ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year
Ended June 30, 2026



Pearland Independent School District
Pearland, Texas

PEARLAND INDEPENDENT SCHOOL DISTRICT

1928 N. Main Street
Pearland, TX 77581

Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2026

Pearland Independent School District
Business Services


BUILD
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Proud

PEARLAND INDEPENDENT SCHOOL DISTRICT

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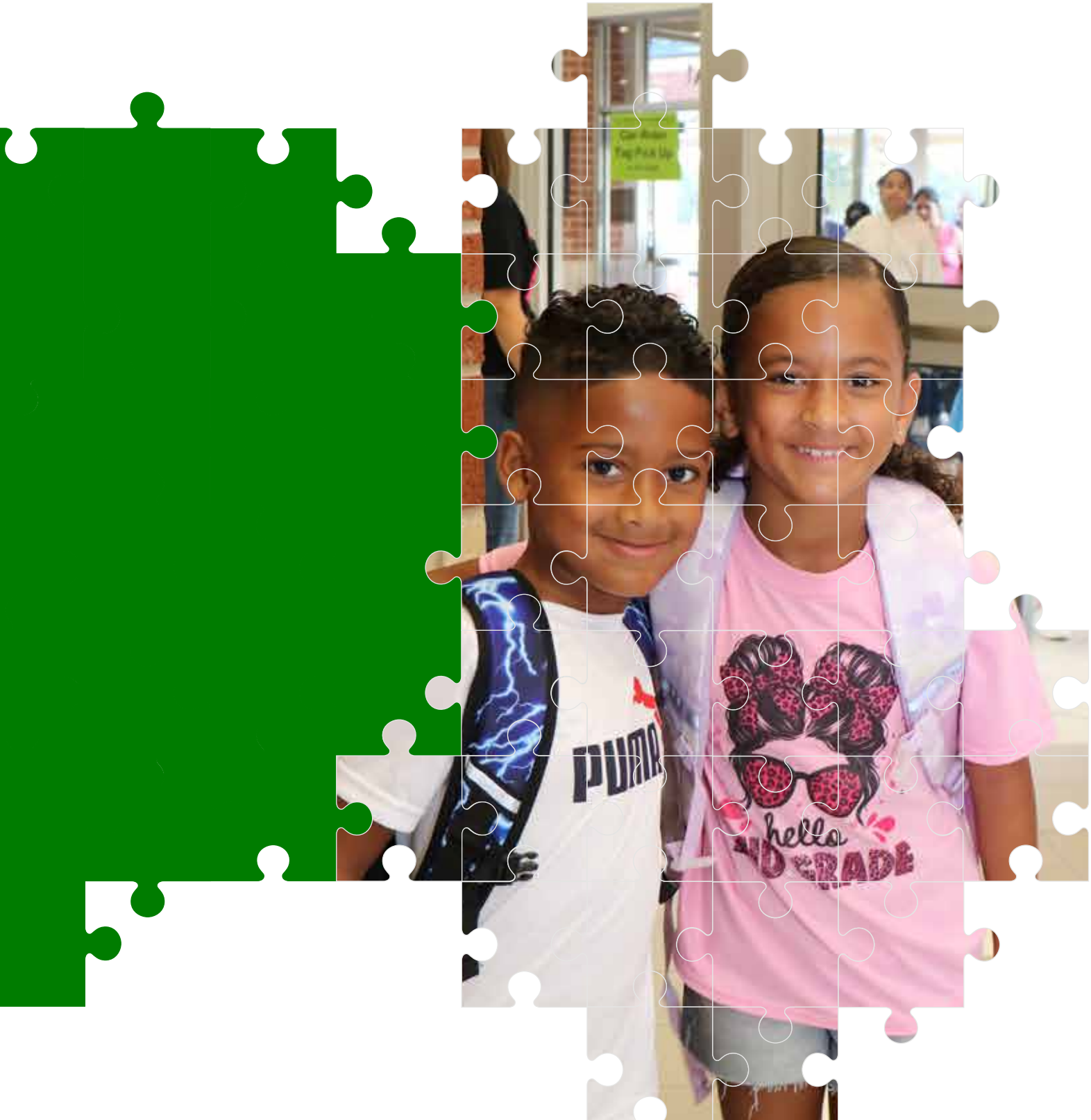
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INTRODUCTORY SECTION



November 10, 2026

Board of Trustees and Taxpayers of
Pearland Independent School District
1928 N. Main St.
Pearland, TX 77581

Dear Board of Trustees and Taxpayers:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) for the Pearland Independent School District (the "District") for the fiscal year ended June 30, 2026. The report was prepared by the District's Business Office. The basic financial statements have been audited by the independent accounting firm of Whitley Penn, whose report is included herein. The financial data appearing in this report has been prepared in accordance with generally accepted accounting principles and reporting standards as promulgated by the Governmental Accounting Standards Board ("GASB").

Responsibility, for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operations of the District. Furthermore, we believe that all disclosures necessary to enable the reader to gain the maximum understanding of the District's financial activities have been included.

United States generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Reporting Entity

The District is a political subdivision of the State of Texas located within Brazoria and Harris Counties. The District is governed by a seven-member Board of Trustees (the "Board"). Policy-making and supervisory functions are the responsibility of, and are vested in, the Board. The Board delegates administrative responsibilities to the Superintendent of Schools, who is the chief administrative officer of the District.

The District is not included in any other governmental reporting entity as defined by Governmental Accounting Standards Board Statement No. 14. As required by GAAP, the financial statements of the reporting entity include those of the District (the primary government) and its component unit in conformity with GASB Statement No. 14, The Financial Reporting Entity. The District is not reporting component units.

The Board is required to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the District's financial planning and control. The budget is prepared and approved at least at the fund and function levels to comply with the state's legal level of control mandates.

Services Provided

Through all the years of growth in Pearland, the District has consistently been the heart of the town. The first school, built in 1893, was a one-room wood structure with a wood-burning stove and 23 students taught by Miss Nannie Rogers. More than a century later, the District has 23 campuses, including 11 elementary schools serving grades Pre-K-4, four middle schools serving grades 5-6, four junior high schools serving grades 7-8, three high schools serving grades 9-12, and an alternative school of choice serving over 20,600 students. The ages and capacities of these facilities range from 13 to 74 years with an average age of 32.3 years and can be found in Table 18 of the Statistical Section.

Pearland ISD strives to offer a world-class education that develops every child's unique gifts and talents. Our diverse programs challenge and equip students for future success:

- Gifted and Talented Academy
- Dual Language Program (dual English/Spanish classrooms)
- Turner College and Career High School
- Career and Technical Education workforce learning and career pathways
- Dual credit/dual degrees through local colleges
- Associate degrees
- Professional certifications
- Championship athletic programs
- Premier drama, choral, band and art programs
- Special Olympics

The comprehensive academic program in grades K-12 provides students the opportunity to reach their full potential. Special Programs, bilingual/ESL, Gifted and Talented and pre-K services are offered to students who qualify.

At the secondary level (grades 7-12), the Pearland Advanced Placement (PAP)/AP programs serve as the Gift and Talented program in addition to a Gifted and Talented Academy option for students in grades 5-8. With the State Board of Education-approved Texas Essential Knowledge and Skills (TEKS), the entire K-12 curriculum has real-life application and integrates technology. The District also has an extensive Career and Technical Education program that makes connections with the business community.

Enrollment

Our enrollment for school year 2025-2026 as of Fall snapshot day was 20,600 students of which 7,209 students were enrolled at the high school level, 3,291 at the junior high school level, 3,047 at the middle school level, and 7,053 at the elementary level.

Approximately 34.6 percent of our students are classified as economically disadvantaged, 12.2 percent as emergent bilingual, 14.5 percent as Special Education, and 12.2 percent participate in Gifted and Talented courses.

District's Purpose

Mission Statement

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

Vision

Pearland ISD will empower every learner with the knowledge, character, and confidence to thrive and lead in an ever-changing society.

District Beliefs

- Students thrive when they feel valued, empowered, and challenged to reach their highest potential
- Parents and Families are essential partners in student success.
- Staff are value-driven professionals who utilize data and innovative practices to inspire, educate, and empower every student.
- Campus Administrators are committed to prioritizing student growth, safety, and well-being of all.
- The Superintendent and Central Office Staff lead with accessibility, vision, and a spirit of servant leadership.
- The Board of Trustees operates as a collaborative, forward-thinking team, invested in the well-being and future of Pearland ISD.

District Strategic Goals

1. School Safety: Pearland ISD will provide a safe and orderly environment by enforcing safety and security measures and training at all levels focused on prevention, mitigation, preparation, response, and recovery.
2. Student Academic Performance: Pearland ISD will continue to make quality instruction and academic performance a top priority.
3. Physical and Mental Wellbeing: Pearland ISD will provide for the physical and mental wellbeing of all students and staff.
4. Communication: Pearland ISD will deliver a transparent communication system that fosters trust and enhances unity across the District and community.
5. Finance: Pearland ISD will strategically maximize financial assets to provide resources to meet student needs in partnership with families and the community.

Education Foundation

The Pearland ISD Education Foundation has provided support for educational programs for both the students and staff of Pearland ISD for the past 12 years. The organization provides funds for educational programs and activities that either have not been funded or have been under-funded by the normal operating budget. These funds are used to facilitate student achievement and skill development, to recognize and encourage staff excellence and to expand community involvement from individuals, businesses, and civic organizations.

Each year, the Foundation distributes innovative grant awards throughout the District to enhance student learning. Educators can apply for grant funding of up to $5,000 for teacher or classroom projects and up to $7,500 for campus and districtwide programs. During the 2025-2026 school year, the Foundation awarded $125,500 to support innovative learning. Since its inception in 2014, the Foundation has awarded a total of $1,218,500 in innovative grants. Additionally, the Foundation also launched a mini-grant program to provide additional support for classroom needs. The mini grants, totaling $53,300 for the 2025-2026 school year, were funded by community supporters. The Foundation does not meet the criteria for inclusion in the District's financial statements under the provisions of GASB Statement No. 39.

Economic Condition and Outlook

The District's economic base continues to benefit from its location within the greater Houston metropolitan area and the sustained growth of the City of Pearland. As of the 2020 U.S. Census, Pearland reported a population of 125,828 and remains one of the largest communities in Brazoria County. The community continues to experience residential and commercial development supported by its proximity to major employment centers, including the Texas Medical Center, Downtown Houston, the Port of Houston, and the region's energy, aerospace, and healthcare sectors. Also included within the District is the Town of Brookside Village with a reported 2020 population of 1,548.

Economic conditions throughout the region remained stable during fiscal year 2026. Pearland's unemployment rate of 4.3 percent compared favorably with the State of Texas rate of 4.4 percent and remained below the Brazoria County average of 5.4 percent. Statewide employment continued to expand in professional and business services, construction, education, and health services. These trends support continued demand for housing, retail activity, and commercial investment within the District's attendance boundaries.

In the past ten years, more than 10,000 new single-family homes and 3,000 multi-family units have been constructed in the community. Median home values rose over 103 percent from $182,300 in 2010 to $370,090 in 2026. The average home sale price increased at a similar rate from $194,900 in 2010 to $388,650 in 2026.

Enrollment has decreased by 1.94 percent in the last five years. School year 2025-26 enrollment was 20,600 students. The enrollment decline is attributed to various factors, including an increase in homeschooling statewide, an aging population, and higher than usual mobility due to a significant increase in home values prompting residents to sell their homes at a premium and affording newer residences outside the District boundaries.

District administration has been able to manage the tax rate to maintain a healthy fund balance by holding a voter-approval tax rate election in a prior fiscal year and adopting one-time disaster pennies, when available. In addition, administration has focused on maximizing interest earnings by strategic management of its investment portfolio during the Federal Reserve interest rate increases. The District’s financial position has experienced surpluses over the past years with the fund balance remaining stable as an indicator of sound financial management.

Local Economy

The Brazoria County economy is largely based upon manufacturing and construction. Brazoria County was the first capital of the Republic of Texas, which proves the county’s roots run rich with Texas history. Pearland’s largest employers include school districts, energy services, manufacturing, and healthcare companies such as Kelsey Seybold, Lonza, and Memorial Hermann. Pearland is located close to the Texas Medical Center and its fifty medical institutions. Pearland’s top taxpayer is VR St. Andrew LP, a property-owning company.

Financial Policies and Long-Term Financial Planning

The most recent bond election the District held was on May 4, 2024, for a $105 million bond. The 2024 bond election addresses infrastructure and technology needs that exceed the capacity of the operating budget. It was proposed and elected in two separate bond propositions, one to address infrastructure for $75 million, and the other for $30 million to address technology needs. The proceeds will be used to acquire, construct, renovate, and equip school facilities in the District including HVAC, electrical, plumbing, roofing, parking, painting, and security improvements. The technological needs facing the District include replacing student one-to-one devices, classroom technology, computer lab improvements, servers, storage, as well as networking and data center improvements. The District’s bond capacity was such that this bond election did not raise the interest and sinking tax rate and projects are expected to be completed in the 2027-2028 school year.

It is the responsibility of the Business Services Department to oversee all finance-related issues, including the investment of construction funds and other funds for maximization of interest earnings, and to provide financial status reports to the Board with the objective of assisting in the accountability and decision-making process.

Accounting System

Business Services Department is responsible for providing all District financial services including financial accounting and reporting, payroll and accounts payable disbursement functions, cash and investment management, debt management, budgeting, procurement, student comprehensive data, and special financial and policy analyses to District management. The Chief Financial Officer, appointed by the Superintendent, has oversight responsibility for the department's operations.

The District utilizes the Tyler Munis suite of financial and human resources software, which includes a system of internal accounting controls. Such controls have been designed and are continually being reevaluated to provide reasonable, but not absolute, assurance for the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability over the District's assets.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework and are believed to adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. Accounting records for governmental fund types are maintained on a modified accrual basis with revenues recorded when services or goods are received, and the liabilities are incurred. Accounting records for trust funds are maintained on the accrual basis.

Budgetary Financial Control

State law requires that every local education agency in Texas prepare and file an annual budget of anticipated revenues and expenditures with the Texas Education Agency. The annual budget serves as the foundation for the District's financial planning and control. The budget process must include budgeting for the General Fund, Debt Service Fund, and the Food Service Fund.

Each year, the Board of Trustees and the Superintendent begin the budget process by reviewing the goals that establish the basis for budgeting available resources. Considering the fast-growth environment, the economic conditions, the changes in accountability standards and the change in student population, the District makes it a priority to analyze and adjust the programmatic structure to best meet the needs of the students.

As the budgets are developed by each campus and department, the District and Campus Improvement Plans are considered in the needs assessments. The budgets represent a balance between the educational needs of the students and programs and the ability of the community and the State of Texas (State) to provide the necessary financial resources.

Each year, the budget process officially begins in November with the preparation of the budget calendar for the upcoming year. Demographic studies allow the District to begin looking at growth rates, trends, and economic conditions affecting the District. Enrollment projections are utilized to calculate staffing allotments and campus budget financial allotments. Through the course of the spring each year, the campuses and departments begin formulating the needs assessments and requests for the following budget. Consolidated budgeting information is then presented to the Superintendent's Cabinet and to the Board of Trustees in various workshops and meetings. With a July 1 fiscal start date, the budget must be approved by June 30th each year.

Subsequent budget amendments must be approved by the Board for appropriated funds, including the General Fund, Food Service Fund, and Debt Service Fund. For Special Revenue Funds, budget amendments are subject to the approval by the granting agency. All departments are required to operate within their budgetary constraints. Appropriated budgets are amended prior to expenditure, and the accounting system provides a strong budgetary control over expenditures.

Independent Audit

The Texas Education Agency requires that an annual audit of the books of account, financial records, and transactions of all administrative departments of the school district be performed by an independent certified public accountant(s). The firm of Whitley Penn was selected by the District and approved by the Board. In addition to meeting the requirements set forth in the state and local policies, the audit was also designed to meet the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The auditor's report on the basic financial statements and schedules is included in the following report. The auditor's report related specifically to the Federal Single Audit is included in a separate report.

Awards

School FIRST Superior Achievement

The School FIRST (Financial Accountability Rating System of Texas) program, a financial accountability system for Texas school districts was developed by the Texas Education Agency in response to Senate Bill 218 of the 77th Texas Legislature in 2001. The TEA has awarded the District an "A" rating for "Superior Achievement" for the year ended June 30, 2026. The rating is based upon an analysis of student and staff data reported for the 2024-2025 school year and budgetary and actual financial data for the fiscal year ended June 30, 2025.

The primary goal of 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 the Texas school finance system. The "Superior Achievement" rating is the state's highest financial rating, demonstrating the quality of Pearland ISD's sound fiscal management.

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ASBO Certificate of Excellence

The District received the Association of School Business Officials' (ASBO) Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2025. This award certifies that the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025, substantially conforms to the principles and standards of financial reporting as recommended and adopted by the ASBO. We believe that our current ACFR continues to meet the Certificate of Excellence Program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

Texas Comptroller's Office Transparency Stars for Local Governments

The Texas Comptroller of Public Accounts' Transparency Stars program recognizes local governments for going above and beyond in their transparency efforts. The program recognizes government entities that open their books not only in their traditional finances, but also in the areas of contracts and procurement, economic development, public pensions, and debt obligations. Local government recipients provide clear and meaningful financial information by posting financial documents, but also through summaries, visualizations, downloadable data, and relevant information.

Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire Business Services staff and the leadership of the Superintendent. In addition, we would like to express our appreciation to other divisions, departments, schools, and individuals who assisted in its preparation.

We would also like to acknowledge the thorough professional and timely manner in which the audit was conducted by our independent auditors, Whitley Penn. Furthermore, we would like to especially acknowledge the President of the Board and the Board of Trustees for supporting the school District's goals of excellence in all aspects of financial management.

Respectfully submitted,

Dr. Larry Berger
Superintendent

Thu Pham
Chief Financial Officer

Kara Knott
Director of Accounting

CERTIFICATE OF BOARD

Pearland Independent School District	Brazoria	020-908
Name of School District	County	Co.–Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ✓ approved _ disapproved for the year ended June 30, 2026, at a meeting of the board of trustees of such school district on the 10th day of November 2026.

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are) (attach list if necessary):

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Pearland Independent School District
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2025



and issued to the public 134 days after the fiscal year end

Christopher P. Morrill

Executive Director/CEO

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Pearland Independent School District

for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025.

The district report meets the criteria established for ASBO International's Certificate of Excellence in Financial Reporting.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Lynn Knight
President

James M. Rowan, CAE, SFO
CEO/Executive Director

PEARLAND INDEPENDENT SCHOOL DISTRICT
PRINCIPAL OFFICIALS & ADVISORS

BOARD OF TRUSTEES

Crystal Carbone, President
Stay-at-Home Mother

Nanette Weimer, Vice President
Retiree, Former Deputy Superintendent

Jim Johnson, Secretary
President and CEO of Pearland Chamber of Commerce

Sean Murphy, Member
Senior Vice President of HomeTown Bank of Pearland

Dr. Kristofer Schoeffler, Member
Owner of Pearland Animal Hospital

Toni Carter, Member
Stay-at-Home Mother

Daniel Stuckey, Member
Director of Sales and Marketing

ADMINISTRATION

Dr. Larry Berger, Superintendent of Schools

Kelly Holt, Deputy Superintendent

Thu Pham, Chief Financial Officer

Jon-Paul Estes, Chief Technology Officer

Dr. Lisa Nixon, Assistant Superintendent of Educational Services

Dr. Charles Allen, Assistant Superintendent of Teaching and Learning

Dr. Sundie Dahlkamp, Assistant Superintendent of Talent and Engagement

Tanya Porter, General Counsel

Dr. La'Kesha Henson-Vaughn, Executive Director of Intermediate Schools

Marlo Keller, Executive Director of Elementary Education

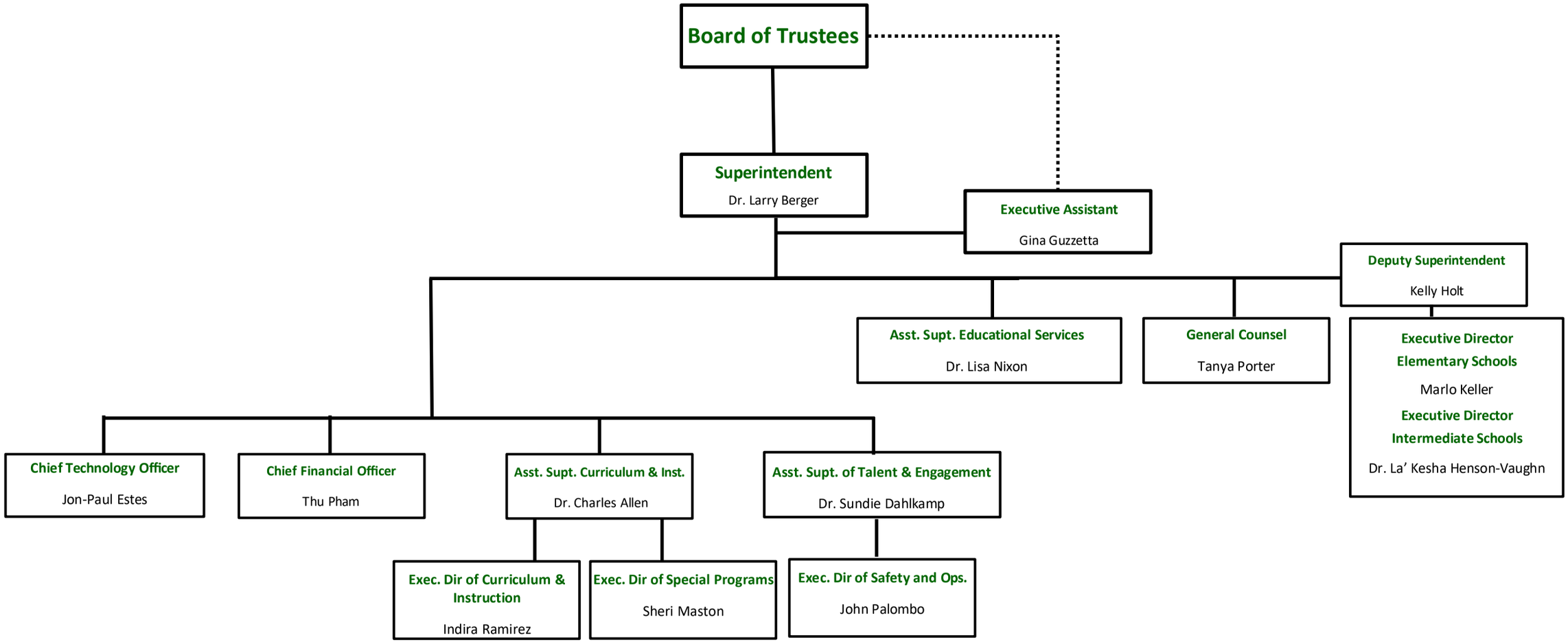
Sheri Maston, Executive Director of Special Programs

John Palombo, Executive Director of Safety & Operations

Indira Ramirez, Executive Director of Curriculum & Instruction

CONSULTANTS & ADVISORS

Whitley Penn, Independent Auditors
Winstead PC, Bond Counsel
BOK Financial Securities, Financial Advisor

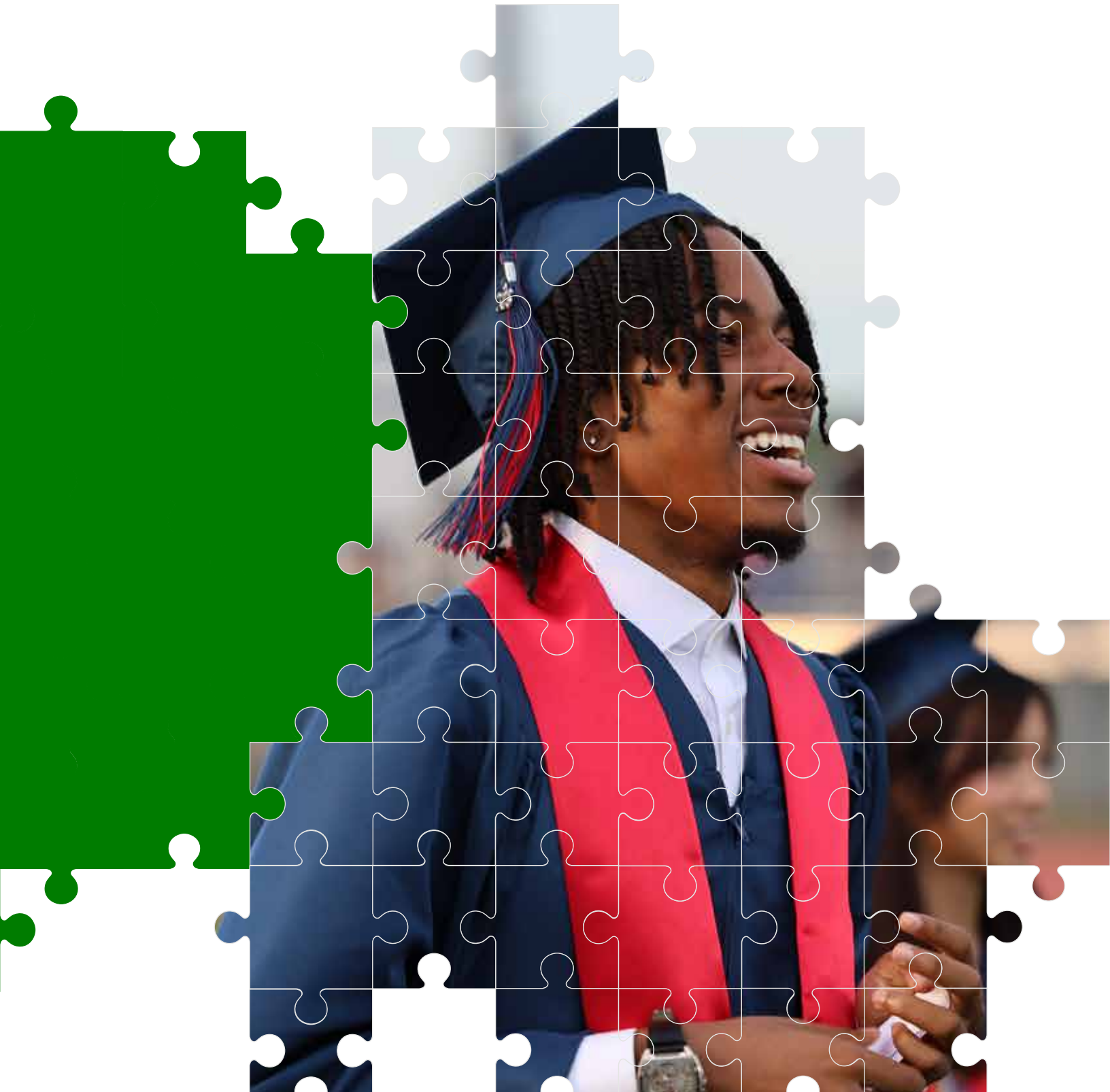


BUILD PEARLAND Proud

PEARLAND INDEPENDENT SCHOOL DISTRICT

Organizational Chart

FINANCIAL INFORMATION



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Pearland Independent School District
Pearland, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pearland Independent School District (the District), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2026, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, pension information, and other post-employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining fund financial statements and required Texas Education Agency (TEA) schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and required TEA schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
November 10, 2026


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PEARLAND INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2026

As management of the Pearland Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2026, focusing on why amounts changed from the prior year. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Overview of the Financial Statements

This management discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The government-wide financial statements include the District's governmental activities and business-type activities.

The *statement of net position* presents information on all the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information on all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are considered *business-type activities* and are intended to recover all or a significant portion of their costs through user fees and charges. The government-wide financial statements can be found as noted in the table of contents.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance

sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains 22 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and the capital projects fund, each of which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* on Exhibit H-1 and H-2 of this report.

The basic governmental fund financial statements can be found as noted in the table of contents.

Proprietary funds. *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types. *Enterprise funds* are used to report on the same functions presented as *business-type activities* in the government-wide financial statements, where the District reports its football concession enterprise fund. *Internal service funds*, which are an accounting device used to accumulate and allocate costs internally among the various functions; the District uses the *internal service fund* to report activities for its self-funded workers' compensation insurance program.

The basic proprietary fund financial statements can be found as noted in the table of contents.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District's fiduciary activities can be found as noted in the table of contents. These activities are excluded from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as noted in the table of contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found as noted in the table of contents. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining statements can be found as noted in the table of contents.

Financial Summary and Detailed Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, the assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by $130,568,687 as of June 30, 2026. The net position of the District increased by $36,367,692 from the prior fiscal year.

The District's Net Position

	Governmental Activities		Business Type Activities		Total	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Current and other assets	$ 211,771,820	$ 196,460,223	$ 34,117	$ 34,117	$ 211,805,937	$ 196,494,340
Capital assets	470,920,408	459,313,997			470,920,408	459,313,997
Total assets	682,692,228	655,774,220	34,117	34,117	682,726,345	655,808,337
Deferred outflows of resources	36,863,521	35,665,648			36,863,521	35,665,648
Long-term liabilities	493,004,034	514,064,082			493,004,034	514,064,082
Other liabilities	35,328,855	34,193,244			35,328,855	34,193,244
Total liabilities	528,332,889	548,257,326			528,332,889	548,257,326
Deferred inflows of resources	60,688,290	49,015,664			60,688,290	49,015,664
Net Position:						
Net investment in capital assets	125,133,716	106,196,393			125,133,716	106,196,393
Restricted	17,282,460	13,479,708			17,282,460	13,479,708
Unrestricted	(11,881,606)	(25,509,223)	34,117	34,117	(11,847,489)	(25,475,106)
Total net position	$ 130,534,570	$ 94,166,878	$ 34,117	$ 34,117	$ 130,568,687	$ 94,200,995

The largest portion of its net position, investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, right-to-use lease equipment, subscription-based information technology arrangements, and construction in progress), less any related debt used to acquire those assets that is still outstanding is $125,133,716. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, $17,482,460 represents resources that are subject to external restrictions on how they may be used. On June 30, 2026, unrestricted net position reflected a deficit of $11,881,606 for governmental activities and a deficit of $11,847,489 for the District as a whole. The remaining unrestricted deficit is primarily attributable to the District's pension and other postemployment benefit obligations, as required by generally accepted accounting principles.

