PEARLAND INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL MANAGEMENT REPORT

FOR FISCAL YEAR 2024-2025 RATING

(BASED ON SCHOOL YEAR 2023-2024 DATA)

DR. LARRY BERGER, SUPERINTENDENT

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ROXANNE ST. AMAND, DIRECTOR OF FINANCE

PEARLAND INDEPENDENT SCHOOL DISTRICT

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Larry Berger
Superintendent

October 14, 2025

Board of Trustees
Pearland Independent School District

Dear Members of the Board:

Pearland Independent School District received a rating of "A" for "Superior Achievement" under Texas' School FIRST financial accountability rating system. The rating system measures the quality of a school district's financial management and reporting system.

This is the 23rd year of School FIRST (Financial Accountability Rating System of Texas), a financial accountability system for Texas school districts developed by the Texas Education Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999 and amendments under House Bill 5, 83rd Texas Legislature, Regular Session, 2013. The primary goal of School 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 Texas' school finance system.

The Schools FIRST accountability rating ensures that Texas school districts are accountable not only for student learning, but also for achieving these results cost effectively and efficiently. The information provided by the Schools FIRST system will guide us in our continued efforts to maximize each taxpayer dollar.

The Texas Education Agency assigns one of four financial accountability ratings to Texas school districts, with the highest being "A" for "Superior Achievement," followed by "B" for "Above-Standard Achievement," "C" for "Standard Achievement" and "F" for "Substandard Achievement." Pearland ISD is pleased to receive the highest rating.

Sincerely,

Larry Berger

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INTRODUCTION

The state's school financial accountability rating system, known as the School Financial Integrity Rating System of Texas (FIRST), ensures that Texas public schools are held accountable for the quality of their financial management practices and that they improve those practices.

The primary goal of School 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 Texas' school finance system. The system is designed to encourage Texas public schools to better manage their financial resources to provide the maximum allocation possible for direct instructional purposes

The School FIRST was developed by the Texas Education Agency (TEA) in response to Senate Bill 875 of the 76th Texas Legislature in 1999. It is administered by TEA and calculated on information submitted via the Public Education Information Management System (PEIMS) submissions each year.

During the 77th regular session of the Texas Legislature in 2001, Senate Bill 218 was passed and signed into law by Governor Perry shortly thereafter. This law requires each school district to prepare an annual financial accountability report within two months of receiving the official ratings. This is the 23rd year of School FIRST.

Major changes to the School FIRST system were implemented by the Texas Education Agency in August 2015 that combined financial indicators with financial solvency indicators, in accordance with House Bill 5, 83rd Texas Legislature, Regular Session, 2013.

The School FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, with the highest being "Superior Achievement," followed by "Above Standard Achievement," "Meet Standard Achievement" and "Substandard Achievement." Pearland ISD has achieved the highest rating for 22 of the 23 years the rating has been in place.

Pearland Independent School District received a rating of "A" for "Superior Achievement" under Texas' School FIRST financial accountability rating system for the 2024-2025 rating year. The "Superior Achievement" rating is the state's highest, demonstrating the quality of Pearland ISD's financial management and reporting system. A score of 90 out of a possible 100 earns the rating of Superior Achievement and Pearland ISD received a score of 95.

This report briefly focuses on the details of what the District has accomplished to obtain this rating and contains certain required disclosures.

FINANCIAL INTEGRITY RATING SYSTEM OF TEXAS
2024-2025 RATINGS BASED ON SCHOOL YEAR 2023-2024

Status: PASSED | Rating: A = SUPERIOR | District Score: 95

#	Indicator Description	Score
1	Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?	Yes
2	Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)	Yes
3	Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?	Yes
4	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes Ceiling Failed
		1 Multiplier Sum
5	Was the total net position in the governmental activities' column in the Statement of Net Position (net of accretion of interest for capital appreciation bonds, net pension liability, and other post-employment benefits) greater than zero?	Ceiling Passed
6	Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures?	Ceiling Passed
7	Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)?	10/10
8	Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?	8/10
9	Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)?	10/10
10	This indicator is not being scored.	10/10
11	Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? If the school district's increase of students in membership over 5 years was 7 percent or more, or 1,000 or more students in membership, then the school district automatically passes this indicator.	10/10
12	What is the correlation between future debt requirements and the district's assessed property value?	10/10
13	Was the school district's administrative cost ratio equal to or less than the threshold ratio?	10/10
14	Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)?	10/10

