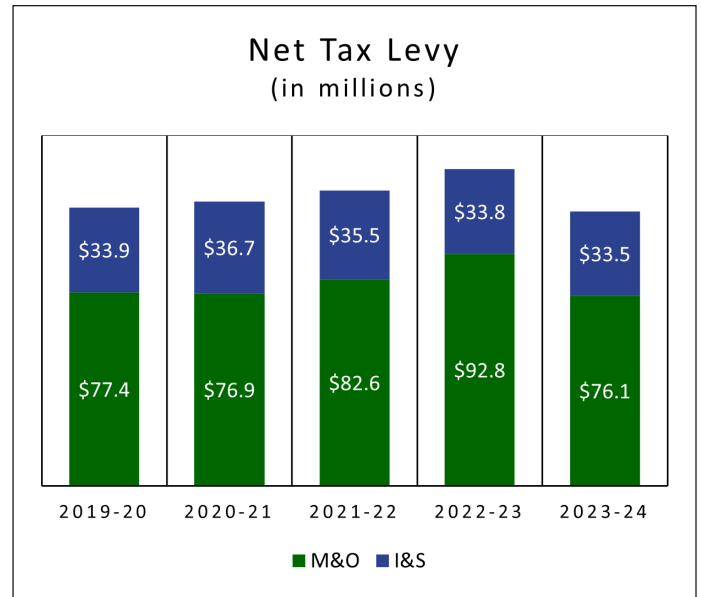
Property Values

Property values for fiscal year 2023–2024 increased by \$759 million or 8.1% from 2022–2023.



Tax Collections

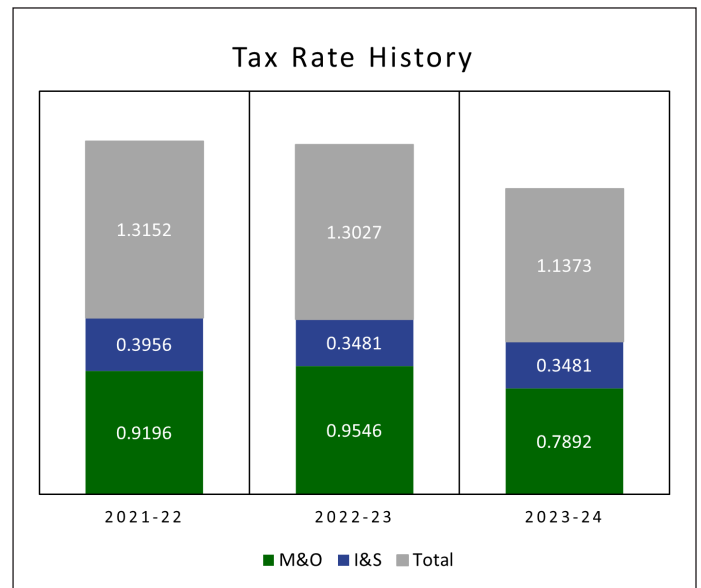
The District collected 98.6% of the net tax levy during the fiscal year 2023–2024.



Tax Rate

The tax rate adopted is the lowest in over four decades. The 2023 Maintenance and Operations (M&O) tax rate decreased by 17 cents. While the District’s Maximum Compressed Rate (MCR) decreased by 19 cents and it lost the 7 disaster pennies attributed to the Winter Storm Uri, a successful VATRE election added 9 cents to the tax rate for the District’s Tier II copper pennies. Overall this decreased the M&O tax rate from \$0.9546 in 2022 to \$0.7892 in 2023.

The District was able maintain its debt service (I&S) tax rate of \$0.3481 from 2022 to 2023 to ensure minimum impact to the taxpayers.



Detail of Expenditures by Function

Instruction (57.1%)

Direct costs related to the interaction between teachers and students.

Instructional Resources & Media Services (1.0%)

Costs to operate campus libraries.

Curriculum & Staff Development (2.7%)

Costs to aid instructional staff in planning, developing and evaluating the process of providing learning experiences for students.

Instructional Leadership (1.0%)

Costs for managing, directing, supervising and providing leadership to campus staff.

School Leadership (6.0%)

Costs for directing, managing, and supervising campus operations.

Guidance & Counseling Services (4.3%)

Costs of psychological services, student evaluation, testing, and educational and occupational counseling.

Health Services (1.1%)

Costs for physical health services such as appropriate medical, dental, and nursing services to students.

General Administration (2.4%)

Costs associated with the overall general administrative support services of the district.

Student Transportation (3.9%)

Costs for transporting students to and from school.