Governmental activities. The District's current and other assets increased by $15,311,597 primarily due to bond-funded capital project activity, higher investment balances, and timing of state and local receivables. The District's other liabilities increased slightly due to an increase in accrued wages payable and accrued expenses. Long-term liabilities decreased as debt repayments, refunding activity, and other liability reductions exceeded new financing and increases in other long-term obligations.

Business-type activities. There was no change in current assets and other liabilities for the business-type activities. This fund is an enterprise fund where all funds received are used to pay for operations. The unrestricted net position for the business-type activities remains $34,117.

Changes in Net Position. The District's overall net position increased by $36,367,692 from the prior fiscal year. The factors contributing to this increase are discussed in the following sections for governmental activities and business-type activities.

The following table summarizes the District's revenues, expenses, and changes in net position for fiscal years 2026 and 2025.

Changes in the District's Net Position

	Governmental Activities		Business Type Activities		Total	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Revenues:						
Program Revenues:						
Charges for services	$ 11,193,357	$ 11,001,577	$ 117,055	$ 140,508	$ 11,310,412	$ 11,142,085
Operating grants and contrib.	28,378,858	24,735,277			28,378,858	24,735,277
Capital grants and contrib.	1,169,374	3,788,620			1,169,374	3,788,620
General Revenues:						
Property taxes	107,371,520	114,776,479			107,371,520	114,776,479
State grants	148,845,685	129,768,880			148,845,685	129,768,880
Other	8,852,093	10,646,187		483	8,852,093	10,646,670
Total revenues	305,810,887	294,717,020	117,055	140,991	305,927,942	294,858,011
Expenses:						
Instruction	144,140,697	129,962,920			144,140,697	129,962,920
Instructional resources and media services	2,435,821	2,422,606			2,435,821	2,422,606
Curriculum and instructional staff development	6,728,995	6,080,918			6,728,995	6,080,918
Instructional leadership	2,849,817	2,675,325			2,849,817	2,675,325
School leadership	12,900,169	12,293,048			12,900,169	12,293,048
Guidance, counseling and evaluation services	10,701,919	10,021,819			10,701,919	10,021,819
Social work services	974,743	859,526			974,743	859,526
Health services	2,468,876	2,340,420			2,468,876	2,340,420
Student transportation	10,256,001	9,071,763			10,256,001	9,071,763
Food service	11,989,249	11,709,929			11,989,249	11,709,929
Cocurricular/extracurricular activities	12,373,084	11,805,388			12,373,084	11,805,388
General administration	5,939,134	4,727,871			5,939,134	4,727,871
Facilities maintenance and operations	26,785,918	26,290,455			26,785,918	26,290,455
Security and monitoring services	3,348,721	2,780,147			3,348,721	2,780,147
Data processing services	8,357,624	7,068,707			8,357,624	7,068,707
Community services	45,119	42,010			45,119	42,010
Debt service - Interest on long-term debt	6,276,481	10,898,724			6,276,481	10,898,724
Debt service - Bond issuance costs and fees		1,362,187				1,362,187
Payments to juvenile justice alternative education prog.	10,250	36,125			10,250	36,125
Other intergovernmental charges	860,577	766,873			860,577	766,873
Business type activities			117,055	140,882	117,055	140,882
Total expenses	269,443,195	253,216,761	117,055	140,882	269,560,250	253,357,643
Change in net position before transfers	36,367,692	41,500,259		109	36,367,692	41,500,368
Transfers						
Change in net position	36,367,692	41,500,259		109	36,367,692	41,500,368
Net position, beginning	94,166,878	52,666,619	34,117	34,008	94,200,995	52,700,627
Net position, ending	$ 130,534,570	$ 94,166,878	$ 34,117	$ 34,117	$ 130,568,687	$ 94,200,995

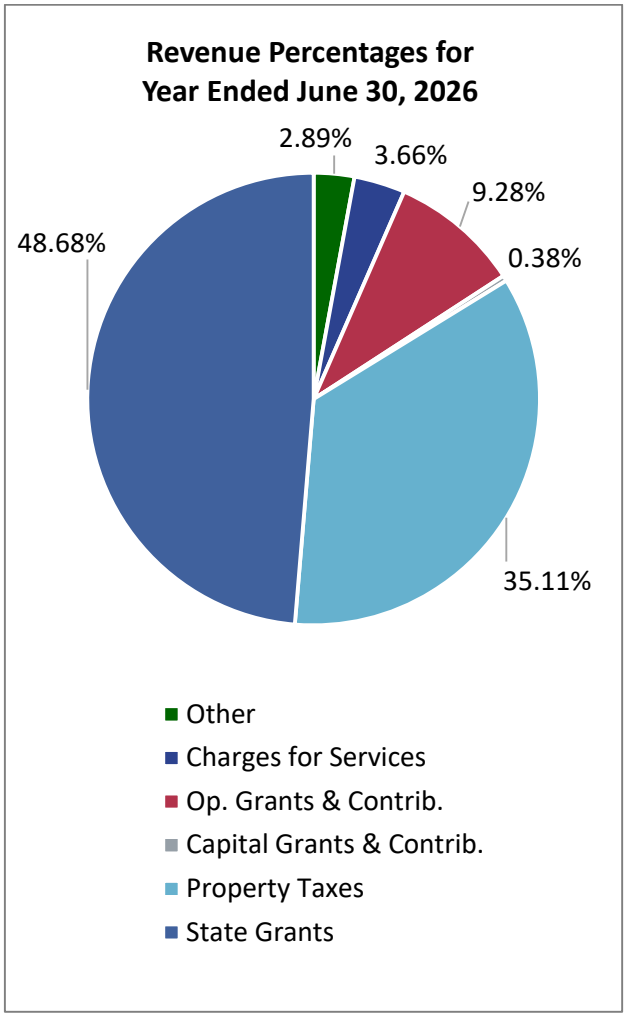
Governmental Activities. The District's governmental activities' net position increased by $36,367,692. Total governmental revenues were $305,810,887, an increase of $11,093,867 from the prior year, while expenses totaled $269,443,195, an increase of $16,226,434. State formula aid was the largest revenue source at $148,845,685, followed by property taxes of $107,371,520. Operating grants and contributions totaled $28,378,858, charges for services totaled $11,193,357, capital grants and contributions totaled $1,169,374, and other general revenues totaled $8,852,093.

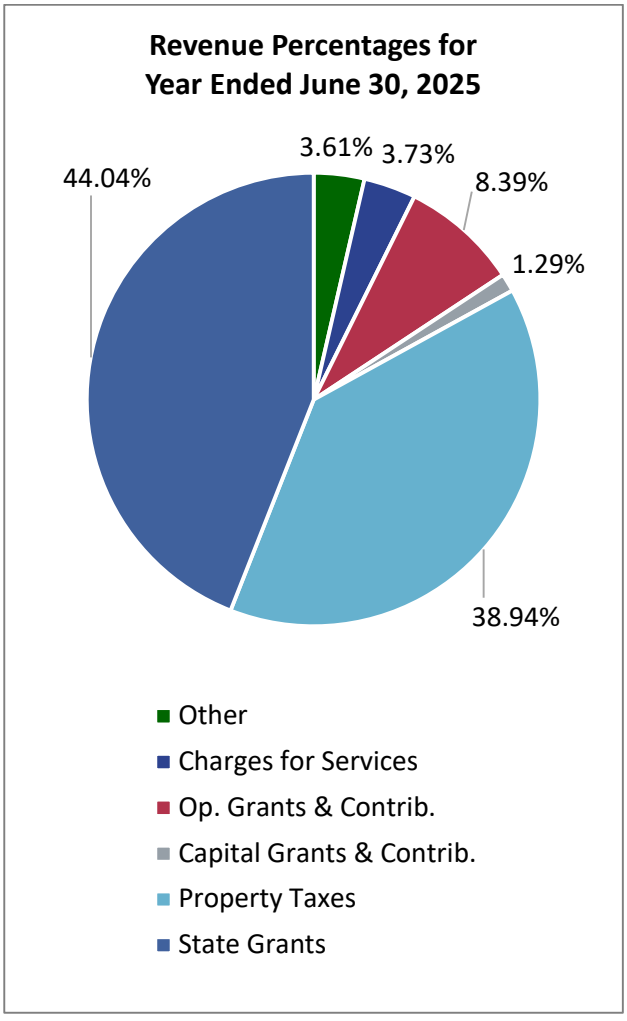
Property tax revenues decreased by $7,404,959, from $114,776,479 in fiscal year 2025 to $107,371,520 in fiscal year 2026, reducing their share of total governmental revenues from 38.9 percent to 35.1 percent. The decline

was primarily due to increased homestead exemptions from $100,000 to $140,000 for homeowners and from $10,000 to $60,000 for seniors and homeowners with disabilities, resulting in a 3.4 percent decrease in taxable assessed property values. The District's property tax rate remained unchanged from fiscal year 2025 to fiscal year 2026.

State formula aid increased by $19,076,805, from $129,768,880 in fiscal year 2025 to $148,845,685 in fiscal year 2026, primarily reflecting growth in Foundation School Program funding and other state allocations. This increase can partially be attributed to the decrease in property tax revenues, the state formula aid offsetting that decrease. There was also an increase in the basic allotment from $6,160 to $6,215 per student, reflected in the higher state formula aid for fiscal year 2026. State formula aid remained the District's largest governmental revenue source, increasing from 44.0 percent to approximately 48.7 percent of total governmental revenues as its growth outpaced overall revenue growth.

The charts below show the percentage of each governmental revenue type:



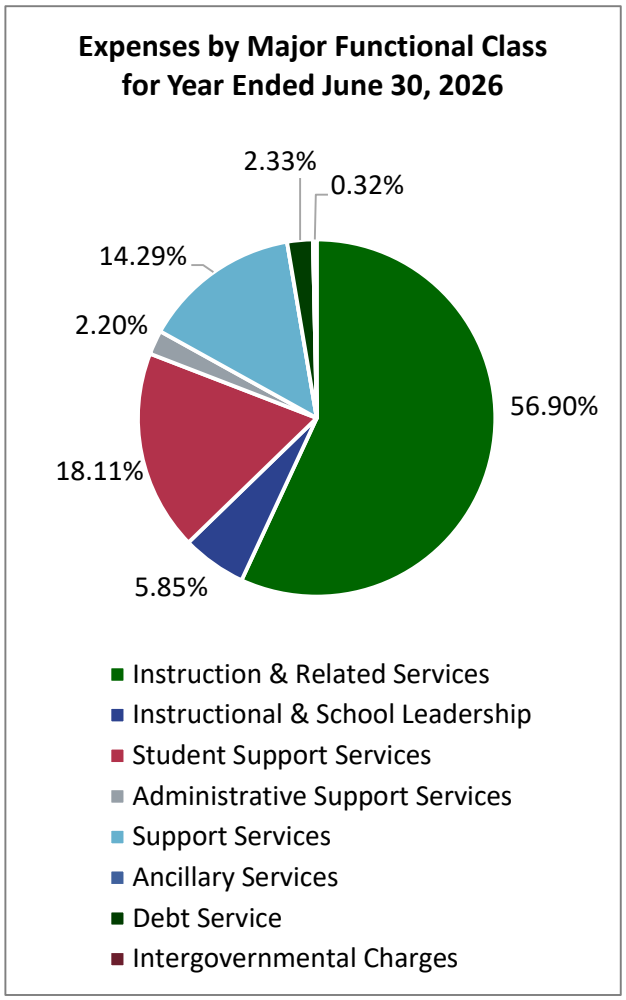


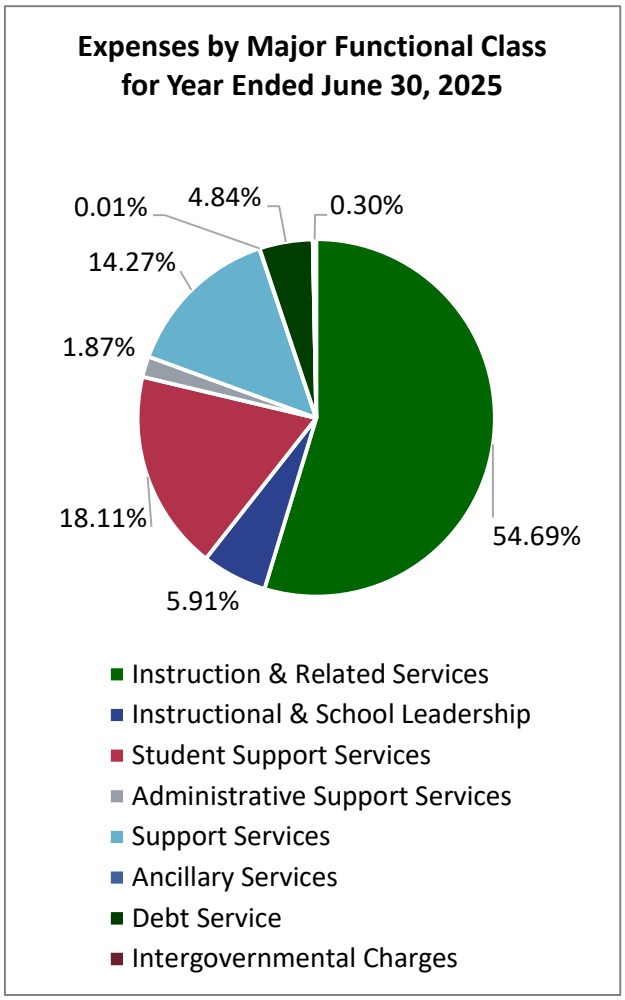
Total governmental activities expenses increased by $16,226,434, or 6.4 percent, from $253,216,761 in fiscal year 2025 to $269,443,195 in fiscal year 2026. Instruction accounted for most of the increase, rising by $14,177,777 to $144,140,697. Higher expenses for data processing are partially due to the inception of a new subscription based information technology arrangement, transportation due to payroll and supplies increases, and administration also contributed to the overall increase, partly offset by lower interest and debt issuance expenses.

The increase in instructional expenses primarily reflected personnel and compensation costs, including educator compensation changes associated with House Bill 2. Instruction remained the District's largest individual expense function, representing approximately 53.5 percent of total governmental activities expenses.

Instruction and Related Services, Instructional and School Leadership, and Student Support Services together accounted for $217,819,371, or 80.8 percent, of total governmental activities expenses. These functions continued to represent the largest share of the District's expenses, reflecting its investment in classroom instruction, campus leadership, and services supporting student achievement and well-being.

The charts below show the percentage of each expense type:





Business-type Activities. For the District's business-type activities, the results of the current fiscal year saw no change in net position. The District's business-type activities fund is an enterprise fund for its football concession stand operations. The goal of the fund is to be self-sustaining, with any revenues greater than expenses being distributed to the volunteers that operate the concessions. There was a decrease in business-type activities revenue which totaled $117,055, due to fewer football games being played during the fiscal year ended June 30, 2026. This directly correlates with the lower expenses of $117,055 recorded in the fund. The business-type activities expenses were lower than in the prior year by $23,827.

Detailed Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District reports three major funds individually in the governmental fund financial statements, the General Fund, the Debt Service Fund, and the Capital Projects Fund.

General Fund. The General Fund is the District's primary operating fund. On June 30, 2026, total fund balance was $93,300,775, including $70,439,064 of unassigned fund balance. Unassigned fund balance represented 31.8 percent of annual General Fund expenditures, while total fund balance represented 42.2 percent.

General Fund balance increased by $6,986,285 during the year. Revenues of $233,955,263 exceeded expenditures of $221,184,105 by $12,771,158 before other financing sources and uses. Net other financing uses totaled $5,784,873, including a $6,986,533 transfer to the Capital Projects Fund. The fund balance increase in fiscal year 2026, $6,986,285, was slightly lower than the prior fiscal year, $10,946,750, by $3,960,465. The current fiscal year expenditures were $12,604,701 higher than fiscal year 2025 and the fiscal year 2026 revenues were $12,138,695 higher. Planned expenditure increases for payroll were realized due to the District's gross pay increases, including legislative required increases for teaching staff. Revenues proportionally increased in state funding to offset some of the lower revenues realized for District's property taxes.

The District monitors revenue estimates, staffing costs, salary savings, and other expenditures throughout the year to support its financial objectives. Transfers to the Capital Projects Fund support planned capital renewal and larger projects requiring resources beyond annual operating allocations.

Debt Service Fund. The Debt Service Fund ended the year with fund balance of $15,675,366, restricted for debt service, compared with $14,204,797 in the prior year. The $1,470,569 increase consisted of $270,560 of expenditures over revenues, offset by $1,741,129 of net other financing sources.

Net financing activity reflected refunding bond proceeds and premiums, the payment to the refunded bond escrow agent, and the capitalized interest allocation associated with the Series 2025 issuance. These financing transactions accounted for most of the increase in fund balance. Additional information about the issuance, refunded bonds, and related savings is presented in the long-term financing discussion and Note 6.

Capital Projects Fund. The Capital Projects Fund ended the year with fund balance of $59,101,064, an increase of $2,688,744 from the prior-year balance of $56,412,320. Ending fund balance consisted of $41,744,241 restricted for capital acquisitions and contractual obligations, $17,079,995 assigned to capital renewal projects, and $276,828 of nonspendable prepaid items.

During the year, the Fund received $24,320,000 of new-money bond principal, $1,714,592 of issuance premium, $6,986,533 transferred from the General Fund, and $2,165,767 of investment income. These resources supported $31,644,692 of expenditures and $853,456 of capitalized interest transferred out to the debt service fund.

Significant Capital Asset and Long-term Financing Activity

Capital Assets. On June 30, 2026, the District's governmental capital assets totaled $470,920,408, net of accumulated depreciation and amortization, an increase of $11,606,411, or 2.53 percent, from the prior year. The increase reflects capitalized additions exceeding depreciation, amortization, and the net carrying value of asset disposals. Capital assets include land, buildings and improvements, furniture and equipment, right-to-use lease assets, right-to-use subscription assets, and construction in progress.

The following table summarizes the District's capital assets for fiscal years 2026 and 2025:

District Capital Assets

	Governmental Activities	
	June 30, 2026	June 30, 2025
Land	$ 21,980,888	$ 21,980,888
Buildings and improvements, net	406,946,842	404,580,593
Furniture and equipment, net	36,608,423	25,962,643
Right-to-use lease assets	1,382,219	1,500,181
Right-to-use subscription assets	1,383,628	1,636,253
Construction in progress	2,618,408	3,653,439
Total	$ 470,920,408	$ 459,313,997

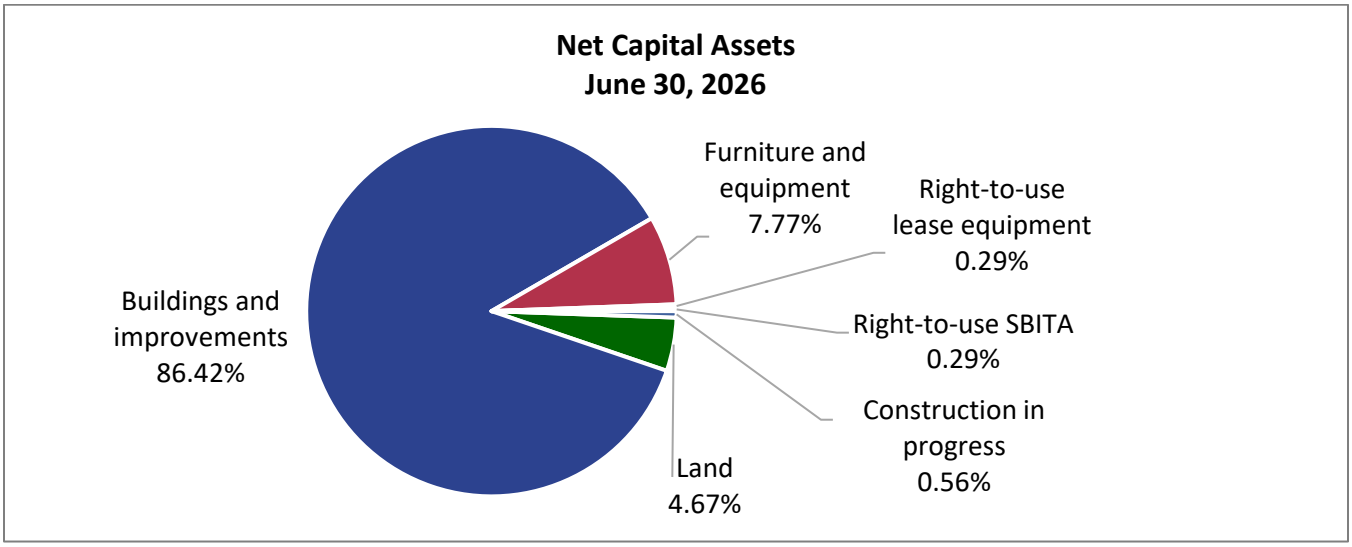
Capital asset activity during fiscal year 2026 focused on renewing existing facilities, upgrading technology and safety systems, and replacing transportation and operational equipment, as discussed below.

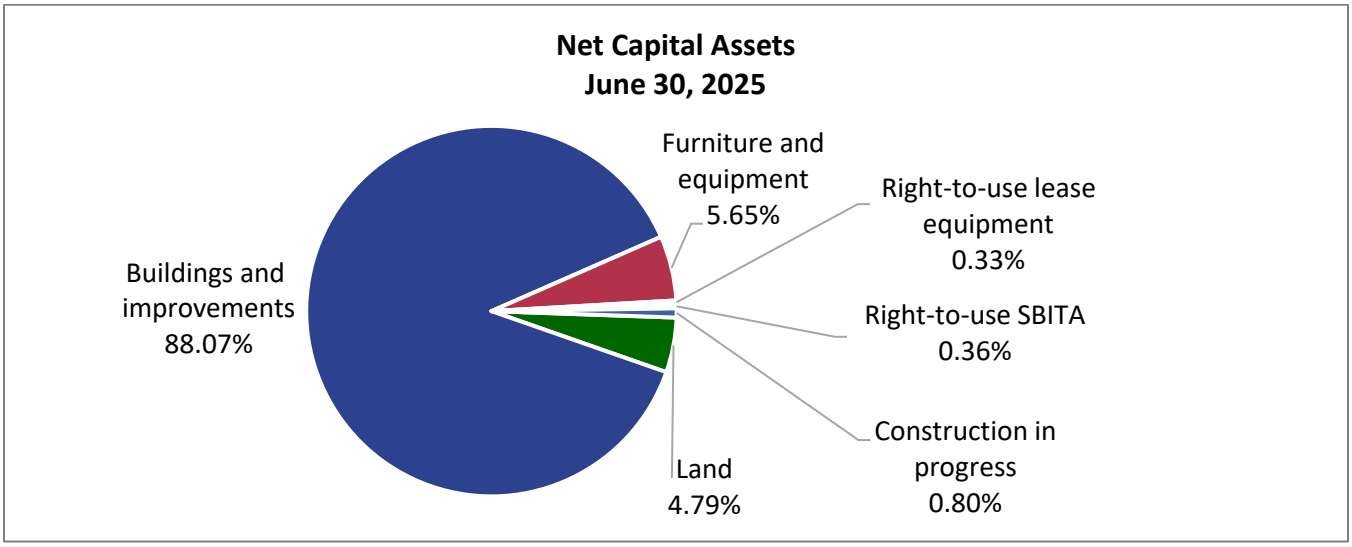
Facility improvements included $3.9 million for boiler and chiller replacements, $3.2 million for heating, ventilation, and air-conditioning upgrades, and $1.9 million for parking lot, driveway, and tennis court lighting. Roofing improvements at Pearland Junior High East and Jamison Middle School totaled $4.1 million. Other projects included $556,000 for flooring, $493,000 for outdoor tracks at three campuses, $515,000 for elevator and fire alarm improvements, and $804,000 for various facility and infrastructure projects.

Transportation purchases included $4.3 million for buses, $519,000 for trucks, $229,000 for vans, and $74,000 for trailers. The District also acquired $597,000 of operational and instructional equipment, including mowers, musical instruments, custodial equipment, and risers.

Technology investments included $10.1 million for iPads, computers, and related technology serving teachers, students, and computer labs. Additional acquisitions included $873,000 for districtwide security camera upgrades and $278,000 for Career and Technical Education instructional materials. These investments supported instructional delivery, campus safety, and the renewal of equipment used in District operations.

The District also entered into an additional dark fiber lease for internet connectivity and a subscription-based information technology arrangement for financial software. The related intangible right-to-use assets represent contractual rights to use the underlying infrastructure and software rather than ownership. These assets are reported separately from owned capital assets, and the associated liabilities are addressed in the long-term financing discussion below.





Additional information is presented in Note 5 for capital assets, Note 15 for leases, and Note 16 for subscription-based information technology arrangements.

Long-term Financing. On June 30, 2026, the District had $375,386,439 in outstanding financing obligations, consisting of general obligation bonds, including unamortized bond premiums, lease liabilities, and subscription liabilities. These obligations decreased by $20,212,859, or 5.1 percent, from the prior year. The decrease reflects the removal of refunded debt, scheduled principal payments, and premium amortization, partially offset by new financing activity.

District's Long-Term Financings

	June 30, 2026	June 30, 2025
Bonds payable	$ 372,746,431	$ 392,797,774
Lease liabilities	1,428,380	1,522,778
Subscription liabilities	1,211,628	1,278,746
Total long-term financings	$ 375,386,439	$ 395,599,298

In May 2024, voters approved $105 million of bonds, consisting of $75 million for infrastructure improvements and $30 million for technology. On November 20, 2025, the District issued $146,355,000 of Unlimited Tax School Building and Refunding Bonds, Series 2025. The issuance included $24,320,000 of new-money principal and $122,035,000 of refunding principal, with a combined net issuance premium of $15,920,466.

The new-money portion provided $25 million for the District’s construction fund and $853,456 for a capitalized interest fund. These resources support facility and technology projects authorized by the May 2024 bond election. Approximately $25 million of voter-authorized bonds remained unissued at June 30, 2026.

The refunding portion defeased $133,610,000 of outstanding principal, consisting of $34,000,000 of Series 2016 bonds, $17,950,000 of Series 2016A bonds, and $81,660,000 of Series 2017 bonds. The District deposited $135,353,201 into an irrevocable escrow account, and the refunded bonds were redeemed on February 15, 2026. The transaction generated approximately $13.2 million of total debt service savings and $11.3 million of present value savings, reducing future debt service requirements.

The District’s underlying bond ratings are Aa2 from Moody’s and AA+ from Fitch. Bonds carrying the Texas Permanent School Fund guarantee have enhanced ratings of Aaa from Moody’s and AAA from Fitch. The underlying ratings reflect the District’s credit quality without that guarantee.

During the year, the District also entered into an additional dark fiber lease for internet connectivity and a subscription-based information technology arrangement for financial software. At year-end, lease liabilities totaled $1,428,380 and subscription liabilities totaled $1,211,628. These obligations will be repaid over their respective contractual terms.

Additional information about long-term liabilities is presented in Note 6, with lease and subscription payment requirements provided in Notes 15 and 16.

Currently Known Facts, Decisions, or Conditions

The following factors informed the District’s fiscal year 2026-2027 budget and are expected to affect future revenues, expenditures, and operating results.

Enrollment, Attendance, and Revenue Assumptions

The budget assumes enrollment of 20,298 students, approximately 300 fewer students than reported in the fiscal year 2025-2026 snapshot, and an attendance rate of 95 percent. Because state funding depends substantially on enrollment and attendance, continued enrollment declines or attendance below budget assumptions could reduce state aid. The District is monitoring these trends and evaluating potential adjustments to staffing, programs, and other operating costs.

The budget also assumes net taxable property values of approximately $11.9 billion, representing growth of approximately 4 percent. The adopted property tax rate is $1.1350 per $100 of assessed value, consisting of

$0.7869 for maintenance and operations and $0.3481 for debt service. Actual taxable values and collections may affect the amount and timing of property tax revenues and related state funding.

Compensation and Staffing

The fiscal year 2026-2027 budget includes a two percent general pay increase for teachers, administrative staff, and auxiliary staff, and a 4 percent general pay increase for instructional and administrative support staff. The budget also includes a planned one-time payment of 0.5 percent for teachers and approximately $0.9 million for equity adjustments, stipends, and additional personnel.

Budgeted personnel costs incorporate anticipated salary savings of 3 percent from vacancies, leaves of absence, and other staffing changes. Actual savings will depend on staffing levels and the timing of vacancies and hiring. Lower savings could increase expenditures relative to the budget.

Subsequent Budget Amendments

As of October 13, 2026, the District had amended its fiscal year 2026–2027 General Fund budget to increase revenues by $225,587 and expenditures by $231,841. These amendments reduced the budgeted operating result by $6,254.

Revenue amendments reflected a $1,080,058 reduction in anticipated property tax collections following receipt of certified property values on July 25, offset by a $1,337,353 increase in Foundation School Program funding and a $31,708 decrease in Available School Fund revenue.

Expenditure amendments included increases of $100,000 for City of Pearland water costs and $71,651 for contracted lawn care services. Personnel changes resulted in a net decrease of $14,619, reflecting three additional dual-language stipends, a higher nurse substitute rate, one additional aide position, and the elimination of two grounds positions. Departmental changes resulted in a net increase of $74,809 for adjustments involving a technology cooperative contract, closure of Communities in Schools programs at two elementary campuses, cosmetology kits, transportation subscription licenses, and an additional dual-enrollment course through Alvin Community College.

