Pearland Independent School District

Annual Report of Certain Financial and Local Debt Information

Fiscal Year Ended June 30, 2025

☑ Denotes Required Information Pursuant to Local Government Code, Section 140.008

This report was posted on the District's website on December 18, 2025

☑ Overview of Certain Financial/Bond Ratings

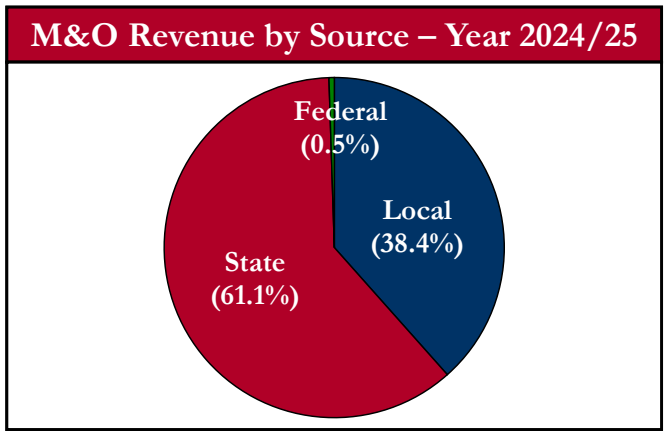
- **Overview:** Pearland Independent School District (the "District") has been assigned the following independent financial/bond ratings that indicate the relative strength of the District's financial and debt management:
  - **School Financial Integrity Rating System of Texas ("FIRST"):** Pursuant to 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 2023/24, the District was assigned a 2024/25 FIRST Rating of "A=Superior Achievement" and the District's score was 95 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 2024/25, 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.

Source: District's Audited Financial Statements and District records.

☑ Overview of State Funding System

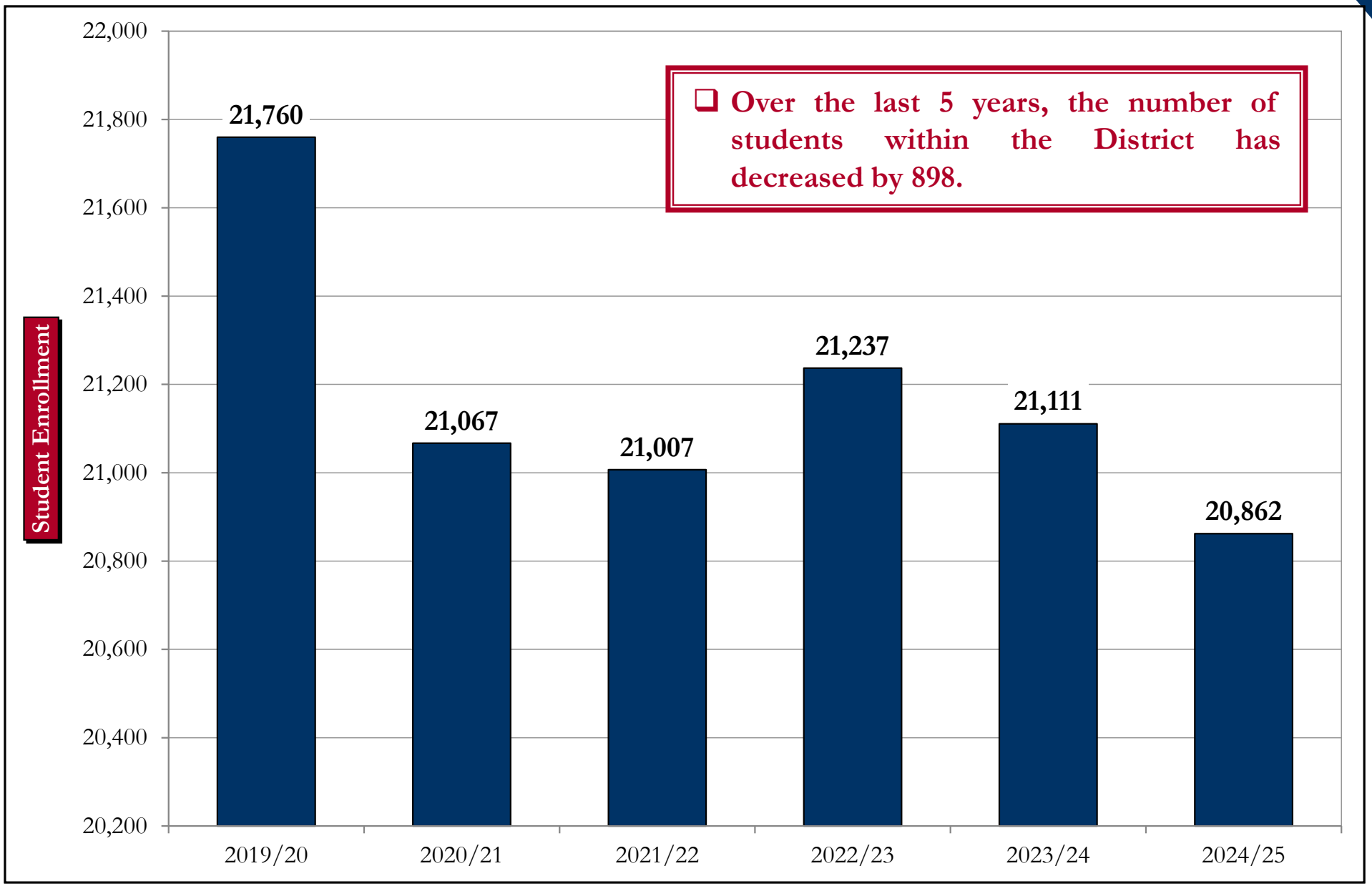
- **Interest & Sinking Fund ("I&S") Tax Rate:** To provide funds to pay the principal and interest on bonds previously approved by a majority of voters for capital improvements. The following summarizes the District's bond programs approved by voters since 1999:

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
May 4, 2024	School Building & Technology	21,111	$105,000,000	$50,000,000
Total Dollar Amount Of Authorized But Unissued Bonds - As of June 30, 2025:				**$50,000,000**

- ✓ On November 20, 2025, the District issued $146,355,000 Unlimited Tax School Building and Refunding Bonds, Series 2025 (the "Series 2025 Bonds"). The Series 2025 Bonds generated new money proceeds of $25,000,000, which counted against voter authorization from the May 4, 2024 Bond Election.

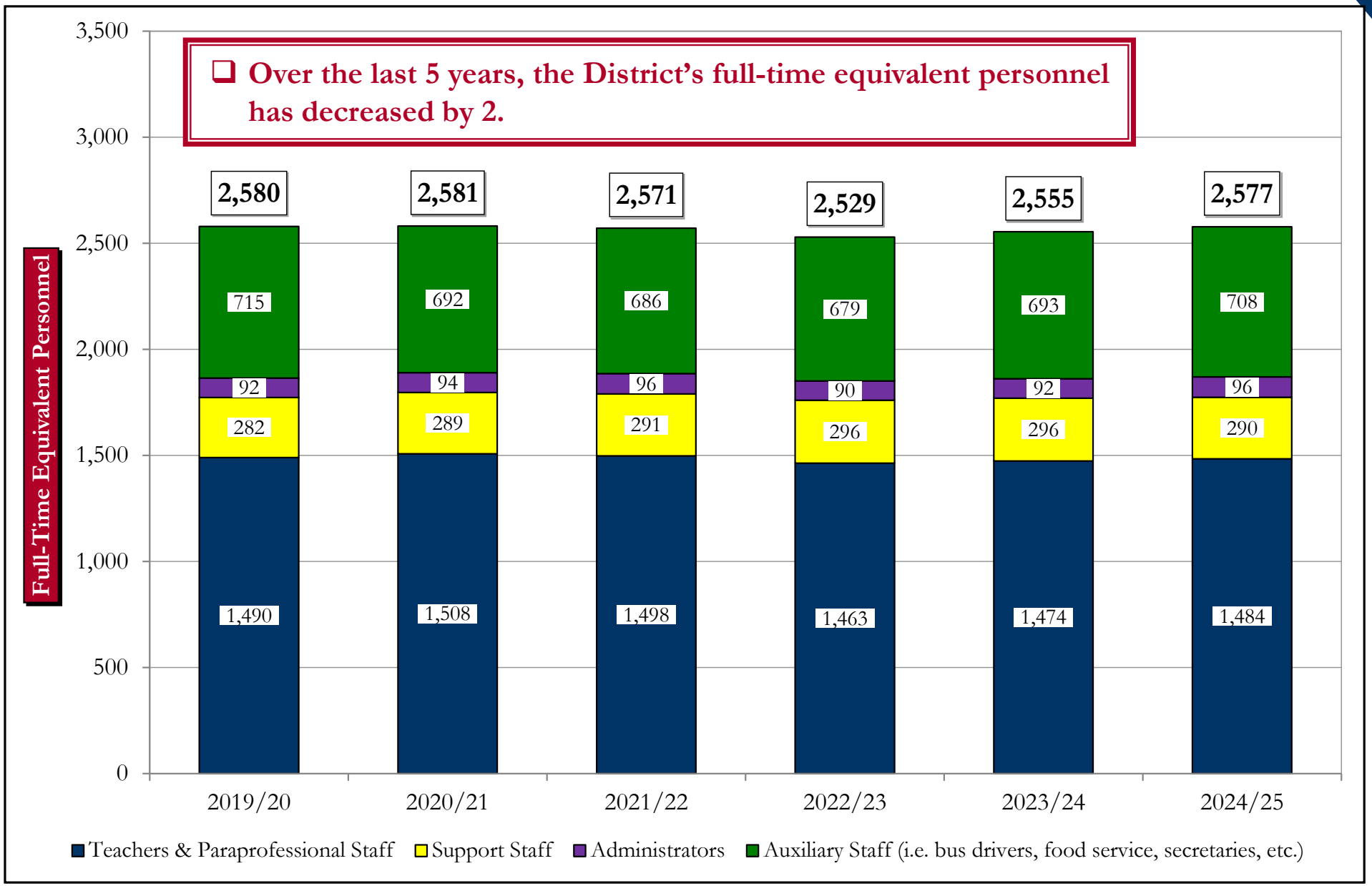
Source: Texas Bond Review Board, Texas Education Agency - PEIMS, District's Audited Financial Statements and District records.