#	Indicator Description	Score
15	Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA?	5/5
16	Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?	Ceiling Passed
17	Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds and free from substantial doubt about the school district's ability to continue as a going concern?	Ceiling Passed
18	Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	10/10
19	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?	5/5
20	Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the district adopted its budget?	Ceiling Passed
21	Did the school district receive an adjusted repayment schedule for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship?	Ceiling Passed
		98 Weighted Sum
		1 Multiplier Sum
		(95 Ceiling)
		95 Score

Determination of Rating

A.	Did the school district fail any of the critical indicators 1, 2, 3, or 4? If so, the school district's rating is F for Substandard Achievement regardless of points earned.	
B.	Determine the rating by the applicable number of points.	
	A = Superior Achievement	90-100
	B = Above Standard Achievement	80-89
	C = Meets Standard Achievement	70-79
	F = Substandard Achievement	<70

DISCUSSION OF BASE INDICATORS

1. **Was the complete annual financial report (AFR) and data submitted to the TEA within 30 days of the November 27 or January 28 deadline depending on the school district's fiscal year end date of June 30 or August 31, respectively?**

   This indicator merely states the District's requirement for timely reporting.

   Yes. Pearland ISD met all reporting requirements set by the TEA.

2. **Was there an unmodified opinion in the AFR on the financial statements as a whole? (The American Institute of Certified Public Accountants (AICPA) defines unmodified opinion. The external independent auditor determines if there was an unmodified opinion.)**

   A "modified" version of the auditor's opinion in your annual audit report means that you need to correct some of your reporting or financial controls. A district's goal, therefore, is to receive an "unmodified opinion" on its Annual Financial Report.

   Yes. Pearland ISD obtained an "unmodified" audit opinion. This indicates that the district's records were in good condition and fairly presented the district's financial position.

3. **Was the school district in compliance with the payment terms of all debt agreements at fiscal year end?**

   This indicator seeks to make certain that your district has paid your bills/obligations on financing arrangements to pay for school construction, school buses, photocopiers, etc.

   Yes. Pearland ISD was compliant with the payment terms of all debt agreements at fiscal year-end.

4. **Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?**

   This indicator seeks to make sure the district fulfilled its obligation to the TRS, TWC and IRS to transfer payroll withholdings and to fulfill any additional payroll-related obligations required to be paid by the District.

   Yes. Pearland ISD made timely payments to the TRS, TWC, IRS, and other government agencies. The district failed this ceiling indicator due to a Texas Sales and Use Tax warrant hold. Although the issue surrounding the warrant hold was resolved and cleared within the 30 days, the maximum points and highest rating that district may receive is 95 points.

5. **Was the total net position in the governmental activities column in the Statement of Net Position (net of accretion of interest for capital appreciation bonds, net pension liability, and other post-employment benefits) greater than zero?**

   Yes. Pearland ISD's net position, net pension liability, and net other post-employment benefits in the governmental activities column in the Statement of Net Position and Accretion of Interest for Capital Appreciation Bonds is greater than zero.

6. **Was the average change in (assigned and unassigned) fund balances over 3 years less than a 25 percent decrease or did the current year's assigned and unassigned fund balances exceed 75 days of operational expenditures?**

   This indicator measures the percentage change in fund balance to see whether the fund balance is declining too quickly, and if it is declining, whether sufficient fund balance remains to operate for at least 75 days?

   Yes. Pearland ISD's average fund balance over 3 years increased and exceeds 75 days of operational expenditures, meeting this requirement.

7. **Was the number of days of cash on hand and current investments in the general fund for the school district sufficient to cover operating expenditures (excluding facilities acquisition and construction)?**

   This indicator measures how long in days after the end of the fiscal year the school district could have disbursed funds for its operating expenditures without receiving any new revenues.

Pearland ISD's number of days of cash on hand and current investments was 108.3944, receiving 10 points based on the determination of points scale.