Additional reallocations among functions had no effect on total budgeted expenditures. The District will continue monitoring enrollment, attendance, certified property values, state funding, and personnel costs to determine whether further budget adjustments are necessary.

Potential Land Sale

The District solicited sealed bids for the sale of District-owned land and received an offer of $8.5 million. As of the report date, the Board had not accepted the offer or authorized a sale contract. If approved, the transaction is anticipated to close during fiscal year 2026-2027. The timing and amount of any proceeds remain subject to Board action and completion of the transaction.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Pearland Independent School District, Business Services, 1928 N. Main, Pearland, Texas 77581.

PEARLAND INDEPENDENT SCHOOL DISTRICT EXHIBIT A-1

STATEMENT OF NET POSITION

JUNE 30, 2026

Data Control Codes		Governmental Activities	Business-Type Activities	Total
	Assets			
1110	Cash and cash equivalents	$ 166,586,960	$ 30,465	$ 166,617,425
1225	Property taxes receivables, net	2,188,022		2,188,022
1240	Due from other governments	37,654,401		37,654,401
1290	Other receivables, net	2,071,866		2,071,866
1300	Inventories	657,910	3,652	661,562
1410	Prepaid items	2,612,661		2,612,661
	Capital Assets:			
1510	Land	21,980,888		21,980,888
1520	Buildings and improvements, net	406,946,842		406,946,842
1530	Furniture and equipment, net	36,608,423		36,608,423
1550	Right-to-use lease assets, net	1,382,219		1,382,219
1553	Right-to-use SBITA assets, net	1,383,628		1,383,628
1580	Construction in progress	2,618,408		2,618,408
1000	Total assets	682,692,228	34,117	682,726,345
	Deferred Outflows Of Resources			
1700	Deferred outflows of resources	36,863,521		36,863,521
	Total deferred outflows of resources	36,863,521		36,863,521
	Liabilities			
2110	Accounts payable	4,799,967		4,799,967
2140	Interest payable	3,320,832		3,320,832
2150	Payroll deductions and withholdings	2,286,701		2,286,701
2160	Accrued wages payable	22,146,179		22,146,179
2200	Accrued expenses	2,626,474		2,626,474
2300	Unearned revenue	148,702		148,702
	Non-current liabilities:			
2501	Due within one year	35,116,631		35,116,631
	Due in more than one year:			
2502	Bonds payable and other	356,319,804		356,319,804
2540	Net pension liability	67,857,977		67,857,977
2545	Net OPEB liability	33,709,622		33,709,622
2000	Total liabilities	528,332,889		528,332,889
	Deferred Inflows of Resources			
	Deferred inflows of resources	60,688,290		60,688,290
2600	Total deferred inflows of resources	60,688,290		60,688,290
	Net Position			
3200	Net investment in capital assets	125,133,716		125,133,716
	Restricted for:			
3820	Federal and state programs	4,337,811		4,337,811
3850	Debt service	12,944,649		12,944,649
3900	Unrestricted	(11,881,606)	34,117	(11,847,489)
3000	Total net position	$ 130,534,570	$ 34,117	$ 130,568,687

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes	Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
	Governmental Activities				
11	Instruction	$ 144,140,697	$ 569,438	$ 14,039,540	$ 295,750
12	Instructional resources and media svcs.	2,435,821		122,877	
13	Curriculum and staff development	6,728,995		1,174,380	
21	Instructional leadership	2,849,817		248,250	
23	School leadership	12,900,169		829,923	
31	Guidance, counseling and eval. services	10,701,919		1,872,517	
32	Social work services	974,743		140,452	
33	Health services	2,468,876		608,829	
34	Student transportation	10,256,001		468,755	
35	Food services	11,989,249	4,513,643	5,969,804	
36	Cocurricular/extracurricular activities	12,373,084	6,110,276	463,611	
41	General administration	5,939,134		308,185	
51	Facility maintenance and operations	26,785,918		1,226,677	873,624
52	Security and monitoring services	3,348,721		618,240	
53	Data processing services	8,357,624		240,851	
61	Community services	45,119		45,967	
72	Interest and other debt-related costs	6,276,481			
95	Payments to juvenile justice alternative education program	10,250			
99	Payments to appraisal districts	860,577			
TG	Total governmental activities	269,443,195	11,193,357	28,378,858	1,169,374
	Business-Type Activities				
02	Football concession	117,055	117,055		
TB	Total business-type activities	117,055	117,055		
TP	Total primary government	269,560,250	$ 11,310,412	$ 28,378,858	$ 1,169,374

The notes to the financial statements are an integral part of this statement.

Data Control Codes	Function/Programs	Net (Expense) Revenue and Changes in Net Position Primary Government Governmental Activities	Business-Type Activities	Total
	Governmental Activities			
11	Instruction	$ (129,235,969)	$ -	$ (129,235,969)
12	Instructional resources and media svcs.	(2,312,944)		(2,312,944)
13	Curriculum and staff development	(5,554,615)		(5,554,615)
21	Instructional leadership	(2,601,567)		(2,601,567)
23	School leadership	(12,070,246)		(12,070,246)
31	Guidance, counseling and eval. services	(8,829,402)		(8,829,402)
32	Social work services	(834,291)		(834,291)
33	Health services	(1,860,047)		(1,860,047)
34	Student transportation	(9,787,246)		(9,787,246)
35	Food services	(1,505,802)		(1,505,802)
36	Cocurricular/extracurricular activities	(5,799,197)		(5,799,197)
41	General administration	(5,630,949)		(5,630,949)
51	Facility maintenance and operations	(24,685,617)		(24,685,617)
52	Security and monitoring services	(2,730,481)		(2,730,481)
53	Data processing services	(8,116,773)		(8,116,773)
61	Community services	848		848
72	Interest on long-term debt	(6,276,481)		(6,276,481)
95	Payments to juvenile justice alternative education program	(10,250)		(10,250)
99	Other intergovernmental charges	(860,577)		(860,577)
TG	Total governmental activities	(228,701,606)		(228,701,606)
	Business-Type Activities			
02	Football concession			
TB	Total business-type activities			
TP	Total primary government	(228,701,606)		(228,701,606)
	General Revenues			
	General Revenues			
MT	Property taxes, levied for general purposes	74,452,222		74,452,222
DT	Property taxes, levied for debt service	32,919,298		32,919,298
SF	State aid - formula grants	148,845,685		148,845,685
GC	Grants and contributions not restricted to specific programs	1,536,561		1,536,561
IE	Investment earnings	6,679,877		6,679,877
MI	Miscellaneous	635,655		635,655
TR	Total general revenues	265,069,298		265,069,298
CN	Change in net position	36,367,692		36,367,692
NB	Net position - beginning	94,166,878	34,117	94,200,995
NE	Net position - ending	$ 130,534,570	$ 34,117	$ 130,568,687

PEARLAND INDEPENDENT SCHOOL DISTRICT EXHIBIT C-1

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2026

Data Control Codes		General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
	Assets					
1110	Cash and cash equivalents	$ 84,430,218	$ 15,245,055	$ 57,265,157	$ 9,178,950	$ 166,119,380
1225	Property taxes receivables, net	1,532,507	655,515			2,188,022
1240	Due from other governments	35,324,177			2,330,224	37,654,401
1260	Due from other funds	1,619,000	49,020	6,986,533	461,135	9,115,688
1290	Other receivables	1,208,789	410,855	190,957	261,265	2,071,866
1300	Inventories	553,395			104,515	657,910
1410	Prepaid Items	2,308,316		276,828	27,517	2,612,661
1000	Total Assets	126,976,402	16,360,445	64,719,475	12,363,606	220,419,928
	Liabilities					
2110	Accounts payable	$ 1,169,834	$ -	$ 3,486,225	$ 143,908	$ 4,799,967
2150	Payroll deductions and withholdings	2,286,701				2,286,701
2160	Accrued wages payable	20,815,203			1,330,976	22,146,179
2170	Due to other funds	7,496,688		242,893	1,376,107	9,115,688
2200	Accrued expenditures	525,361	35,962	1,889,293	175,858	2,626,474
2300	Unearned revenue		59,002		89,700	148,702
2000	Total liabilities	32,293,787	94,964	5,618,411	3,116,549	41,123,711
	Deferred Inflows of Resources					
2600	Deferred inflow of resources	1,381,840	590,115			1,971,955
	Total deferred inflows of resources	1,381,840	590,115			1,971,955
	Fund Balances					
	Nonspendable:					
3410	Inventories	553,395			104,515	657,910
3430	Prepaid items	2,308,316		276,828	27,517	2,612,661
	Restricted:					
3450	Grant funds				4,225,495	4,225,495
3470	Capital acquisition and obligations			41,744,241		41,744,241
3480	Debt service		15,675,366			15,675,366
3545	Committed - other	17,000,000			4,689,530	21,689,530
3590	Assigned - other	3,000,000		17,079,995	200,000	20,279,995
3600	Unassigned	70,439,064				70,439,064
3000	Total fund balances	93,300,775	15,675,366	59,101,064	9,247,057	177,324,262
4000	Total liabilities, deferred inflows of resources, and fund balances	$ 126,976,402	$ 16,360,445	$ 64,719,475	$ 12,363,606	$ 220,419,928

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT EXHIBIT C-2

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Amounts reported for governmental activities in the statement of net position (Exhibit A-1) are different because:		
Total fund balances - governmental funds balance sheet (Exhibit C-1)		$ 177,324,262
Capital assets, net of accumulated depreciation/amortization used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets	$ 733,488,418	
Accumulated depreciation/amortization	(262,568,010)	470,920,408
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions sub-sequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred outflows - pension related	19,069,209	
Deferred inflows - pension related	(5,247,375)	
Deferred outflows - OPEB related	15,028,770	
Deferred inflows - OPEB related	(41,143,953)	(12,293,349)
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		
Property taxes:		
Levied for general purposes	1,381,840	
Levied for debt service	590,115	1,971,955
The assets and liabilities of internal service funds are included in the statement of net position.		
Workers' compensation		457,205
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
General obligation bonds payable	(340,435,000)	
Accrued interest payable on long-term debt	(3,320,832)	
Compensated absences	(16,039,621)	
Lease liability	(1,428,380)	
SBITA liability	(1,211,628)	
Net pension liability	(67,857,977)	
Net OPEB liability	(33,709,622)	(464,003,060)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Deferred gain on refunding	(14,296,962)	
Deferred loss on refunding	2,765,542	
Premium on general obligation bonds	(32,311,431)	(43,842,851)
Net position of governmental activities - statement of net position (A-1)		$ 130,534,570

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT EXHIBIT C-3

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes	Functions/Programs	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
	Revenues					
5700	Local and intermediate sources	$ 79,754,843	$ 33,495,956	$ 2,165,767	$ 10,732,276	$ 126,148,842
5800	State program revenues	151,674,043	9,699,897	-	2,800,565	164,174,505
5900	Federal program revenues	2,526,377	-	-	12,959,513	15,485,890
5020	Total revenues	233,955,263	43,195,853	2,165,767	26,492,354	305,809,237
	Expenditures					
	Current:					
11	Instruction	127,781,428		6,027,130	6,204,703	140,013,261
12	Instructional resources and media svcs.	2,083,102			1,803	2,084,905
13	Curriculum and staff development	6,005,754			769,858	6,775,612
21	Instructional leadership	2,669,842		38,060	91,878	2,799,780
23	School leadership	13,022,692				13,022,692
31	Guidance, counseling and evaluation svcs.	9,663,364			1,200,171	10,863,535
32	Social work services	869,910			95,646	965,556
33	Health services	2,418,491		42,526	32,214	2,493,231
34	Student transportation	9,135,172		4,720,403		13,855,575
35	Food services				11,067,767	11,067,767
36	Extracurricular activities	5,282,832		67,743	5,205,607	10,556,182
41	General administration	5,843,554			1,396	5,844,950
51	Facilities maintenance and ops.	25,447,817		1,348,204	18,966	26,814,987
52	Security and monitoring services	2,571,249		20,271	1,452,977	4,044,497
53	Data processing services	5,776,237		4,971,099		10,747,336
61	Community services				45,967	45,967
	Debt Service:					
71	Debt service - principal	1,441,117	27,495,000			28,936,117
72	Debt service - interest and fees	211,824	15,971,413			16,183,237
	Capital Outlay:					
81	Facilities acquisition and construction	88,893		14,409,256		14,498,149
	Intergovernmental Charges:					
95	Pymts. to juvenile justice alt. ed. progs.	10,250				10,250
99	Other intergovernmental charges	860,577				860,577
6030	Total expenditures	221,184,105	43,466,413	31,644,692	26,188,953	322,484,163
1100	Excess (deficiency) of revenues over expenditures	12,771,158	(270,560)	(29,478,925)	303,401	(16,674,926)
	Other Financing Sources (Uses)					
7901	Issuance of debt - refunding bonds		122,035,000			122,035,000
7911	Issuance of debt - general obligation of bonds			24,320,000		24,320,000
7912	Sale of real or personal property	62,796				62,796
7913	Issuance of debt - leased assets and SBITAs	1,138,864				1,138,864
7915	Transfers in		853,456	6,986,533		7,839,989
7916	Issuance of debt - premium or discount		14,205,874	1,714,592		15,920,466
8911	Transfers out	(6,986,533)		(853,456)		(7,839,989)
8940	Payment to refunded bond escrow agent		(135,353,201)			(135,353,201)
7080	Total other financing sources (uses)	(5,784,873)	1,741,129	32,167,669		28,123,925
1200	Net change in fund balances	6,986,285	1,470,569	2,688,744	303,401	11,448,999
0100	Fund balances - beginning	86,314,490	14,204,797	56,412,320	8,943,656	165,875,263
3000	Fund balances - ending	$ 93,300,775	$ 15,675,366	$ 59,101,064	$ 9,247,057	$ 177,324,262

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT EXHIBIT C-4

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026

Amounts reported for governmental activities in the statement of activities (Exhibit B-1) are different because:		
Net change in fund balances - total governmental funds (Exhibit C-3)		$ 11,448,999
Governmental funds report capital outlay as expenditures. However, in the governmental activities statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation /amortization expense. This is the amount by which capital outlay was less than useful lives the depreciation/amortization expense in the current period.		
Capital outlay	$ 32,707,125	
Depreciation/amortization expense	(21,082,713)	11,624,412
The net effect of various miscellaneous transactions involving capital assets is to decrease net position.		
Sale of capital assets		(18,001)
Property tax revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenues in the funds. Deferred property tax revenues decreased for the general fund and debt service fund.		
Property taxes:		
Levied for general purposes	(58,355)	
Levied for debt service	(16,985)	(75,340)
Bond and other debt issuances provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bonds and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report		
Leases paid	579,122	
Debt issuance - leases	(484,724)	
SBITAs paid	721,258	
Debt issuance - SBITAs	(654,140)	
Debt issuance - premium	(15,920,466)	
Principal paid on bonds	161,105,000	
Debt issuance - principal	(146,355,000)	
Bond refunding adjustments	130,167	(878,783)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and concession to individual funds. The net revenue of the internal service funds is reported in the statement of activities (Exhibit D-2).		
Workers' compensation		7,951
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.		
Accrued interest on long-term debt	2,788,720	
Amortization of bond premiums and discounts	5,090,363	
Amortization of deferred gain on refunding	3,702,795	
Amortization of deferred loss on refunding	78,649	
Compensated absences	(2,310,637)	
Changes in pension liabilities	(3,917,172)	
Changes in OPEB liabilities	7,080,654	
Changes in pension related deferred outflows and inflows of resources	3,475,783	
Changes in OPEB related deferred outflows and inflows of resources	(1,730,701)	14,258,454
Change in net position of governmental activities (Exhibit B-1)		$ 36,367,692

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT EXHIBIT D-1

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

JUNE 30, 2026

	Business-type Activities	Governmental Activities
	Enterprise Fund - Football Concession	Internal Service Fund - Workers' Compensation
Assets		
Current assets:		
Cash and cash equivalents	$ 30,465	$ 467,580
Inventories	3,652	
Total assets	$ 34,117	$ 467,580
Liabilities		
Current liabilities:		
Accrued expenses		10,375
Total liabilities		10,375
Net Position		
Unrestricted	34,117	457,205
Total net position	$ 34,117	$ 457,205

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT EXHIBIT D-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	Business-type Activities	Governmental Activities
	Enterprise Fund - Football Concession	Internal Service Fund - Workers' Compensation
Operating revenues		
Food sales	$ 117,055	$ -
Total operating revenues	117,055	-
Operating expenses		
Payroll costs	17,508	
Contracted services		6,238
Materials and supplies	63,405	
Other operating costs	36,142	
Total operating expenses	117,055	6,238
Income (loss) before nonoperating revenues		(6,238)
Nonoperating revenues (expenses)		
Investment earnings		14,189
Total nonoperating revenues (expenses)	-	14,189
Change in net position		7,951
Net position - beginning	34,117	449,254
Net position - ending	$ 34,117	$ 457,205

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT EXHIBIT D-3

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

	Business-type Activities	Governmental Activities
	Enterprise Fund - Football Concession	Internal Service Fund - Workers' Compensation
Cash flows from operating activities:		
Receipts from customers	$ 117,055	$ -
Payments to employees for salaries and benefits	(17,508)	
Payments to suppliers and service providers	(69,265)	
Payments to beneficiaries	(28,452)	
Claims paid		(582)
Net cash provided by (used for) operating activities	1,830	(582)
Cash flows from investing activities:		
Interest on investments		14,189
Net cash provided by investing activities	-	14,189
Net increase (decrease) in cash and cash equivalents	1,830	13,607
Cash and cash equivalents - beginning (including investments)	28,635	453,973
Cash and cash equivalents - ending (including investments)	$ 30,465	$ 467,580
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$ -	$ (6,238)
Adjustments to reconcile operating Income (loss) to net cash provided by (used by) operating activities:		
Increase (decrease) in inventories	1,830	
Increase (decrease) in accrued expenses		5,656
Total adjustments	1,830	5,656
Net cash provided by (used for) operating activities	$ 1,830	$ (582)

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT EXHIBIT E-1

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

JUNE 30, 2026

	Custodial Fund
Assets	
Cash and cash equivalents	$ 957,921
Other receivables, net	5,050
Prepaid items	2,471
Total assets	965,442
Liabilities	
Accounts payable	22,908
Accrued expenses	36,791
Total liabilities	59,699
Net Position	
Restricted:	
Students and other activities	905,743
Total net position	$ 905,743

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT EXHIBIT E-2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUND

FOR THE YEAR ENDED JUNE 30, 2026

	Custodial Fund
Additions	
Contributions:	
Gifts and contributions	$ 62,747
Receipts from student activities	1,160,781
Total contributions	1,223,528
Investment earnings:	
Interest	32,407
Total investment earnings	32,407
Total additions	1,255,935
Deductions	
Scholarship awards	55,135
Payments for student activities	1,042,716
Total deductions	1,097,851
Net increase (decrease) in fiduciary net position	158,084
Net position - beginning	747,659
Net position - ending	$ 905,743

The notes to the financial statements are an integral part of this statement.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2026

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pearland Independent School District (the "District") is an independent public educational agency operating under applicable laws and regulations of the State of Texas. The District is autonomously governed by a seven-member Board of Trustees elected by the District's residents.

The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources; and it complies with the requirements of the appropriate version of Texas Education Agency's (the "TEA") *Financial Accountability System Resource Guide* (the "Resource Guide" or "FASRG") and the requirements of contracts and grants of agencies from which it receives funds.

Reporting Entity

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the District's financial reporting entity. Based on these considerations, the District's basic financial statements do not include any other entities. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Board of Trustees (the "Board") is elected by the public and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) in its GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34". The District receives support from various PTO, booster clubs and foundation organizations. None of these organizations meet the criteria specified by GASB 61 to be included in the District's financial statements. Therefore, there are no component units included within the reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report financial information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. The *governmental activities* are supported by tax revenues and intergovernmental revenues. The *business-type activities* rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Interfund activities between individual governmental funds and between governmental funds and proprietary funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenses and Changes in Net Position. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide financial statements. The District has no interfund services provided and used between functions that would be program revenue which would not be eliminated in the process of consolidation.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (the statement of net position and the statement of activities) are prepared using the economic resources measurement focus and the accrual basis of accounting and the information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities and subscription-based technology arrangements (SBITA) liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right-to-use lease and SBITA assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and SBITAs are reported as other financing sources.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State of Texas are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Revenue from investments, including governmental external investment pools, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. External investment pools are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

Grant funds are considered earned to the extent of the expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until the related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The proprietary fund types and the fiduciary fund types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period

in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The net position is segregated into restricted net position and unrestricted net position. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and the unrestricted resources as needed.

The District reports the following major governmental funds:

The ***general fund*** is the government's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Major revenue sources include local property taxes, state funding under the Foundation School Program and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal and state government, food service, debt service, and capital projects.

The ***debt service fund*** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds for which a tax has been dedicated. This is a budgeted fund, and a separate bank account is maintained for this fund. Any unused sinking fund balances are transferred to the general fund after all of the related debt obligations have been met. Major revenue sources include local property taxes, state aid, and interest earnings. Expenditures include all costs associated with related debt service.

The ***capital projects fund*** accounts for the resources accumulated and made for Board authorized acquisition, construction, or renovation, as well as, furnishing and equipping of major capital facilities.

The District reports all special revenue funds under non-major governmental funds.

The Special Revenue Funds are used to account for the proceeds of specific revenue that are legally restricted or committed to expenditures for specific purposes through federal, state, and local grant awards and for Campus Activity Funds, which are committed for uses benefitting the respective campuses where the funds are raised. Specifically, this type of fund is used to account for funds that are used for the District's Food Service Program, including local and federal revenue sources for federally financed programs (grants) where unused balances are returned to the grantor at the close of specified project periods and other revenue specific programs. Resources accounted for in these funds are awarded to the District for the purpose of accomplishing specific educational tasks as defined by grantors in contracts or other agreements.

The District reports the following proprietary funds:

Proprietary funds distinguish operating revenues and expenses from nonoperating items in accordance with GASB Statement No. 103. Operating revenues and expenses generally arise from providing services through the District's football concession operations and workers' compensation program. Investment earnings are reported as nonoperating revenues. Subsidies received and provided are evaluated under the statement's definitions, and noncapital subsidies are presented separately from other nonoperating revenues and expenses when applicable.

The ***internal service fund*** accounts for the District's self-funded workers' compensation program. The revenues of this fund are received from the general funds, and the expenses are comprised of claims paid on behalf of the District. The general fund is contingently liable for liabilities of this fund. See Note 12 for additional discussion of the District's self-insurance workers' compensation plan.

The ***enterprise fund*** accounts for the District's football concession stand operations. The revenues of this fund are received from the charge for service, and the expenses are comprised of food costs, payroll, and payment to student groups. The general fund is contingently liable for liabilities of this fund.

The District reports the following fiduciary fund:

The ***custodial fund*** accounts for resources held in a custodial capacity by the District and consists of funds that are the property of students or others.

Cash and Investments

The District considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Current investments have an original maturity of greater than three months but less than one year at the time of purchase. Non-current investments have an original maturity of greater than one year at the time of purchase.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as "due to/from other funds". The District had no advances between funds. See Note 4 for additional discussion of interfund receivables and payables.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The appraisal and recording of all property within the District are the responsibility of the Brazoria Central Appraisal District (BCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. BCAD is required by law to assess property at 100 percent of its appraised value. Real property must be reappraised at least every two years.

Under certain circumstances taxpayers and taxing units, including the District, may challenge orders of the BCAD Review Board through various appeals and, if necessary, legal action.

The assessed value of the property tax roll on August 1, 2025, upon which the levy for the 2025-26 fiscal year was based, was $10,291,656,215. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 15 percent delinquent collection fees for attorney costs.

The tax rates assessed for the year ended June 30, 2026, to finance general fund operations and the payment of principal and interest on general obligation long-term debt were $0.7869 and $0.3481 per $100 valuation, respectively, for a total of $1.1350 per $100 valuation.

Current tax collections for the year ended June 30, 2026, were 98.81 percent of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2026, property taxes receivable, net of estimated uncollectible taxes, totaled $1,532,507 and $655,515 for the general and debt service funds, respectively.

Inventories

The consumption method is used to account for inventories (food products, school supplies and athletic equipment) of governmental funds. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed. Governmental fund inventories are offset by a fund balance reserve indicating that they are unavailable as current expendable financial resources. Inventories of food commodities are recorded at

market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their market value is recorded as inventory and deferred revenue when received in the governmental funds. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The District uses the consumption method to account for prepaid items in both the government-wide and governmental fund financial statements. Under this method, expenditures are recognized in the period in which the goods or services are consumed. Items are considered prepaid when the related goods, services, or subscription periods extend beyond the District's fiscal year-end. At year-end, prepaid items are reported as assets and an equal amount of fund balance is classified as nonspendable in the governmental funds to indicate that these resources are not available for appropriation.

Capital Assets and Depreciation/Amortization

Capital assets, which include land, buildings, and improvements, furniture, and equipment, and right-to-use capital assets are reported in the applicable governmental activities' and business type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year or an aggregate purchase of like items over the District established threshold, which is $200,000. The District has established a lease and SBITA recognition threshold of $200,000 each. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Land and construction in progress are not depreciated. Right-to-use lease assets and right-to use SBITA assets are amortized over the life of the associated contract. The other tangible and intangible buildings and building improvements, furniture, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	5-50
Furniture and equipment	5-10

Leases

The District is a lessee for a non-cancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District established a lease recognition threshold of $200,000. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscription-Based Information Technology Arrangements

The District is under contracts for SBITA for various financial and educational software. The agreements/contracts are noncancellable, and the District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements. The District recognizes SBITA liabilities with an initial, individual value of $200,000 or more.

At the commencement of the SBITA, the District initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over the subscription term. Key estimates and judgments related to SBITA include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA, and payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

Deferred Outflows and Inflows of Resources

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined deferred outflows of resources represent a consumption of net assets that applies to future periods, and deferred inflows of resources represent an acquisition of net assets that applies to future periods, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, “Items Previously Reported as Assets and Liabilities”, had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify

for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net assets applicable to future reporting periods and are recognized as revenue or reductions of expense in those periods. In the governmental funds, unavailable property tax revenues are reported as deferred inflows of resources and recognized as revenue when they become available. In the government-wide financial statements, the District reports deferred inflows related to pensions, OPEB, and deferred gains on bond refunding. Deferred gains on refunding are amortized as a reduction of interest expense over the shorter of the remaining life of the refunded debt or the life of the refunding debt.

Compensated Absences

The District provides eligible employees with various forms of paid leave, including vacation, local, state, non-duty, and other compensated absences, in accordance with Board policy and state law. Employees earn these benefits based on length of service and employment classification.

In accordance with GASB Statement No. 101, Compensated Absences, the District recognizes a liability for unused leave when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability is generally measured using employees' pay rates at the financial statement date, adjusted when applicable for leave expected to be settled at a different rate, and includes directly and incrementally associated salary-related payments. Leave expected to be settled through conversion to defined benefit postemployment benefits is excluded. A liability is also recognized for leave used but not yet paid or settled. Certain types of leave are recognized when the leave commences or is used, as required by GASB Statement No. 101.

In the governmental funds, compensated absences are reported only to the extent they have matured, such as when employees retire or terminate employment. The remaining liability for compensated absences is reported in the government-wide statement of net position as a long-term liability.

The District provides vacation leave that may be carried over to the following fiscal year but must be used by October 31. Any unused vacation leave after that date is forfeited. Accordingly, liability has been recorded to the extent that the District estimates vacation leave will be used by October 31 of the subsequent fiscal year.

The District provides non-duty leave to exempt (salaried) personnel, allowing up to 10 days annually in accordance with the employee's work calendar and contract. Non-duty leave may be carried over to the following fiscal year but must be used by August 31. Any unused non-duty leave after that date is forfeited unless an exception is approved by the Superintendent to carry forward the unused balance to the following year for limited circumstances. Accordingly, a liability has been recorded to the extent that the District estimates non-duty leave will be used by August 31 of the subsequent fiscal year.

The District provides local leave that may be carried forward to subsequent years. Upon retirement through the Teacher Retirement System of Texas, employees are eligible to receive a lump-sum payment for unused local leave up to a maximum of 100 days determined by formula (number of unused local leave days × final year contract salary) ÷ (twice the number of contract days) × (years of service in the District ÷ 20). If the calculated amount is less than $100, no payment is made.

The State of Texas provides state leave that accumulates without limit and carries forward through retirement. Unused state leave, however, is not paid out upon retirement or separation from service.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are unearned and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the current period. Net pension and OPEB liabilities are reported as long-term liabilities and pension and OPEB expenses, based upon actuarial data, is reported as expenses within functional categories.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt is reported as other financing resources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Net pension and OPEB costs are reported, based upon required contributions for the current period, are reported within functional categories as expenditures.

Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities, and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Budgetary Data

Formal budgetary accounting is employed for all required governmental funds, as outlined in TEA's FASRG, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required governmental funds prior to June 20 of the preceding fiscal year for the subsequent fiscal year beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, debt service fund and the food service fund.

The remaining special revenue funds and the capital projects fund (if utilized) adopt project-length budgets, which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. The budget was properly amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

The official budget was prepared for adoption for the general fund, food service fund and debt service fund prior to June 30, 2025. The budget is prepared by fund, function, object, and organization. The budget is controlled at

the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within fund groups at the function code level and revenue object code level.

The Budget is formally adopted by the Board of Trustees at a duly advertised public meeting in accordance with law prior to the expenditure of funds. The approved budget is filed with the Texas Education Agency (TEA) through the Public Education Information Management System. Should any change in the approved budget be required, budget amendment requests are presented to the Board of Trustees for consideration. Amendments are made before the fact and once approved are reflected in the official minutes. During the year, the budget was properly amended in accordance with the above procedures.