Historical Student Enrollment



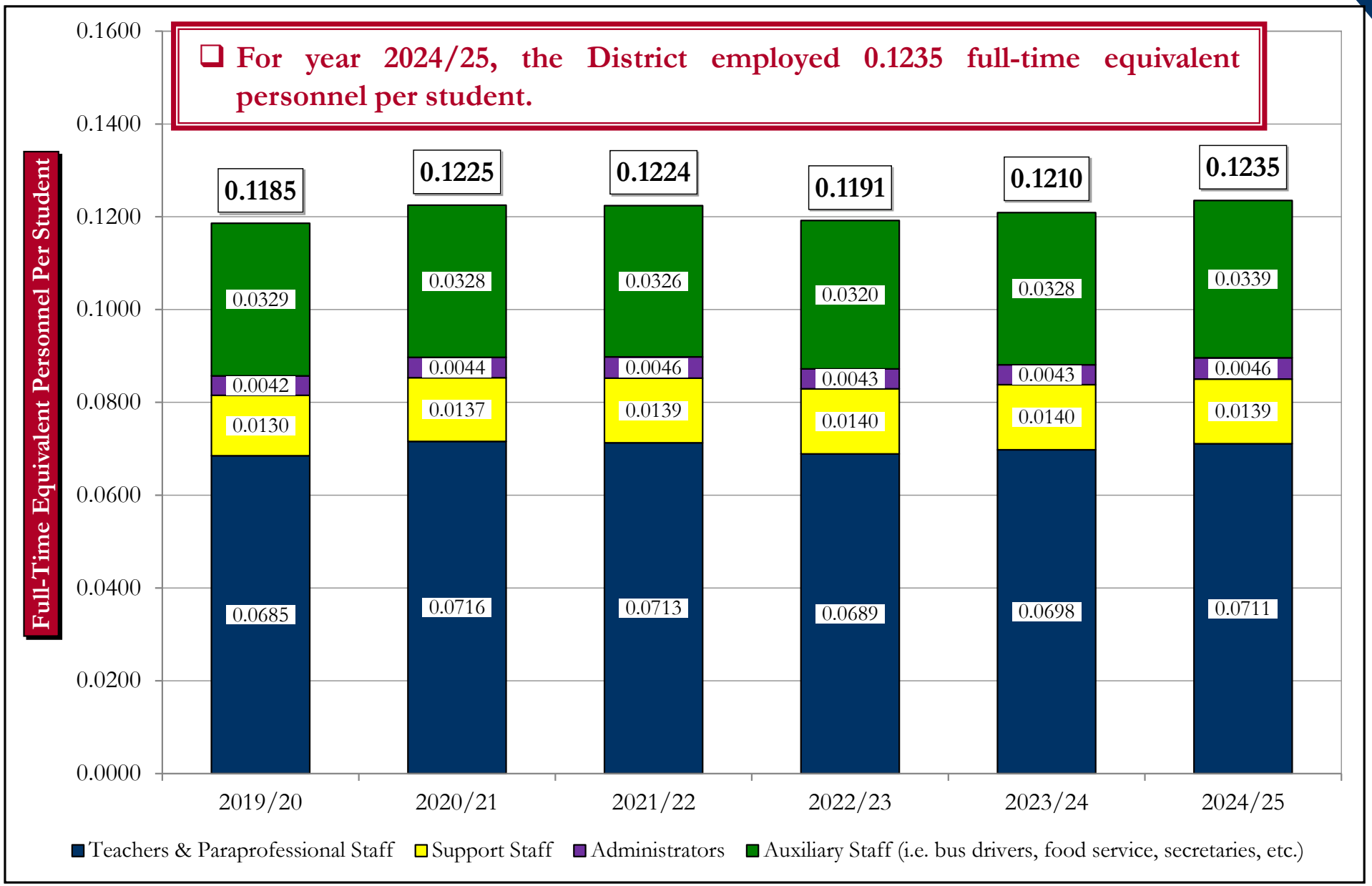
Source: Texas Education Agency - PEIMS and District records.

Full-Time Equivalent Personnel



Source: Texas Education Agency - PEIMS, Texas Education Agency - AEIS and District records.

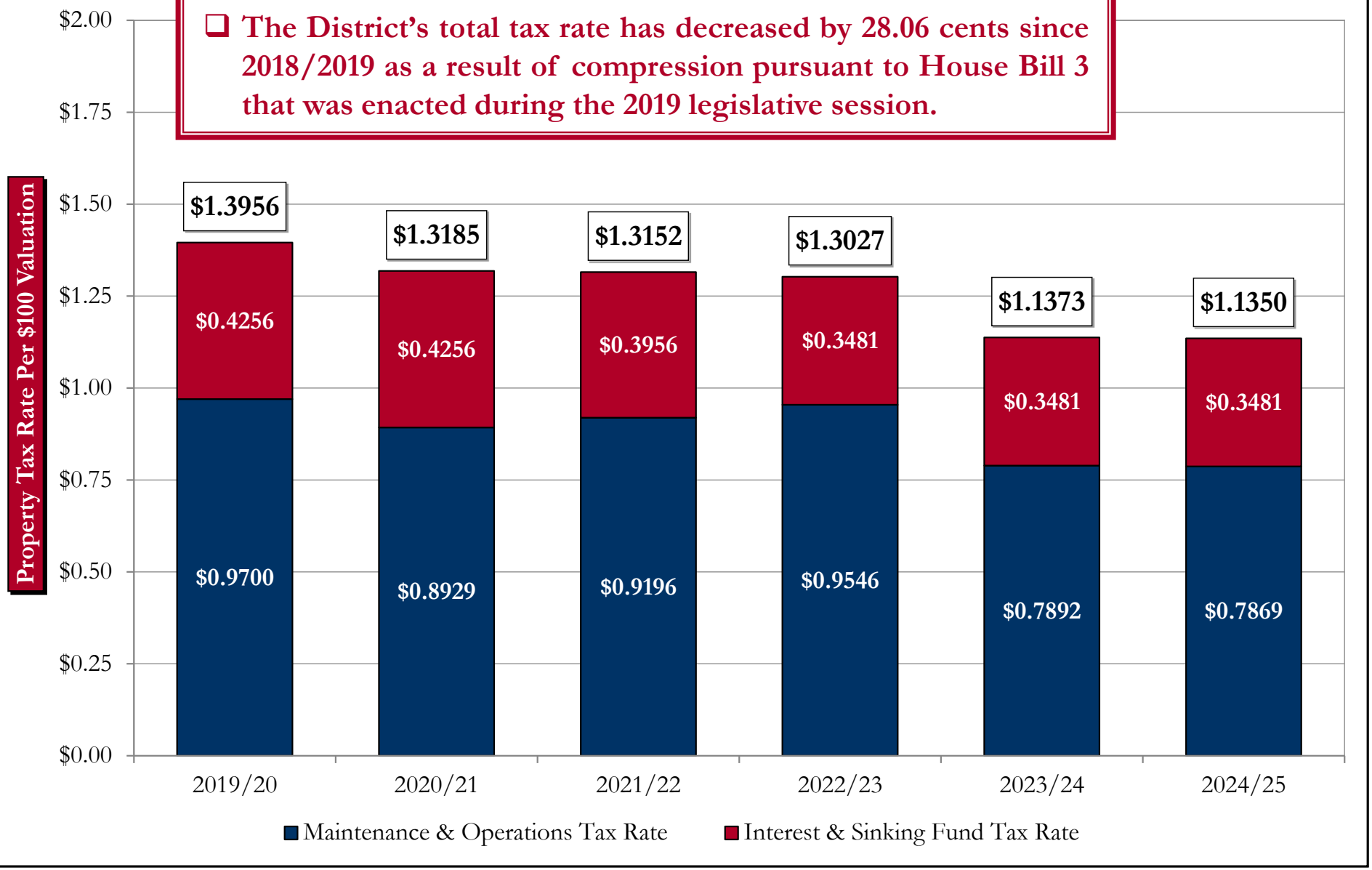
Full-Time Equivalent Personnel Per Student



Source: Texas Education Agency - PEIMS, Texas Education Agency - AEIS and District records.