Co-curricular Activities (2.3%)

Costs of school-sponsored activities outside of the school day, which provide students with experiences in either a competitive or non-competitive setting.

Plant Maintenance and Operations (12.1%)

Costs to keep facilities and grounds in effective working condition and state of repair.

Security & Monitoring Services (1.1%)

Costs to keep students and staff surroundings safe.

Data Processing Services (2.8%)

Costs related to technology and data services.

Debt Service (1.3%)

Costs related to capital leases and subscription-based information technology arrangements (SBITAs)

Other Expenditures (.9%)

Costs for social work services, community services, acquisition/construction of facilities, payments to the fiscal agent of shared service agreements, alternative education payments, and payments made to other governmental entities.

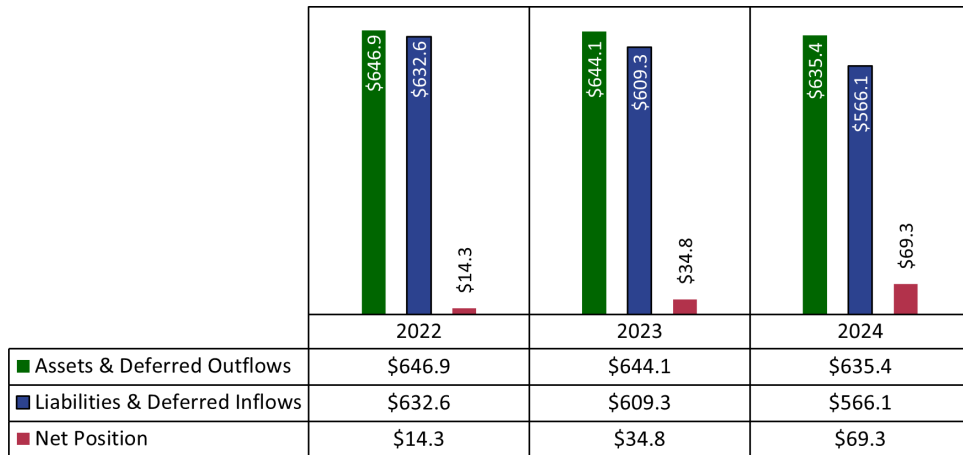
EXPENDITURES BY FUNCTION	FY 2022	FY 2023	FY 2024
11 INSTRUCTION	\$107,184,163	\$109,505,943	\$119,724,770
12 INSTRUCTIONAL RES. AND MEDIA SERVICES	1,935,636	1,966,556	2,061,822
13 CURRICULUM AND STAFF DEVELOPMENT	5,355,089	5,283,368	5,584,247
21 INSTRUCTIONAL LEADERSHIP	2,910,516	2,384,235	2,143,392
23 SCHOOL LEADERSHIP	12,577,415	12,508,407	12,567,936
31 GUIDANCE AND COUNSELING SERVICES	7,778,773	8,113,693	8,912,828
32 SOCIAL WORK SERVICES	651,076	891,301	886,703
33 HEALTH SERVICES	2,365,791	2,295,516	2,293,875
34 STUDENT (PUPIL) TRANSPORTATION	7,071,906	7,641,621	8,220,073
36 CO-CURRICULAR ACTIVITIES	4,444,502	4,989,628	4,892,372
41 GENERAL ADMINISTRATION	5,424,623	5,343,799	5,020,292
51 PLANT MAINTENANCE AND OPERATIONS	22,069,838	22,731,111	25,288,353
52 SECURITY AND MONITORING SERVICES	1,830,783	1,976,363	2,321,205
53 DATA PROCESSING SERVICES	4,494,454	5,162,176	5,823,313
61 COMMUNITY SERVICES	4,525	-	303
71 DEBT SERVICE	612,673	961,090	2,644,290
81 FACILITIES ACQUISITION & CONSTRUCTION	-	-	338,076
93 PAYMENTS TO THE FISCAL AGENT OF SHARED SERVICES AGREEMENTS	-	-	9,327
95 ALTERNATIVE EDUCATION - JJAEP	15,200	-	6,000
99 OTHER INTERGOVERNMENTAL CHARGES	655,182	645,956	690,228
TOTAL EXPENDITURES	\$187,382,145	\$192,400,763	\$209,429,405

Net Position

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

During fiscal year 2023-2024, the District’s liabilities decreased more than its assets resulting in an overall increase of \$34.6 million in total net position. The fiscal year-end net position improved to \$69.3 million.