Encumbrance Accounting

The District utilizes encumbrance accounting in its governmental funds. Encumbrances represent commitments related to contracts not yet performed (executory contracts) and are used to control expenditures for the period and to enhance cash management. A school district often issues purchase orders or signs contracts for the purchase of goods and services to be received in the future. At the time these commitments are made, which in its simplest form means that when a purchase order is prepared, the appropriate account is checked for available funds. If an adequate balance exists, the amount of the order is immediately charged to the account to reduce the available balance for control purposes. The encumbrance account does not represent an expenditure for the period, only a commitment to expend resources.

Prior to the end of the current period, every effort should be made to liquidate outstanding encumbrances. When encumbrances are outstanding at the current period end, the school district likely will honor the open purchase orders or contracts that support the encumbrances. For reporting purposes, as noted earlier, outstanding encumbrances are not considered expenditures for the current period. If the school district allows encumbrances to lapse, even though it plans to honor the encumbrances, the appropriations authority expires, and the items represented by the encumbrances are usually re-appropriated in the following year's budget. Open encumbrances at current period-end are included in restricted, committed or assigned fund balance, as appropriate.

On June 30, 2026, encumbrances expected to be honored upon performance by vendors in the next year were as follows:

Fund	Amount
General Fund	$ 1,724,002
Debt Service	34,903
Capital Projects Fund	10,956,624
Other Governmental Funds	1,333,063
Total	$ 14,048,592

Fund Balances

The District's Board of Trustees meets on a regular basis to manage and review cash financial activities and to ensure compliance with established policies. The District's Unassigned General Fund Balance is maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The unassigned General Fund Balance may only be appropriated by resolution of the Board of Trustees. Fund Balance of the District may be committed for a specific source by formal action of the District's Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by board resolution by the District's Board of Trustees. When it is appropriate for fund balance to be assigned, the Board of Trustees delegates authority to the Superintendent or the Chief Financial Officer. In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The District has implemented GASB Statement No. 54, "Fund Balance, Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of spending constraints:

- Non-spendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables. As such, $553,395 for inventory and $2,308,316 for prepaid items in the general fund; $104,515 for inventories and $7,801 for prepaid items in the food service fund; $276,828 for prepaid items in the capital projects fund; and $19,716 for prepaid items in the campus activity funds have been classified as non-spendable fund balances.
- Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or other governments; or are imposed by law (through constitutional provisions of enabling legislation). As such, the fund balances of $15,675,366 in the debt service fund, $41,744,241 in the capital projects fund, and $4,225,495 in the food service fund have been classified as restricted.
- Committed Fund Balance - Amounts that can only be used for specific purposes, which must be approved by formal action of the Board of Trustees. The District has a committed fund balance of $17,000,000 in the general fund, of which $3,000,000 is for future damage from a named storm, $4,000,000 is for major maintenance and repairs, and $10,000,000 is for economic stabilization. In addition, the District also committed $4,689,530 in the campus activity funds.
- Assigned Fund Balance - Amounts the District intends to use for a specific purpose. The Board of Trustees delegates the Superintendent or Chief Financial Officer the authority to assign fund balance. The general fund has $3,000,000 in assigned fund balance for covering insurance deductibles for future damage from a named storm, and the $17,079,995 in the capital projects fund is earmarked to fund projects identified in the Districts' capital renewal plan. The District also has an assigned $200,000 in a local athletics donation fund.
- Unassigned Fund Balance - This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which an amount had been restricted, committed, or assigned. The general operating fund has $70,439,064 of unassigned fund balance.

Data Control Codes

The data control codes refer to the account code structure prescribed by TEA in the FASRG. The TEA requires school districts to display these codes in the financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

Use of Estimates

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reporting amounts of assets and deferred outflows of resources, and liabilities and deferred inflows of resources at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from these estimates.

New Pronouncements

The following GASB pronouncements and implementation guide were effective during fiscal year 2026.

GASB Statement No. 103, *Financial Reporting Model Improvements*. This statement modifies requirements for Management's Discussion and Analysis, unusual or infrequent items, proprietary fund financial statements, budgetary comparison information, and major component unit information. Implementation affected the

District's MD&A, proprietary fund presentation, and budgetary comparison schedules and related notes to required supplementary information. Implementation did not affect beginning net position or fund balances.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This statement requires separate capital asset note disclosures for lease assets by major class of underlying assets, subscription assets, and certain other intangible assets. It also requires disclosures of capital assets held for sale. The District applied these requirements in Note 5, including separate disclosure of lease assets, subscription assets, and land held for sale. Implementation affected capital asset disclosures and did not change the measurement of capital assets.

GASB Implementation Guide No. 2025-1, *Implementation Guidance Update - 2025*. This guide clarifies existing requirements for cash flow reporting, operating and nonoperating items, subsidies, leases, accounting changes and error corrections, compensated absences, capital asset ownership, and special revenue funds. The District implemented the guidance applicable to its activities and transactions. Implementation did not require adjustments to beginning net position or fund balances.

NOTE 2. DEPOSITS, INVESTMENTS AND DERIVATIVES

The District classifies deposits and investments for financial statement purposes as cash and cash equivalents, current investments, and non-current investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose an investment is considered a cash equivalent if when purchased it has a maturity of three months or less. Investments are classified as either current investments or non-current investments. Current investments have maturities of one year or less and non-current investments are those that have a maturity of a year or more. See Note 1 for additional Governmental Accounting Standards Board Statement No. 31 disclosures.

Cash and cash equivalents as reported on the statement of net position on June 30, 2026, are as follows:

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Cash (petty cash accounts)	$ 11,486	$ -	$ -	$ 11,486
Financial institution deposits:				
Demand deposits	1,964,388	126,829	75,963	2,167,180
Local government investment pools:				
TexPool	19,766,190	371,216		20,137,406
TexPool Prime	48,826,993		881,958	49,708,951
Texas CLASS	39,417,960			39,417,960
Texas CLASS Government	23,391,825			23,391,825
Texas DAILY	32,740,538			32,740,538
Total	$ 166,119,380	$ 498,045	$ 957,921	$ 167,575,346

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to them. The District requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

Under Texas state law, a bank serving as the school depository must have a bond or in lieu thereof, deposited or pledged securities with the District or an independent third-party agent, an amount equal to the highest daily balance of all deposits the District may have during the term of the depository contract, less any applicable FDIC insurance.

On June 30, 2026, in addition to petty cash of $11,486, the carrying amount of the District's cash, savings, and time deposits was $2,167,180. The financial institutions balances were $2,864,748 on June 30, 2026. Bank balances of $750,000 were covered by federal depository insurance, and $2,114,748 was covered by collateral

pledged in the District's name. The collateral was held in safekeeping departments of unrelated banks, which act as the pledging bank's agent.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

Depository:

a) Name of bank: Wells Fargo Bank, Pearland, Texas.
b) Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was $48,570,587.
c) Largest cash, savings and time deposit combined account balance amounted to $13,391,497 and occurred on June 11, 2026.
d) Total amount of FDIC coverage at the time of the largest combined balance was $750,000.

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the District to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The District's deposits and investments are invested pursuant to the investment policy, which is approved by the Board of Trustees. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition, it includes an "Investment Strategy Statement" that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification, and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the District will deposit funds is addressed. The District's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The District's management believes it complied with the requirements of the PFIA and the District's investment policy.

The District's Investment Officer submits an investment report each quarter to the Board of Trustees. The report details the investment positions of the District and the compliance of the investment portfolios as they relate to both the adopted investment strategy statements and Texas State law.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009;
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010;
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011;
4. Banker's acceptances as permitted by Government Code 2256.012;
5. Commercial paper as permitted by Government Code 2256.013;
6. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014;
7. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015; and
8. Public funds investment pools as permitted by Government Code 2256.016.

The District invests in TexPool, TexPool Prime, Texas CLASS, Texas CLASS Government and Texas DAILY to provide its liquidity needs. TexPool and TexPool Prime are local government investment pools that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool and TexPool Prime is a 2(a)7 like fund, meaning that it is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of $1.00, although this cannot be fully guaranteed. TexPool and TexPool Prime are rated AAAm and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

Texas CLASS and Texas CLASS Government are local government investment pools pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. Per State Code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds and maximize yield. The Texas CLASS and Texas CLASS Government agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. Texas CLASS and Texas CLASS Government seeks to maintain a constant net asset value of $1.00, although this cannot be fully guaranteed. Texas CLASS and Texas CLASS Government is rated AAAm and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

Texas DAILY is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. Texas DAILY is a 2(a)7 like fund, meaning that it is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of $1.00, although this cannot be fully guaranteed. Texas DAILY is rated AAAmf from Fitch, and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

For liquidity purposes, the District treats its holdings in these investment pools as available within one business day because it can generally redeem its shares daily at its discretion, unless there has been a significant change in share value. The weighted average maturities shown in the table below reflect the underlying investments held by each pool.

All of the District's investments are insured, registered, or the District's agent holds the securities in the District's name; therefore, the District is not exposed to custodial credit risk.

The following table includes the portfolio balances of all investment types of the District on June 30, 2026:

Local Government Investment Pools	Fair Value	Weighted Average Maturity (in Days)
Texpool:		
TexPool	$ 20,137,406	47
TexPool Prime	49,708,951	50
Texas CLASS:		
Texas CLASS	39,417,960	53
Texas CLASS Government	23,391,825	24
Texas Range:		
Texas DAILY	32,740,538	52
Total local government investment pools	$ 165,396,680	47

Credit Risk - As of June 30, 2026, the local government investment pool (which represents 100 percent of the unrestricted portfolio) are rated AAAm by Standard and Poor's and AAAmmf by Fitch.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the lesser of a dollar-weighted average maturity of 365 days or the anticipated cash flow requirements of the funds. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets the District's cash flow requirements.

Fair Value - The District categorizes its fair value measurements within the fair value hierarchy established by GASB No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2026, the District had no assets or liabilities within the fair value hierarchy established by GASB No. 72.

NOTE 3. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES, AND UNEARNED REVENUES

Receivables and Allowances

Receivables as of June 30, 2026, for the District's major governmental funds, other governmental funds, and fiduciary funds, including applicable allowances for uncollectible property taxes, are summarized below.

The District participates in various federal and state programs that provide grants to partially or fully finance certain activities. In addition, the District receives state entitlements through the Foundation School Program and per capita distributions. Federal grants are passed through the Texas Education Agency (TEA) or other state agencies. Amounts related to these programs are reported as due from other governments.

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Fiduciary Funds	Total
Property taxes receivables	$2,394,600	$ 985,604	$ -	$ -	$ -	$3,380,204
Less: allowance for uncollectible taxes	(862,093)	(330,089)				(1,192,182)
Property taxes, net	1,532,507	655,515				2,188,022
Due from other governments						
State entitlements	34,601,140					34,601,140
Federal grants	77,404			1,888,946		1,966,350
State grants and other	645,633			441,278		1,086,911
Total due from other governments	35,324,177			2,330,224		37,654,401
Other receivables	1,208,789	410,855	190,957	261,265	5,050	2,076,916
Total receivables, net	$38,065,473	$1,066,370	$190,957	$2,591,489	$5,050	$41,919,339

Deferred Outflows and Inflows of Resources/Unearned Revenue

Governmental Funds

Governmental funds defer the recognition of revenue in connection with receivables that are considered to be unavailable to liquidate liabilities of the current period and report these amounts as deferred inflows of resources. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of June 30, 2026, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows of Resources	Unearned Revenue
Delinquent Property Taxes Receivable:		
General Fund	$ (1,381,840)	$ -
Debt Service Fund	(590,115)	
Advance Funding:		
Federal grants		60,390
State entitlements		59,002
State grants		6,294
Local grants		23,016
Total deferred/unearned revenue from governmental funds	$ (1,971,955)	$ 148,702

Governmental Activities

Governmental activities defer the recognition of pension and OPEB expense for contributions made subsequent to the measurement date to the current year-end of June 30, 2026 and report these as deferred outflows of resources. Governmental activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for

governmental activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of June 30, 2026, the various components of deferred inflows and outflows of resources and unearned revenue reported in the governmental activities were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Unearned Revenue
TRS pension deferred outflows and inflows	$ 13,234,012	$ (5,247,375)	$ -
TRS pension contributions subsequent to the measurement date	5,834,402		
TRS-Care OPEB deferred outflows and inflows	13,915,679	(41,143,953)	
TRS-Care OPEB contributions subsequent to the measurement date	1,113,095		
Deferred loss on refunding, net of amortization	2,765,542		
Deferred gain on refunding, net of amortization		(14,296,962)	
Advance Funding:			
Federal grants			60,390
State entitlements			59,002
State grants			6,294
Local grants			23,016
Total	$ 36,862,730	$ (60,688,290)	$ 148,702

NOTE 4. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Receivables and Payables

Interfund balances on June 30, 2026, consisted of the following:

Receiving Fund	Payable Fund	June 30, 2026
Capital Projects Fund	General Fund	$ 6,986,533
General Fund	Capital Projects Fund	242,893
General Fund	Other Governmental Funds	1,376,107
Debt Service Fund	General Fund	49,020
Other Governmental Funds	General Fund	461,135
		$ 9,115,688

Interfund Transfers

During the fiscal year ended June 30, 2026, the General Fund transferred $6,986,533, representing 50 percent of its fiscal year surplus, to the Capital Projects Fund to support future capital needs. Additionally, the Capital Projects Fund transferred $853,456 to the Debt Service Fund to cover capitalized interest on bonded debt.

Transferring Fund	Receiving Fund	Amount
General Fund	Capital Projects Fund	$ 6,986,533
Capital Projects Fund	Debt Service Fund	853,456

NOTE 5. CAPITAL ASSETS

Changes in Capital Assets and Accumulated Depreciation

The following provides a summary of changes in capital assets and accumulated depreciation for the year ended June 30, 2026:

	Balance July 1, 2025	Additions	Retirements /Transfers	Balance June 30, 2026
Capital assets not being depreciated/amortized:				
Land	$ 21,980,888	$ -	$ -	$ 21,980,888
Construction in progress	3,653,439	14,538,821	(15,573,852)	2,618,408
Total capital assets not being depreciated/amortized	25,634,327	14,538,821	(15,573,852)	24,599,296
Capital assets being depreciated/amortized:				
Buildings and improvements	613,440,372		15,573,852	629,014,224
Furniture and equipment	59,287,688	17,029,440	(1,662,225)	74,654,903
Right-to-use lease assets	2,427,192	484,724	(439,332)	2,472,584
Right-to-use subscription assets	2,368,766	654,140	(275,495)	2,747,411
Total capital assets being depreciated/amortized	677,524,018	18,168,304	13,196,800	708,889,122
Accumulated depreciation/amortization:				
Buildings and improvements	(208,859,779)	(13,207,603)		(222,067,382)
Furniture and equipment	(33,325,045)	(6,365,660)	1,644,225	(38,046,480)
Right-to-use lease assets	(927,011)	(602,685)	439,331	(1,090,365)
Right-to-use subscription assets	(732,513)	(906,765)	275,495	(1,363,783)
Total accumulated depreciation/amortization	(243,844,348)	(21,082,713)	2,359,051	(262,568,010)
Governmental activities capital assets, net	$459,313,997	$11,624,412	$(18,001)	$470,920,408

Additional information about leases and subscription assets is presented in Notes 15 and 16, respectively.

In 2026, the District evaluated and capitalized certain assets that are significant in aggregate, even if the individual assets are below the capitalization threshold. The purchase of security cameras at multiple campuses for $873,122, CTE high-powered computers for $1,807,780, teacher computers for $1,111,500, textbook adoption for Career and Technical Education for $278,195, student desktop computers for $944,034, switches for multiple campuses for $2,324,685, districtwide lab computers for $831,080, staff laptops for $358,717, upgrading district wireless access in multiple locations for $1,798,350, and student iPad devices for $963,230. In addition, the District's business type activities have no reported capital assets and/or accumulated depreciation for the year ended June 30, 2026.

Capital Assets Held for Sale

As of June 30, 2026, the District held land with a historical cost of $ 2,089,311 for which it had decided to pursue a sale. Completion of the sale is probable within one year of the financial statement date. The land is not pledged as collateral for any outstanding debt.

Depreciation/ Amortization Expense

In accordance with requirements of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments,* depreciation/amortization expense of the governmental activities was charged to the functions as follows:

Function/Program	Amount
Instruction	$ 12,039,941
Instructional resources and media services	369,741
Curriculum and staff development	5,024
Instructional leadership	86,364
School leadership	16,757
Guidance, counseling, and evaluation services	16,850
Social work services	15,486
Health services	14,570
Student transportation	1,025,565
Food service	1,029,608
Extracurricular activities	1,921,311
General administration	121,201
Facilities maintenance and operations	1,454,170
Security and monitoring services	182,549
Data processing services	2,783,576
Total governmental activities	$ 21,082,713

Construction Commitments

As of June 30, 2026, no further financing was required on the construction commitments. Construction commitments are as follows:

	Authorized Contracts	Construction in Progress	Remaining Commitments
PHS Intercom Upgrade	$ 82,738	$ 53,336	$ 29,402
Challenger Building Controls	325,000	275,320	49,680
Challenger Fire Alarm Upgrade	223,707	75,289	148,418
East Transportation Roof	29,157	10,951	18,206
Jamison Building Controls	295,000	103,552	191,448
Lawhon 20 Ton HVAC	79,696	61,176	18,520
Pace Re-Roof	574,627	282,802	291,825
PHS Searcy Exhaust Fans	164,400	81,163	83,237
Rig Re-Roof	52,152	10,950	41,202
Rogers Roof	128,731	32,153	96,578
Rustic Oak Fire Alarm Upgrade	223,707	75,289	148,418
Shadycrest Building Controls	440,000	372,400	67,600
Shadycrest Roof	91,368	32,153	59,215
Silvercrest Building Controls	440,000	373,090	66,910
South Exhaust Fans	151,448	72,375	79,073
South Painting	171,600	109,800	61,800
South Stair Tread	215,610	190,641	24,969
Turner Painting	52,000	2,000	50,000
Turner Stair Tread	232,701	205,826	26,875
Cockrell Café/Stage Upgrade	88,750	82,185	6,565
Dawson Tennis Court Lighting	341,112	115,957	225,155
Total governmental activities	$ 4,403,504	$ 2,618,408	$ 1,785,096

Net Investment in Capital Assets

Net investment in capital assets on June 30, 2026, was $125,133,719. This amount represents the District's capital assets, net of accumulated depreciation and amortization, adjusted for debt and other obligations incurred to acquire, construct, or improve those assets, as well as deferred amounts related to refunding transactions and unspent bond proceeds.

	Amount
Capital assets, net of accumulated depreciation and amortization	$ 470,920,408
Outstanding capital-related debt	(340,435,000)
Capital-related accounts payable and retainage payable	(3,486,225)
Unamortized bond premiums	(32,311,431)
Deferred inflows of resources related to refunding transactions	(14,296,962)
Lease liabilities	(1,428,380)
SBITA liabilities	(1,211,628)
Deferred outflows of resources related to refunding transactions	2,765,542
Unspent bond proceeds restricted for capital projects	44,617,392
Net investment in capital assets	$ 125,133,716

NOTE 6. LONG-TERM DEBT

General Obligation Bonds

Long-term debt includes par bonds, capital appreciation (deep discount) serial bonds, contractual obligations, and loans. Contractual obligations are issued at parity with general obligation bonds, but carry a secondary revenue stream pledge; however, all certificates of obligation are tax, not revenue, supported. This debt, unlike other tax-supported debt, can be issued without a vote of the citizens. Bond premiums and discounts, and gains and losses on refunding are amortized using the straight-line method.

The following is a summary of the District’s general obligation bonded debt as of June 30, 2026:

Date of Issue	Original Issue	Final Maturity	Date Callable	% Rates	Outstanding Balance
2014	$ 30,540,000	2029	2024	2.000 - 5.000	$ 2,615,000
2014B	28,655,000	2039	2024	2.000 - 5.000	1,680,000
2019	75,155,000	2042	2029	3.000 - 5.000	75,155,000
2019A	18,305,000	2042	2029	3.000 - 5.000	16,380,000
2020	78,675,000	2029	N/A	5.000	36,090,000
2022	11,700,000	2029	N/A	5.000	11,700,000
2023	19,595,000	2038	2033	5.000	12,035,000
2024	52,040,000	2049	2034	4.000 - 5.000	38,425,000
2025	146,355,000	2050	2035	4.250 - 5.000	146,355,000
Total	$ 461,020,000				$ 340,435,000

Principal and interest on general obligation bonds payable on June 30, 2026, are summarized as follows:

	Principal	Interest	Requirement
2027	$ 27,450,000	$ 16,165,913	$ 43,615,913
2028	29,845,000	14,829,412	44,674,412
2029	31,890,000	13,373,763	45,263,763
2030	26,705,000	11,792,562	38,497,562
2031	28,075,000	10,457,313	38,532,313
2032-2036	85,435,000	35,969,212	121,404,212
2037-2041	81,210,000	18,555,913	99,765,913
2042-2046	21,695,000	3,617,362	25,312,362
2047-2050	8,130,000	828,325	8,958,325
Total	$ 340,435,000	$ 125,589,775	$ 466,024,775

Bond indebtedness of the District is recorded in the governmental activities statement of net position, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Proceeds of long-term issues are reflected as "Other Resources" in the operating statement of the recipient fund.

There are limitations and restrictions contained in the general obligation bond indentures. The District is in compliance with all significant limitations and restrictions on June 30, 2026.

Changes in Long-Term Liabilities

Unlimited Tax School Building and Refunding Bonds, Series 2025

On November 20, 2025, the District issued $146,355,000 of Unlimited Tax School Building and Refunding Bonds, Series 2025, to finance voter-authorized capital improvement and technology projects and currently refund certain outstanding bond obligations. The bonds are direct obligations of the District, secured by its full faith, credit, and taxing power.

The issuance consisted of $24,320,000 for new projects and $122,035,000 for refunding outstanding debt. The bonds were issued with a net original issue premium of $15,920,466, generating total proceeds of $162,275,466.

The new money portion provided $25,000,000 for deposit into the District's construction fund and $853,456 for deposit into a capitalized interest fund in connection with facility and technology projects authorized by the May 2024 bond election. Following this issuance, approximately $25,000,000 of voter-authorized bonds remained unissued as of June 30, 2026.

The refunding portion was used to refund $133,610,000 of outstanding principal from the following bond issues:

- $34,000,000 of Unlimited Tax Refunding Bonds, Series 2016;
- $17,950,000 of Unlimited Tax Refunding Bonds, Series 2016A; and
- $81,660,000 of Unlimited Tax School Building Bonds, Series 2017.

To accomplish the refunding, the District deposited $135,353,201 into an irrevocable escrow account invested in U.S. Treasury State and Local Government Series securities. Upon funding the escrow, the refunded bonds were considered defeased for accounting purposes and were removed from the District's government-wide financial statements. The bonds were redeemed on February 15, 2026.

The refunding resulted in total debt service savings of approximately $13.2 million and present value savings of approximately $11.3 million, or 8.43 percent of the refunded principal. The District recognized a deferred gain on refunding of $15,324,070, reported as a deferred inflow of resources in the government-wide financial statements. The deferred gain is amortized as a reduction of interest expense over the shorter of the remaining life of the refunded debt or the life of the refunding debt.

The Series 2025 Bonds bear interest rates ranging from 4.25 percent to 5.00 percent and mature serially through February 15, 2050. The overall issuance has a weighted average maturity of approximately 7.99 years, while the new money portion has a weighted average maturity of approximately 15.34 years. Interest is payable semiannually on February 15 and August 15.

Long-term liability activity for the governmental activities for the year ended June 30, 2026, was as follows:

	Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026	Due Within One Year
Bonds Payable:					
General obligation bonds	$355,185,000	$146,355,000	$161,105,000	$340,435,000	$27,450,000
Premium on general obligation bonds	37,612,774	15,920,466	21,221,809	32,311,431	3,761,059
Lease liabilities	1,522,778	484,724	579,122	1,428,380	481,137
Subscription liabilities	1,278,746	654,140	721,258	1,211,628	748,910
Compensated absences[1]	13,728,984	2,310,637	-	16,039,621	2,672,169
Workers' compensation claims	4,719	6,238	582	10,375	3,356
Total	$ 409,333,001	$165,731,205	$183,627,771	$ 391,436,435	$ 35,116,631

[1]The change in compensated absences above is a net change for the year.

NOTE 7. DEFINED BENEFIT PENSION PLANS

Plan Description

The District participates in a multiple-employer, cost-sharing, defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard workload who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the internet at https://www.trs.texas.gov/learning-resources/publications; by writing to TRS at attention Finance Division, P.O. Box 149676, Austin, TX, 78714-0185, or by calling (800) 223-8778.

Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62

depending on date of employment, or if the member was grandfathered under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in this manner are determined by the System's actuary.

Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent of the aggregate annual compensation paid to members of the system during the fiscal year. Employee contribution rates are set in state statute, Texas Government Code 825.402.

	Contribution Rates		
	September 1, 2025 to June 30, 2026	July 1, 2025 to August 31, 2025	Contribution Amounts
Active Employee	8.25%	8.25%	$ 13,645,381
Non-employer contributing entity (state)	8.25%	8.25%	9,197,381
District:	8.25%	8.25%	
District			6,348,541
Federal/private funding			498,792
Total District			6,847,333
Total Contributions			$ 29,690,095

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges and universities, medical schools and other entities, including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities, or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50 percent of the state contribution rate for certain instructional or administrative employees; and 100 percent of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there is an additional surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 2.0 percent of the member's salary beginning in fiscal year 2025.
- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions

The total pension liability in the August 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2024, rolled forward to August 31, 2025
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Single Discount Rate	7.00%
Long-term Expected Rate	7.00%
Municipal Bond Rate as of August 2025	5.23% - The source for the rate is the Bond Buyers 20 Index which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders.
Last year ending August 31 in Projection Period (100 Years)	2124
Inflation	2.30%
Salary Increases	3.20% to 9.20% including inflation
Ad-hoc post-employment benefit changes	None

Effective with the measurement date of August 31, 2025, the salary increase assumption was modified to reflect anticipated changes in future contribution levels resulting from the enactment of House Bill 2 (HB2) by the 2025 Texas Legislature. Except for the change in salary increase assumption, the actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2024. For a full description of these assumptions please see the actuarial valuation report dated November 21, 2024.

Discount Rate

A single discount rate of 7.00 percent was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00 percent. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.54 percent of payroll in fiscal year 2026 and thereafter. This includes all employer and state contributions for active and rehired retirees.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2025, are summarized below:

Asset Class	Target Allocation[2] %	Long-term Expected Geometric Real Rate of Return[3]	Expected Contribution to Long-Term Portfolio Returns
Global Equity:			
All Country	39.0 %	4.1 %	2.2 %
USA	0.0	3.9	0.0
Non-U.S. Developed	5.0	4.6	0.3
Emerging Markets	1.0	4.7	0.1
Private Equity	12.0	6.8	1.2
Stable Value:			
Government Bonds - Nominal	10.0	2.6	0.3
Government Bonds – Real	6.0	2.0	0.1
Stable Value Hedge Funds	0.0	3.9	0.0
Absolute Return[1]	5.0	1.7	0.1
Real Return:			
Real Estate	15.0	4.6	0.9
Energy, Natural Resources, and Infrastructure	6.0	4.9	0.4
Commodities	0.0	3.0	0.0
Risk Parity	5.0	4.4	0.2
Asset Allocation Leverage			
Cash	2.0	0.5	0.0
Asset Allocation Leverage	(6.0)	0.8	(0.1)
Inflation Expectation			2.3
Volatility Drag[4]			(0.7)
Expected Return	100.0 %		7.3 %

[1] Absolute Return includes Credit Sensitive Investments.
[2] Target allocations are based on the FY 2025 policy model.
[3] Capital Market Assumptions (CMA) come from Meketa Investment Group's 2025 CMAs.
[4] The volatility drag results from the conversion between arithmetic and geometric mean returns.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of net pension liability of the plan if the discount rate used was one percent point lower than and one percent point higher than the discount rate that was used (7.00 percent) in measuring the net pension liability.

	Discount Rate		
	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$109,362,449	$67,857,977	$33,314,869

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

On June 30, 2026, the District reported a liability of $67,857,977 for its proportionate share of the TRS net pension liability. This liability reflects a reduction for State pension support provided to the District.

The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	$	67,857,977
State's proportionate share that is associated with the District		93,374,637
Total	$	161,232,614

The net pension liability was measured as of August 31, 2024, and rolled forward to August 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2024, through August 31, 2025.

On August 31, 2025, the employer's proportion of the collective net pension liability was 0.1078005130% which was an increase of 0.0031239672% from its proportion measured as of August 31, 2024.

Changes in Assumptions and Benefits Since the prior Actuarial Valuation

The 2025 Texas Legislature passed HB2, which modified the future compensation structure for active employees covered by the System. As a result, a new salary increase assumption was adopted for determining the Net Pension Liability as of the August 31, 2025 measurement date. All other actuarial assumptions and methods remain the same as used in the determination of the prior year's Net Pension Liability. There have been no changes to the benefit provisions since the prior valuation.

The amount of pension expense recognized by the District in the reporting period was $7,289,329.

For the year ended June 30, 2026, the District recognized pension expense and revenue of $8,668,586 for support provided by the State.

On June 30, 2026, the District reported its proportionate share of TRS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 4,071,293	$ (237,767)
Changes in actuarial assumptions	6,507,729	
Difference between projected and actual investment earnings		(3,083,835)
Changes in proportion and differences between District contributions and proportionate share of contributions	2,654,990	(1,925,773)
Contributions paid to TRS subsequent to the measurement date of the net pension liability	5,835,197	
Total	$ 19,069,209	$ (5,247,375)

The District recognized $5,834,402 as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the measurement year ended August 31, 2026.