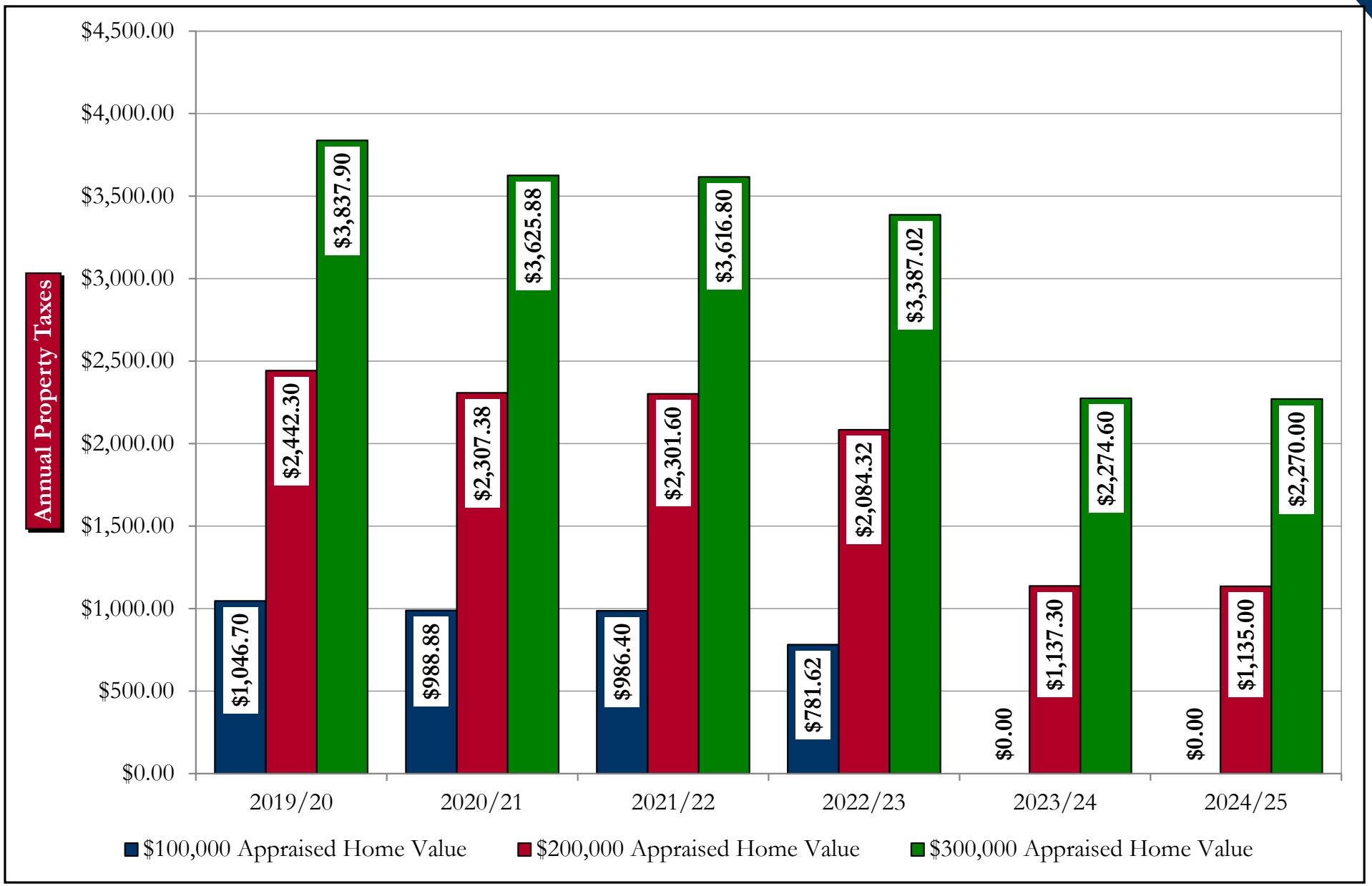
Historical Tax Rates

- The District's total tax rate has decreased by 28.06 cents since 2018/2019 as a result of compression pursuant to House Bill 3 that was enacted during the 2019 legislative session.



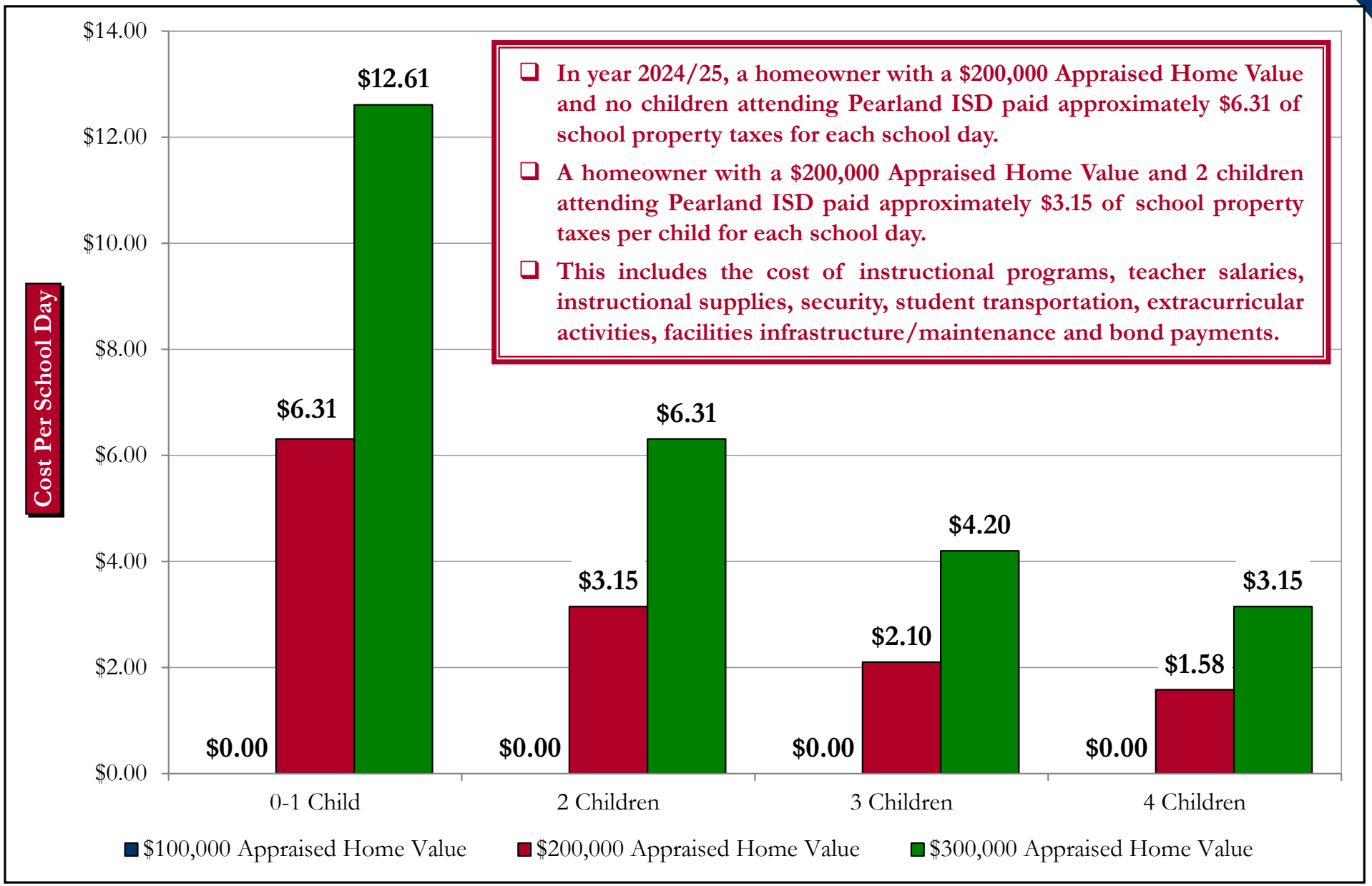
Source: District's Audited Financial Statements and District records.

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



Note: Taxes are net of the $100,000 State-mandated residential homestead exemption.

Summary of Property Tax Cost Per School Day – For Various Appraised Home Values – Year 2024/25

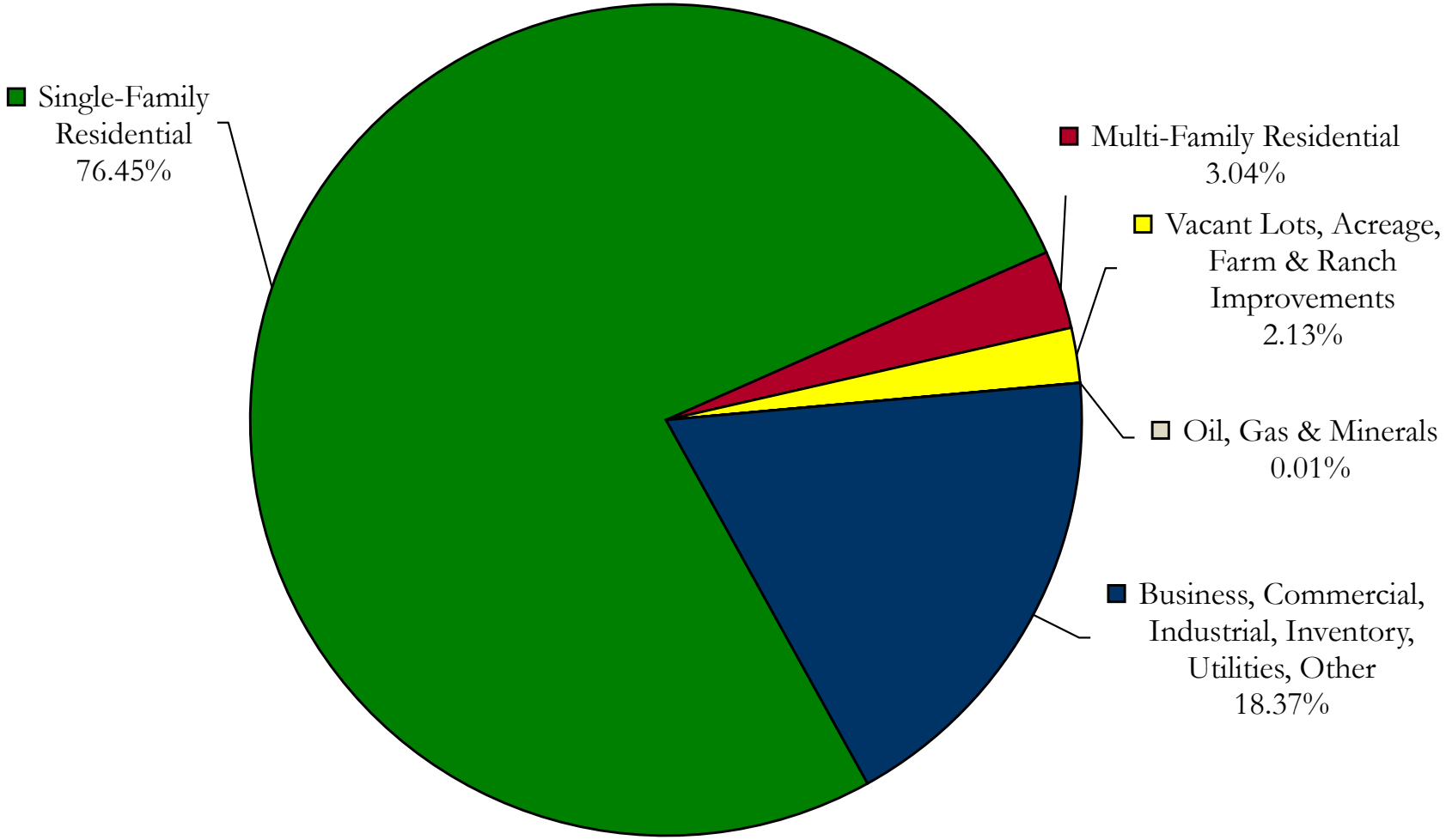


- In year 2024/25, a homeowner with a $200,000 Appraised Home Value and no children attending Pearland ISD paid approximately $6.31 of school property taxes for each school day.
- A homeowner with a $200,000 Appraised Home Value and 2 children attending Pearland ISD paid approximately $3.15 of school property taxes per child for each school day.
- This includes the cost of instructional programs, teacher salaries, instructional supplies, security, student transportation, extracurricular activities, facilities infrastructure/maintenance and bond payments.

Note: Taxes are net of the $100,000 State-mandated residential homestead exemption. Assumes a 180 school day year.