**DISTRICT NET POSITION
(AS OF JUNE 30, 2024 | IN MILLIONS)**



Debt Service Fund (Payment of Debt)

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The District issues general obligation bonds to provide funds the construction, renovation and equipment of school facilities, and other major capital acquisitions. Debt service requirements are payable solely from future revenue of the Debt Service Fund which consist principally of property taxes collected by the District.

The District received revenues of \$40.4 million in fiscal year 2023-2024; \$34.3 million and \$6.1 million, in local and state revenues, respectively. Principal and interest paid was \$26.1 million and \$17.0 million, respectively, for a total of \$43.1 million. As of June 30, 2024, the District had a balance of \$331.8 million in general obligation bonds outstanding.

YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2025	\$20,315,000	\$15,222,650	\$35,537,650
2026	22,220,000	14,229,250	36,449,250
2027	23,450,000	13,127,650	36,577,650
2028	24,615,000	11,991,150	36,606,150
2029	24,615,000	10,797,000	35,412,000
2030-2034	105,500,000	36,745,150	142,245,150
2035-2039	67,380,000	19,588,000	86,968,000
2040-2044	43,705,000	4,104,900	47,809,900
TOTAL	\$331,800,000	\$125,805,750	\$457,605,750

DATE OF ISSUE	ORIGINAL ISSUE	FINAL MATURITY	INTEREST RATES (%)	OUTSTANDING BALANCE
2014	\$30,540,000	2029	2.000 - 5.000	\$2,615,000
2014B	28,655,000	2039	2.000 - 5.000	2,150,000
2016	41,335,000	2032	5.000 - 5.250	34,000,000
2016A	42,200,000	2032	2.000 - 5.000	19,845,000
2017	105,510,000	2042	3.000 - 5.000	91,245,000
2019	75,155,000	2042	3.000 - 5.000	75,155,000
2019A	18,305,000	2042	3.000 - 5.000	17,070,000
2020	78,675,000	2029	5.000 - 5.000	58,625,000
2022	11,700,000	2029	5.000 - 5.000	11,700,000
2023	19,595,000	2038	5.000 - 5.000	19,395,000
TOTAL	\$451,670,000			\$331,800,000

Special Revenue Funds

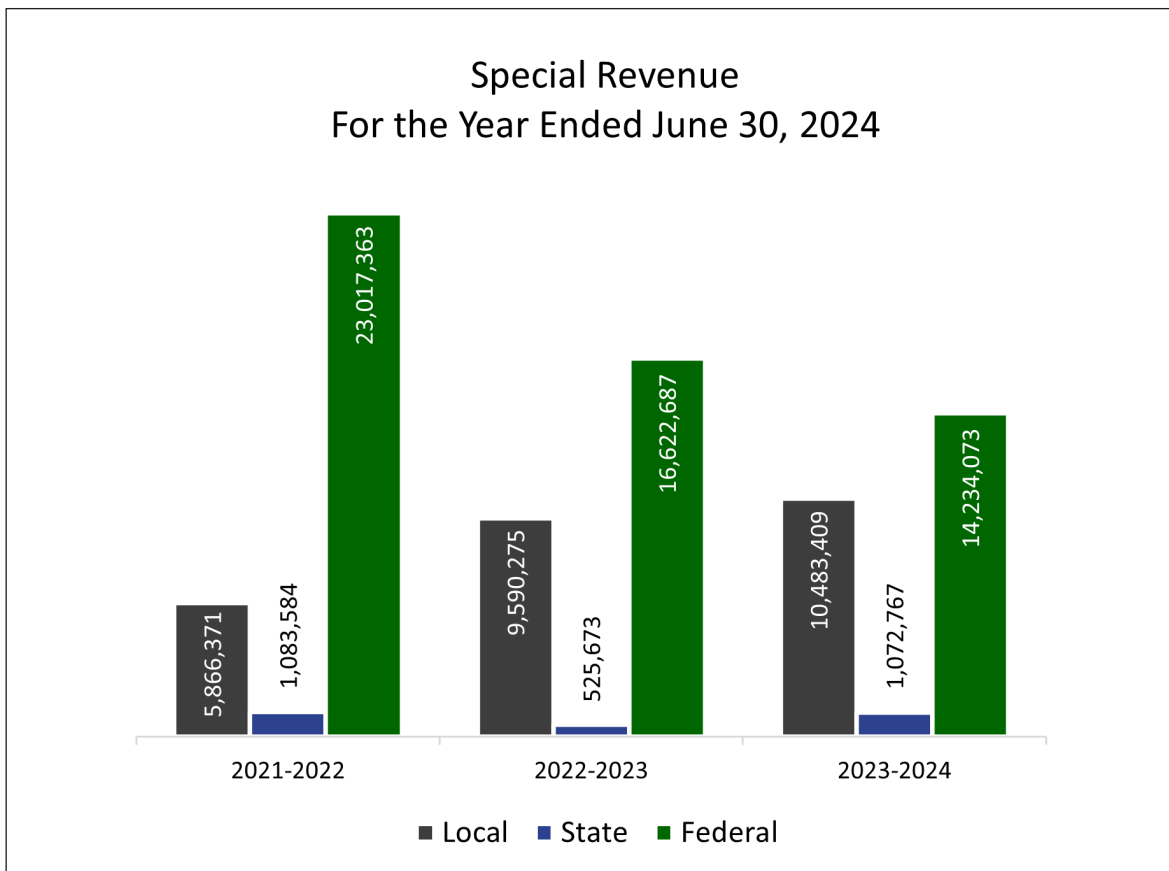
Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. During fiscal year 2023–2024 the District spent \$25.2 million and received \$25.8 million in special revenues from local, state, and federal sources.