The other amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Pension Expense	Balance of Deferred Outflows (Inflows)
2027	$ 7,224,477	$ 762,160
2028	700,811	61,349
2029	(1,575,961)	1,637,310
2030	685,811	951,499
2031	951,499	
	$ 7,986,637	

NOTE 8. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost sharing defined Other Post-Employment Benefit (OPEB) plan with a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position

Detailed information about TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. The report may be obtained on the internet at https://www.trs.texas.gov/learningresources/publications; by writing to TRS at P.O. Box 149676, Austin, TX, 78714-0185; or by calling (800) 223-8778.

Benefits Provided

TRS-Care provides health insurance coverage to retirees from public and charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-employment benefit changes, including automatic COLAs.

The 88th Legislature amended the Texas Insurance Code Chapter 1575 via Senate Bill 1854 allowing TRS to offer coverage for dental and vision care to retirees. In accordance with Chapter 1575.1601, TRS established the TRS-Care Dental and TRS-Care Vision plans. TRS-Care Dental and TRS-Care Vision are optional plans that are available to retirees who are eligible for TRS-Care. This includes their dependents, surviving spouses, and surviving dependent children. Retirees do not have to be enrolled in TRS-Care medical and pharmacy plans to be eligible TRS-Care Dental and TRS-Care Vision. The first enrollment period for the plans began in October 2024 and coverage started in January 2025.

The General Appropriations Act passed by the 88th Legislature included funding to maintain TRS-Care premiums at their current level through 2025. Also, the 86th Legislature passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at $381,400,000 as of August 31, 2025.

The premium rates for retirees are reflected in the following table.

	TRS-Care Monthly Premium Rates			
	Medicare	Non-Medicare	TRS Care Dental	TRS Care Vision
Retiree or Surviving Spouse	$ 75	$ 200	$ 42	$ 7
Retiree and Spouse	280	689	83	14
Retiree or Surviving Spouse and Children	408	408	87	16
Retiree and Family	613	999	130	24

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and participating employers based on active employee compensation. The TRS Board does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25 percent of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65 percent of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25 percent or not more than 0.75 percent of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act, which is 0.75 percent of each active employee's pay for fiscal year 2025.

The following table shows contributions to the TRS-Care plan by type of contributor.

	Contribution Rates		
	September 1, 2025 to June 30, 2026	July 1, 2025 to August 31, 2025	Contribution Amounts
Active Employee	0.65%	0.65%	$ 1,075,094
Non-employer contributing entity (state)	1.25%	1.25%	3,324,827
District:			
District	0.75%	0.75%	1,241,021
Federal/private funding	1.25%	1.25%	76,802
Total District			1,317,823
Total Contributions			$ 5,717,744

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether they participate in the TRS Care OPEB Program). When hiring a TRS retiree, employers are required to pay TRS-Care, a monthly surcharge of $535 per retiree.

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2024. Update procedures were used to roll forward the total OPEB liability to August 31, 2025. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2021.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in August 31, 2024, TRS pension actuarial valuation that was rolled forward to August 31, 2025:

- Rates of Mortality
- Rates of Retirement
- Rates of Termination
- Rates of Disability
- General Inflation
- Wage Inflation

The active mortality rates were based on PUB (2010), Amount-Weighted, Below-Median Income, Teacher male and female tables (with a two-year set forward for males). The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioner Mortality Tables. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2021.

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2024, rolled forward to August 31, 2025
Actuarial Cost Method	Individual Entry-Age Normal
Inflation	2.30%
Single Discount Rate	5.23% as of August 31, 2025
Aging Factors	Based on the Society of Actuaries' 2013 Study "Health Care Costs-From Birth to Death."
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.20% to 9.20% including inflation
Healthcare Trend Rates	The initial medical trend rate was 7.35 percent for non-Medicare retirees and 9.00 percent for Medicare retirees. The initial prescription drug trend rate was 9.00 percent for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25 percent over a period of 14 years.
Election Rates	Normal Retirement: 62 percent participation rate prior to age 65 and 25 percent participation rate after age 65. Pre-65 retirees: 30 percent of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

Discount Rate

A single discount rate of 5.23 percent was used to measure the total OPEB liability. There was an increase of 1.36 percent in the discount rate since the previous year. Since the plan is a pay-as-you go plan, the single discount rate is equal to the prevailing municipal bond rate.

Because the investments are held in cash and there is no intentional objective to advance fund the benefits, the Single Discount Rate is equal to the prevailing municipal bond rate.

The source of the municipal bond rate is the Bond Buyer's "20-Bond GO Index" as of August 31, 2025, using the Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if the discount rate used was one percent point lower than and one percent point higher than the discount rate that was used (5.23 percent) in measuring the net OPEB liability.

	Discount Rate		
	1% Decrease (4.23%)	Current Rate (5.23%)	1% Increase (6.23%)
District's proportionate share of the net OPEB liability	$39,588,420	$33,709,622	$28,865,078

Healthcare Trend Rate Sensitivity Analysis

The following schedule shows the impact of the net OPEB liability if a healthcare trend rate that is one percent less than and one percent greater than the health trend rates assumed.

	Healthcare cost trend rate		
	1% Decrease	Current Rate	1% Increase
District's proportionate share of the net OPEB liability	$27,873,120	$33,709,622	$41,120,257

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

On June 30, 2026, the District reported a liability of $33,709,622 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	$ 33,709,622
State's proportionate share that is associated with the District	44,723,267
Total	$ 78,432,889

The net OPEB liability was measured as of August 31, 2024, and rolled forward to August 31, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to OPEB relative to the contributions of all employers to the plan for the period September 1, 2024, through August 31, 2025.

On August 31, 2025, the employer's proportion of the collective net OPEB liability was 0.1352318086% which was an increase of 0.0008390005% from its proportion measured as of August 31, 2024.

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability (TOL) since the prior measurement period:

- The single discount rate changed from 3.87 percent as of August 31, 2024, to 5.23 percent, as of August 31, 2025.
- The salary increase rates were revised to match those used in the pension valuation, and the health care trend rates were reset to reflect the plan's anticipated experience.

Change of Benefit Terms Since the Prior Measurement Date

There were no changes in benefit terms since the prior measurement date.

The amount of OPEB expense recognized by the District in the reporting period was a negative $4,031,705.

For the year ended June 30, 2026, the District recognized a negative on-behalf OPEB expense and revenue of $5,167,410 for support provided by the State.

On June 30, 2026, the District reported its proportionate share of TRS's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual economic experience	$ 6,594,922	$ (20,076,005)
Changes in actuarial assumptions	4,168,480	(13,845,441)
Difference between projected and actual investment earnings		(207,319)
Changes in proportion and difference between employers' contributions and proportionate share of contributions	3,152,277	(7,015,188)
Contributions paid to TRS subsequent to the measurement date of the net OPEB liability	1,113,091	
Total	$ 15,028,770	$ (41,143,953)

The District recognized $1,113,095 as deferred outflows of resources related to OPEB resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the measurement year ended August 31, 2026.

The other amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	OPEB expense amount	Balance of deferred outflows (inflows)
2027	$ (5,517,550)	$ (21,710,724)
2028	(6,524,581)	(15,186,143)
2029	(5,738,062)	(9,448,081)
2030	(3,626,992)	(5,821,089)
2031	(3,481,248)	(2,339,841)
Thereafter	(2,339,841)	
	$ (27,228,274)	

NOTE 9. GENERAL FUND FEDERAL SOURCE REVENUES

The following is a schedule of federal source revenue recorded in the General Fund:

Program	ALN #	Total
Direct costs:		
School Health and Related Services (SHARS)		$ 419,376
FEMA (Hurricane Beryl)		433,644
E-rate		942,819
JROTC		141,990
Total direct costs		1,937,829
Indirect Costs:		
School Breakfast Program	10.553	57,139
National School Lunch Program	10.555	200,241
ESSA, Title IX, Texas Education for Homeless Children & Youth	84.196A	1,112
ESSA, Title I, Part A, Improving Basic Programs	84.010A	105,491
IDEA, Part B, Formula	84.027A	165,174
IDEA, Part B, Preschool	84.173A	1,255
Perkins V: Strengthening CTE For 21st Century	84.048A	9,038
ESSA, Title II, Part A, Supporting Effective Instruction	84.367A	27,602
ESSA, Title III, Part A, Language Education Program	84.365A	14,139
ESSA, Title VI, Part A, Subpart 1, Improving Academic Achievement	84.424A	7,357
Total indirect costs		588,548
Total		$ 2,526,377

NOTE 10. LOCAL AND INTERMEDIATE REVENUES

During the year ended June 30, 2026, local and intermediate revenues for governmental funds consisted of the following:

	Major Funds				
	General Fund	Debt Service Fund	Capital Projects Funds	Other Governmental Funds	Total
Property Taxes	$ 74,510,577	$ 32,936,283	$ -	$ -	$ 107,446,860
Food sales				4,513,643	4,513,643
Investment income	3,603,996	559,673	2,165,767	336,252	6,665,688
Other tuition and fees	714,292			40,915	755,207
Co-curricular income	497,974			5,612,804	6,110,778
Rent	354,941				354,941
Other	73,063			228,662	301,725
Total	$ 79,754,843	$ 33,495,956	$2,165,767	$ 10,732,276	$ 126,148,842

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Located near the Texas Gulf Coast, the land located in this area is susceptible to, and land in the District has experienced on several occasions in the last five years, high winds, heavy rain and flooding caused by hurricanes, tropical storms and other tropical disturbances. If a future weather event significantly damaged all or part of the properties comprising the tax base within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase in the

District's tax rate. Further, Texas law allows school districts to increase property tax rates without voter approval upon the occurrence of certain natural disasters such as floods upon a gubernatorial or presidential declaration of disaster. There can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

The greater Houston area has been affected by adverse conditions in the oil and gas industry, and adverse conditions in the oil and gas industry and spillover effects into other industries could adversely impact the businesses of ad valorem property taxpayers and the property values in the District, resulting in a reduction in property tax revenue. A reduction in property tax values may require an increase in the ad valorem tax rate required. Reductions in oil and gas revenues may also have an adverse effect on State revenues available during the next biennium, which may impact how the State funds education.

The District utilizes technology in conducting its operations. As a user of technology, the District potentially faces cybersecurity threats (e.g. hacking, phishing, viruses, malware and ransomware) on its technology systems. Accordingly, the District may be a target of a cyber-attack on its technology systems that could result in adverse consequences for the District. The District employs a multi-layered approach to combating cybersecurity threats. While the District deploys layered technologies and requires employees to receive cybersecurity training, as required by State law, among other efforts, cybersecurity breaches could cause material disruptions to the District's finances or operations. The costs of remedying such breaches or protecting against future cyber-attacks could be substantial and there is no assurance that these costs will be covered by insurance. Further, cybersecurity breaches could expose the District to litigation and other legal risks, which could cause the District to incur other costs related to such legal claims or proceedings.

During the year ended June 30, 2026, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

NOTE 12. SELF-INSURED WORKERS' COMPENSATION

The District established a self-insured workers' compensation program on September 1, 1991, and transitioned to coverage through TASB Risk Management Fund in 2014. As of June 30, 2026, the District reported an estimated liability of $10,375 for unresolved claims arising before fiscal year 2014 under its former self-insured program. Because the District's claims history does not provide a sufficient basis for reliably estimating loss adjustment expenses, these costs are estimated at approximately 5 percent of the liability for losses, based on the experience of other self-insured entities and insurers.

This liability reported in the fund on June 30, 2026, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount.

Changes in the workers' compensation claim liability amounts in fiscal years 2024-2025 and 2025-2026 are represented below:

	Workers' compensation	
	2026	2025
Beginning liability	$ 4,719	$ 5,267
Current period claims and changes in estimates	6,238	1,250
Payments for claims	(582)	(1,798)
Ending liability	$ 10,375	$ 4,719

NOTE 13. LITIGATION AND CONTINGENCIES

The District participates in numerous state and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collecting ability of any related receivable on June 30, 2026, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

In addition, the District may be a defendant in various legal proceedings relating to its operations as a school district. In the best judgement of the District's administration, the outcome of any present legal proceedings will not have any material adverse effect on these financial statements.

NOTE 14. JOINT VENTURES-SHARED SERVICE ARRANGEMENTS

The District participates in a shared services arrangement for Brazoria County Juvenile Justice Alternative Education Program with six other school districts. Although a percentage of the activity of the shared services arrangement is attributable to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent, Brazoria County, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. The expenditures attributed to the District's participation in this shared services arrangement for the fiscal year ended were $10,250 and were coded to function 95 Payments to Juvenile Justice Alternative Education Programs and object 6223 Student Tuition Other than Public Schools.

The District also participates in a shared services arrangement for the Therapeutic Education Center with two other school districts. Although a percentage of the activity of the shared services arrangement is attributable to the District's participation, the District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in capital assets purchased by the fiscal agent, Friendswood ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement. The expenditures attributed to the District's participation in this shared services arrangement for the fiscal year ended were $244,836 and were coded to objects 6222 Student Tuition – Public Schools, using function 11 Instruction.

The District has a partnership agreement with Communities in Schools (CIS) of Brazoria County. The intent of both parties is to bring the resources of CIS after school Centers on Education (CIS-ACE) to facilitate the academic achievement and personal success of students by providing the full range of CIS-ACE services to those students and their families by creating seven CIS traditional program sites (at Carleston Elementary, Cockrell Elementary,

Jamison Middle, Lawhon Elementary, Pearland Junior High South, Pearland Junior High West, and Sablatura Middle School) at a cost of $20,500 per site; two Cycle 11 21st Century ACE programs at Magnolia Elementary and Carleston Elementary schools at a cost of $18,000 per site; and one Crisis Intervention program at PACE Center at a cost of $25,000. The expenditures attributable to the District's participation totaled $204,500 and were coded to 6299 Miscellaneous Contract Services in function 31 Guidance, Counseling, and Evaluation Services and 32 Social Work Services.

NOTE 15. LEASE PAYABLE

The District has entered into lease agreements for copier equipment, natatorium facilities, dark fiber infrastructure, and fire alarm and electronic security equipment. These agreements are reported in accordance with GASB Statement No. 87, Leases.

At lease commencement, the District recognizes a lease liability measured at the present value of payments expected to be made during the lease term. The related right-to-use lease asset is measured based on the initial lease liability, adjusted for applicable prepayments, incentives, and capitalizable initial direct costs. Lease assets are amortized using the straight-line method over the applicable amortization period.

The following summarizes the District's lease agreements outstanding or active during the fiscal year ended June 30, 2026:

Vendor Name	Payment	Payment Term	Length (months)	Effective Date	Ending Date	Discount Rate
Sharp (Copiers 923)	8,813	Monthly	60	4/1/2024	3/31/2029	0.71%
COP Natatorium	122,000	Annual	36	7/1/2023	6/30/2026	8.50%
ESS (Fire & Alarm 102)	14,609	Monthly	60	2/13/2024	2/12/2029	0.71%
25-29 PS Lightwave (Fiber)	114,297	Annual	60	7/1/2024	6/30/2029	8.50%
26-30 PS Lightwave (Fiber)	111,300	Annual	60	7/1/2025	6/30/2030	7.50%

As presented in Note 5, right-to-use lease asset activity for the fiscal year was as follows:

	Amount
Lease assets, beginning	$ 2,427,192
Additions	484,724
Retirements	(439,332)
Lease assets, ending	2,472,584
Accumulated amortization, beginning	(927,011)
Amortization expense	(602,685)
Accumulated amortization removed upon retirement	439,331
Accumulated amortization, ending	(1,090,365)
Lease asset, net	$ 1,382,219

Right-to-use lease assets are amortized using the straight-line method over the applicable lease terms. Amortization expense for the fiscal year ended June 30, 2026, totaled $602,685.

Future principal and interest payments under the District's lease agreements are scheduled as follows:

Fiscal Year	Principal	Interest	Total
2027	$481,137	$102,806	$583,943
2028	466,324	65,898	532,222
2029	377,384	29,494	406,878
2030	103,535	7,765	111,300
	$1,428,380	$205,963	$1,634,343

Principal and interest expenditures for the fiscal year totaled $673,411. There were no additional lease-related outflows for variable payments or termination penalties excluded from the measurement of lease liabilities. The District had no commitments under lease agreements for which the lease term had not commenced and recognized no impairment losses related to lease assets during the fiscal year.

NOTE 16. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has entered into software agreements that qualify as subscription-based information technology arrangements (SBITAs) under GASB Statement No. 96, Subscription-Based Information Technology Arrangements. Subscription liabilities are initially measured at the present value of expected subscription payments. Related right-to-use subscription assets are measured based on the initial subscription liabilities, adjusted for applicable prepayments and capitalizable implementation costs.

The following summarizes the District's subscription agreements active during the fiscal year ended June 30, 2026:

Vendor Name	Payment	Payment Term	Length (Months)	Effective Date	Ending Date	Discount Rate
Microsoft	$ 199,508	Annual	36	10/31/2024	10/30/2027	8.50%
FinalSite	64,413	Annual	60	7/1/2023	6/30/2028	8.00%
Carahsoft	150,000	Annual	36	7/5/2024	7/4/2027	8.50%
TimeClock Plus	51,401	Annual	60	7/1/2024	6/30/2029	8.50%
Genetec	53,386	Annual	60	8/1/2024	7/30/2029	8.50%
Tyler Munis	210,108	Annual	36	7/1/2025	6/30/2028	7.50%

As presented in Note 5, right-to-use subscription asset activity for the fiscal year was as follows:

	Amount
Subscription assets, beginning	$ 2,368,766
Additions	654,140
Retirements	(275,495)
Subscription assets, ending	2,747,411
Accumulated amortization, beginning	(732,513)
Amortization expense	(906,765)
Accumulated amortization removed upon retirement	275,495
Accumulated amortization, ending	(1,363,783)
Subscription assets, net	$ 1,383,628

Right-to-use subscription assets are amortized using the straight-line method over the subscription terms. Amortization expense for the fiscal year ended June 30, 2026, totaled $906,765.

On June 30, 2026, outstanding subscription liabilities totaled $1,211,628. Future principal and interest payments are scheduled as follows:

Fiscal year	Principal	Interest	Total
2027	$ 748,910	$ 92,814	$ 841,724
2028	409,903	47,153	457,056
2029	52,815	9,631	62,446
	$ 1,211,628	$ 149,598	$ 1,361,226

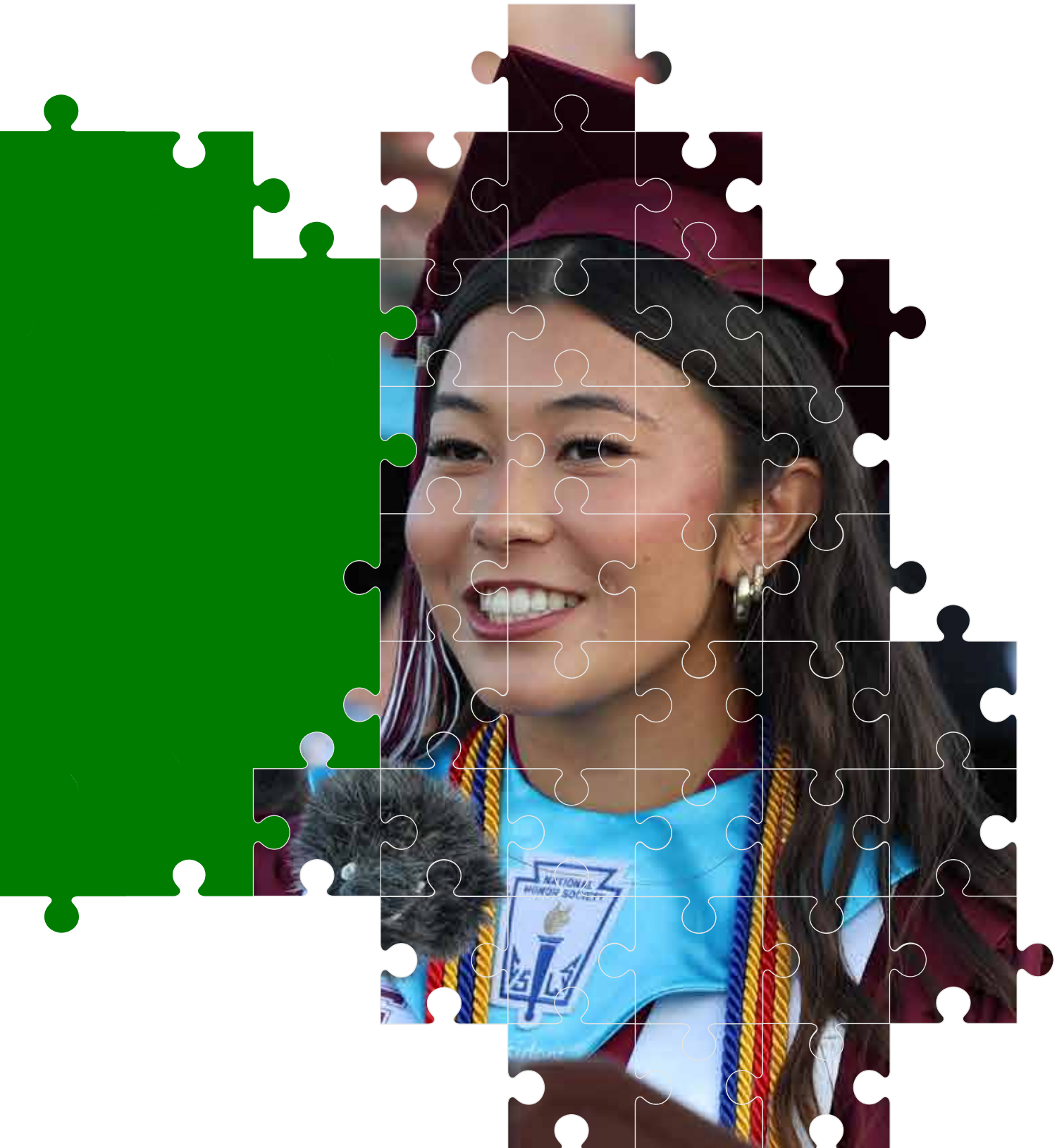
Principal and interest expenditures related to SBITAs for the fiscal year totaled $ 959,530. There were no additional subscription-related outflows for variable payments or termination penalties excluded from the measurement of

subscription liabilities. As of June 30, 2026, the District had no outstanding commitments under SBITA agreements for which the subscription terms had not commenced and recognized no impairment losses related to subscription assets during the fiscal year.

NOTE 17. SUBSEQUENT EVENT – LAND SALE SOLICITATION

Subsequent to June 30, 2026, the District received a bid of $8,500,000 through a sealed-bid solicitation for the sale of District-owned land. As of November 10, 2026, the Board of Trustees had not awarded a contract. Any sale remains subject to Board approval and execution of a purchase agreement.

REQUIRED SUPPLEMENTARY INFORMATION



PEARLAND INDEPENDENT SCHOOL DISTRICT EXHIBIT G-1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Variance with Original Budget Over (Under) Final Budget	Actual	Variance with Final Budget Over (Under) Actual
	Revenues					
5700	Local and intermediate sources	$ 79,650,326	$ 80,470,694	$ 820,368	$ 79,754,843	$ (715,851)
5800	State program revenues	150,020,851	150,682,289	661,438	151,674,043	991,754
5900	Federal program revenues	332,747	2,039,755	1,707,008	2,526,377	486,622
5020	Total revenues	230,003,924	233,192,738	3,188,814	233,955,263	762,525
	Expenditures					
	Current:					
11	Instruction	125,105,426	127,105,064	1,999,638	127,781,428	(676,364)
12	Instructional resources and media svcs.	2,103,698	2,103,677	(21)	2,083,102	20,575
13	Curriculum and staff development	6,034,944	6,032,810	(2,134)	6,005,754	27,056
21	Instructional leadership	2,730,351	2,733,206	2,855	2,669,842	63,364
23	School leadership	12,734,707	12,730,802	(3,905)	13,022,692	(291,890)
31	Guidance, counseling and evaluation svcs.	9,666,986	9,678,429	11,443	9,663,364	15,065
32	Social work services	924,928	926,382	1,454	869,910	56,472
33	Health services	2,411,253	2,343,664	(67,589)	2,418,491	(74,827)
34	Student (pupil) transportation	9,645,993	8,713,248	(932,745)	9,135,172	(421,924)
35	Food services					
36	Cocurricular/extracurricular activities	4,956,991	5,295,651	338,660	5,282,832	12,819
41	General administration	6,184,534	6,206,391	21,857	5,843,554	362,837
51	Facility maintenance and operations	29,776,488	25,993,265	(3,783,223)	25,447,817	545,448
52	Security and monitoring services	3,018,469	3,041,088	22,619	2,571,249	469,839
53	Data processing services	6,139,501	6,133,498	(6,003)	5,776,237	357,261
61	Community services	1,000	1,000			1,000
	Debt service:					
71	Principal on long-term debt	1,676,567	1,440,893	(235,674)	1,441,117	(224)
72	Interest on long-term debt		211,824	211,824	211,824	
	Capital Outlay:					
81	Facilities acquisition and construction		88,894	88,894	88,893	1
95	Pymts. to Juvenile Justice Alt. Ed. Prog.	80,000	17,250	(62,750)	10,250	7,000
99	Other intergovernmental charges	772,128	867,128	95,000	860,577	6,551
6030	Total expenditures	223,963,964	221,664,164	(2,299,800)	221,184,105	480,059
1100	Excess (deficiency) of revenues over expenditures	6,039,960	11,528,574	5,488,614	12,771,158	1,242,584
	Other Financing Sources (Uses)					
7912	Sale of real or personal property	54,921	62,797	7,876	62,796	(1)
7913	Issuance of debt - leased assets and SBITAs	534,253	1,138,868	604,615	1,138,864	(4)
8911	Transfers out	(3,314,567)	(6,365,120)	(3,050,553)	(6,986,533)	(621,413)
7080	Total other financing sources (uses)	(2,725,393)	(5,163,455)	(2,438,062)	(5,784,873)	(621,418)
1200	Net change in fund balance	3,314,567	6,365,119	3,050,552	6,986,285	621,166
0100	Fund balance - beginning	86,314,490	86,314,490		86,314,490	
3000	Fund balance - ending	$ 89,629,057	$ 92,679,609	$ 3,050,552	$ 93,300,775	$ 621,166

The notes to required supplementary information are an integral part of this schedule.

PEARLAND INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS -
COST SHARING EMPLOYER PLAN
FOR THE LAST TEN MEASUREMENT YEARS ENDED AUGUST 31,

	2016	2017	2018	2019
District's proportion of the net pension liability	0.1126804%	0.1133576%	0.1132894%	0.1115610%
District's proportionate share of the net pension liability	$ 42,580,241	$ 36,245,657	$ 62,357,231	$ 57,992,918
State's proportionate share of the net pension liability associated with the District	73,093,014	62,366,406	105,316,625	98,154,117
Total	$ 115,673,255	$ 98,612,063	$ 167,673,856	$ 156,147,035
District's covered payroll (for measurement year)	$ 113,654,057	$ 126,681,823	$ 130,171,373	$ 134,140,118
District's proportionate share of the net pension liability as a percentage of its covered payroll	37.46%	28.61%	47.90%	43.23%
Plan fiduciary net position as a percentage of the total pension liability	78.00%	82.17%	73.74%	75.24%
Plan's net pension liability as a percentage of covered payroll	92.75%	75.93%	126.11%	114.93%

The notes to required supplementary information are an integral part of this schedule.

2020	2021	2022	2023	2024	2025
0.1042690%	0.1121464%	0.1106167%	0.1032634%	0.1046765%	0.1078005%
$ 55,844,370	$ 28,559,723	$ 65,670,293	$ 70,932,005	$ 63,940,805	$ 67,857,977
98,580,573	46,805,195	99,954,425	107,808,390	89,839,480	93,374,637
$ 154,424,943	$ 75,364,918	$ 165,624,718	$ 178,740,395	$ 153,780,285	$ 161,232,614
$ 137,470,077	$ 144,516,019	$ 145,374,177	$ 144,760,611	$ 148,860,634	$ 157,010,477
40.62%	19.76%	45.17%	49.00%	42.95%	43.22%
75.54%	88.79%	75.65%	73.15%	77.51%	78.24%
110.36%	51.08%	112.72%	122.32%	102.39%	101.96%

PEARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30,

	2017	2018	2019	2020
Contractually required contributions	$ 3,662,404	$ 3,859,394	$ 3,943,079	$ 4,182,913
Contributions in relation to the contractually required contributions	3,662,404	3,859,394	3,943,079	4,182,913
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 125,800,864	$ 129,610,826	$ 133,520,841	$ 136,980,416
Contributions as a percentage of covered payroll	2.91%	2.98%	2.95%	3.05%

The notes to required supplementary information are an integral part of this schedule.

2021	2022	2023	2024	2025	2026
$ 4,714,732	$ 5,136,805	$ 5,281,816	$ 5,818,052	$ 6,216,659	$ 6,847,333
4,714,732	5,136,805	5,281,816	5,818,052	6,216,659	6,847,333
$ -	$ -	$ -	$ -	$ -	$ -
$ 143,038,521	$ 145,790,150	$ 144,728,998	$ 148,225,499	$ 156,038,644	$ 165,398,952
3.30%	3.52%	3.65%	3.93%	3.98%	4.14%

PEARLAND INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND RELATED RATIOS -
COST SHARING EMPLOYER PLAN

FOR THE LAST NINE MEASUREMENT YEARS ENDED AUGUST 31,[1]

	2017	2018	2019	2020
District's proportion of the net OPEB liability	0.1423825%	0.1489414%	0.1493654%	0.1416441%
District's proportionate share of the net OPEB	$ 61,916,791	$ 74,367,821	$ 70,636,735	$ 53,845,313
State's proportionate share of the net OPEB liability associated with the District	36,184,923	42,706,020	40,304,610	72,355,193
Total	$ 98,101,714	$ 117,073,841	$ 110,941,345	$ 126,200,506
District's covered payroll (for measurement year)	$ 126,681,823	$ 130,171,373	$ 134,140,118	$ 137,470,077
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	48.88%	57.13%	52.66%	39.17%
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%	1.57%	2.66%	4.99%
Plan's net OPEB liability as a percentage of covered payroll	132.55%	146.64%	135.21%	101.46%

[1] Ten years of data should be presented with this schedule but data is unavailable prior to 2017.
Net OPEB liability and related ratios will be presented prospectively as data becomes available.
The notes to required supplementary information are an integral part of this schedule.