10	8	6	4	2	0
>=90	<90 >=75	<75 >=60	<60 >=45	<45 >=30	<30

8. Was the measure of current assets to current liabilities ratio for the school district sufficient to cover short-term debt?

This indicator measures whether the school district had sufficient short-term assets at the end of the fiscal year to pay off its short-term liabilities.

At the end of the fiscal year, Pearland ISD had current assets covering 2.6648 times its current liabilities, receiving 8 points based on the determination of points scale.

10	8	6	4	2	0
>=3.00	<3.00 >=2.50	<2.50 >=2.00	<2.00 >=1.50	<1.50 >=1.00	<1.00

9. Did the school district's general fund revenues equal or exceed expenditures (excluding facilities acquisition and construction)? If not, was the school district's number of days of cash on hand greater than or equal to 60 days?

This indicator simply asks, "Did you spend more than you earned?" The school district will automatically pass this indicator if the school district had at least 60 days' cash on hand.

Yes. Pearland ISD's general fund revenues exceeded expenditures and had 108.3944 days of cash on hand, earning the District 10 points.

10. This indicator is not being evaluated.

11. Was the ratio of long-term liabilities to total assets for the school district sufficient to support long-term solvency? (If the school district's increase of students in membership over 5 years was 7 percent or more, or 1,000 or more students in membership, then the school district automatically passes this indicator.)

This question is like asking someone if their mortgage exceeds the market value of their home.

Pearland ISD's ratio of long-term liabilities to total assets was 0.5919, receiving 10 points for this measure.

10	8	6	4	2	0
<=0.60	>0.60 <=0.70	>0.70 <=0.80	>0.80 <=0.90	>0.90 <=1.00	>1.00

12. What is the correlation between future debt requirements and the district's assessed property value?

This indicator asks about the school district's ability to make debt principal and interest payments.

Pearland ISD's assessed property value ratio was 3.0174, receiving 10 points for this measure.

10	8	6	4	2	0
<= 4	> 4 <= 7	> 7 <= 10	> 10 <= 11.5	> 11.5 <= 13.5	> 13.5

13. Was the school district's administrative cost ratio equal to or less than the threshold ratio?

This indicator measures the percentage of their budget that Texas school districts spent on administration.

Pearland ISD's administrative cost ratio was 0.05559, receiving the maximum 10 points for districts with average daily attendance of 10,000 and above.

ADA Size	10	8	6	4	2	0
10,000 and Above	<= 0.0855	> 0.0855 <= 0.1105	> 0.1105 <= 0.1355	> 0.1355 <= 0.1605	> 0.1605 <= 0.1855	> 0.1855

14. Did the school district not have a 15 percent decline in the students to staff ratio over 3 years (total enrollment to total staff)?

This indicator assesses the staffing levels remain efficient and proportionate to student enrollment. A significant decline in the student-to-staff ratio might raise concerns about overstaffing, inefficient use of resources, or a potential decline in student enrollment that hasn't been matched by corresponding reduction in staff.

Yes. Pearland ISD had a 1.14 percent increase in the student to staff ratio over 3 years and student enrollment increased by 104 students, receiving 10 points for this measure.

15. Was the school district's ADA within the allotted range of the district's biennial pupil projection(s) submitted to TEA, did it certify TEA's projections?

This indicator assesses the district's ability to project student Average Daily Attendance(ADA) for future years. The student ADA projections are used to estimate revenue for the district.

Yes. Pearland ISD's projected ADA was 19,983.370 and the actual ADA was 19,778.605, which is 0.0102 off from actual ADA. The District received the maximum 5 points.

ADA Size	5	0
10,000 and Above	<= 0.07	> 0.07

16. Did the comparison of Public Education Information Management System (PEIMS) data to like information in the school district's AFR result in a total variance of less than 3 percent of all expenditures by function?

This indicator measures the quality of data reported to PEIMS and in your Annual Financial Report to make certain that the data reported in each case "matches up".

Yes. Pearland ISD's variance was 0%, passing this indicator.

17. Did the external independent auditor report that the AFR was free of any instance(s) of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?