Federal revenues received were \$14.2 million or 55.2% of total revenues. Of these revenues, the District received 43.99% or \$6.3 million to fund the Nutritional School Breakfast and Lunch Program.

Local and state revenues received were \$10.5 million and \$1.1 million, respectively. School fundraising activities accounted for 48.7% or \$5.1 million of local revenues.

Elementary & Secondary School Emergency Relief (ESSER) Funds

The U.S. Congress provided financial support to the District through the ESSER Funds to address the ongoing impact of the COVID-19 pandemic. As of June 30, 2024, the District has exhausted all funds for ESSER I and ESSER II, and ESSER III.



Chief Financial Officer's Message

I am pleased to present the 2024 Popular Annual Financial Report, which provides a clear and concise summary of our district's financial activities over the past year. This report is designed to help our community understand how taxpayer dollars are managed and allocated to support our schools.

The information in this report is drawn from our 2024 Annual Comprehensive Financial Report (ACFR), which is prepared according to Generally Accepted Accounting Principles and audited by Whitley Penn. While this report is not independently audited, it simplifies the data from the ACFR to provide a more accessible overview of our financial standing.

Pearland ISD continues its commitment to strategically maximize financial assets to provide resources that meet students needs in partnership with families and the greater community. The Business Services staff strives for financial excellence and has been awarded the following accolades throughout the year:



Thu Pham
Chief Financial Officer

- *Superior Achievement “A” rating under the School Financial Integrity Rating System of Texas*
- *GFOA Certificate of Achievement for Excellence in Financial Reporting*
- *GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting*
- *ASBO Certificate of Excellence in Financial Reporting*
- *ASBO Meritorious Budget Award*
- *Texas Comptrollers Transparency Star Awards for Traditional Finances and Debt Obligations*
- *Texas Association of School Business Officials Award of Merit for Purchasing Operations*
- *High credit rating from Fitch and Moody’s*
- *No findings of questioned costs in the annual audit of fiscal operations*

I would like to express my gratitude to the Board of Trustees, Superintendent, and the staff of Business Services for their dedication and hard work. Additionally, I want to thank our community for its ongoing trust and support, which allows us to prioritize both fiscal responsibility and quality education.

A handwritten signature in black ink, appearing to read 'Thu Pham', written in a cursive style.

Thu Pham
Pearland ISD Chief Financial Officer

About the Annual Financial Report Summary

The District's Annual Financial Report Summary ("AFR Summary") for the year ended June 30, 2024, is designed to give residents a snapshot of Pearland ISD finances for the prior year, as well as general information that highlights student achievement.

This report summarizes the financial activities and operating results of the District and was gathered from the financial information reported in our audited 2024 Annual Comprehensive Financial Report (ACFR). The ACFR is prepared in conformance with Generally Acceptable Accounting Principles (GAAP) and was audited by Whitley Penn receiving a "unmodified" (the highest) opinion. However, the AFR Summary is unaudited and presented on a GAAP basis. While the underlying accounting methods are similar to the ACFR, the AFR Summary simplifies reporting by not including all segregated funds, required presentations, and full disclosure of all material financial and non-financial events in the notes to the financial statements.

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

Outstanding Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Pearland Independent School District for its Annual Financial Report Summary for the fiscal year ended June 30, 2023. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

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

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



Government Finance Officers Association

Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting

Presented to

**Pearland Independent School District
Texas**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO



Virgil Gant Education Support Center
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Pearland, TX 77581

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