2021	2022	2023	2024	2025
0.1471873%	0.1438487%	0.1325311%	0.1343928%	0.1352318%
$ 56,776,714	$ 34,443,137	$ 29,340,144	$ 40,790,276	$ 33,709,622
76,068,144	42,015,216	35,403,393	51,109,663	44,723,267
$ 132,844,858	$ 76,458,353	$ 64,743,537	$ 91,899,939	$ 78,432,889
$ 144,516,019	$ 145,374,177	$ 144,760,611	$ 148,860,634	$ 157,010,477
39.29%	23.69%	20.27%	27.40%	21.47%
6.18%	11.52%	14.94%	13.70%	18.26%
100.13%	59.10%	51.86%	67.98%	54.93%

PEARLAND INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF OPEB CONTRIBUTIONS

TEACHERS RETIREMENT SYSTEM OF TEXAS

FOR THE LAST NINE FISCAL YEARS ENDED JUNE 30,[1]

	2018	2019	2020	2021
Contractually required contributions	$ 981,381	$ 1,476,499	$ 1,398,022	$ 1,137,374
Contributions in relation to the contractual required contributions	981,381	1,476,499	1,398,022	1,137,374
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 129,610,826	$ 133,520,841	$ 136,980,416	$ 143,038,521
Contributions as a percentage of covered payroll	0.76%	0.79%	0.78%	0.80%

[1] This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

The notes to required supplementary information are an integral part of this schedule.

2022	2023	2024	2025	2026
$ 1,184,889	$ 1,150,780	$ 1,214,358	$ 1,240,136	$ 1,317,823
1,184,889	1,150,780	1,214,358	1,240,136	1,317,823
$ -	$ -	$ -	$ -	$ -
$ 145,790,150	$ 144,728,998	$ 148,225,499	$ 156,038,644	$ 165,398,952
0.81%	0.80%	0.82%	0.79%	0.80%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISONS
YEAR ENDED JUNE 30, 2026

Budgetary Basis of Accounting

The District adopts an annual appropriated budget for the General Fund, Food Service Fund, and Debt Service Fund. The budget is prepared by fund and function. The District may make transfers of appropriations within functions; however, transfers between functions require approval by the Board of Trustees. The legally adopted level of budgetary control is the function level.

Appropriations in all budgeted funds lapse at the end of the fiscal year. The District utilizes encumbrance accounting to record commitments for the acquisition of goods and services and to maintain effective budgetary control and accountability. Outstanding commitments expected to be fulfilled in the subsequent fiscal year are reappropriated in the following year's budget and automatically reestablished.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget

During fiscal year 2025-2026, the District amended its General Fund budget to reflect changes in anticipated revenues, expenditures, and other financing activities. The final revenue budget increased by $3,188,814, from $230,003,924 to $233,192,738, primarily due to adjustments in state and federal funding. The final expenditure budget decreased by $2,299,800, from $223,963,964 to $221,664,164, reflecting adjustments across various operating functions.

As a result, the District's budgeted excess of revenues over expenditures increased by $5,488,614, from $6,039,960 in the original budget to $11,528,574 in the final budget. After accounting for other financing sources and uses, the budgeted increase in fund balance improved by $3,050,552, from $3,314,567 to $6,365,119, reflecting a stronger anticipated year-end financial position.

Revenue estimates were amended throughout the fiscal year to reflect changes in local revenue projections, property tax audit recoveries, state funding entitlements, Available School Fund distributions, state-supported benefit funding, E-Rate reimbursements, federal program revenues, and other financing sources. These adjustments resulted in a net increase of $3,801,305 in revenues and other financing sources over the original budget.

Revenue Estimate Adjustments	Amount
Increase in local revenue estimates based on revised projections for property tax collections, investment earnings, athletic activities, and other local sources.	$820,368
Recognition of additional revenue from the recovery of prior-year property tax audit adjustments related to tax year 2022.	$4,754,053
Increase in state aid estimates resulting from updated Foundation School Program funding projections and entitlement recalculations.	2,540,236
Reduction in state aid estimates resulting from changes in Texas Education Agency funding calculations, including property value data and frozen levy hold harmless provisions.	(8,022,121)
Increase in state aid estimates resulting from higher Available School Fund distributions funded by earnings of the Permanent School Fund and distributed to school districts during the fiscal year.	1,343,427

Increase in state revenue estimates resulting from updated allocations from non-TEA state sources and recognition of TRS On-Behalf contributions and other state program funding received during the fiscal year.	45,843
Additional revenue generated from E-Rate reimbursement requests submitted after completion of eligible bond-funded projects	952,341
Increase in federal revenue estimates resulting from higher-than-anticipated reimbursement-based federal program revenues and indirect cost revenues recognized during the fiscal year.	754,667
Increase in other financing sources resulting from proceeds associated with lease agreements, subscription-based information technology arrangements (SBITAs), and property sale transactions executed during the fiscal year.	612,491
Net Increase in Revenues and Other Financing Sources	**$3,801,305**

The District amended expenditure appropriations and other financing uses during the fiscal year to address instructional requirements, staffing needs, transportation operations, maintenance and facility costs, capital projects, and other operational priorities. These increases were partially offset by savings attributable to personnel vacancies, lower-than-anticipated salary and benefit costs, and reduced spending in several operational areas. Collectively, these amendments resulted in a net increase of $750,753 in expenditures and other financing uses over the original budget.

Expenditure Estimate Adjustments	**Amount**
Increase in instructional and instructional support expenditures resulting from additional personnel, compensation adjustments, instructional software, and program support.	$2,363,000
Increase in school leadership, guidance and counseling, health services, and other campus support functions to address operational and staffing needs during the fiscal year.	351,579
Increase in student transportation expenditures resulting from additional transportation personnel, diesel costs, vehicle parts and supplies, and related operating costs	370,039
Increased administration, safety, security, monitoring and data services costs	697,704
Increase in plant maintenance and operations expenditures associated with utilities, building maintenance, supplies and materials, and other facility-related costs.	950,000
Increase tax appraisal collection fees	80,000
Offsetting reductions resulting from vacant positions, salary and benefit savings, and lower-than-anticipated spending in several operational areas during the fiscal year.	(7,112,122)
Increase in other financing uses to reflect the estimated transfer of 50% of projected General Fund surplus to the Capital Renewal Plan.	3,050,553
Net Increase in Expenditures and Other Financing Uses	**$750,753**

The final amended budget reflects the District's ongoing efforts to align financial resources with evolving funding estimates, operational requirements, and strategic priorities. Amendments made during the fiscal year incorporated updated revenue projections, changes in state and federal funding, operational cost adjustments, and planned investments in future capital renewal. As amended, the budget provided the resources necessary to

support instructional programs, student services, facility operations, and long-term financial sustainability while maintaining prudent fiscal stewardship.

Final Budget Compared to Actual Results

For fiscal year 2025–2026, actual General Fund revenues totaled $233,955,263, exceeding the final budget by $762,525. State program revenues were $991,754 higher than budgeted, primarily due to differences between estimated and actual Foundation School Program funding based on property values, student attendance, demographics, and program participation, as certain PEIMS data and other funding information were not yet finalized at the time of the final budget amendment. Local and intermediate revenues were $715,851 below budget, primarily due to property tax refunds resulting from Brazoria Central Appraisal District adjustments. Federal program revenues were $486,622 higher than budgeted, including $433,644 in FEMA reimbursements related to completed project closeouts. The remaining $52,978 reflected year-end indirect cost reimbursements and SHARS interim payments. The timing of these federal reimbursements was dependent on project closeouts and payment processing and was not fully known at the time of the final budget amendment.

Actual expenditures totaled $221,184,105, compared with the final budget of $221,664,164, resulting in a favorable variance of $480,059. Savings were primarily in facilities maintenance and operations of $545,448 and general administration of $362,837, largely due to salary and benefit savings and conservative spending throughout the fiscal year. Security and monitoring services were $469,839 below budget, primarily due to the reclassification of eligible School Resource Officer expenditures to the SAFE Grant Cycle 2 and School Safety Standards Grant programs during the grant closeout process. These savings were partially offset by higher expenditures in other functions, with total General Fund expenditures remaining below the final budget.

Actual other financing sources totaled $1,201,660, consistent with the final budget of $1,201,665. Transfers out totaled $6,986,533, exceeding the final budget by $621,413 due to a higher-than-anticipated General Fund surplus. Consistent with the District's practice of allocating 50 percent of the annual surplus to the Capital Projects Fund to support future capital needs, the transfer was based on actual year-end results. As a result, net other financing sources and uses totaled $5,784,873, compared with the final budget of $5,163,455.

Overall, the General Fund reported an increase in fund balance of $6,986,285, compared with the final budgeted increase of $6,365,119, resulting in a favorable variance of $621,166. The District ended fiscal year 2025-2026 with a General Fund balance of $93,300,775, exceeding the final budgeted ending fund balance of $92,679,609 by $621,166.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2026, actual expenditures and other financing uses did not significantly exceed the District's final appropriated budget in the General Fund, Food Service Fund, or Debt Service Fund. Certain General Fund functions, including Instruction, School Leadership, Health Services, Student Transportation, and Debt Service, exceeded their final budgeted appropriations, primarily because projected salary and benefit savings did not fully materialize due to the timing of personnel changes and related payroll expenditures. These variances were offset by savings in other functions, including Facility Maintenance and Operations, Security and Monitoring Services, and General Administration. As a result, total General Fund expenditures remained $480,059 below the final amended budget.

The function-level variances were not significant to the District's overall financial position or results of operations and did not result in total General Fund expenditures exceeding the final budget.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER RETIREMENT SYSTEM – PENSION RELATED
YEAR ENDED JUNE 30, 2026

Changes of Assumptions

2025: Salary increase assumption updated to reflect impact of 2025 legislation.

2022: Demographic and economic assumptions were updated based on experience study performed for TRS for the period ending August 31, 2021. The primary change was the lowering of the discount rate from 7.25% to 7.00%.

2021: The public education employer contribution rate changed from 1.5% in 2020 to 1.6% in 2021.

2020: The state and employer contribution rate changed from 6.8% to 7.5%. The 1.5% in public education employer contribution applied to just employers whose employees were not covered by OASDI in 2019 and it changed in 2020 to apply to all public schools, charter schools, and regional education centers irrespective of participation in OASDI.

2018: The discount rate changed from 8.0% as of August 31, 2017, to a blended rate of 6.907% as of August 31. 2018. The long-term assumed rate of return changed from 8.0% as of August 31, 2017, to 7.25% as of August 31, 2018. Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. The total pension liability as of August 31, 2018, was developed using a roll-forward method from the August 31, 2017, valuation.

Change in Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Other Information

Effective September 1, 2014, employers who did not contribute to Social Security for TRS-eligible employees were required to contribute an additional 1.5% of TRS-eligible compensation which nearly doubled the District's contributions into the Plan. Because the District's proportional share of the plan is determined by its proportional share of contributions, the District recognized a corresponding increase in its share of the net pension liability.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHER RETIREMENT SYSTEM – OPEB RELATED
YEAR ENDED JUNE 30, 2026

Changes of Assumptions

2025: The discount rate changed from 3.87% as of August 31, 2024, to 5.23% as of August 31, 2025, revised the salary increase rates to match those used in the TRS pension valuation and updates to the health care trend assumptions.

2024: The discount rate changed from 4.13% as of August 31, 2023, to 3.87% as of August 31, 2024, because the tables used to model the impact of aging on the underlying claims were revised.

2023: The discount rate changed from 3.91% as of August 31, 2022, to 4.13% as of August 31, 2023, accompanied by revised demographic and economic assumptions based on the TRS experience study.

2022: The discount rate changed from 1.95% as of August 31, 2021, to 3.91% as of August 31, 2022, lowered the participation rates, and updated the healthcare trend rate assumption.

2021: The discount rate changed from 2.33% as of August 31, 2021, to 1.95% as of August 31, 2021.

2020: The discount rate changed from 2.63% as of August 31, 2019, to 2.33% as of August 31, 2020, lowered the participation rate assumption for employees who retire after the age of 65, and lowered the ultimate health care trend rate assumption to reflect the repeal of the excise (Cadillac) tax on high-cost employer health plans.

2019: The discount rate changed from 3.69% as of August 31, 2018, to 2.63% as of August 31, 2019, lowered the participation rates and updated the health care trend rate assumption.

2018: The discount rate changed from 3.42% as of August 31, 2017, to 3.69% as of August 31, 2018, updated the health care trend rate assumption, and revised demographic and economic assumptions based on the TRS experience study.

Change in Benefit Terms

Effective January 1, 2018, only one health plan option will exist (instead of three), and all retirees will be required to contribute monthly premiums for coverage. The health plan changes triggered changes to several of the assumptions, including participation rates, retirement rates, and spousal participation rates. This change in plan benefits significantly lowered the OPEB liability and had an immediate effect on the OPEB expenses recognized by participating entities.

The 85th Legislature, Regular Session, passed the following statutory changes in House Bill 3976 which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventative drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017, and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute $200 per month toward their health insurance premiums.

OTHER SUPPLEMENTARY INFORMATION



OTHER GOVERNMENTAL FUNDS

Other governmental funds are special revenue funds used to account for all federal, state and locally funded grants. They are non-major governmental funds that were awarded to the District with the purpose of accomplishing specific educational goals.

Grants included in special revenue funds are activity funds, food service, and other federal, state and locally funded programs. They are used to account for transactions of school sponsor activities benefiting students and staff, food service operations, to provide opportunities for children to acquire the knowledge and skills to meet the state performance standards, operate education programs for children with disabilities, develop new and/or improved career technical education, support effective instruction, support school safety upgrades, and other educational goals not specified above.

PEARLAND INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2026

Data Control Codes		ESSA, Title IX Texas Texas Ed for Homeless Children & Youth	ESSA, Title I Part A Improving Basic Programs	IDEA Part B Formula	IDEA Part B Preschool	IDEA Part B High Cost Fund
	Assets					
1110	Cash	$ -	$ -	$ -	$ -	$ -
1240	Due from other governments	4,008	497,652	915,530	7,062	204,430
1260	Due from other funds					
1290	Other receivables					
1300	Inventories					
1410	Prepaid items					
1000	Total assets	$ 4,008	$ 497,652	$ 915,530	$ 7,062	$ 204,430
	Liabilities					
2110	Accounts payable	483	433	40,386		
2150	Payroll deductions and withholdings					
2160	Accrued salaries and expenditures		258,835	396,347	4,558	
2170	Due to other funds	3,525	238,384	454,703	2,504	74,042
2180	Due to other governments					
2200	Accrued expenditures			24,094		130,388
2300	Unearned revenue					
2000	Total liabilities	4,008	497,652	915,530	7,062	204,430
	Fund Balance					
	Non-spendable:					
3410	Inventories					
3430	Prepaid items					
	Restricted:					
3450	Food service					
3545	Committed - other					
3590	Assigned - other					
3000	Total fund balances					
4000	Total liabilities and fund balances	$ 4,008	$ 497,652	$ 915,530	$ 7,062	$ 204,430

Food Service Fund	Perkins V Strengthening CTE for 21st Century	ESSA, Title II Part A Supporting Effective Instruction	ESSA, Title III Part A Language Education Program	ESSA, Title IV Part A Improving Academic Achievement
$ 4,357,888	$ -	$ -	$ -	$ -
10,043	35,668	69,773	73,156	40,333
385,092				
12,013				801
104,515				
7,801				
$ 4,877,352	$ 35,668	$ 69,773	$ 73,156	$ 41,134
16,196	17,555	7,739		2,018
516,524		25,075	35,607	187
	18,113	35,928	37,549	38,929
6,821				
		1,031		
539,541	35,668	69,773	73,156	41,134
104,515				
7,801				
4,225,495				
4,337,811				
$ 4,877,352	$ 35,668	$ 69,773	$ 73,156	$ 41,134

PEARLAND INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2026

Data Control Codes		Medicaid Administrative Claiming Program	Federally Funded Special Revenue Funds	State Supplemental Visually Impaired (SSVI)	Advanced Placement Incentives
	Assets				
1110	Cash	$ -	$ -	$ -	$ -
1240	Due from other governments	5,953	25,338		
1260	Due from other funds		59,359		2,486
1290	Other receivables			10,000	
1300	Inventories				
1410	Prepaid items				
1000	Total assets	$ 5,953	$ 84,697	$ 10,000	$ 2,486
	Liabilities				
2110	Accounts payable				
2150	Payroll deductions and witholdings				
2160	Accrued salaries and expenditures		25,338		
2170	Due to other funds	5,953		10,000	
2180	Due to other governments				
2200	Accrued expenditures				
2300	Unearned revenue		59,359		2,486
2000	Total liabilities	5,953	84,697	10,000	2,486
	Fund Balance				
	Non-spendable:				
3410	Inventories				
3430	Prepaid items				
	Restricted:				
3450	Food service				
3545	Committed - other				
3590	Assigned - other				
3000	Total fund balances				
4000	Total liabilities and fund balances	$ 5,953	$ 84,697	$ 10,000	$ 2,486

State Instructional Materials	Truancy Intervention Program	State Funded Special Revenue Fund	Campus Activity Fund	Locally Funded Special Revenue Funds	Total Non-Major Governmental Funds
$ -		$ -	$ 4,821,062	$ -	$ 9,178,950
33,099	19,233	388,946			2,330,224
				14,198	461,135
			29,633	208,818	261,265
					104,515
			19,716		27,517
$ 33,099	$ 19,233	$ 388,946	$ 4,870,411	$ 223,016	$ 12,363,606
2,607	1,625		54,866		143,908
			68,505		1,330,976
26,684	17,608	388,946	23,239		1,376,107
			14,555		175,858
3,808				23,016	89,700
33,099	19,233	388,946	161,165	23,016	3,116,549
					104,515
			19,716		27,517
					4,225,495
			4,689,530		4,689,530
				200,000	200,000
			4,709,246	200,000	9,247,057
$ 33,099	$ 19,233	$ 388,946	$ 4,870,411	$ 223,016	$ 12,363,606

PEARLAND INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		ESSA, Title IX Texas Texas Ed for Homeless Children & Youth	ESSA, Title I Part A Improving Basic Programs	IDEA Part B Formula	IDEA Part B Preschool
	Revenues				
5700	Local and intermediate sources	$ -	$ -	$ -	$ -
5800	State program revenues				
5900	Federal program revenues	22,658	2,148,482	3,454,391	25,551
5020	Total revenues	22,658	2,148,482	3,454,391	25,551
	Expenditures				
	Current:				
0011	Instruction		1,855,333	2,240,870	25,551
0012	Instructional resources and media services				
0013	Curriculum and staff development		248,552	2,250	
0021	Instructional leadership			41,468	
0031	Guidance, counseling and evaluation services			1,169,803	
0032	Social work services	22,658	19,440		
0033	Health services				
0035	Food Service				
0036	Cocurricular/extracurricular activities				
0041	General administration				
0051	Facilities maintenance and operations				
0052	Security and monitoring services				
0061	Community services		25,157		
6030	Total expenditures	22,658	2,148,482	3,454,391	25,551
1200	Net change in fund balance				
0100	Fund balance - beginning				
3000	Fund balance - ending	$ -	$ -	$ -	$ -

IDEA Part B High Cost Fund	Food Service Fund	Perkins V Strengthening CTE for 21st Century	ESSA, Title II Part A Supporting Effective Instruction	ESSA, Title III Part A Language Education Program	ESSA, Title IV Part A Improving Academic Achievement
$ -	$ 4,692,644	$ -	$ -	$ -	$ -
	98,885				
204,430	5,838,082	201,632	562,165	287,959	149,826
204,430	10,629,611	201,632	562,165	287,959	149,826
204,430		183,168	138,478	159,033	109,930
			379,751	109,691	27,445
			43,936		6,474
					825
					725
					2,852
	11,067,767				
		18,464			
				19,235	1,575
204,430	11,067,767	201,632	562,165	287,959	149,826
	(438,156)				
	4,775,967				
$ -	$ 4,337,811	$ -	$ -	$ -	$ -

PEARLAND INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		Medicaid Administrative Claiming Program	Federally Funded Special Revenue Funds	State Supplemental Visually Impaired (SSVI)	Advanced Placement Incentives
	Revenues				
5700	Local and intermediate sources	$ -	$ -	$ -	$ -
5800	State program revenues			10,000	7,336
5900	Federal program revenues	29,362	28,859		
5020	Total revenues	29,362	28,859	10,000	7,336
	Expenditures				
	Current:				
0011	Instruction		3,521	10,000	962
0012	Instructional resources and media services				
0013	Curriculum and staff development				2,169
0021	Instructional leadership				
0031	Guidance, counseling and evaluation services		25,338		4,205
0032	Social work services				
0033	Health services	29,362			
0035	Food Service				
0036	Cocurricular/extracurricular activities				
0041	General administration				
0051	Facilities maintenance and operations				
0052	Security and monitoring services				
0061	Community services				
6030	Total expenditures	29,362	28,859	10,000	7,336
1200	Net change in fund balance				
0100	Fund balance - beginning				
3000	Fund balance - ending	$ -	$ -	$ -	$ -

State Instructional Materials	Truancy Intervention Program	State Funded Special Revenue Fund	Campus Activity Fund	Locally Funded Special Revenue Funds	Total Non-Major Governmental Funds
$ -		$ -	$ 5,802,891	$ 236,741	$ 10,732,276
1,175,044	52,823	1,456,477			2,800,565
			6,116		12,959,513
1,175,044	52,823	1,456,477	5,809,007	236,741	26,492,354
1,175,044		3,500	58,558	36,325	6,204,703
			1,803		1,803
					769,858
					91,878
					1,200,171
	52,823				95,646
					32,214
					11,067,767
			5,205,191	416	5,205,607
				1,396	1,396
			502		18,966
		1,452,977			1,452,977
					45,967
1,175,044	52,823	1,456,477	5,266,054	38,137	26,188,953
			542,953	198,604	303,401
			4,166,293	1,396	8,943,656
$ -	$ -	$ -	$ 4,709,246	$ 200,000	$ 9,247,057

PEARLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2026

Fiscal Year	Tax Rates			Current Year Net Assessed Value [1]	Beginning Balance July 1, 2025
	Maintenance	Debt Service	Total		
2017 and Prior	Various	Various	Various	Various	$ 682,141
2018	1.0400	0.3756	1.4156	7,361,661,103	127,906
2019	1.0600	0.3556	1.4156	7,775,608,498	141,321
2020	0.9700	0.4256	1.3956	8,048,492,813	154,475
2021	0.8929	0.4256	1.3185	8,501,502,251	178,447
2022	0.9196	0.3956	1.3152	8,716,021,138	200,678
2023	0.9546	0.3481	1.3027	9,317,189,071	315,499
2024	0.7892	0.3481	1.1373	10,076,400,848	367,473
2025	0.7869	0.3481	1.1350	10,655,503,748	1,475,056
2026 (School Year Under Audit)	0.7869	0.3481	1.1350	10,291,656,215	-
Totals					$ 3,642,996

Total amount of taxes refunded under Section 26.1115, Tax Code, for owners who received an exemption as provided by Section 11.42(f), Tax Code

[1] Net Assessed Value as of Brazoria Central Appraisal District Certified Values.

Current Year's Total Levy	Maintenance and Operations Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance June 30, 2026	Total Taxes Refunded Under Section 26.1115(c)
	$ 12,103	$ 4,341	$ (88,536)	$ 577,161	
	4,998	1,805	-	121,103	
	7,376	2,474	-	131,471	
	6,630	2,909	-	144,936	
	8,016	3,821	1,257	167,867	
	5,611	2,414	(16,132)	176,521	
	30,129	10,986	(3,454)	270,930	
	(276,790)	(122,087)	(567,512)	198,838	
	176,942	78,273	(918,297)	301,544	
$ 108,289,594	74,183,362	32,816,399	-	1,289,833	
$ 108,289,594	$ 74,158,377	$ 32,801,335	$ (1,592,674)	$ 3,380,204	
					$ 35,483

PEARLAND INDEPENDENT SCHOOL DISTRICT EXHIBIT J-2

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - FOOD SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget
	Revenues				
5700	Local and intermediate sources	$ 4,899,500	$ 4,720,727	$ 4,692,644	$ (28,083)
5800	State program revenues	49,000	98,508	98,885	377
5900	Federal program revenues	6,429,200	6,060,583	5,838,082	(222,501)
5020	Total revenues	11,377,700	10,879,818	10,629,611	(250,207)
	Expenditures				
	Current:				
0035	Food service	11,377,700	11,377,700	11,067,767	309,933
6030	Total expenditures	11,377,700	11,377,700	11,067,767	309,933
1200	Net change in fund balance		(497,882)	(438,156)	59,726
0100	Fund balance - beginning	4,775,967	4,775,967	4,775,967	
3000	Fund balance - ending	$ 4,775,967	$ 4,278,085	$ 4,337,811	$ 59,726

PEARLAND INDEPENDENT SCHOOL DISTRICT EXHIBIT J-3

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2026

Data Control Codes		Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget
	Revenues				
5700	Local and intermediate sources	$ 37,427,443	$ 33,643,320	$ 33,495,956	$ (147,364)
5800	State program revenues	6,075,954	9,990,569	9,699,897	(290,672)
5020	Total revenues	43,503,397	43,633,889	43,195,853	(438,036)
	Expenditures				
	Debt service:				
0071	Debt service - principal	27,913,635	27,495,000	27,495,000	
0072	Debt service - interest and fees	15,741,905	15,971,863	15,971,413	450
6030	Total expenditures	43,655,540	43,466,863	43,466,413	450
1100	Excess (deficiency) of revenues over expenditures	(152,143)	167,026	(270,560)	(437,586)
	Other Financing Sources (Uses)				
7901	Proceeds from sales of refunding bonds		122,035,000	122,035,000	
7911	Issuance of bonds				
7915	Transfers in		853,457	853,456	(1)
7916	Premium or discount on issuance of bonds	1,229,378	14,205,875	14,205,874	(1)
8940	Payment to refunded bond escrow agent		(135,353,201)	(135,353,201)	
7080	Total Other Financing Sources (Uses)	1,229,378	1,741,131	1,741,129	(2)
1200	Net change in fund balance	1,077,235	1,908,157	1,470,569	(437,588)
0100	Fund balance - beginning	14,204,797	14,204,797	14,204,797	
3000	Fund balance - ending	$ 15,282,032	$ 16,112,954	$ 15,675,366	$ (437,588)

Data Control Codes		1 Responses
	BILINGUAL EDUCATION PROGRAMS Districts are required to spend at least 55% of bilingual education state allotment funds on direct program costs. Statutory Authority: Texas Education Code, §48.105.	
AP5	Did your district expend any bilingual education program state allotment funds during the district's fiscal year?	Yes
AP6	Does the district have written policies and procedures for its bilingual education program?	Yes
AP7	Total state allotment funds received for bilingual education programs during the district's fiscal year.	$ 1,746,639
AP8	Actual direct program expenditures for bilingual education programs during the district's fiscal year. (PIC 25)	$ 1,322,993

PEARLAND INDEPENDENT SCHOOL DISTRICT EXHIBIT L-1

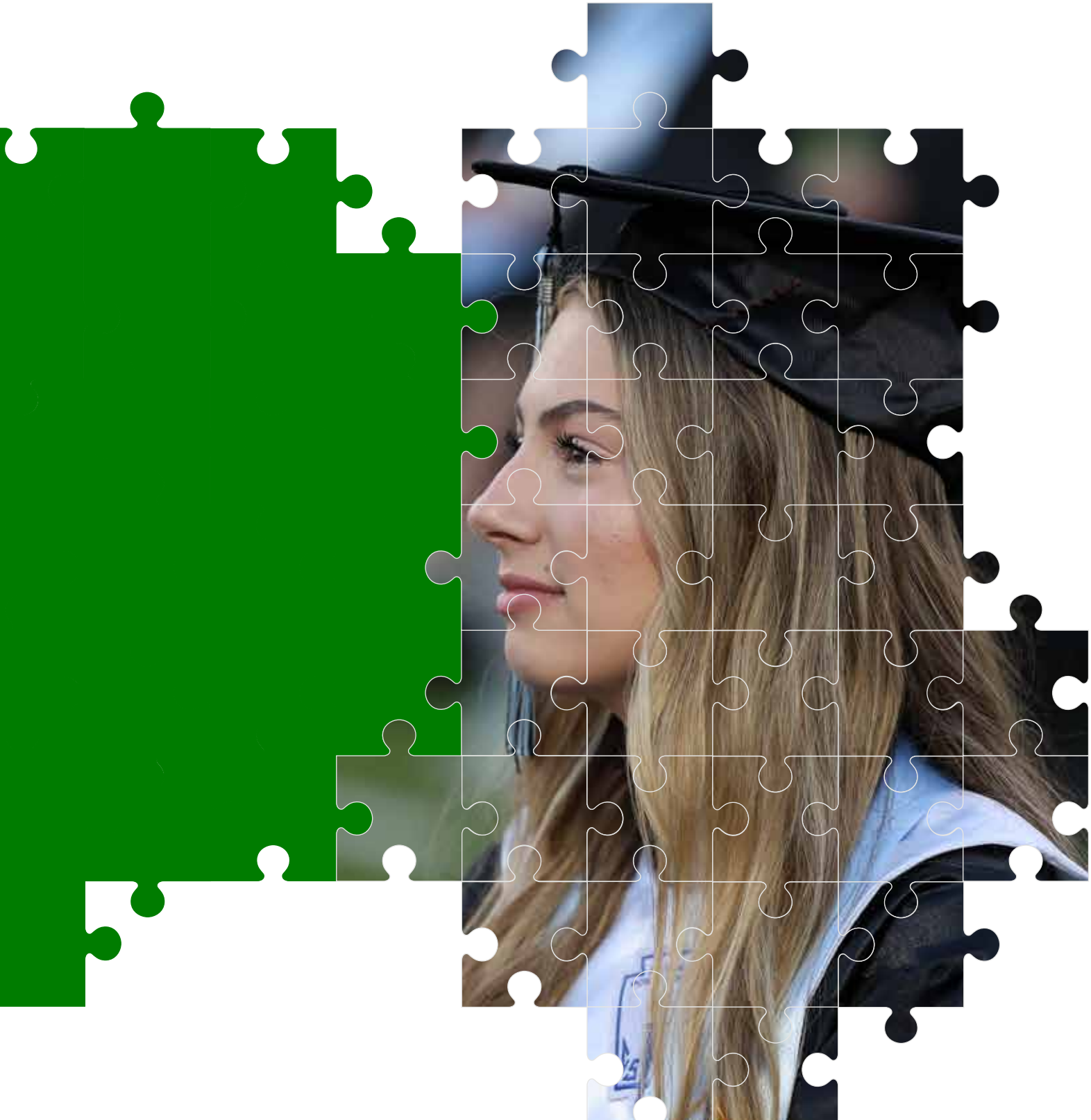
SCHEDULE OF SCHOOL FIRST INDICATORS

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Data Control Codes		Responses
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Services (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments. Payments to the TRS and TWC are considered timely if a warrant hold that was issued in connection to the untimely payment was cleared within 30 days from the date the warrant hold was issued. Payments to the IRS are considered timely if a penalty or delinquent payment notice was cleared within 30 days from the date the notice was issued.	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds; or substantial doubt about the school district's ability to continue as a going concern?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state, or federal funds?	No
SF7	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?	Yes
SF8	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?	Yes
SF9	Total accumulated accretion of interest and premiums on CABs included in government-wide financial statements at fiscal year-end.	$0


BUILD
PEARLAND
Proud

STATISTICAL SECTION



STATISTICAL SECTION

Statistical tables are used to provide detailed data on the physical, economic, and political characteristics of a government. They are intended to provide financial report users with a broader and more complete understanding of the government and its financial affairs than is possible from the basic financial statements. The information is provided in five categories.