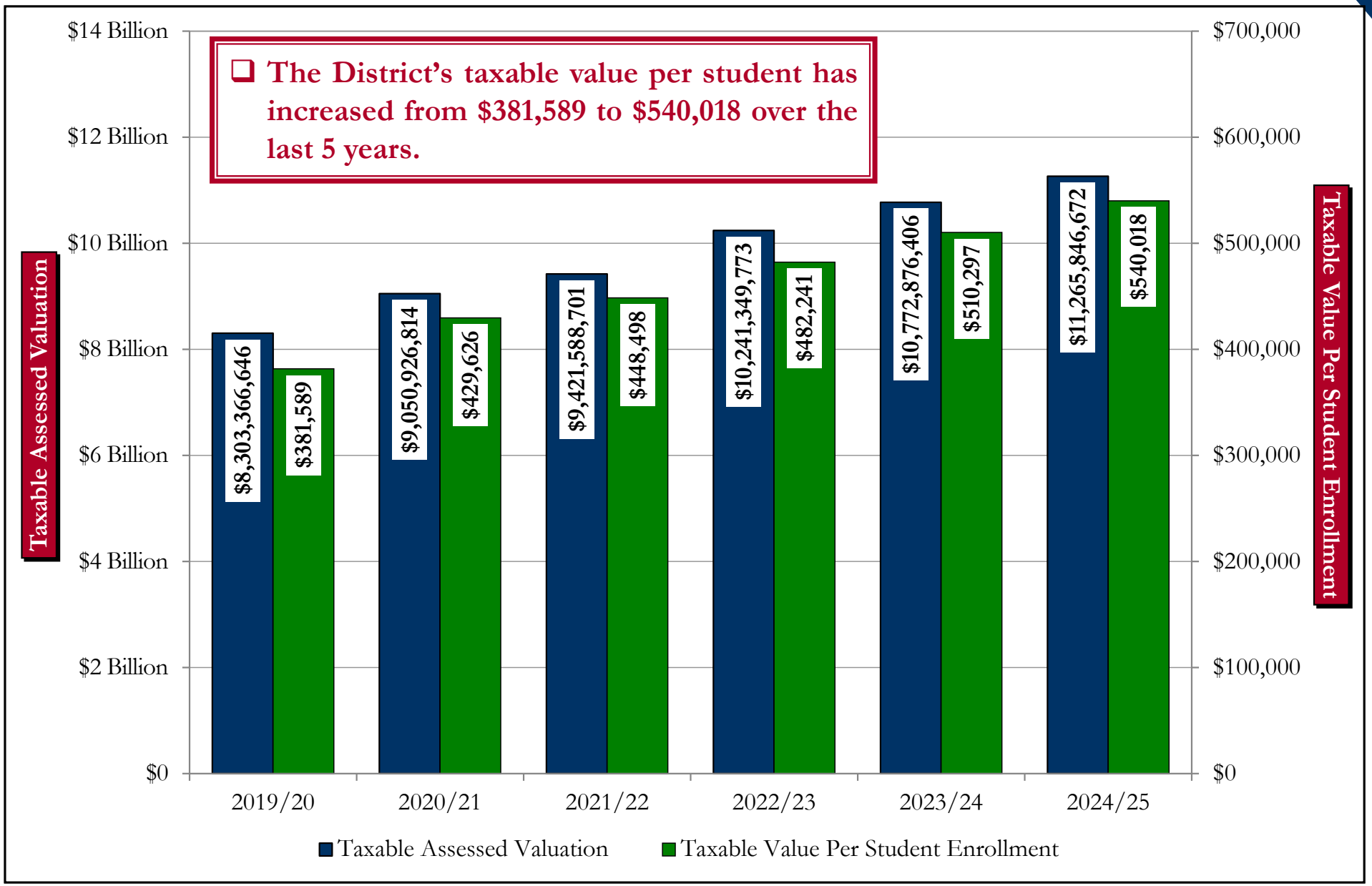
Composition of Total Assessed Valuation – Year 2024/25

❑ **For year 2024/25, Single-Family Residential properties comprised 76.45% of the District's total assessed valuation and other property categories comprised 23.55%.**



Source: Texas Comptroller.

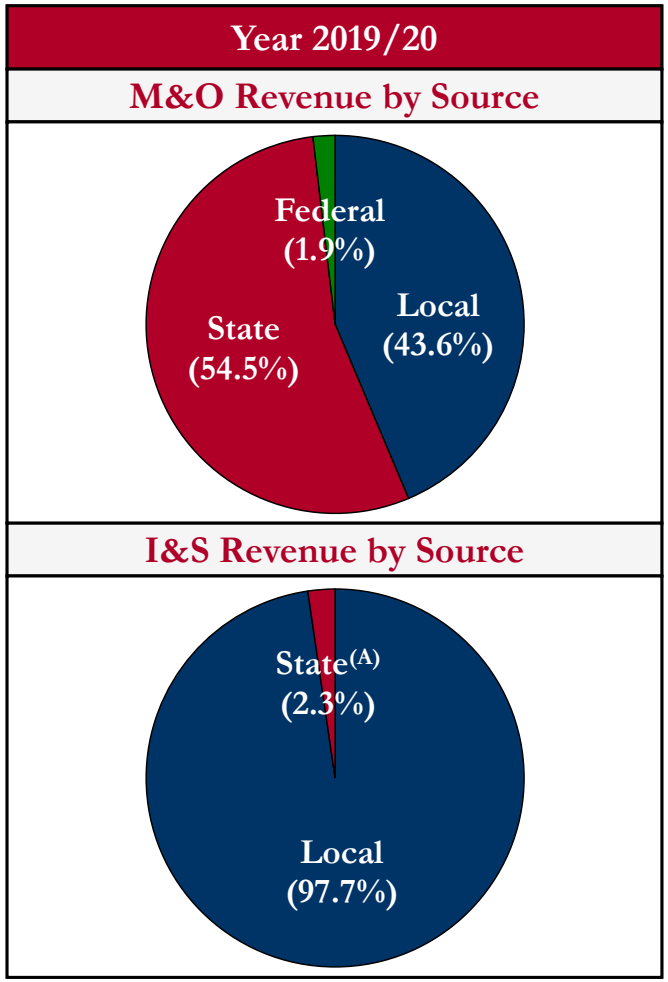
Historical Taxable Assessed Valuation and Taxable Value Per Student Enrollment

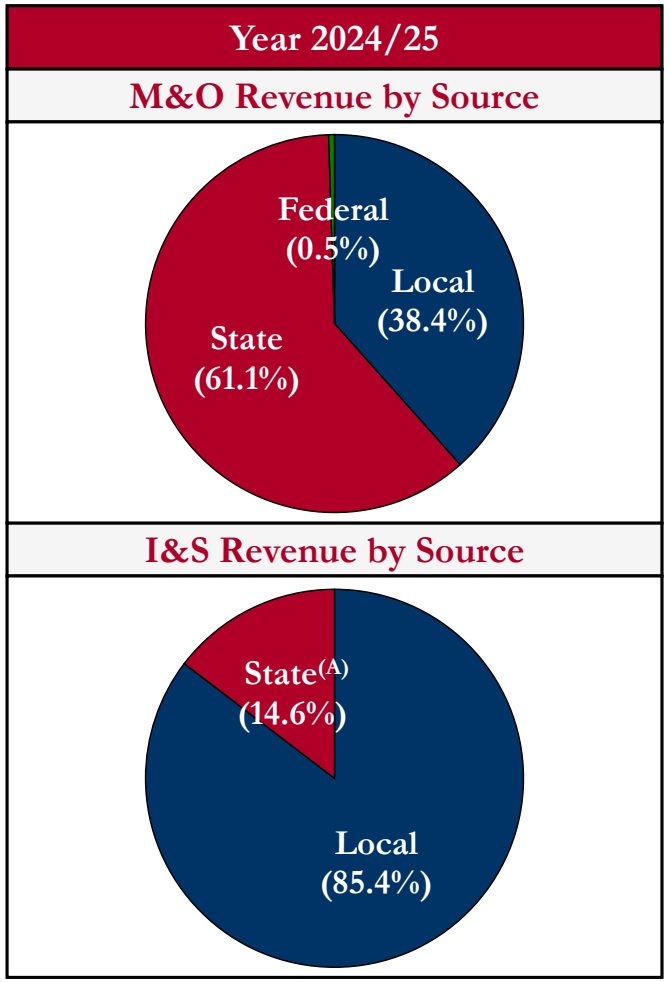


Source: Texas Comptroller, Texas Education Agency - PEIMS and District records.

General Fund and Debt Service Fund – Revenue By Source

- The State funding system is structured to provide the District with an "equalized" dollar amount per student. The revenue sources for maintenance and operations and repayment of bonds is summarized below.