A clean audit of the Annual Financial Report would state that your district has no material weaknesses in internal controls. Any internal weaknesses create a risk of the District not being able to properly account for its use of public funds and should be immediately addressed.

Yes. The external independent auditors found that Pearland ISD had no instances of material weaknesses in internal controls, passing this indicator.

18. Did the external independent auditor indicate the AFR was free of any instance(s) of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?

This indicator measures whether the district is complying with laws, rules and regulations related to the expenditure of grant funds, contracts, and other state and federal funds.

Yes. The external independent auditors found that Pearland ISD had no instances of material non-compliance for grants, contracts, and laws related to local, state, or federal funds, receiving 10 points for this measure.

19. 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?

This indicator measures whether the district is complying with legal requirements related to financial transparency by posting all required information.

Yes. Pearland ISD complied with legal requirements related to financial transparency by posting all required information, receiving 5 points for this measure.

20. Did the school district's administration and school board members discuss any changes and/or impact to local, state, and federal funding at a board meeting within 120 days before the district adopted its budget?

This indicator measures whether the school board had the opportunity to consider the impact of changes in property value on the finances of the district.

Yes. Pearland ISD board members discussed the district's property values within the required time, passing this indicator.

21. Did the school district receive an adjusted repayment for more than one fiscal year for an over-allocation of Foundation School Program (FSP) funds because of a financial hardship?

An over-allocation occurs when a district receives more funds than it was entitled to. This indicator assesses whether the district was allowed to spread out the repayment over more than one fiscal year to ease financial strain. This indicator helps evaluate the financial management and stability of the district.

No. Pearland ISD did not receive an adjusted repayment schedule for an over-allocation of FSP, passing this indicator.

SCHOOL FIRST DISCLOSURES

Per Title 19 Administrative Code Chapter 109, Budgeting, Accounting, and Auditing, Subchapter AA, Commissioner's Rules Concerning Financial Accountability Rating System, the six (6) disclosures listed below are included in this appendix:

1. **Current Superintendent's employment contract.**

   The Superintendent's contract can be found on the Pearland ISD website at:
   https://www.pearlandisd.org/about-us/administration/superintendent-s-page/superintendent-contract

2. **Reimbursements received by the Superintendent and Board Members for the 12-month period ended June 30, 2024.**

Name	Meals	Lodging	Transportation	Fuel	Other	Total
Larry Berger Superintendent	$52.00	$1,773.20	$351.21	$0.00	$485.00	$2,661.41
Crystal Carbone President	$0.00	$547.67	$0.00	$0.00	$970.00	$1,517.67
Sean Murphy Vice President	$71.00	$793.86	$423.73	$0.00	$785.00	$2,074.59
Nanette Weimer Secretary	$96.00	$730.44	$388.00	$0.00	$485.00	$1,699.44
Toni Carter Member	$63.00	$486.96	$196.08	$0.00	$485.00	$1,231.04
Amanda Kuhn Member	$0.00	$0.00	$0.00	$0.00	$485.00	$485.00
Dr. Kristofer Schoeffler Member	$84.00	$486.96	$530.24	$0.00	$535.00	$1,636.20
Jenny Francis Member	$0.00	$0.00	$0.00	$0.00	$75.00	$75.00

   Items reported per category, regardless of manner of payment, include:

   Meals: Meals consumed off school district's premises and in-district meals at area restaurants (outside of board meetings, excludes catered board meeting meals).

   Lodging: Hotel charges.

   Transportation: Airfare, car rental (can include fuel on rental), taxis, mileage reimbursements, leased cars, parking and tolls.

   Motor Fuel: Gasoline.

   Other: Registration fees, telephone/cell phone, internet service, fax machine, and other reimbursements (or on-behalf of) to the superintendent and board member not defined above.

3. **Outside compensation and/or fees received by the Superintendent for professional consulting and/or other personal services for the 12-month period ended June 30, 2024.**

   None.

4. **Gifts received by the executive officer(s) and board members (and first-degree relatives, if any) for the 12-month period ended June 30, 2024.**

   None.

5. **Business transactions between board members and the District for the 12-month period ended June 30, 2024.**

   None.

6. **Any other information the board of trustees of the school district determines to be useful.**

   None.