Financial Trends Information (Tables 1-4)

Intended to assist users in understanding and assessing how a District's financial position has changed over time.

Revenue Capacity Information (Tables 5-8)

Intended to assist users in understanding and assessing the factors affecting the District's ability to generate its own source of revenues.

Debt Capacity Information (Tables 9-12)

Intended to assist users in understanding and assessing the District's debt burden and its ability to issue additional debt.

Demographic and Economic Information (Tables 13-14)

Intended to assist users in understanding the socioeconomic environment within which the District operated and to provide information that facilitates comparisons of financial statement information over time and among other school districts.

Operating Information (Tables 15-18)

Intended to provide contextual information about the District's operations and resources to assist readers in using financial statement information to understand and assess the District's economic condition.

The District's statistical tables usually cover ten fiscal years and often present data from outside the accounting records. The source of information is from District data found in this report, unless indicated otherwise. The tables are unaudited due to the nature of the information contained therein.

PEARLAND INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT - LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING - UNAUDITED)

	2017	2018 [1]	2019	2020
Governmental activities:				
Net investment in capital assets	$ 31,924,248	$ 47,413,133	$ 60,683,806	$ 58,123,658
Restricted	32,597,373	22,408,288	23,352,669	32,299,308
Unrestricted	12,140,158	(79,423,632)	(86,794,259)	(93,535,389)
Total governmental activities	76,661,779	(9,602,211)	(2,757,784)	(3,112,423)
Business-type activities:				
Unrestricted				
Total business-type activities net position				
Primary government:				
Net investment in capital assets	31,924,248	47,413,133	60,683,806	58,123,658
Restricted	32,597,373	22,408,288	23,352,669	32,299,308
Unrestricted	12,140,158	(79,423,632)	(86,794,259)	(93,535,389)
Total primary government net position	$ 76,661,779	$ (9,602,211)	$ (2,757,784)	$ (3,112,423)

[1] The District implemented GASB Statement No. 75 in 2018. The effects of this statement were not applied to previous years.

[2] The District implemented GASB Statement No. 87 in 2022. The effects of this statement were not applied to previous years.

[3] The District evaluated the net position restricted for capital projects and restricted for campus activities in 2022. The net position for capital projects and for campus activity are unrestricted rather than restricted.

[4] The District implemented GASB Statement No. 96 in 2023. The effects of this statement were not applied to previous years.

[5] The District implemented GASB amended guidance for capital assets under the capitalization threshold in 2024. The effects on this statement were not applied to previous years.

[6] The District absorbed football stadium concession stand operations in 2024.

[7] The District implemented GASB Statement No. 101 in 2025. The effects of this statement were not applied to previous years.

[8] The District restated the Beginning Net Position in 2025. The effects of this statement were not applied to previous years.

2021	2022 [2,3]	2023 [4]	2024 [5,6]	2025 [7,8]	2026
$ 48,991,188	$ 60,836,118	$ 76,824,276	$ 105,607,520	$ 106,196,393	$ 125,133,716
35,304,965	19,324,476	19,507,855	18,635,328	13,479,708	17,282,460
(87,659,401)	(65,854,421)	(61,556,341)	(54,947,125)	(25,509,223)	(11,881,606)
(3,363,248)	14,306,173	34,775,790	69,295,723	94,166,878	130,534,570
			34,008	34,117	34,117
			34,008	34,117	34,117
48,991,188	60,836,118	76,824,276	105,607,520	106,196,393	125,133,716
35,304,965	19,324,476	19,507,855	18,635,328	13,479,708	17,282,460
(87,659,401)	(65,854,421)	(61,556,341)	(54,913,117)	(25,475,106)	(11,847,489)
$ (3,363,248)	$ 14,306,173	$ 34,775,790	$ 69,329,731	$ 94,200,995	$ 130,568,687

PEARLAND INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING - UNAUDITED)

	2017	2018	2019	2020
Expenses:				
Governmental activities:				
Instruction	$ 111,410,232	$ 101,971,641	$ 121,399,219	$ 126,833,821
Instructional resources and media services	2,023,569	1,874,480	2,093,071	2,217,336
Curriculum and staff development	5,032,868	4,396,887	5,764,129	5,943,688
Instructional leadership	2,364,184	2,188,457	2,751,236	2,925,918
School leadership	10,889,063	9,884,886	12,175,638	12,681,811
Guidance, counseling, and evaluation services	6,549,827	5,689,193	7,846,560	8,599,077
Social work services	564,122	594,806	766,826	802,305
Health services	1,470,916	1,322,930	1,807,969	1,965,143
Student transportation	7,166,128	6,707,250	7,868,200	7,193,612
Food service	9,628,376	9,539,071	9,774,564	9,264,759
Cocurricular/extracurricular activities	5,352,392	10,135,800	10,060,042	9,820,049
General administration	4,461,643	4,198,607	4,957,664	5,034,601
Facilities maintenance and operations	20,600,321	19,310,843	20,921,398	21,169,918
Security and monitoring services	1,837,076	1,956,123	1,797,862	2,523,273
Data processing services	5,418,925	5,141,820	6,183,838	6,070,429
Community services	17,607	17,057	19,340	15,821
Debt service	11,537,729	16,161,698	16,577,071	17,543,127
Payments to shared service arrangements				
Payments to juvenile justice alt. ed. program	17,600	44,800	83,400	43,100
Other intergovernmental charges	627,315	650,378	655,335	652,926
Total governmental activities expenses	206,969,893	201,786,727	233,503,362	241,300,714
Business-type activities:				
Football Concession				
Total business-type activities expenses				
Total primary government expenses	$ 206,969,893	$ 201,786,727	$ 233,503,362	$ 241,300,714
Program Revenues:				
Governmental activities:				
Charges for services:				
Instructional	$ 346,793	$ 365,685	$ 398,919	$ 324,802
Food Service	4,973,390	4,235,483	4,869,544	3,769,233
Cocurricular/extracurricular activities	436,099	5,349,495	5,126,895	4,349,030
General administration	507	545	31,242	54,720
Other activities	19,711	15,065	1,033	517
Operating grants and contributions	21,001,150	21,912,229	25,746,922	25,783,688
Capital grants and contributions	111,512	194,827	191,116	462,194
Total governmental activities program revenues	26,889,162	32,073,329	36,365,671	34,744,184
Business-type activities:				
Charges for services				
Total business-type activities program revenues				
Total primary government program revenues	26,889,162	32,073,329	36,365,671	34,744,184
Net (expenses)/Revenues:				
Total governmental activities net expense	(180,080,731)	(169,713,398)	(197,137,691)	(206,556,530)
Total business type activities net expense				
Total primary government net expense	$ (180,080,731)	$ (169,713,398)	$ (197,137,691)	$ (206,556,530)

2021	2022	2023	2024	2025	2026
$ 130,143,737	$ 120,012,554	$ 125,065,807	$ 127,473,290	$ 129,962,920	$ 144,140,697
2,217,516	2,275,334	2,299,017	2,423,690	2,422,606	2,435,821
5,768,622	5,770,921	5,815,811	6,103,541	6,080,918	6,728,995
3,307,322	3,285,081	2,927,719	2,425,770	2,675,325	2,849,817
12,630,949	12,339,188	12,233,423	12,459,077	12,293,048	12,900,169
8,662,901	8,249,543	8,741,114	10,005,487	10,021,819	10,701,919
828,742	805,894	932,719	955,807	859,526	974,743
2,393,940	3,027,045	2,310,786	2,309,226	2,340,420	2,468,876
7,730,530	7,751,236	8,372,230	9,125,959	9,071,763	10,256,001
8,487,067	10,749,196	10,998,633	11,697,099	11,709,929	11,989,249
8,739,562	9,832,879	11,153,208	11,973,219	11,805,388	12,373,084
5,300,054	5,520,929	5,445,444	5,091,225	4,727,871	5,939,134
22,206,616	22,622,219	23,090,618	25,803,246	26,290,455	26,785,918
2,090,426	1,930,824	2,132,683	2,520,917	2,780,147	3,348,721
17,336,261	5,362,387	6,616,136	6,535,948	7,068,707	8,357,624
27,802	28,783	20,027	21,846	42,010	45,119
15,164,922	17,754,097	17,589,531	32,873,199	12,260,911	6,276,481
			9,327		
7,500	15,200		6,000	36,125	10,250
643,302	655,182	645,956	690,228	766,873	860,577
253,687,771	237,988,492	246,390,862	270,504,101	253,216,761	269,443,195
			142,626	140,882	117,055
			142,626	140,882	117,055
$ 253,687,771	$ 237,988,492	$ 246,390,862	$ 270,646,727	$ 253,357,643	$ 269,560,250
$ 346,969	$ 582,390	$ 688,227	$ 728,834	$ 700,674	$ 569,438
892,496	1,675,413	4,779,069	4,765,625	4,645,655	4,513,643
2,661,171	4,456,166	4,916,156	5,362,793	5,655,248	6,110,276
26,576	45,286	41,143	1,188		
		16,094			
40,219,103	35,948,992	29,238,374	26,613,299	24,735,277	28,378,858
809,601	53,812	414,257	725,294	3,788,620	1,169,374
44,955,916	42,762,059	40,093,320	38,197,033	39,525,474	40,741,589
			125,686	140,508	117,055
			125,686	140,508	117,055
44,955,916	42,762,059	40,093,320	38,322,719	39,665,982	40,858,644
(208,731,855)	(195,226,433)	(206,297,542)	(232,307,068)	(213,691,287)	(228,701,606)
			(16,940)	(374)	
$ (208,731,855)	$ (195,226,433)	$ (206,297,542)	$ (232,324,008)	$ (213,691,661)	$ (228,701,606)

PEARLAND INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION - LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING - UNAUDITED)

	2017	2018	2019	2020
General revenues and other changes in net position:				
Governmental activities:				
Property taxes - levied for general purposes	$ 72,912,075	$ 78,244,130	$ 81,104,706	$ 77,798,829
Property taxes - levied for debt service	26,318,697	28,235,132	27,172,041	34,091,048
State aid - formula grants	84,989,975	82,102,901	91,129,765	90,951,732
Other grants/contributions not restricted to specific programs		121,350	543,154	492,919
Investment earnings	144,820	2,261,747	3,249,250	2,311,372
Miscellaneous	359,826	1,003,357	783,202	506,130
Transfers				
Special item/gain on sale	909,861	51,509		49,861
Total governmental activities general revenues, transfers, and special items	185,635,254	192,020,126	203,982,118	206,201,891
Business-type activities:				
Investment earnings				
Transfers				
Total businesss-type activities				
Total primary government general revenues and transfers	$ 185,635,254	$ 192,020,126	$ 203,982,118	$ 206,201,891
Change in net position:				
Governmental activities	$ 5,554,523	$ 22,306,728	$ 6,844,427	$ (354,639)
Business-type activities				
Total change in net position	$ 5,554,523	$ 22,306,728	$ 6,844,427	$ (354,639)

2021	2022	2023	2024	2025	2026
$ 77,761,672	$ 83,307,917	$ 93,074,829	$ 76,031,262	$ 79,580,534	$ 74,452,222
36,946,245	35,785,443	33,887,259	54,385,058	35,195,945	32,919,298
91,190,682	91,863,892	93,058,283	127,867,727	129,768,880	148,845,685
1,726,998	1,244,176	1,373,165	771,202	690,779	1,536,561
169,135	242,344	4,065,700	5,231,833	7,022,420	6,679,877
567,033	452,082	1,202,863	2,589,919	2,932,988	635,655
			(50,000)		
119,265					
208,481,030	212,895,854	226,662,099	266,827,001	255,191,546	265,069,298
			948	483	
			50,000		
			50,948	483	
$ 208,481,030	$ 212,895,854	$ 226,662,099	$ 266,877,949	$ 255,192,029	$ 265,069,298
$ (250,825)	$ 17,669,421	$ 20,364,557	$ 34,519,933	$ 41,500,259	$ 36,367,692
			34,008	109	
$ (250,825)	$ 17,669,421	$ 20,364,557	$ 34,553,941	$ 41,500,368	$ 36,367,692

PEARLAND INDEPENDENT SCHOOL DISTRICT

FUND BALANCES – GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING - UNAUDITED)

	2017	2018	2019	2020
General Fund:				
Nonspendable	$ 1,542,508	$ 1,346,834	$ 1,584,198	$ 1,573,000
Committed	7,500,000	7,500,000	7,500,000	17,000,000
Assigned	13,010,000	13,010,000	13,010,000	12,076,000
Unassigned	28,684,274	30,212,343	36,540,581	31,659,136
Total general fund	$ 50,736,782	$ 52,069,177	$ 58,634,779	$ 62,308,136
All Other Governmental Funds:				
Nonspendable	$ 62,004	$ 70,833	$ 70,833	$ 198,731
Restricted	24,672,554	97,232,458	71,001,809	45,919,202
Committed				
Assigned			10,000,000	13,053,145
Total all other governmental funds	$ 24,734,558	$ 97,303,291	$ 81,072,642	$ 59,171,078

[1] The District evaluated the fund balance for the campus activity fund in 2022. The fund balance for the campus activity fund is committed rather than restricted.

Source: District Financial Statements

2021	2022 [1]	2023	2024	2025	2026
$ 2,425,407	$ 2,741,553	$ 3,317,068	$ 3,319,815	$ 3,210,472	$ 2,861,711
17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000
13,564,241	13,564,241	2,000,000	3,000,000	3,000,000	3,000,000
34,038,911	35,037,914	47,838,943	52,047,925	63,104,018	70,439,064
$ 67,028,559	$ 68,343,708	$ 70,156,011	$ 75,367,740	$ 86,314,490	$ 93,300,775
$ 113,300	$ 121,188	$ 137,804	$ 453,019	$ 493,490	$ 408,860
36,272,079	28,735,467	26,733,315	23,984,961	57,987,029	61,645,102
	3,954,957	3,929,085	3,962,126	4,150,815	4,689,530
11,652,247	9,986,189	12,586,176	10,755,600	16,929,439	17,279,995
$ 48,037,626	$ 42,797,801	$ 43,386,380	$ 39,155,706	$ 79,560,773	$ 84,023,487

PEARLAND INDEPENDENT SCHOOL DISTRICT

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING - UNAUDITED)

	2017	2018	2019	2020
Revenues:				
Local and intermediate revenues	$ 106,286,528	$ 119,717,684	$ 122,911,541	$ 123,201,216
State program revenues	95,054,025	91,753,852	101,766,476	103,819,529
Federal program revenues	10,991,818	12,409,786	15,626,996	13,858,967
Total revenues	212,332,371	223,881,322	240,305,013	240,879,712
Expenditures:				
Current:				
Instruction	102,346,015	108,279,374	111,168,060	114,813,730
Instructional resources and media services	1,714,063	1,805,416	1,764,152	1,837,890
Curriculum and staff development	4,896,907	5,032,642	5,545,612	5,622,292
Instructional leadership	2,222,639	2,444,464	2,563,931	2,661,862
School leadership	10,569,398	11,317,318	11,650,171	11,952,893
Guidance, counseling, and evaluation services	6,360,812	6,534,444	7,528,441	8,117,834
Social work services	537,927	647,112	727,991	753,643
Health services	1,421,014	1,499,353	1,717,823	1,858,239
Student transportation	6,813,120	7,142,491	6,747,608	6,125,534
Food service	8,894,463	9,554,503	9,074,753	8,612,588
Cocurricular/Extracurricular activities	4,018,146	9,275,938	8,672,950	8,532,132
General administration	4,265,087	4,609,335	4,575,629	4,674,169
Facilities maintenance and operations	20,324,077	22,840,181	20,557,107	23,304,120
Security and monitoring services	1,824,948	1,970,223	1,782,996	2,498,696
Data processing services	6,074,903	6,034,405	5,710,355	5,248,698
Community services	17,607	17,057	19,340	15,821
Debt Service:				
Principal	14,190,000	12,945,000	13,530,000	14,280,000
Interest and fees	12,753,433	16,367,370	17,523,575	19,989,889
Capital Outlay:				
Facilities acquisition and construction	12,854,188	41,905,501	100,641,232	38,136,657
Intergovernmental:				
Payments to shared services arrangement				
Payments to juvenile justice alt. ed. program	17,600	44,800	44,800	43,100
Other intergovernmental charges	627,315	650,378	650,378	652,926
Total Expenditures	222,743,662	270,917,305	332,196,904	279,732,713
Excess (deficiency) of revenues over expenditures	(10,411,291)	(47,035,983)	(91,891,891)	(38,853,001)
Other financing sources (uses):				
Issuance of debt - refunding bonds				
Issuance of debt - general obligation bonds	42,200,000	105,510,000	75,155,000	18,305,000
Sale of real or personal property	14,961	4,369	40,676	16,920
Sale of land				382,941
Issuances of debt - leased assets and SBITAs				
Transfers in	2,000,000	1,001,385	12,694,253	4,985,005
Issuance of debt - premium or discount	3,748,706	17,707,052	7,074,725	1,919,933
Issuance of debt - prepaid interest				
Insurance recoveries		51,509		
Transfers out	(2,000,000)	(1,001,385)	(12,694,253)	(4,985,005)
Payment to refunded bond escrow agent	(46,047,466)			
Total other financing sources (uses)	(83,799)	123,272,930	82,270,401	20,624,794
Net change in fund balance before special item:	(10,495,090)	76,236,947	(9,621,490)	(18,228,207)
Special item				
Net change in fund balance	$ (10,495,090)	$ 76,236,947	$ (9,621,490)	$ (18,228,207)
Debt service (principal and interest) as a Percent of non-capital expenditures	12.8%	13.1%	13.5%	14.4%

2021	2022	2023	2024	2025	2026
$ 118,972,017	$ 126,127,161	$ 142,463,328	$ 126,537,246	$ 134,158,119	$ 126,148,842
103,866,933	103,471,499	104,712,771	140,021,387	144,575,439	164,174,505
29,959,161	25,581,728	19,176,655	15,635,136	13,924,610	15,485,890
252,798,111	255,180,388	266,352,754	282,193,769	292,658,168	305,809,237
120,179,874	114,233,176	115,555,214	125,721,200	127,316,211	140,013,261
1,849,980	1,946,894	1,966,688	2,063,425	2,112,480	2,084,905
5,681,914	5,875,123	5,950,797	6,139,950	6,247,759	6,775,612
3,175,810	3,410,441	2,888,243	2,364,068	2,676,810	2,799,780
12,422,741	12,628,269	12,511,806	12,570,735	12,717,578	13,022,692
8,516,549	8,464,735	8,889,595	10,112,609	10,384,477	10,863,535
803,408	811,641	930,200	948,249	865,939	965,556
2,348,589	3,074,474	2,340,826	2,335,625	2,418,971	2,493,231
7,557,484	7,730,470	8,227,604	9,998,435	10,523,676	13,855,575
7,571,445	10,078,841	10,462,727	11,043,354	12,019,123	11,067,767
7,126,531	8,195,301	9,715,570	9,923,060	10,584,202	10,556,182
5,001,993	5,430,334	5,343,799	5,020,292	5,259,028	5,844,950
22,090,796	22,794,170	23,622,110	26,917,928	28,074,577	26,814,987
2,069,533	1,838,498	1,976,363	2,507,691	3,453,636	4,044,497
6,135,767	4,513,047	5,396,668	6,240,512	11,636,797	10,747,336
27,705	28,955	20,140	21,846	43,145	45,967
16,940,000	24,500,986	22,988,092	29,459,243	29,856,597	28,936,117
19,433,612	19,396,775	18,053,719	17,070,584	17,050,432	16,183,237
9,300,630	4,860,787	3,501,426	2,292,365	5,148,900	14,498,149
			9,327		
7,500	15,200		6,000	36,125	10,250
643,303	655,182	645,956	690,228	766,873	860,577
258,885,164	260,483,299	260,987,543	283,456,726	299,193,336	322,484,163
(6,087,053)	(5,302,911)	5,365,211	(1,262,957)	(6,535,168)	(16,674,926)
					122,035,000
78,675,000		11,700,000	19,595,000	52,040,000	24,320,000
1,500	59,685	19,740	72,488	54,921	62,796
				117,895	
		351,363	2,011,167	2,275,978	1,138,864
6,973,441	1,408,743	5,500,000	2,804,925	17,254,974	7,839,989
17,675,251		1,267,227	1,251,302	3,398,191	15,920,466
(6,973,441)	(1,408,743)	(5,500,000)	(2,854,925)	(17,254,974)	(7,839,989)
(96,796,992)		(12,802,659)	(20,635,945)		(135,353,201)
(445,241)	59,685	535,671	2,244,012	57,886,985	28,123,925
(6,532,294)	(5,243,226)	5,900,882	981,055	51,351,817	11,448,999
(119,265)		3,500,000			
$ (6,413,029)	$ (5,243,226)	$ 2,400,882	$ 981,055	$ 51,351,817	$ 11,448,999
14.4%	17.9%	16.1%	17.3%	17.0%	15.6%

PEARLAND INDEPENDENT SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS (UNAUDITED)

	Actual Value					
Fiscal Year	Residential	Commercial Industrial and Multi-Family	Acreage	Vacant Lots and Tracts	Utilities	Other
2017	$ 6,036,550,378	$ 1,435,484,716	$ 136,431,796	$ 77,775,860	$ 73,020,770	$ 641,416,649
2018	6,424,323,025	1,512,698,674	139,444,658	78,359,815	97,390,970	685,401,853
2019	6,640,490,559	1,689,682,193	139,866,994	81,184,509	100,322,780	685,191,509
2020	6,852,563,878	1,781,315,768	138,375,032	80,959,891	126,775,340	722,923,104
2021	7,228,076,982	1,942,924,252	129,830,503	87,604,366	138,884,040	750,120,565
2022	7,805,633,254	1,567,281,910	142,638,873	89,900,003	161,426,490	769,654,527
2023	8,936,209,914	1,731,896,987	140,295,478	101,490,118	170,225,300	789,914,471
2024	11,256,046,743	2,271,641,850	147,675,328	123,619,887	190,697,660	945,126,186
2025	11,417,782,392	2,339,970,894	163,695,765	109,139,127	196,380,060	975,580,091
2026	11,703,691,926	2,590,912,278	172,028,342	122,956,980	211,933,600	1,036,634,916

[1] Tax rates are per $100 of assessed value.

Source: Brazoria Central Appraisal District and Harris Central Appraisal District provides the District's tax office with certified appraised and taxable values for properties within the District's tax authority. Actual value equals appraised value. Actual value less exemptions equals taxable assessed value. Taxable assessed

Total Actual Value	Less: Exemptions	Total Taxable Assessed Value	Total Direct Rate [1]
$ 8,400,680,169	$ 1,649,603,488	$ 6,751,076,681	$ 1.416
8,937,618,995	1,575,957,892	7,361,661,103	1.416
9,336,738,544	1,561,130,046	7,775,608,498	1.416
9,702,913,013	1,654,420,200	8,048,492,813	1.396
10,277,440,708	1,775,938,457	8,501,502,251	1.319
10,536,535,057	1,820,513,919	8,716,021,138	1.315
11,870,032,268	2,552,843,197	9,317,189,071	1.303
14,934,807,654	4,858,406,806	10,076,400,848	1.137
15,202,548,329	4,547,044,581	10,655,503,748	1.135
15,838,158,042	5,546,501,827	10,291,656,215	1.135

PEARLAND INDEPENDENT SCHOOL DISTRICT

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

(PER $100 OF ASSESSED VALUATION)

LAST TEN FISCAL YEARS (UNAUDITED)

	2017	2018	2019	2020
Brazoria County	$ 0.4400	$ 0.4400	$ 0.4280	$ 0.4152
Brazoria County MUD No. 2	0.4000	0.4000	0.4000	0.4000
Brazoria County MUD No. 3	0.5900	0.5900	0.5900	0.5900
Brazoria County MUD No. 6	0.6000	0.6000	0.6000	0.6000
Brazoria County MUD No. 16[1]	0.9400	0.9400	0.8900	0.8500
Brazoria County MUD No. 17	0.4100	0.3800	0.3800	0.3600
Brazoria County MUD No. 18	0.3500	0.3100	0.3100	0.2900
Brazoria County MUD No. 19	0.4000	0.3800	0.3600	0.3500
Brazoria County MUD No. 23	0.4800	0.4700	0.4600	0.4600
Brazoria County MUD No. 28	0.8200	0.8200	0.8200	0.8200
Harris County	0.4166	0.4180	0.4186	0.4190
Harris County Department of Education	0.0050	0.0052	0.0052	0.0050
Harris County Flood Control District	0.0283	0.0283	0.0288	0.0290
Harris County Hospital District	0.1720	0.1711	0.1711	0.1790
Harris-Brazoria Counties MUD No. 509	0.8500	0.8500	0.8500	0.8500
City of Pearland	0.6810	0.6851	0.7090	0.7410
Port of Houston Authority	0.0130	0.0128	0.0120	0.0110
Pearland ISD direct rates:				
Maintenance & operations	$ 1.0400	$ 1.0400	$ 1.0600	$ 0.9700
Debt service	0.3756	0.3756	0.3556	0.4256
Total District direct rates	$ 1.4156	$ 1.4156	$ 1.4156	$ 1.3956

[1] Brazoria County MUD #16 annexed by City of Pearland and dissolved in December 2024.

An individual resident of Pearland ISD resides in only one county and one utility district. Therefore, the total taxes applicable to the individual resident are insignificantly less than the sum of the taxes shown.

2021	2022	2023	2024	2025	2026
$ 0.3920	$ 0.3365	$ 0.3411	$ 0.3860	$ 0.3035	$ 0.3048
0.4000	0.4000	0.3940	0.3860	0.3840	0.3940
0.3500	0.3500	0.3440	0.3370	0.3350	0.3350
0.5500	0.5000	0.4500	0.4000	0.3300	0.3300
0.8300	0.8000	0.7500	0.7000	0.6500	
0.3400	0.3300	0.3000	0.2400	0.2000	0.2000
0.2700	0.2500	0.2250	0.2000	0.1900	0.1800
0.3100	0.2900	0.2700	0.2200	0.2000	0.1600
0.4600	0.4400	0.4400	0.4000	0.3900	0.3600
0.8200	0.8200	0.7600	0.5800	0.5600	0.5600
0.3920	0.3769	0.3437	0.3501	0.3853	0.3810
0.0050	0.0050	0.0049	0.0048	0.0048	0.0048
0.0310	0.0335	0.0306	0.0311	0.0490	0.0497
0.1730	0.1622	0.1483	0.1434	0.1635	0.1876
0.8500	0.8500	0.8500	0.8500	0.8500	0.6700
0.7200	0.7014	0.6238	0.6554	0.6350	0.6300
0.0100	0.0087	0.0079	0.0079	0.0062	0.0059
$ 0.8929	$ 0.9196	$ 0.9546	$ 0.7892	$ 0.7869	$ 0.7869
0.4256	0.3956	0.3481	0.3481	0.3481	0.3481
$ 1.3185	$ 1.3152	$ 1.3027	$ 1.1373	$ 1.1350	$ 1.1350

PEARLAND INDEPENDENT SCHOOL DISTRICT TABLE 7

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

		Fiscal Year Ended June 30, 2026			Fiscal Year Ended June 30, 2017		
Taxpayer	Type of Property	Taxable Assessed Valuation [1]	Rank	Percentage of Total Assessed Valuation [2]	Taxable Assessed Valuation [1]	Rank	Percentage of Total Assessed Valuation [3]
VR St Andrew, Limited Ptrn	Apartments	$ 76,232,750	1	0.74%	$ 29,000,000	4	0.43%
Centerpoint Energy, Inc.	Energy	57,430,580	2	0.56%			
Wal-Mart Real Estate Business Trust	Commercial/ Retail Store	49,100,000	3	0.48%	33,531,050	3	0.50%
Westlake Residential Apartments, LLC	Apartments	45,000,000	4	0.44%	18,001,000	9	0.27%
Pearland Dunhill 1, LLC	Electric Utility/ Power Plant	44,261,924	5	0.43%			
Kings Terrace Tranquility Lake, LLC & Maxus Operating, LP	Commercial/ Strip Mall/Plaza	43,000,000	6	0.42%			
2900 Pearland Houston, LLC	Apartments	41,000,250	7	0.40%			
WRPV XIII Summerwind Pearland, LLC	Apartments	40,606,680	8	0.39%			
Multalloy, Inc.	Industrial	40,577,622	9	0.39%			
Lake Park Pearland, Ltd.	Industrial	38,805,900	10	0.38%			
Weatherford U.S., Inc.	Industrial				60,419,650	1	0.89%
Forum US, Inc.	Energy				41,468,290	2	0.61%
Southwind Pearland Investors, LLC	Apartments				24,164,120	5	0.36%
USA Tranquility Lake	Apartments				22,297,970	6	0.33%
TPRF III/SR Pearland, LP	Apartments				21,559,710	7	0.32%
Wal-Mart Stores, Inc.	Retail Store				20,550,620	8	0.30%
Whispering Winds Apartments, LLC	Apartments				17,290,120	10	0.26%
Total of Top 10 Taxpayers		$ 476,015,706		4.63%	$ 288,282,530		4.27%

[1] Taxable assessed value equals appraised value after exemption.