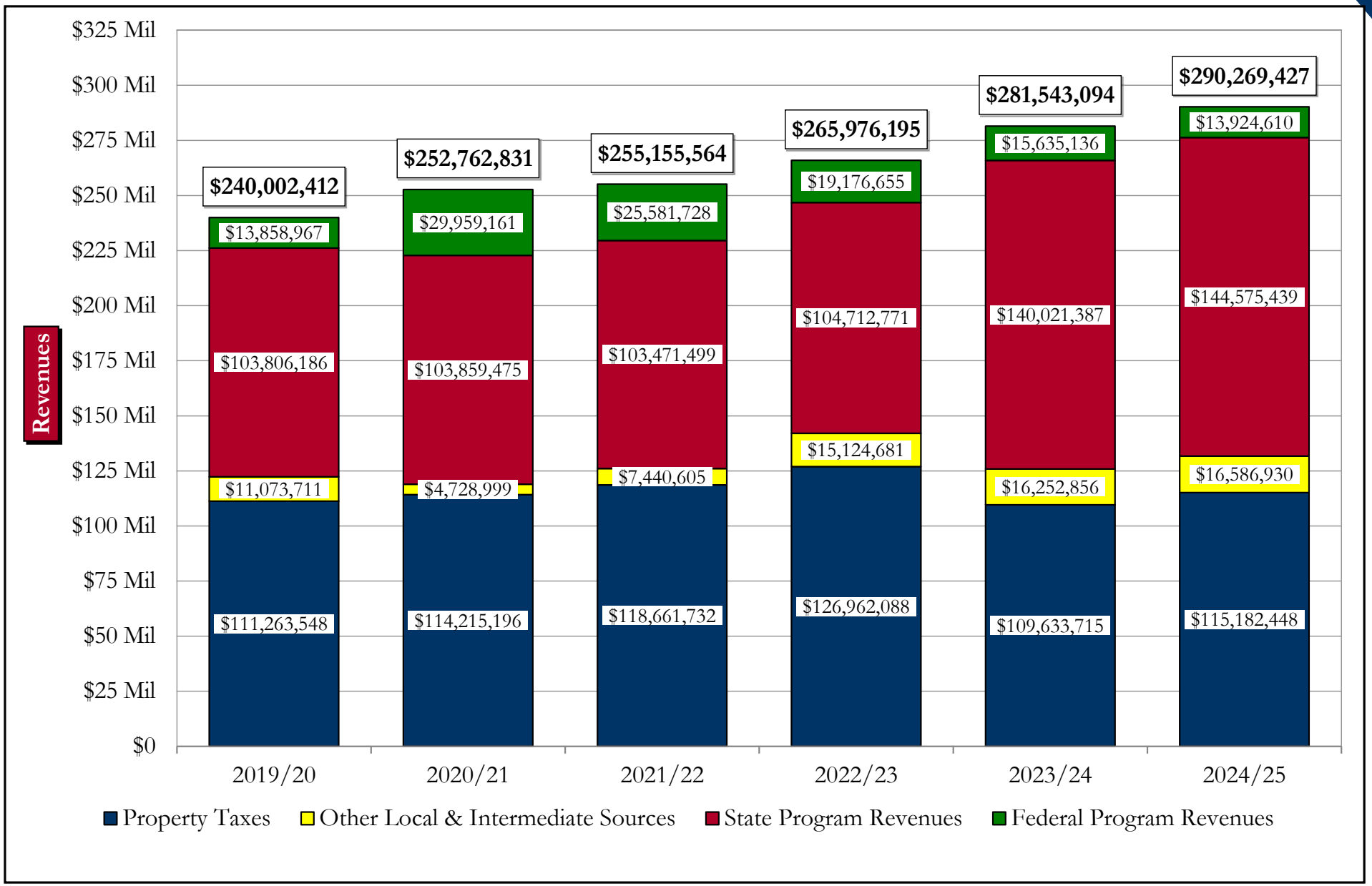




(A) Includes payment from State received for lost tax revenues resulting from increases of the residential homestead exemption.

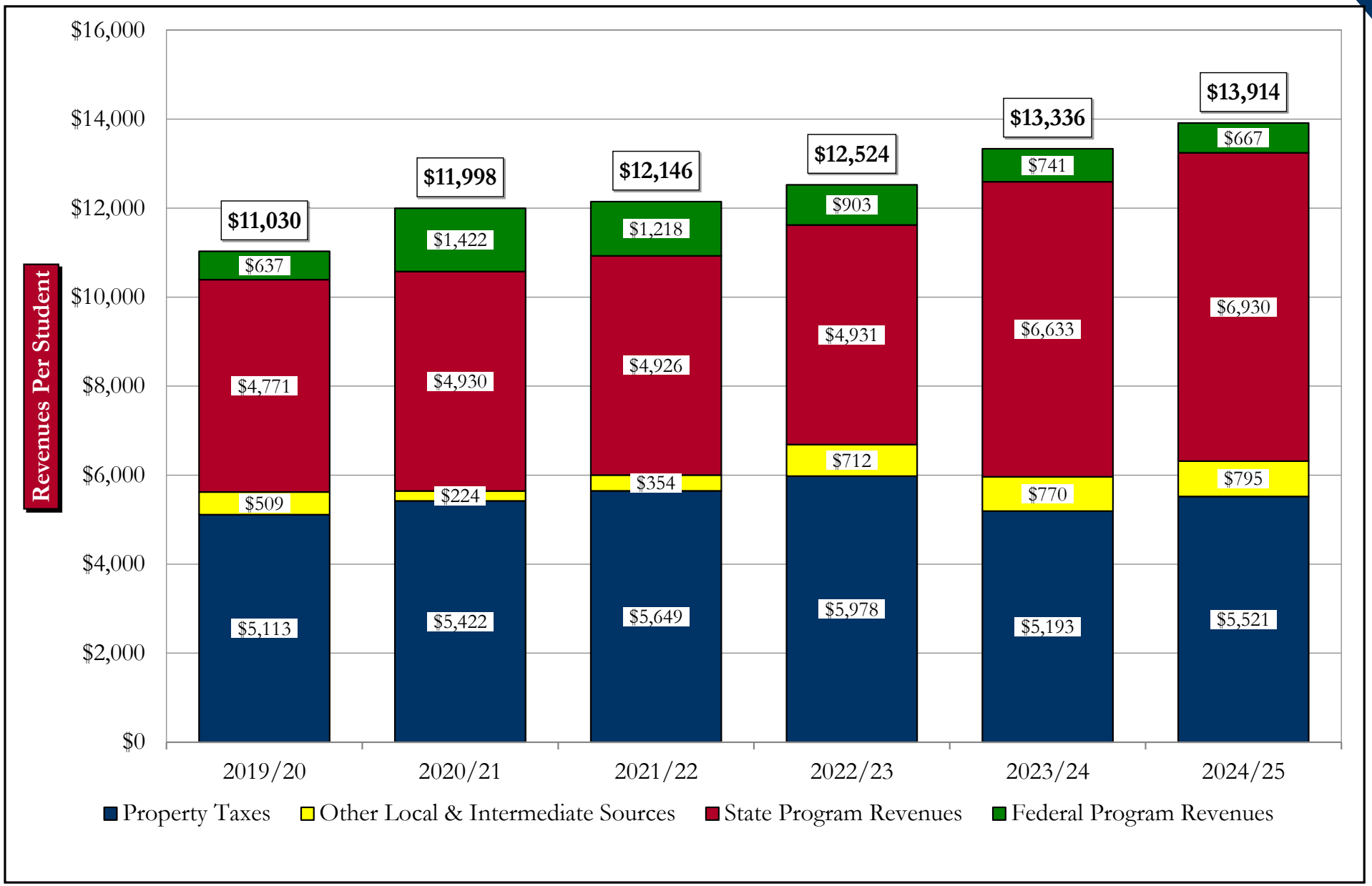
Source: District's Audited Financial Statements and District records.

Total Revenues (All Governmental Funds*) By Source



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

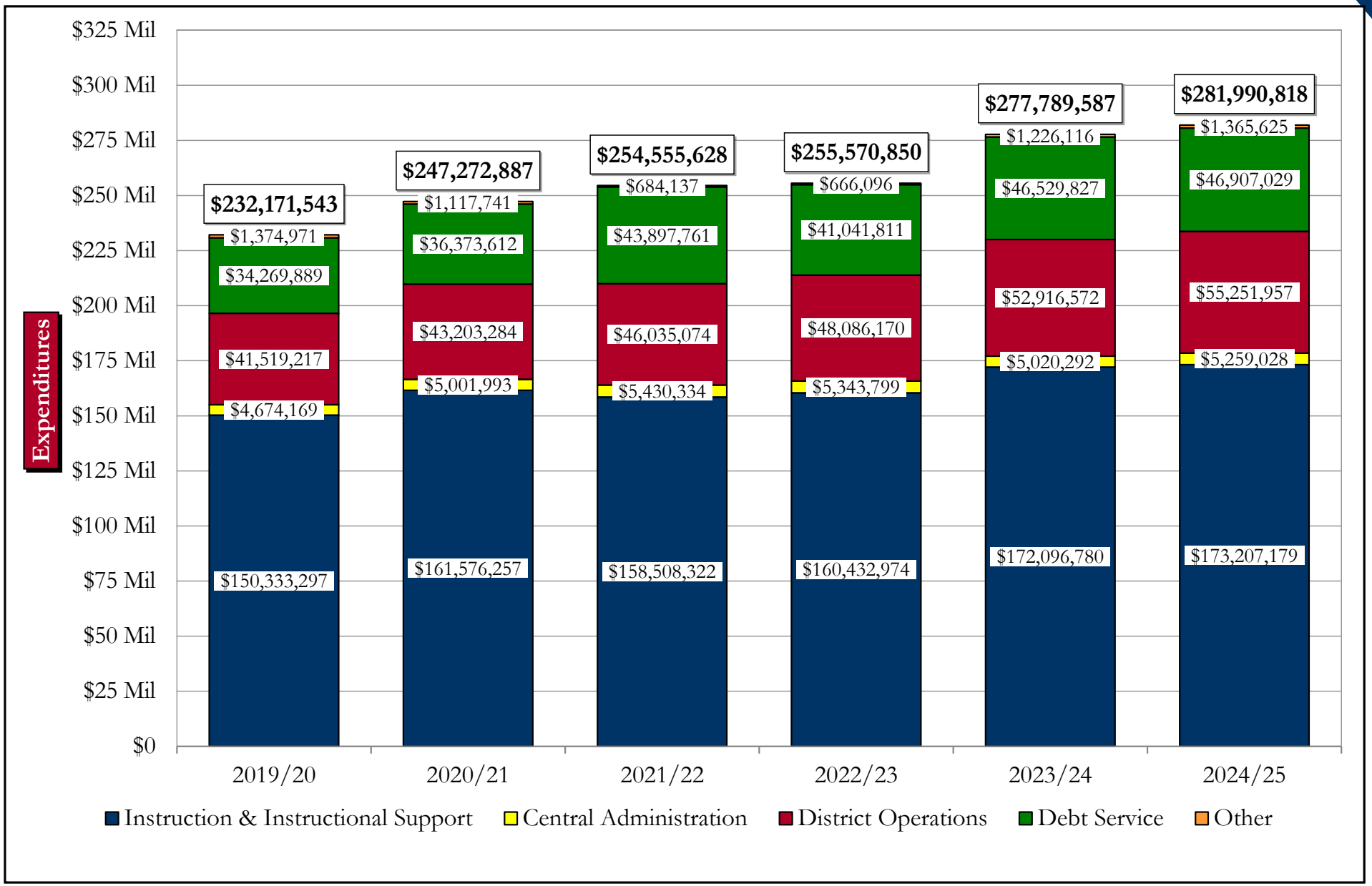
Total Revenues (All Governmental Funds*) Per Student



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

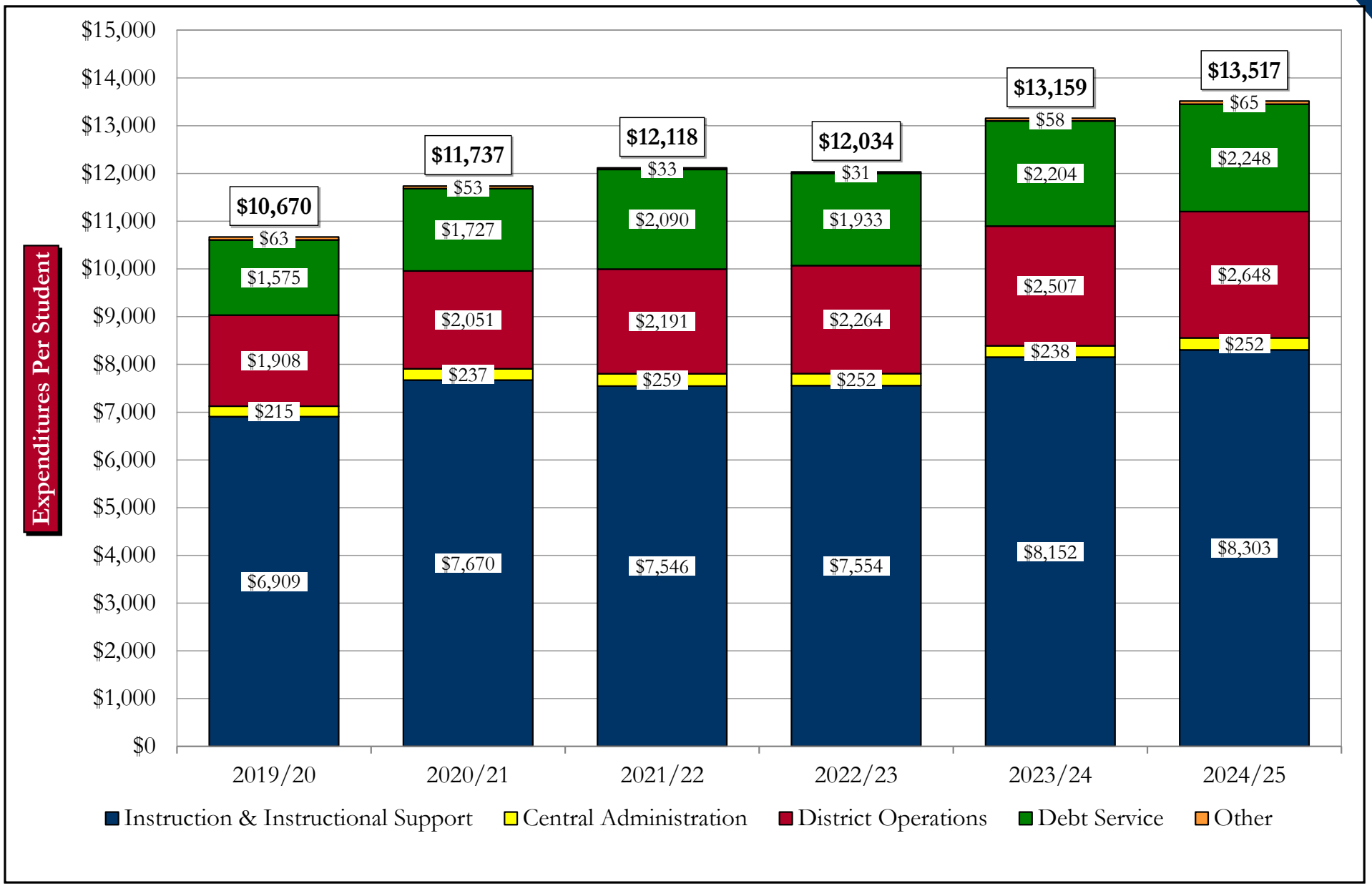
BUILD PEARLAND Proud

Total Expenditures (All Governmental Funds*) By Source



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

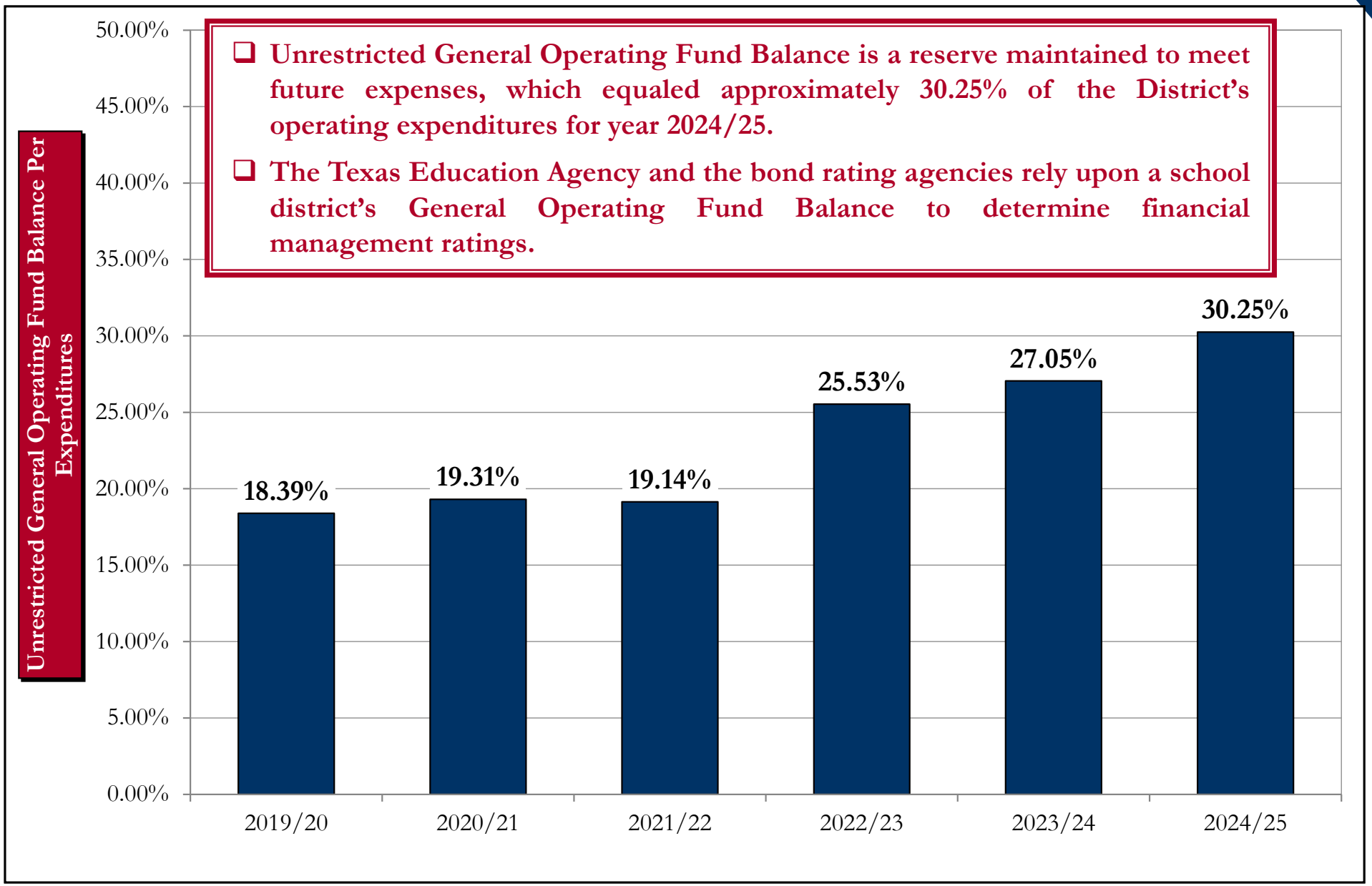
Total Expenditures (All Governmental Funds*) Per Student



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

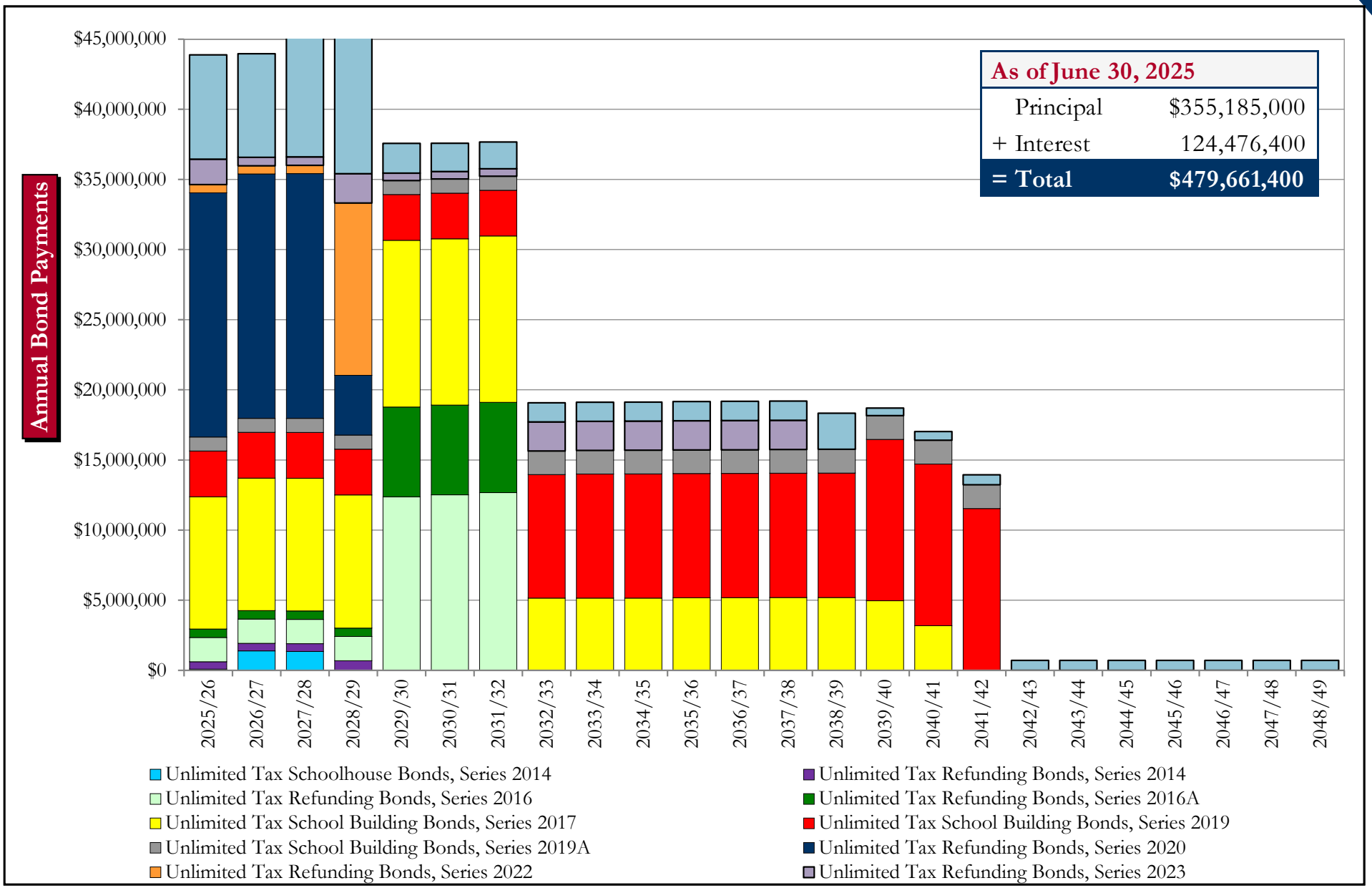
Unrestricted General Operating Fund Balance as a Percentage of General Operating Expenditures