[2] Total Assessed Valuation: $ 10,291,656,215

[3] Total Assessed Valuation: $ 6,751,076,681

Source: Brazoria Central Appraisal District and City of Pearland.

PEARLAND INDEPENDENT SCHOOL DISTRICT TABLE 8

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year June 30,	Net Tax Levy for the Fiscal year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Net Tax Levy		Amount	Percentage of Total Tax Collections
2017	$ 98,968,277	$ 97,550,381	98.57%	$ 1,349,908	$ 98,900,289	99.93%
2018	105,893,344	104,494,272	98.68%	1,309,040	105,803,312	99.91%
2019	105,921,921	104,610,322	98.76%	1,155,998	105,766,320	99.85%
2020	111,311,371	109,895,091	98.73%	1,131,352	111,026,443	99.74%
2021	113,625,074	112,272,579	98.81%	1,087,689	113,360,268	99.77%
2022	118,140,994	116,574,974	98.67%	1,160,321	117,735,295	99.66%
2023	126,580,052	124,841,407	98.63%	652,945	125,494,352	99.14%
2024	109,608,392	108,195,341	98.71%	(1,257,926)	106,937,415	97.56%
2025	116,592,451	115,117,395	98.73%	255,216	115,372,611	98.95%
2026	108,289,594	106,999,761	98.81%		106,999,761	98.81%

PEARLAND INDEPENDENT SCHOOL DISTRICT TABLE 9

OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30,	General Obligation Bonds	Leases	SBITAs	Total Outstanding Debt	Ratio of Debt to Assessed Value [1]	Debt per ADA [2]	Debt per Capita [3]	Percentage of Personal Income [3]
2017	$ 307,271,914	$ -	$ -	$ 307,271,914	4.55%	$ 14,918	$ 2,529	7.14%
2018	414,460,410			414,460,410	5.63%	20,066	3,310	8.07%
2019	479,919,835			479,919,835	6.17%	23,276	3,860	10.65%
2020	482,354,449			482,354,449	5.99%	23,541	3,670	8.02%
2021	456,805,036			456,805,036	5.24%	22,534	3,630	7.59%
2022	430,300,038			430,300,038	4.94%	21,702	3,565	8.29%
2023	405,742,838	2,999,446	287,357	409,029,641	4.39%	21,987	3,216	7.35%
2024	372,605,435	1,559,345	485,930	374,650,710	3.72%	18,886	3,441	7.31%
2025	392,797,774	1,522,778	1,278,746	395,599,298	3.71%	20,128	3,679	7.61%
2026	372,746,431	1,428,380	1,211,628	375,386,439	3.65%	19,317	3,510	6.86%

[1] See Table 5 for total taxable assessed value data.

[2] See Table 16 for Average Daily Attendance (ADA).

[3] See Table 13 for population and income information.

PEARLAND INDEPENDENT SCHOOL DISTRICT TABLE 10

RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30,	General Obligation Bonds [1]	Less Restricted for Retirement of Bonded Debt [2]	Net Bonded Debt	Ratio of Debt to Assessed Value [3]	Debt per ADA [4]
2017	$ 307,271,914	$ 19,153,034	$ 288,118,880	4.27%	$ 13,988
2018	414,460,410	16,462,537	397,997,873	5.41%	19,269
2019	479,919,835	16,675,925	463,243,910	5.96%	22,467
2020	482,354,449	17,940,148	464,414,301	5.77%	22,665
2021	456,805,036	19,090,587	437,714,449	5.02%	21,592
2022	430,300,038	14,990,210	415,309,828	4.76%	20,946
2023	405,742,838	13,906,230	391,836,608	4.24%	19,762
2024	372,605,435	12,425,004	360,180,431	3.57%	18,160
2025	392,797,774	8,702,345	384,095,429	3.60%	19,543
2026	372,746,431	12,944,649	359,801,782	3.50%	18,515

[1] Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

[2] This is the amount restricted for debt service on the government-wide financial statements.

[3] See Table 5 for assessed value data.

[4] See Table 16 for Average Daily Attendance (ADA).

PEARLAND INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)

	2017	2018	2019	2020
Debt Limit [1]	$ 675,107,668	$ 736,166,110	$ 777,560,850	$ 804,849,281
Less: Total Net Debt Applicable to Limit	288,118,880	392,110,267	456,236,746	457,518,325
Legal Debt Margin	$ 386,988,788	$ 344,055,843	$ 321,324,104	$ 347,330,956
Total Net Debt Applicable to the Limit as a Percentage of Debt limit:	42.68%	53.26%	58.68%	56.85%

[1] Although there is no legal debt limit in the State of Texas, most school business officials in the State hold the opinion that the Attorney General would not approve bonded indebtedness in excess of 10% of assessed value.

[2] See Table 5 for taxable assessed value data.

[3] See restricted for debt service at the fund level.

2021	2022	2023	2024	2025	2026
$ 850,150,225	$ 871,602,114	$ 931,718,907	$ 1,007,640,085	$ 1,065,550,375	$ 1,029,165,622
431,281,482	409,262,446	385,839,571	355,234,407	378,592,977	357,071,065
$ 418,868,743	$ 462,339,668	$ 545,879,336	$ 652,405,678	$ 686,957,398	$ 672,094,557
50.73%	46.96%	41.41%	35.25%	35.53%	34.70%

Assessed Value [2]	$ 10,291,656,215	
Debt Limit Percentage of Assessed Value	10.00%	
Debt Limitation [1]		$ 1,029,165,622
Debt Applicable to Debt Limitation:		
Total Bonded Debt	$ 372,746,431	
Less: Amount set aside for repayment of bonds [3]	15,675,366	
Total Amount of Debt Applicable to Debt Limitation		357,071,065
Legal Debt Margin		$ 672,094,557

PEARLAND INDEPENDENT SCHOOL DISTRICT TABLE 12

COMPUTATION OF ESTIMATED DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2026 (UNAUDITED)

Taxing Jurisdiction	Gross Tax Debt	Percent Overlapping [1]	Amount Overlapping
Alvin College	$ 46,170,000	0.06%	$ 27,702
Brazoria Co	209,453,313	18.01%	37,722,542
Brazoria Co MUD #6	4,295,000	85.00%	3,650,750
Brazoria Co MUD #17	11,425,000	100.00%	11,425,000
Brazoria Co MUD #18	11,490,000	51.29%	5,893,221
Brazoria Co MUD #19	13,515,000	100.00%	13,515,000
Brazoria Co MUD #23	10,035,000	99.16%	9,950,706
Brazoria Co MUD #28	48,865,000	81.33%	39,741,904
Harris Co	2,473,177,553	0.04%	989,271
Harris Co Dept of Ed	28,960,000	0.04%	11,584
Harris Co Flood Control Dist	937,165,000	0.04%	374,866
Harris Co Hosp Dist	1,644,825,000	0.04%	657,930
Harris-Brazoria MUD 509	60,800,000	31.13%	18,927,040
Manvel, City of	94,510,000	0.35%	330,785
Pearland, City of	651,445,000	58.01%	377,903,245
Pt of Houston Auth	386,074,397	0.04%	154,430
San Jacinto CCD	476,530,000	0.06%	285,918
Sedona Lakes MUD #1	34,510,000	7.24%	2,498,524
Total Overlapping Debt	$ 7,143,245,263		524,060,418
Pearland ISD			375,386,439
Total Direct and Overlapping Debt			$ 899,446,857

[1] The percentage of overlapping debt is estimated using taxable assessed property values. Percentages were estimated by determining the portion of the overlapping taxing authority's taxable assessed value that is within the District's boundaries and dividing it by the overlapping taxing authority's total taxable assessed value.

Source: Municipal Advisory Council of Texas

PEARLAND INDEPENDENT SCHOOL DISTRICT TABLE 13

DEMOGRAPHIC AND ECONOMIC INFORMATION

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30,	Population [1]	Total Personal Income [4]	Per Capita Personal Income [2, 4]	Unemployment Rate [3]
2017	104,948	$ 4,305,839,000	$ 35,439	4.3%
2018	105,276	5,134,370,000	41,010	3.5%
2019	105,059	4,505,393,040	36,240	2.8%
2020	112,773	6,015,060,480	42,021	5.6%
2021	111,576	6,015,060,480	42,021	4.6%
2022	109,130	5,191,290,328	43,012	3.7%
2023	109,166	5,562,924,480	43,744	4.5%
2024	108,859	5,124,755,143	47,077	3.7%
2025	107,521	5,195,952,325	48,325	3.9%
2026	106,957	5,471,599,249	51,157	4.3%

[1] Population is for the entire City of Pearland.

[2] US Census Bureau and calculated data based on average per capita increase for 2026.

[3] Bureau of Labor Statistics

[4] 2020 & 2021: no new data available due to Covid-19 pandemic.

PEARLAND INDEPENDENT SCHOOL DISTRICT TABLE 14

PRINCIPAL EMPLOYERS [1]

CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)

	2026 [2,3]			2017 [3]		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Pearland ISD	2,666	1	4.11%	2,518	1	4.30%
Kelsey Seybold	1,684	2	2.60%	827	2	1.41%
Lonza	950	3	1.46%			
City of Pearland	913	4	1.41%	735	3	1.25%
Alvin ISD	753	5	1.16%	635	4	1.08%
Memorial Hermann	540	6	0.83%	450	5	0.77%
HCA (Pearland Medical Center)	400	7	0.62%			
Buc-ee's	320	8	0.49%			
Kemlon	304	9	0.47%	200	9	0.34%
Third Coast	300	10	0.46%	185	10	0.32%
Merit Medical				330	6	0.56%
Pearland Medical Center				300	7	0.51%
Dover Energy				212	8	0.36%
Total	8,830		13.61%	6,392		10.90%

Labor force participation:

2026:	64,848
2017:	58,582

[1] Employment data is for City of Pearland; data for retail establishments are excluded from information presented.

[2] Employment data is for 2025; data for 2026 was not available at the time of this report.

[3] Source: City of Pearland ACFR.

PEARLAND INDEPENDENT SCHOOL DISTRICT TABLE 15

FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE

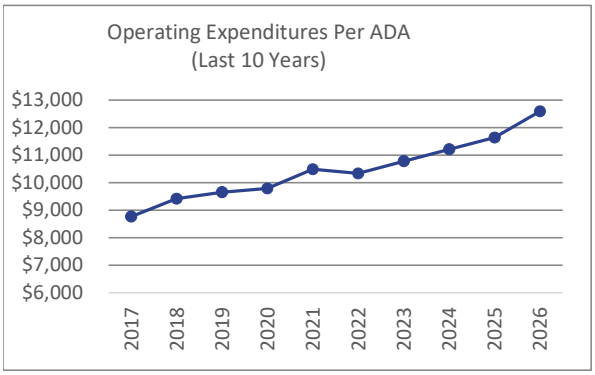
LAST TEN FISCAL YEARS (UNAUDITED)

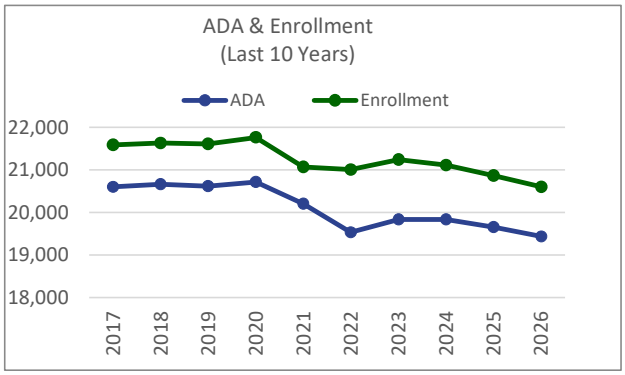
	FISCAL YEAR									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Teaching Staff:	1,343	1,323	1,307	1,299	1,318	1,301	1,283	1,286	1,285	1,319
Professional Support:										
Athletic Trainer	6	7	9	9	9	9	9	7	6	6
Counselor	39	43	53	52	54	53	53	53	53	53
Educational Diagnostician	3	3	6	9	8	7	7	9	10	11
Librarian	15	16	19	20	19	19	19	20	21	21
LSSP/Psychologist	21	22	21	17	19	16	15	14	12	14
Other Campus Professional	9	13	15	11	15	14	14	14	18	19
Other Non-Instructional	98	98	110	121	118	122	128	129	119	123
School Nurse	14	13	17	19	21	25	26	25	26	26
Speech Therapist/Speech-Language Pathologist	14	16	18	19	21	21	20	20	21	22
Truant Officer		3	5	5	5	5	5	5	4	4
Total Professional Staff	219	234	273	282	289	291	296	296	290	299
Administrative Staff:										
Assistant Principal	30	43	49	49	49	50	46	48	48	45
Asst/Assoc/Deputy Superintendent	7	7	6	6	7	6	3	2	2	4
Athletic Director		1	1	1	1	1	1	1	1	1
Business Manager	2	1	1	1	1	1	1	1	1	1
Director of Personnel/HR	1	1	1	1	1	2	2	2	2	1
Instructional Program Director/ Executive Director	10	7	8	7	8	9	11	11	15	9
Instructional Coaches										18
Principal	22	21	23	23	23	23	23	23	23	23
Registrar	3	3	3	3	3	3	3	3	3	3
Superintendent	1	1	1	1	1	1	1	1	1	1
Total Administrative Staff	76	85	93	92	94	96	91	92	96	106
Total Professional Staff	1,638	1,642	1,673	1,673	1,701	1,688	1,670	1,674	1,671	1,724
Paraprofessional Staff:										
Total Educational Aide	167	163	168	191	190	197	180	188	198	221
Auxiliary:										
Total Auxiliary	711	694	714	715	691	686	679	693	708	789
Total Personnel	2,516	2,499	2,555	2,579	2,582	2,571	2,529	2,555	2,577	2,734

Source: Texas Education Agency (TEA), Staff FTE Counts and Salary Reports

PEARLAND INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30,	Average Daily Attendance [1]	Operating Expenditures [2]	Cost Per ADA	Percent Change	Government Wide Expenses[4]
2017	20,596	180,641,978	8,771	1.27%	206,969,893
2018	20,661	194,487,376	9,413	7.32%	201,786,727
2019	20,618	198,994,401	9,651	2.53%	233,503,362
2020	20,713	202,742,623	9,788	1.42%	241,300,714
2021	20,204	211,867,817	10,486	7.13%	253,687,771
2022	19,534	201,831,563	10,332	-1.47%	237,988,493
2023	19,834	213,807,453	10,780	4.34%	246,390,862
2024	19,832	222,217,089	11,205	3.94%	270,646,727
2025	19,654	228,695,383	11,636	3.85%	253,357,643
2026	19,433	244,655,877	12,590	8.20%	269,560,250

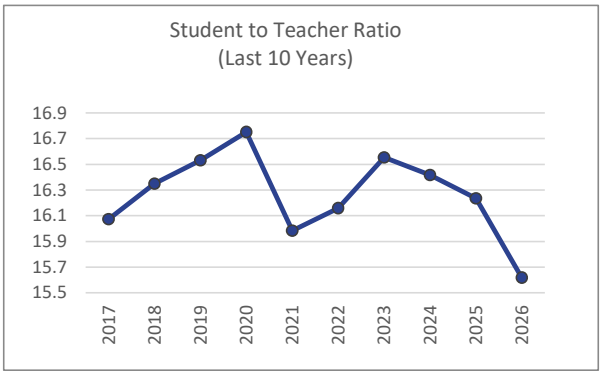


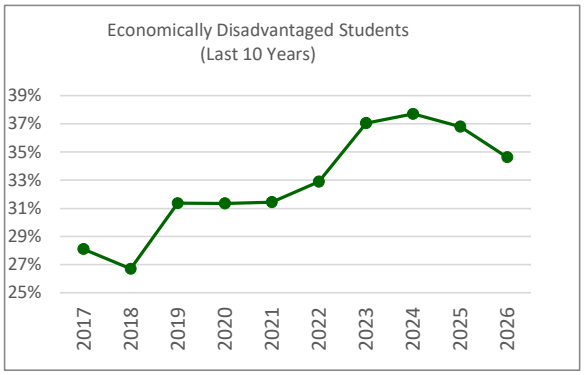


[1] The drop in Average Daily Attendance (ADA) is due to the COVID-19 pandemic, which resulted
[2] Operating expenditures are total governmental fund expenditures, less debt service and capital outlays.
[3] Enrollment is the total number of students in the District who were reported to the Texas Education
[4] Government Wide Expenses include both governmental activities and business-type activities as reported in the District's

Source: Texas Education Agency (TEA), Texas Student Data System (TSDS), Public Education Information Management System (PEIMS) and District records.

Cost Per ADA	Percent Change	Teaching Staff	Enrollment [3]	Student to Teacher Ratio	Percentage of Students Economically Disadvantaged
10,049	0.98%	1,343	21,585	16.07	28.10%
9,767	-2.81%	1,323	21,628	16.35	26.71%
11,325	15.96%	1,307	21,606	16.53	31.36%
11,650	2.87%	1,299	21,760	16.75	31.35%
12,556	7.78%	1,318	21,067	15.98	31.44%
12,183	-2.97%	1,300	21,007	16.16	32.89%
12,423	1.96%	1,283	21,237	16.55	37.04%
13,647	9.86%	1,286	21,111	16.42	37.70%
12,891	-5.54%	1,285	20,862	16.24	36.80%
13,871	7.61%	1,319	20,600	15.62	34.63%



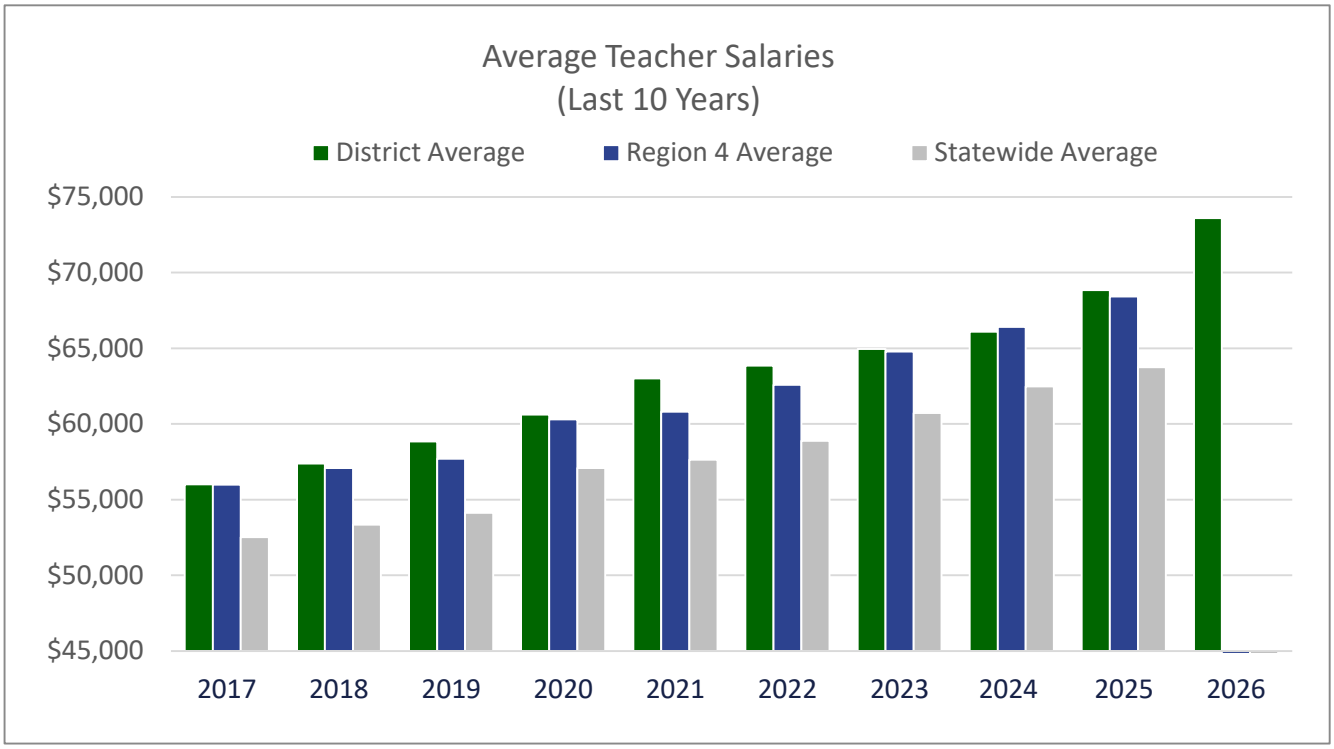


PEARLAND INDEPENDENT SCHOOL DISTRICT TABLE 17

TEACHER BASE SALARIES

LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended June 30,	District Minimum Salary [1]	District Maximum Salary [1]	District Average Salary [2]	Region 4 Average Salary [3]	Statewide Average Salary [3]
2017	$ 52,000	$ 70,000	$ 55,999	$ 55,992	$ 52,525
2018	53,000	68,020	57,380	57,076	53,334
2019	54,500	71,500	58,841	57,707	54,122
2020	56,000	72,000	60,609	60,292	57,091
2021	58,100	74,000	63,005	60,798	57,641
2022	59,000	75,000	63,849	62,590	58,887
2023	59,600	75,000	64,944	64,771	60,717
2024	60,500	75,000	66,084	66,417	62,474
2025	62,700	80,000	68,836	68,416	63,751
2026	64,250	84,000	73,603	[4]	[4]



[1] District records, based on new teacher entry salary schedule.

[2] Texas Education Agency (TEA), Staff FTE Counts and Salary Reports.

[3] Texas Education Agency (TEA), Texas Performance Reporting System (TPRS).

[4] Region 4 Average Salary and Statewide Average Salary data will be released in December 2026.

PEARLAND INDEPENDENT SCHOOL DISTRICT TABLE 18
SCHOOL BUILDING INFORMATION PAGE 1 OF 2
LAST TEN FISCAL YEARS (UNAUDITED)

School Name	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
High Schools:										
Pearland (1991) [1]										
Square Feet	623,380	683,768	683,768	683,786	683,786	683,786	683,786	683,786	683,786	683,786
Capacity	3,850	3,850	3,900	3,900	3,900	3,900	3,900	3,900	3,900	3,900
PEIMS Enrollment	2,982	3,056	3,053	3,092	3,131	3,189	3,261	3,433	3,412	3,392
PACE (2003)										
Square Feet	34,411	34,411	34,411	34,411	34,411	34,411	34,411	34,411	34,411	34,411
Capacity	300	300	300	300	300	300	300	300	300	300
PEIMS Enrollment	102	86	82	89	-	-	94	127	98	88
Glenda Dawson (2009)										
Square Feet	360,000	360,000	450,000	457,736	457,736	457,736	457,736	457,736	457,736	457,736
Capacity	2,000	2,000	2,725	2,725	2,725	2,725	2,725	2,725	2,725	2,725
PEIMS Enrollment	2,466	2,518	2,518	2,580	2,568	2,568	2,557	2,576	2,569	2,580
Turner College & Career (2013)										
Square Feet	219,548	219,548	259,552	259,552	259,552	259,552	259,552	259,552	259,552	259,552
Capacity	1,250	1,250	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
PEIMS Enrollment	1,169	1,200	1,200	1,167	1,191	1,144	1,114	1,110	1,128	1,149
Junior High Schools:										
Junior High East (1971)										
Square Feet	96,947	96,947	116,547	145,112	145,112	145,112	145,112	145,112	145,112	145,112
Capacity	900	900	975	975	975	975	975	975	975	975
PEIMS Enrollment	798	782	782	901	866	868	848	816	801	782
Junior High West (1952)										
Square Feet	146,907	146,907	177,341	177,341	177,341	177,341	177,341	177,341	177,341	177,341
Capacity	900	900	975	975	975	975	975	975	975	975
PEIMS Enrollment	830	816	816	839	893	907	919	937	941	932
Junior High South (2002)										
Square Feet	219,548	219,548	219,548	219,548	219,548	219,548	219,548	219,548	219,548	219,548
Capacity	875	875	875	875	875	875	875	875	875	875
PEIMS Enrollment	863	890	890	849	873	893	895	818	764	766
Berry Miller (2008)										
Square Feet	169,774	169,744	169,744	169,744	169,744	169,744	169,744	169,744	169,744	169,744
Capacity	900	900	900	900	900	900	900	900	900	900
PEIMS Enrollment	906	906	906	864	816	800	844	828	827	811
Middle Schools:										
Sam Jamison (1982)										
Square Feet	86,950	86,950	91,890	91,890	91,890	91,890	91,890	91,890	91,890	91,890
Capacity	925	925	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
PEIMS Enrollment	836	814	814	905	886	808	754	785	728	673
Leon Sablatura (1997)										
Square Feet	92,174	92,174	97,423	97,423	97,423	97,423	97,423	97,423	97,423	97,423
Capacity	900	900	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
PEIMS Enrollment	896	830	830	888	936	946	928	923	878	846
Rogers (2003)										
Square Feet	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
Capacity	925	925	925	925	925	925	925	925	925	925
PEIMS Enrollment	853	814	814	803	743	735	794	743	721	748
Alexander (2007)										
Square Feet	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000	112,000
Capacity	925	925	925	925	925	925	925	925	925	925
PEIMS Enrollment	705	806	806	853	771	754	747	739	765	780

[1] Including 52,220 ft. for Ag. Facility

School Name	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Elementary Schools:										
E.A. Lawhon (1963)										
Square Feet	73,290	73,290	93,336	93,336	93,336	93,336	93,336	93,336	93,336	93,336
Capacity	990	990	990	990	990	990	990	990	990	990
PEIMS Enrollment	809	818	818	834	795	797	835	814	816	749
C.J. Harris (1998)										
Square Feet	77,688	77,688	83,688	83,688	83,688	83,688	83,688	83,688	83,688	83,688
Capacity	770	770	770	770	770	770	770	770	770	770
PEIMS Enrollment	685	637	637	667	616	584	561	593	549	502
Shadycrest (1969)										
Square Feet	64,866	64,866	71,314	71,314	71,314	71,314	71,314	71,314	71,314	71,314
Capacity	748	748	748	748	748	748	748	748	748	748
PEIMS Enrollment	698	683	683	632	586	564	595	584	512	481
H.C. Carleston (1980)										
Square Feet	62,651	62,651	90,992	90,992	90,992	90,992	90,992	90,992	90,992	90,992
Capacity	990	990	990	990	990	990	990	990	990	990
PEIMS Enrollment	771	815	814	734	682	681	781	764	714	703
Challenger (1993)										
Square Feet	77,688	77,688	83,688	83,688	83,688	83,688	83,688	83,688	83,688	83,688
Capacity	770	770	770	770	770	770	770	770	770	770
PEIMS Enrollment	688	683	683	642	573	589	570	605	614	615
Rustic Oak (1993)										
Square Feet	77,688	77,688	83,688	83,688	83,688	83,688	83,688	83,688	83,688	83,688
Capacity	770	770	770	770	770	770	770	770	770	770
PEIMS Enrollment	678	706	706	666	653	679	674	664	645	644
Silverlake (1998)										
Square Feet	77,688	77,688	83,688	83,688	83,688	83,688	83,688	83,688	83,688	83,688
Capacity	770	770	770	770	770	770	770	770	770	770
PEIMS Enrollment	709	731	730	690	632	566	677	662	691	688
Silvercrest (2002)										
Square Feet	86,963	86,963	86,963	86,963	86,963	86,963	86,963	86,963	86,963	86,963
Capacity	814	814	814	814	814	814	814	814	814	814
PEIMS Enrollment	747	727	727	717	658	645	659	653	704	687
Massey Ranch (2006)										
Square Feet	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867
Capacity	858	858	858	858	858	858	858	858	858	858
PEIMS Enrollment	705	681	681	721	644	639	621	593	541	531
Barbara Cockrell (2007)										
Square Feet	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867
Capacity	858	858	858	858	858	858	858	858	858	858
PEIMS Enrollment	807	767	767	715	697	739	758	767	741	755
Magnolia (2007)										
Square Feet	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867	86,867
Capacity	858	858	858	858	858	858	858	858	858	858
PEIMS Enrollment	878	867	867	896	855	887	735	676	703	698

Source: District Records and Fall PEIMS Enrollment

BUILD

PEARLAND

Proud

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