- **Unrestricted General Operating Fund Balance is a reserve maintained to meet future expenses, which equaled approximately 30.25% of the District's operating expenditures for year 2024/25.**
- **The Texas Education Agency and the bond rating agencies rely upon a school district's General Operating Fund Balance to determine financial management ratings.**



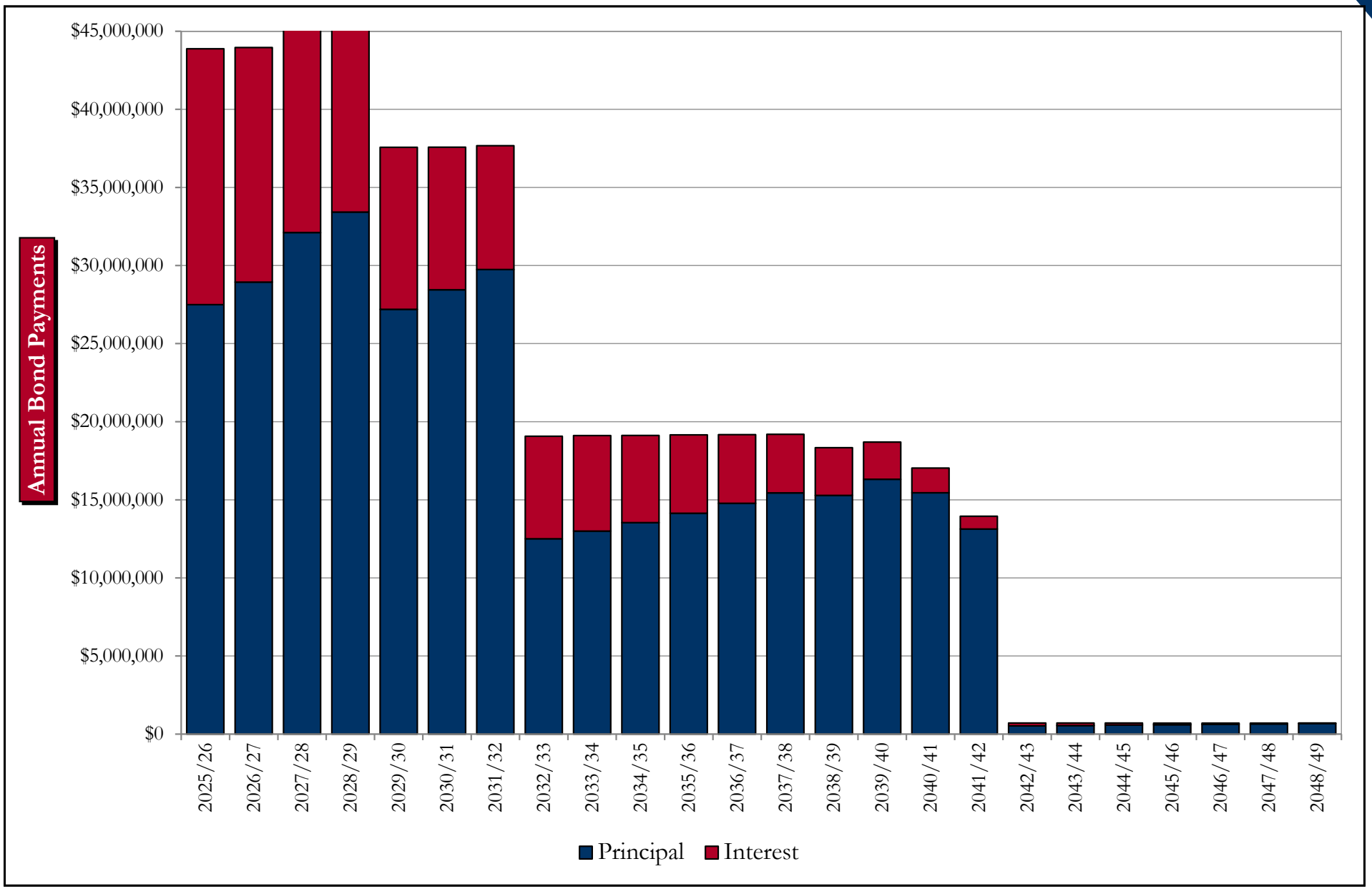
Source: District's Audited Financial Statements and District records.

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



Source: District's Audited Financial Statements and District records – As of June 30, 2025.

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



Source: District's Audited Financial Statements and District records – As of June 30, 2025.

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

- Pearland ISD has implemented 12 refunding programs and has prepaid approximately $19.960 million of existing bonds to reduce the cost of voter-approved bonds – Which have generated more than $62.2 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
Unlimited Tax Refunding Bonds, Series 2023	2014, 2014R	20,500,000	1,580,625
Prepayment of Outstanding Bonds - February 2024	2016	7,335,000	2,217,583
Totals	**---**	**$ 463,185,000**	**$ 62,215,595**

Source: District records.

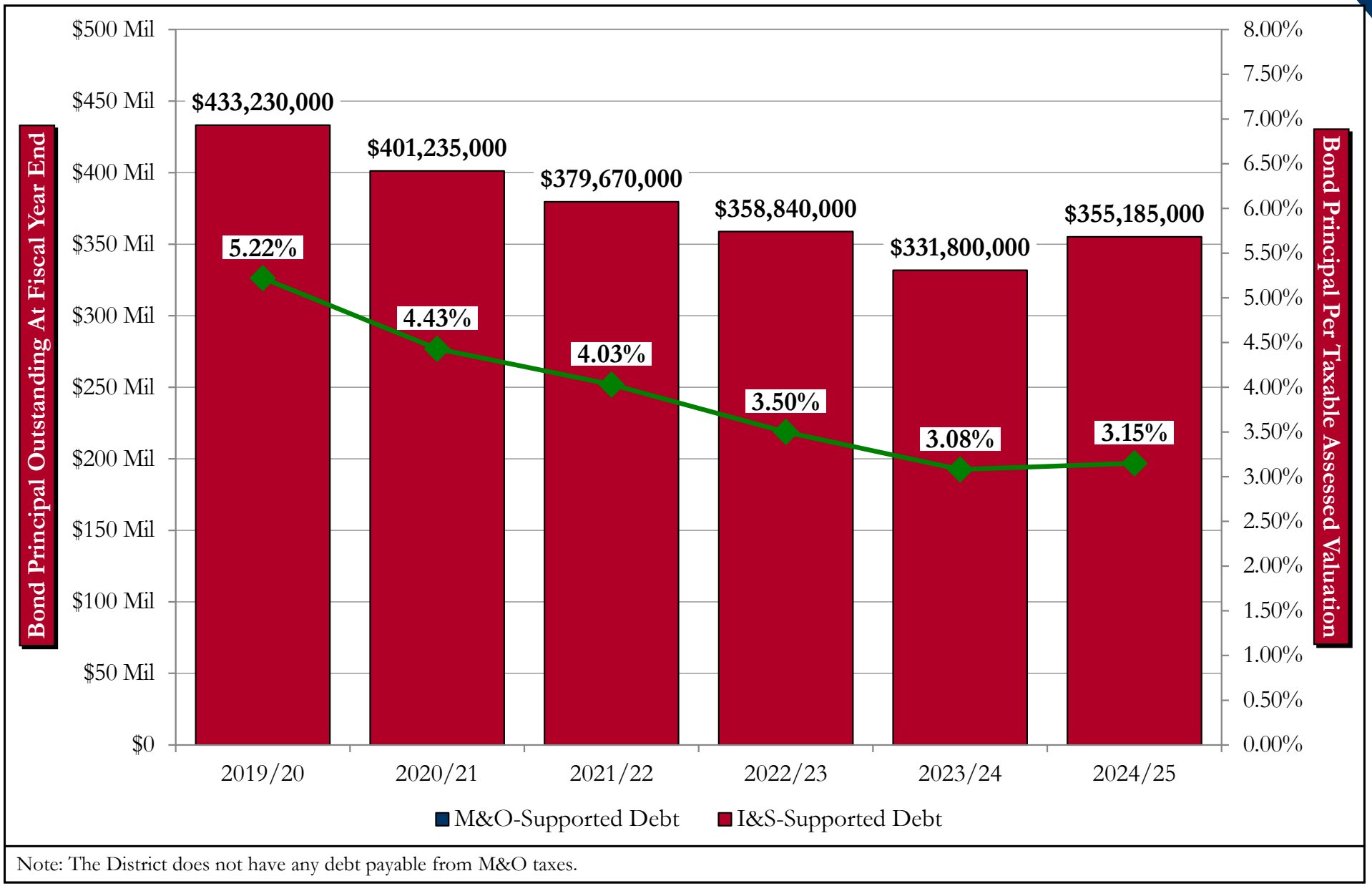
☑ Summary of Unlimited Tax Debt Outstanding By Series – As of Fiscal Year Ended June 30, 2025

- 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	$2,615,000.00	$2,811,050.00	$24.02	$25.82	02/15/2028	$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	$2,150,000.00	$2,320,550.00	$19.75	$21.32	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	$34,000,000.00	$44,480,450.00	$312.33	$408.61	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	$17,950,000.00	$21,625,650.00	$164.89	$198.66	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	$87,045,000.00	$117,774,450.00	$799.61	$1,081.90	02/15/2042	$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	$119,407,300.00	$690.39	$1,096.90	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	$16,730,000.00	$23,923,650.00	$153.69	$219.77	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	$50,945,000.00	$56,523,000.00	$467.99	$519.23	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	$14,040,000.00	$107.48	$128.97	02/15/2029	$12,905,802.00	$12,905,802.00	$0.00
10	Unlimited Tax Refund Bonds, Series 2023	Refunding at a lower interest rate, etc.	$19,595,000.00	$13,195,000.00	$19,162,000.00	$121.21	$176.03	02/15/2038	$20,749,796.92	$20,749,796.92	$0.00
11	Unlimited Tax School Building Bonds, Series 2024	Capital Improvements	$52,040,000.00	$43,700,000.00	$57,593,300.00	$401.44	$529.06	02/15/2049	$55,222,224.65	$23,630,366.32	$31,591,858.33

Source: District's Audited Financial Statements, 2020 U.S. Census and District records. Per capita figures are based upon an estimated population of 108,859.

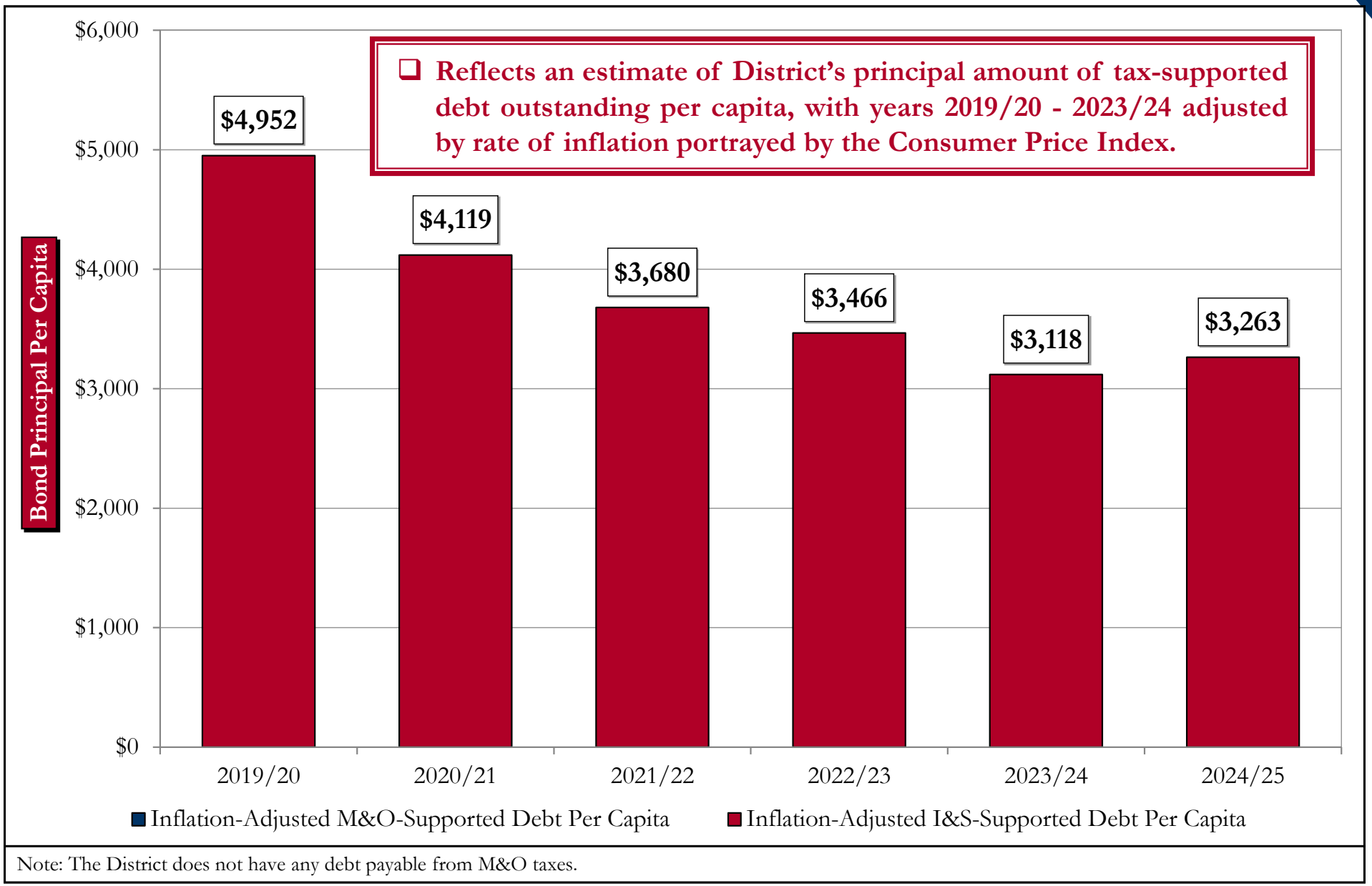
Tax-Supported Debt Obligations At Fiscal Year End and As a Percentage of Taxable Assessed Valuation



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

Source: District's Audited Financial Statements and District records.

Inflation-Adjusted Tax-Supported Debt Per Capita

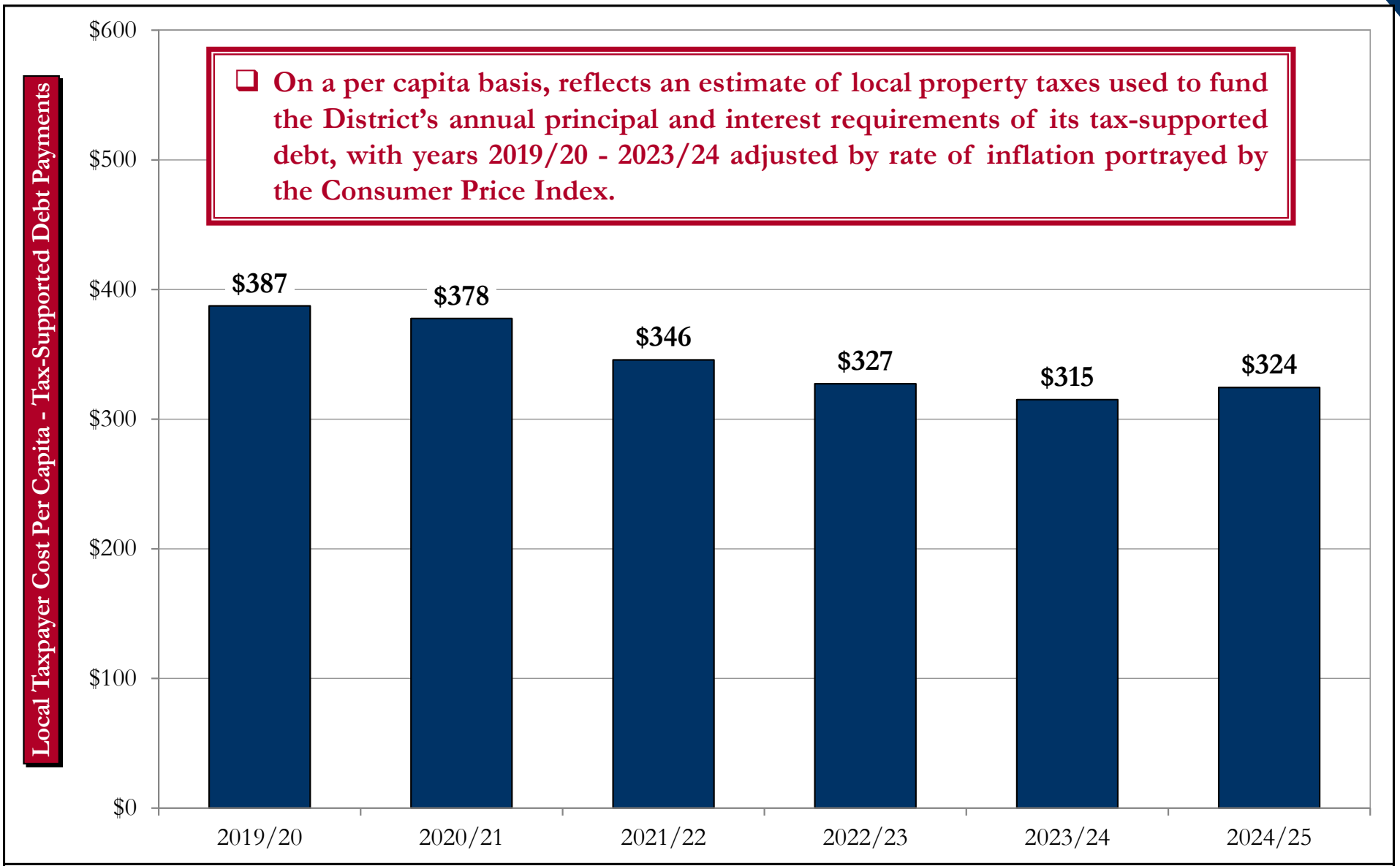


Note: The District does not have any debt payable from M&O taxes.

Source: District's Audited Financial Statements, 2020 U.S. Census, Bureau of Labor Statistics and District records.

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

- On a per capita basis, reflects an estimate of local property taxes used to fund the District's annual principal and interest requirements of its tax-supported debt, with years 2019/20 - 2023/24 adjusted by rate of inflation portrayed by the Consumer Price Index.



Note: Debt payments represent District's voter-approved bonds payable from a levy of its I&S tax rate.

Source: District's Audited Financial Statements, 2020 U.S. Census, Bureau of Labor Statistics and District records.

☑ Contact Information and Links to Additional Resources

❑ Main Office Contact Information:

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Pearland, Texas 77581

Phone: (281) 485-3203

❑ For additional information regarding this report, please contact:

Thu Pham
Chief Financial Officer
Phone: (832) 736-6113
Email: phamt@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